

Portfolio Manager's comments

Bitcoin dominance started the month at 46.3%, reached a low of 42.2%, a high of 47.3%, and ended at 42.4%

BTC started the month at \$31,792 and traded between \$17,709 and \$31,957, to close at \$19,785, down 37.77% for the month. Genesis Block Fund was down 39.18% to end a difficult 1H2022 taking the market cap of the crypto ecosystem back below \$1 trillion in assets.

Q1 '21		"QE wont cause inflation"
Q2 '21		"Some inflation but transitory"
Q3 '21		"Ok high inflation but we are peaking"
Q4 '21		"Ok inflation maybe not transitory but job market, wage growth very strong"
Q1 '22		"Need to hike aggressively to curb inflation but no worries economy very strong and soft landing possible"
Q2 '22		"Negative growth in Q1 but no recession risk"
Q3 '22		"Ok recession coming but you will not lose your home"
Q4 '22		"Ok you may lose your home but you wont starve to death"
Q1 '23		"You may die but you go to heaven"

It looks like Mr. Powell is realizing he is behind the curve, as the market is still testing him and equity markets just experienced their worst first half of the year since 1970, taking with them other risk assets such as crypto currencies.



Another brutal and 40-year record 8.6% CPI print in the US didn't help risk assets with another leg of profit-taking. The persisting high US inflation prints led the FED to increase rates by 75 bps, which was the most aggressive interest hike since 1994, and the market is expecting at least a few more hikes in the coming FOMC meetings. The ECB also signaled that it would start raising rates very soon, given growing inflation concerns in Euroland. The UK raised rates by 25 bps to combat soaring inflation, as prices for goods and services hit 9% annually. The developed world is now clearly debating not if, but *when* a recession will hit them.

Even with the June 8th successful Ropsten testnet merge, ETH continued to trade poorly during most of the month (recovering somewhat during the last week) with lots of rumors around the financial situation of Celsius, which caused a de-peg from stETH and ETH. stETH is ETH that has been staked on the Beacon chain as the merge progresses. This is a one-way

bridge, i.e. one can't un-stake ETH once it is on the Beacon chain, which means some of the liquidity pools have been seeing a lot of stETH selling and trading around 0.96 ETH at the time of writing. There are still 2 more important testnet milestones that need to happen, Goerli and Sepolia for the final merge to happen. We made some comments in early June about the rumors around Celsius. Unfortunately, on June 13th, they announced a freeze of asset withdrawals, swaps and internal transfers which added further fuel to a weak market on a day that 2-year rates shot up (29 bps) for a second consecutive session, taking yields to 14-year highs. NASDAQ dropped almost 5% to 19-month lows as well, which made crypto plunge between 15-25% within a 24-hour period. This [thread](#) explains how Celsius got into this difficult situation. Our fund never lent its assets to Celsius and never owned their token either. Hong Kong's [Babel Finance](#), with about \$3 billion of loans on its balance sheet, also suspended withdrawals, creating further negative momentum.

Currency reserves
ETH: 137,432.01 (20.53%)
stETH: 531,923.7 (79.47%)
ETH+stETH: 669355.72
USD total: \$1.1b
Fee: 0.040%
Admin fee: 50.000% of 0.040%
Virtual price: 1.0419 [?]
A: 50
Ramping up A: 10 -> 50 [?]
Ramp up A ends on: 20/05/2021
20:15:18
Liquidity utilization: 0.02% [?]
Daily USD volume: \$370,812,992.98
Daily ₿ volume: 221,870.99442420 ₿



We are writing with a very important message for our community.

Due to extreme market conditions, today we are announcing that Celsius is pausing all withdrawals, Swap, and transfers between accounts. We are taking this action today to put Celsius in a better position to honor, over time, its withdrawal obligations.

Acting in the interest of our community is our top priority. In service of that commitment and to adhere to our risk management framework, we have activated a clause in our Terms of Use that will allow for this process to take place. Celsius has valuable assets and we are working diligently to meet our obligations.

We are taking this necessary action for the benefit of our entire community in order to stabilize liquidity and operations while we take steps to preserve and protect assets. Furthermore, customers will continue to accrue rewards during the pause in line with our commitment to our customers.

We understand that this news is difficult, but we believe that our decision to pause withdrawals, Swap, and transfers between accounts is the most responsible action we can take to protect our community. We are working with a singular focus: to protect and preserve assets to meet our obligations to customers. Our ultimate objective is stabilizing liquidity and restoring withdrawals, Swap, and transfers between accounts as quickly as possible. There is a lot of work ahead as we consider various options, this process will take time, and there may be delays.

We thank the incredible Celsius community for your support today. It is our pleasure to serve you. Our operations continue and we will continue to share information with the community as it becomes available.

Sincerely,
The Celsius team

There was another bout of heavy selling on Saturday, June 18th after the [3AC](#) (Three Arrows Capital) Founder tweeted that they were in a tight liquidity situation and “trying to work it out”. 3AC had as much as \$10 billion on crypto assets but started facing major losses after

LUNA collapsed. BTC dipped below \$20k and ETH below \$1k as CeFi lenders, which had exposure to 3AC, dumped these assets which they had as collateral. On the following day, ETH recovered 30% within a 24-hour period, but it is still too early to tell if that was the final capitulation of this bear crypto cycle, given the overall macro scenario.

One of our partners attended the Consensus conference in Austin and the mood there was better than expected given the recent negative price action. Fidelity's CEO Abby Johnson reaffirms her crypto commitment in her third crypto winter during Consensus. During the month, BTC became once again our biggest position in the fund. It is usually considered the "safe haven" asset within the crypto space, outperforming Alt coins (look at 2018 price action from the last crypto winter). There was huge volatility in KEEP/BTC. We traded in and out of 25% of our position several times during the month, given the high volatility. There were some small but good arbitrage opportunities swapping out of KEEP into T (Threshold Network), which we took advantage of. We sold some of our positions in FTT as they have been outperforming BTC by a big margin YTD (-37% vs -57%). Our "best" performing assets were UNI (-12.6%), followed by T (-13.7%) and FTT (-15.3%).

Deloitte issued a report that revealed that 75% of US retailers are planning to accept crypto or stablecoin payments within the next 24 months. Bitcoin's Lightning Newark surpassed 4k BTCs in payment channels. During the month, a few large crypto companies announced layoffs to cope with the current market turmoil, Coinbase, Gemini, Bitso, BlockFi and Crypto.com to name a few.

On the tech side, Solana again had some smaller outage issues. Horizon suffered a \$100mm hack due to poor coding. Circle Internet Financial announced it is launching its fully reserved Euro-backed stablecoin called EUROOC. Circle's USDC stablecoin has been gaining market share against USDT (Tether). At the same time, Tether is expected to launch GBPT stablecoin pegged to the British Pound.

On the regulatory front, some key US Senators introduced the first draft of the bi-partisan US Crypto Bill, suggesting the CFTC to be the crypto watchdog (rather than the SEC) and to simplify tax implications for small spends (<\$200) with cryptocurrencies. The SEC Chairman is seeking a formal deal with the CFTC to regulate crypto together. Europe reached an agreement on crypto regulation. NY Finance Regulator announced new guidance outlining the "baseline criteria" on USD-backed stablecoins, which imply redeemability and auditing. Japan passed a bill classifying stablecoins as "digital money" and takes effect in 2023. The BIS

issued a report stating that 90% of Central Banks worldwide are researching the feasibility of adopting CBDCs.

Recent announcements

- BIS (Bank of International Settlements) to allow banks to keep 1% of reserves in Bitcoin.
- PayPal enabled transfer of crypto assets to/from external wallets and other PayPal accounts.
- American Express announced it will be launching a crypto rewards credit card.
- London-based Felix Capital raises \$600mm to invest in Web 3.0 startups.
- Binance raises \$500mm fund to invest in Web 3.0.
- Shark Tank's Kevin O'Leary explained why he bought the dip in BTC and ETH.
- ProShares launched first ETF to short Bitcoin.
- FTX announced it plans to acquire Canadian crypto platform Bitvo.
- KPMG gets into Metaverse business.
- Goldman Sachs begins trading its first ever ETH derivatives product.
- Grayscale is suing SEC after its spot Bitcoin ETH was rejected.
- FTX is close to buy embattled crypto lender BlockFi

Monthly estimated return

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	Since Fund Inception
2018	Genesis Class B	-15,9%	-5,0%	-37,3%	57,5%	-20,1%	-20,3%	7,7%	-17,1%	-9,0%	-7,8%	-38,1%	-3,5%	-77,50%	
2019	Genesis Class B	-11,3%	17,7%	7,4%	20,7%	58,8%	12,5%	-13,2%	-11,9%	-9,4%	7,3%	-16,4%	-8,6%	37,57%	
2020	Genesis Class B	33,6%	1,2%	-31,5%	39,6%	14,2%	-3,3%	34,3%	18,7%	-12,7%	10,7%	46,1%	32,3%	325,82%	
2021	Genesis Class B	38,5%	25,5%	32,5%	18,5%	-18,8%	-13,0%	13,2%	28,8%	-9,3%	44,3%	-1,0%	-18,1%	198,37%	
2022	Genesis Class B	-24,0%	10,0%	9,0%	-20,1%	-25,0%	-39,2%							-66,80%	30,61%
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%	11,2%	-14,7%	14,6%	62,4%	18,5%	276,70%	
2021	BGCI	42,4%	21,9%	25,7%	28,7%	-24,2%	-10,5%	7,6%	28,8%	-11,3%	40,1%	-0,4%	-22,6%	153,38%	
2022	BGCI	-22,4%	4,0%	13,9%	-19,6%	-28,6%	-39,4%							-68,02%	-38,35%
2018	BLP Digital 100	-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 Digital 100	-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	BLP Digital 100	40,1%	6,1%	-20,5%	43,2%	11,8%	-2,1%	23,5%	20,5%	-9,0%	11,4%	28,1%	23,8%	343,00%	
2021	BLP Digital 100	38,1%	20,6%	29,7%	10,8%	-18,5%	-13,9%	12,4%	24,1%	-3,1%	39,1%	-1,5%	-15,5%	162,60%	
2022	BLP Digital 100	-26,9%	-2,7%	8,3%	-17,0%	-28,0%	-32,1%							-68,75%	32,33%
2021	BLP Digital 40										5,6%	0,0%	-6,8%	-1,66%	
2022	BLP Digital 40	-11,2%	-0,5%	3,5%	-7,1%	-10,6%	-12,8%							-33,73%	-34,82%
2018	BLP Digital 20											-7,1%	-0,5%	-7,53%	
2019	BLP Digital 20	-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	BLP Digital 20	8,3%	1,1%	-3,7%	8,3%	2,5%	-0,8%	4,8%	4,0%	-1,8%	2,1%	5,5%	4,5%	39,61%	
2021	BLP Digital 20	7,3%	4,1%	5,8%	2,0%	-3,3%	-2,7%	2,8%	4,9%	-0,3%	8,3%	0,1%	-2,9%	28,35%	
2022	BLP Digital 20	-5,2%	0,4%	1,9%	-3,1%	-5,0%	-6,1%							-16,16%	53,93%
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%	0,16%	0,15%	0,16%	0,16%	2,76%	
2021	CDI	0,15%	0,13%	0,20%	0,21%	0,27%	0,30%	0,36%	0,43%	0,44%	0,48%	0,59%	0,77%	4,41%	
2022	CDI	0,73%	0,76%	0,93%	0,83%	1,03%	1,02%							5,42%	27,55%

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. Genesis class B returns are gross of management and performance fees. BGCI only prices during business days which is different than administrator marking of 0:00 UTC on the last business day of the month.



Genesis Block Fund Ltd.
BLP Digital 100 FIM - IE
BLP Digital 40 FIM
BLP Digital 20 FIM
June 2022

Genesis Block Fund Ltd.

Minimum Investment	\$100,000
Subscription	Daily – NAV calculation in T+1 business days
Redemption	Daily – NAV calculation in T+5 business days
Administration fee	2.00% p.a.
Performance fee	20% over 6M Libor with High Water Mark
Administrator	MG Stover
Auditor	KPMG
Legal Counsel	Conyers
Custodian	Coinbase Prime, Fidelity Digital Assets, Gemini
ISIN Number	KYG3832A1085
Bloomberg Ticker	GENBLOC KY

BLP Digital 100 FIM - IE - Professional Investors

Minimum Investment	R\$10,000
Subscription	Daily – NAV calculation T+1
Redemption	Daily – NAV calculation T+5
Administration fee	2.00% p.a.
Performance fee	20% over CDI with High Water Mark
Administrator	BNY Mellon
Digital Platforms	Banco Itaú, BRE, BTG Pactual, Órama, Daycoval, Azimut, Necton, Sim; Paul, Ativa, Vitreo, RB, Inter Invest, Modal Mais, Poro Seguro, Guide.
Auditor	KPMG
Legal Counsel	Madrona Advogados
ISIN Number	BR01OYCTF009

BLP Gestora de Recursos Ltda.
Rua Joaquim Floriano, 1120 · cj. 62
Itaim Bibi · São Paulo · SP
CEP 04534-004
+55 11 2780-0911

www.blpcrypto.com.br



BLP Digital 40 FIM - Qualified Investors

Minimum Investment	R\$1,000
Subscription	Daily – NAV calculation T+1
Redemption	Daily – NAV calculation T+1
Administration fee	1.75% p.a.
Performance fee	20% over CDI with High Water Mark
Administrator	BNY Mellon
Digital Platforms	Banco Itaú, BTG Pactual, Órama, Daycoval, Azimut, Necton, Sim; Paul, Ativa, Vitreo, RB, Inter Invest, Modal Mais, Porto Seguro, Guide, Warren, CM Capital, C6 Bank.
Auditor	KPMG
Legal Counsel	Madrona Advogados
ISIN Number	BR09ZDCTF002

BLP Digital 20 FIM - Retail Investors

Minimum Investment	R\$100
Subscription	Daily – NAV calculation T+1
Redemption	Daily – NAV calculation T+1
Administration fee	1.50% p.a.
Performance fee	20% over CDI with High Water Mark
Administrator	BNY Mellon
Digital Platforms	Banco Itaú, BTG Pactual, Órama, Genial, Daycoval, Azimut, Necton, Sim; Paul, Ativa, Vitreo, RB, Inter Invest, Modal Mais, Porto Seguro, Guide, Warren, CM Capital, Nova Futura, C6.
Auditor	KPMG
Legal Counsel	Madrona Advogados
ISIN Number	BR026OCTF003

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