

Portfolio Manager's comments

Bitcoin dominance started the month at 41.7%, reached a low of 41.3%, a high of 47.1% and ended at 46.3%

BTC started the month at \$37,715 and traded between \$26,350 and \$39,903 to close at \$31,792 down 15.70% for the month. Genesis Block Fund was down 24.96%. The FED hiked on the first week of the month, the first 50 bps increase since Dec 2015. The rout in tech stocks continued bringing crypto assets down along with them. Some emblematic investors like [Paul Tudor Jones](#) continue to believe that with higher rates and inflation crypto could have a 'bright future'. On the other hand, [Warren Buffet](#) again tried to ridicule Bitcoin on his yearly Berkshire presentation, 92 years and Munger 98 years old both will never change their opinion. Cryptocurrency prices might be down in 2022 but the amount of venture capital entering the space continues to grow, \$10billion alone during 1Q22, [Galaxy Digital](#) published a detailed report on the flows.

We bought back the ETH that we had sold recently as ETH underperformed BTC during the market selloff but the severe underperformance of ETH and other L1s hurt us during May. Some of the severe weakness of ETH could be explained by the May 25th 7-block chain reorganization due to inconsistencies among validators on the Beacon chain. On June 8th there is an important testing milestone for Ethereum with the [Ropsten](#) testnet merge which will be closely followed by the market as it will show what happens once the actual merge happens from PoW to PoS. To reduce some of the Beta from the fund we stopped out of 4 smaller positions that were not performing: DYDX, Arweave, POLIS and NEAR. After a 50% plus drop in KEEP/BTC, we started adding to a position we sold in mid-February and traded in and out of it during the month given the high volatility. There could be a few triggers as code audits have started for tBTCv2 expected for launch in August. We have been slowly increasing our position in [MKR](#) over the last months and continued to do so again, it was one of the clear protocols to benefit from LUNA's collapse relative to its peers. In the last few days of the month, the market had a long-due small relief rally from what looked to be oversold positioning. Our "best" performing assets were MKR (-9.2%), followed by BTC (-15.7%) and UNI (-15.8%).

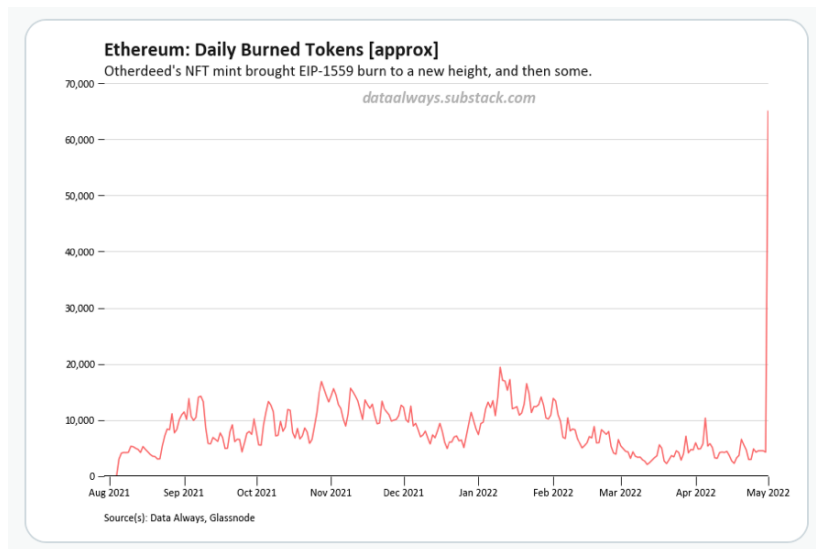
On the tech side, it was a very complex month. There was an orchestrated attack against UST (the algorithmic stablecoin backed by Terra LUNA) to break its peg. The attack started on Saturday night (May 7th) and culminated on Monday (May 9th) as the peg broke. For those that want to follow in more details how it played out, this [Twitter thread](#) is useful. As the Luna

Foundation Guard had BTC in reserves they sold them on a day that tech was crashing as well adding further fuel to the fire. If you want to understand more details on this event listen to this Odd Lots [podcast](#). This top 10 token crash puts a dent over the whole crypto ecosystem, but we continue to believe that the protocols that succeed in this new decentralized web will come out of it much stronger, only time will tell. After taking LUNA 3 times to our investment committee, we are glad that we never bought any LUNA nor held any UST on the fund's balance sheet. However, being a long-only fund, we suffered a lot with this unfortunate event given the collateral damage in various other protocols as investors sell anything they can to raise liquidity.



[Solana](#) had yet another outage which lasted for 7 hours as 6mm transactions per second flooded the network. Blockchain is clearly in its infancy stage, and a lot of improvements need to happen. Solana is working on patches to improve the stability of its network. Yuga Labs, which are behind the Bored Ape Yacht Club NFT collection, created a major clog on the Ethereum blockchain and created havoc with ETH gas fees soaring to crazy levels when they auctioned "Otherside" metaverse land sale, raising \$300mm. [Minting fees](#) got as high as \$14k for a single NFT which with last year's EIP-1559 means that approximately 70k ETH (approximately \$200mm) was burned in a single day. On a positive note, better UX via

Lightning Network (LN), with the announcement of Bolt Card, enables customers to pay with BTC using contactless technology directly via point-of-sale (PoS) devices.



On the regulatory front, the SEC announced that it is doubling the size of its Cyber Unit team. After the LUNA and UST crash, US Treasury Secretary Yellen remarked that crypto poses no systemic risk to the financial system, although she expects more regulation on stablecoins. The governor of California issued an Executive Order embracing blockchain technology and cryptos. Approximately 25% of the 800 blockchain projects in the US are based in California. Hawaii becomes latest US state to approve a task force to examine Bitcoin and Web3 technology. The German Federal Finance Ministry issued guidance on crypto, signaling that investors will not pay tax on sales of digital assets held for over 1 year and that crypto is classified as a private asset with annual income tax – rather than capital gains tax. Portugal, on the other hand, looks to change its stance and is likely to tax cryptocurrencies in the future (for the moment it didn't go through). As usual Christine Lagarde, President of the ECB, made strong negative remarks on cryptocurrencies, calling them 'worthless' during the World Economic Forum (WEF), but is looking at a Digital Euro. Funny that she mentioned her son has invested in cryptocurrencies and failed.

A16z raised its 4th crypto fund, raising \$4.5 billion, which brings the total amount of its funds to \$7.6 billion. Chris Dixon wrote that he thinks that we are now entering the golden era of Web 3.0. Warren Buffett might not like cryptocurrencies but his granddaughter Nicole Buffett is making a living off selling NFTs. According to Nicole, " *What's interesting is, it's not just a piece of art, it is a currency and it's also a technology.*"

Recent announcements

- Japan´s largest investment bank to launch crypto arm
- FASB to consider setting rules on companies´ crypto accounting disclosure
- Singaporean sovereign wealth fund GIC participates in Chainalysis's most recent \$170mm capital raise valuing it at \$8.6 billion
- Three new crypto ETFs started trading in Australia
- El Salvador president Bukele invites 44 countries to discuss Bitcoin
- Meta to start testing digital collectibles on Instagram
- Gucci to begin accepting Bitcoin and some other crypto at selected stores in the US
- Binance is backing Musk's Twitter bid, boosting crypto believers' vision of a 'decentralized' web
- Starbucks teases Web3 platform in NFT announcement
- Telegram users can now send and receive crypto after 2-year discussions with the SEC
- Block reports \$1.73 billion in Bitcoin sales via Cash App during 1Q22
- Spotify reportedly tested NFT galleries on musician profiles
- Dubai's Emirates Airline set to embrace Bitcoin, NFT and Metaverse
- Robinhood developing a non-custodial crypto wallet
- PayPal looks to embrace all possible crypto and blockchain services
- Swiss watchmaker TAG Heuer now accepts cryptocurrency in the US

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% | | | | | | | | -45.40% | 114.75% |
| 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% | | | | | | | | -47.21% | 1.78% |
| 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% | |
| 2121 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% | | | | | | | | -53.95% | 95.03% |
| 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% | | | | | | | | -24.02% | -25.28% |
| 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% | | | | | | | | -10.73% | 63.90% |
| 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% | 0.16% | 0.15% | 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% | | | | | | | | 4.36% | 26.27% |

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
May 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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