

Portfolio Manager's comments

Bitcoin dominance started the month at 52.04%, reached a high of 52.58% ended the month at 50.10%. It is the first fall that we have seen in a few months potentially signaling a more positive phase for cryptos with Alts outperforming as they tend to have a higher Beta.

March was a quiet month as we have seen [Bitcoin volatility fall](#) to the lowest level since November 2018, around 44% level. One of the most interesting features of this emerging Asset Class is the potential for non-correlated asymmetric returns. As the normal investor would invest a small amount of his net worth, typically around 2%, he has reasonably little to lose but the convexity inherent on the trade is huge allowing for great potential future returns if the ecosystem grows in the long term.

Bitcoin started the month at \$3,855 and traded between \$3,734 and \$4,107 which was the [narrowest trading range](#) in 2 years to close the month at \$4,105 up 6.50% for the month close to the month's high. Genesis Block Fund ended up 7.35% while BLP Crypto Assets FIM ended up 10.58%. At the start of the month we added small positions in WAX, ZEC and XLM, they outperformed handsomely during the month. We are glad to have a second consecutive month with positive returns and to outperform both Bitcoin and more importantly the Bloomberg Galaxy Crypto Index.

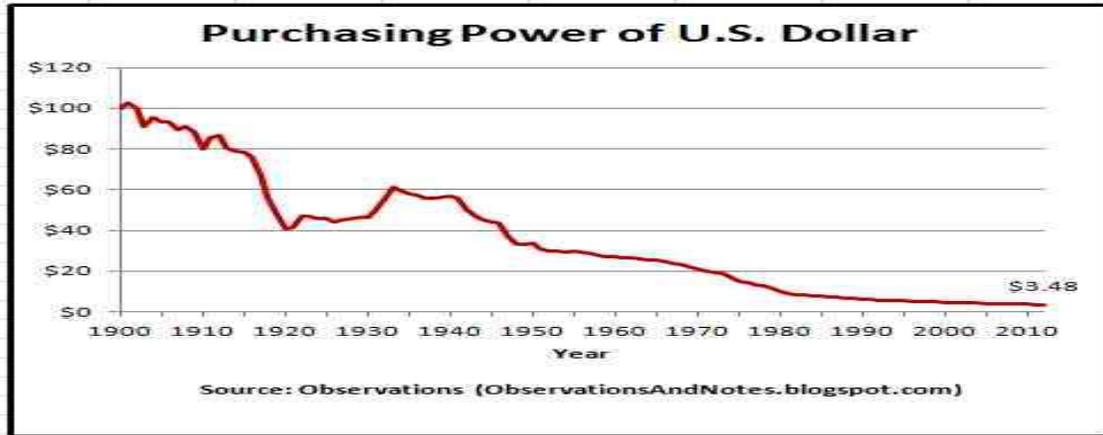
For those of you who have kids, you most likely have heard about a game called Fortnite and how they use V-bucks to buy skins to enhance their game experience. One of the growing use cases for crypto currencies has been gaming. We have been carrying a small position in [WAX](#) for quite a while and this month we doubled the size of the position, it continues to perform very well, up 58% YTD. It is ranked as the 70th largest coin with a market cap of approximately \$60mm. It is interesting to note that it has the second largest number of transactions among all public blockchains according to [Blocktivity](#).

We have been studying the [Maker protocol](#) for the past 6 weeks and decided to add a small position to this interesting use case of sustainable finance. It is a difficult asset to trade as it only trades on a few DEXs (Decentralized Exchanges). This protocol currently allows one to borrow USD against ETH as collateral. It has its own stable coin called DAI and very sophisticated collateral controls with automatic triggers based on smart contracts in the Ethereum blockchain. Plans are clearly set to include other cryptos and in the future other assets as well. Once this token is listed on a major exchange, we should expect an increase in liquidity and hopefully price appreciation as well.

As we are in still early days of this ecosystem, smaller cap assets like WAX and MKR can help the fund generate some reasonable Alpha.

A lot of people, the established financial industry, and the media mock about Bitcoin and cryptos in general. Dan Hedl's Tweet on March 22nd is a great response to them:

The game "Monopoly" sold for \$2 in 1935. In the box, you get monopoly money. That original stack of monopoly money from 1935 is worth \$50 as a collector's item. Monopoly money literally holds more value than your fiat currency."



Interesting announcements/comments:

- [IBM](#) quietly enters crypto custody marked with tech designed for banks
- [Fidelity](#) Digital Asset services goes live
- [Marc Faber](#) makes first ever BTC purchase
- [Niall ferguson](#), former nocoiner now praises Bitcoin, says it is digital gold
- [Facebook's](#) likely blockchain first steps – decentralized log-ins and a stablecoin
- [Overstock's tZERO Exchange](#) to launch Bitcoin trading app this June
- [Square's](#) Bitcoin hiring spree is crucial for crypto adoption
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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%	-77,9%	
2019	Genesis	-11,5%	17,5%	7,4%										11,7%	-75,4%
2018	BLP Crypto	-19,2%	-1,8%	-33,7%	61,2%	-14,1%	-17,6%	4,5%	-8,6%	-11,6%	-13,8%	-34,3%	-3,4%	-72,3%	
2019	BLP Crypto	-15,7%	18,4%	10,6%										10,4%	-69,4%
2018	Bitcoin	-27,8%	1,7%	-32,9%	32,5%	-18,9%	-14,6%	21,5%	-9,6%	-5,9%	-4,7%	-36,4%	-6,8%	-73,6%	
2019	Bitcoin	-7,6%	11,5%	6,5%										9,7%	-71,0%
2018	BGC Index	-14,6%	-10,7%	-43,5%	60,9%	-20,4%	-28,5%	13,7%	-21,7%	-0,2%	-12,2%	-36,8%	-1,7%	-80,9%	
2019	BGC Index	-11,8%	15,5%	5,9%										8,0%	-79,4%
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%										1,51%	8,03%

THE BITCOIN AND BLOOMBERG GALAXY CRYPTO (BGC) 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 (Note that the Bloomberg Galaxy Crypto Index only prices during business days at 4pm Eastern time zone, which is different than our marking of 0:00 UTC of the last day of the month).

Public Vs Private Blockchain

A Public Blockchain is a permissionless blockchain. Anyone can join the blockchain network, meaning that they can read, write, or participate with a public blockchain. Public blockchains are decentralized, no one has control over the network, and they are secure in that the data can not be changed once validated on the blockchain. Public blockchains like Bitcoin, Ethereum, or EOS for example, by design, increase and protect the user's anonymity. If one doesn't know who a user is, there is no way of creating permissions, role-based access and controlling what data they can read or write. In public blockchains, there are economic incentive for good behavior as we don't know who a user is. It is relied on economics and game theory incentives to ensure that everybody in the system behaves honestly and according to the rules via a consensus algorithm, through which honest participants are economically rewarded.

A Private Blockchain is a permissioned blockchain. Permissioned networks place restrictions on who can participate in the network and in what transactions. Private blockchains like Corda, Hyperledger or Hashgraph want to control who can write data to their blockchain as well as control who can read data from their blockchain and in order to do that the first step is identity. They need to know who is part of the blockchain network. If they don't know who a user is, it becomes difficult, if not impossible, to define rules about what data they can commit to the ledger and what data they can consume from the ledger. Most of the time, private blockchains tend to come with identity management tools or a modular architecture where you can plug in your own identity management solution. All starts with understanding who a user is, because once that is understood, one can determine what role they're in, and what information should they and should they not have access to.

There is another important difference to distinguish, open versus closed blockchains.

The open versus closed brings in to consideration who's able to read that data.

A lot of people get the impression that they compete with one another, but they really don't. They just serve to provide different types of solutions.

Some of the benefits of public blockchains are:

- Open Read and Write
- Anyone can participate by submitting transactions to the blockchain
- Ledger Is Distributed
- The database is not centralized like in a client-server approach
- Immutable
- Secure Due to Mining (51% rule)

Some of the benefits of private blockchains are:

- Enterprise Permissioned
- Better Scalability
- Compliance Support
- Consensus More Efficient (less nodes)

To conclude, they serve different purposes and you will realize that a lot of real-world use cases one is going to find make use of both types of blockchain integrated seamlessly.

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
Administrator	Planner
Auditor	UHY Bendoraytes & Cia
Legal Counsel	Freitas Leite
Contact	contato@blpcrypto.com.br
Website	www.blpcrypto.com.br

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