

Portfolio Manager's comments

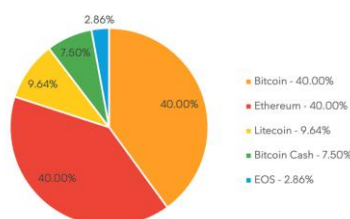
It has been only 31 days since the start of the year, but it already feels like 6 months have gone by. Just in the last month we had shocking riots in Capitol Hill ignited by ex-President Trump and his supporters, Joe Biden being sworn as the 46th US President taking office in quite unusual circumstances with DC looking like a war zone, Covid-19 vaccination campaigns started around the globe and a super wild ride in the crypto space to get us started for an exciting 2021!

Bitcoin dominance started the month at 70.5%, reached a low of 62.2%, high of 73.1% and ended at 62.3%.

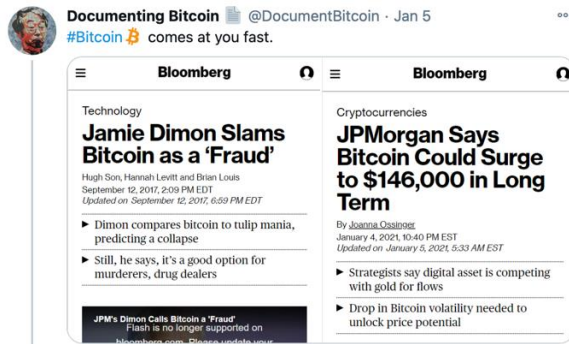
Bitcoin started the month at \$29,002 and traded between \$28,723 and \$41,947 to close at \$33,114 up 14.18% for the month. Genesis Block Fund was up 38.42%. After a strong December, the year started hot and some of the big laggards like ETH had a huge month as it was catching up lost ground against BTC. Second week of the month we saw a strong reversal (almost 30% drop within 48 hours) with some profit taking and liquidation of levered longs. As the month progressed, we had one week of calm until [Janet Yellen's](#) suggestion of curtailing cryptocurrencies such as Bitcoin saying they are mainly used for illegal financing (as the blockchain is public we suggest to look at the facts and not just words from Regulators). Coming from a sharp recent rally, major "FUD" season (*Fear, Uncertainty and Doubt*) hit the market on the third week. It started with [Tether](#) stories (which hopefully we will soon find out if it is just FUD or not – [Dan Held](#) has a great thread on it), then with completely unfounded rumors of a double spend problem on the Bitcoin network caused by poor journalism given the media's lack of understanding of this space. As usual, [Andreas Antonopoulos](#) did a fantastic job on his [tweet](#) describing what actually happened (strongly recommend you read the full thread as he brilliantly explains the double spend issue). Unfortunately, the harm was already done and within 24 hours we had a second major sell-off ranging from 20-25% on most large-cap protocols. Market rebounded off its month lows and settled down a bit as all the focus shifted to GameStop Corp (NYSE: GME) which made media critics go crazy, we dare people to call Bitcoin as "too volatile" after seeing GME play-out as shorts got crushed. Many took the episode as Robinhood siding with the hedge funds and as an example of how traditional financial powers work in concert against everyday people (Wall Street is rigged). Many WSB (Wall Street Bets) members have been enraged on Reddit and are looking to opt-out accordingly, which is why many crypto users started to float DeFi to these financial refugees (one of the reasons we own UNI tokens). [BlackRock](#), the world's largest asset manager with almost \$8 trillion of AUM, made an interesting announcement that it has filed prospectus documents for 2 of its funds to be able to trade Bitcoin futures. Yet another publicly listed company, [Marathon Patent Group Inc.](#) (NASDAQ: MARA), allocated \$150mm into Bitcoin for their Treasury reserves. During the last days of January, we also had [Bridgewater's Founder Ray Dalio](#) writing a 13-page report entitled "*What I think of Bitcoin*", it seems he is slowly starting to understand its market dynamics. He ends his publication quoting "*On the other hand, believe me when I tell you that I and my colleagues at Bridgewater are intently focusing on alternative storehold of wealth assets and expect Bridgewater to soon offer an alt-cash fund and a storehold of wealth fund in order to better deal with the devaluation of money and credit that we consider to be a major risk and opportunity, and Bitcoin won't escape our scrutiny*". One day after Dalio's paper, [Elon Musk](#) updated his Twitter bio which created a lot of expectations, could he put some of Tesla's Treasury reserves in Bitcoin? We had 3 assets returning triple digits, our best performing asset for the month was UNI (up 242%), followed by MKR (up 152%) and LINK (up 100%). Privacy tokens had a wild ride, suffering at the start of the month with some de-listing from exchanges and on weakness we added a small position of XMR (down 12%). Taking advantage of the volatility we were also active trading in and out of KEEP (up 39%) outright, KEEP/BTC and BTC/tBTC, these small trading positions helped the fund generate some nice trading gains. We reduced some ETH (up 78%) at month-end after a huge run. The DeFi space continues to grow and outperform, somewhat helped by GME episode.

With the SEC lawsuit against Ripple Labs, the most broadly followed crypto index, BGCI (Bloomberg Galaxy Crypto Index) dropped XRP from its holdings. Below is their current index composition. Biggest beneficiary was ETH. The fund holds a structural underweight on LTC (up 4%) and BCH (up 16%).

INDEX CONSTITUENT WEIGHTS
As of January 3, 2021



To start 2021, we thought it would be interesting to share some of these great “documentation tweets” of how wrong the media and Wall Street understand the crypto space, hope you enjoy them as well!



But my all-time favorite is the 4 horsemen of Bitcoin, our splendid leaders talking about money printing!



My second favorite one is our dear old Janet Yellen, what is she so afraid off, Bitcoin or the FED's balance sheet?



Documenting Bitcoin @DocumentBitcoin · Jan 9
#Bitcoin has gone up \$40,000 after this advice.



On the Regulatory front the [US Federal Banking Regulator OCC](#) (Office of the Comptroller of the Currency) announced that banks can conduct payment using stablecoins. This caused some protocols like Maker that has a DAI stablecoin to shoot up in price. [President Biden](#) signed orders to delay pending regulations, extending the review period for the U.S. Treasury's proposed "un-hosted crypto wallet rule" by 60 days. US Treasury Secretary, [Janet Yellen](#), says she will work closely with a range of government agencies to implement new regulations related to cryptocurrencies.

Bitcoin and other PoW (Proof of Work consensus algorithms) are often scrutinized by the media for wasting valuable energy. For those interested on this topic, [Dan Held](#) has this great writeup on the subject. If you do not have the time to read the whole article the chart below is interesting. "Everything requires energy (first law of thermodynamics). Claiming that one usage of energy is more or less wasteful than another is completely subjective since all users have paid market rate to utilize that electricity."

	Yearly Cost	Energy Used (GJ)
Gold Mining	\$105B	475M
Gold Recycling	\$40B	25M
Paper Currency and Minting	\$28B	39M
Banking System	\$1,870B	2,340M
Governments	\$27,600B	5,861M
Bitcoin Mining	\$4.5B	183M

Interesting announcements/comments:

- [PayPal](#) backs crypto tax startup Taxbit
- [Harvard, Yale, Brown Endowments](#) have been buying Bitcoin for at least a year: sources
- [OCC](#) approves Anchorage as first Federally Chartered crypto bank
- [Morgan Stanley](#) buys 10% stake in MicroStrategy to up Bitcoin exposure
- [Miami's Mayor Francis Suarez](#) considers Bitcoin investment to create crypto hotbed
- [Bakkt](#), the digital asset marketplace launched by ICE in 2018 to become a publicly traded company via a SPAC.
- [Three Arrows Capital](#) reports more than \$1.2 billion position in GBTC
- [SkyBridge Capital](#) enters Bitcoin market with new allocation
- [BBVA](#) launches its first commercial solution for the trading and custody of Bitcoin in Switzerland
- [VISA](#) wants to work with exchanges, wallets on 'Digital Gold' Bitcoin

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%	7.1%	-16.5%	-8.7%	34.85%	
2020 Genesis	33.4%	1.02%	-31.6%	39.3%	14.0%	-3.5%	34.1%	18.5%	-12.8%	10.5%	45.9%	32.1%	317.39%	
2021 Genesis	38.4%												38.42%	71.85%
2018 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 Crypto Assets	-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 Crypto Assets	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 Crypto Assets	38.1%												38.06%	122.65%
2018 Criptoativos											-7.1%	-0.5%	-7.53%	
2019 Criptoativos	-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 Criptoativos	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 Criptoativos	7.3%												7.29%	53.48%
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%												42.44%	8.38%
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%												0.15%	16.06%

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: Genesis returns are gross of performance fees and 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).

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	KPMG
Legal Counsel	Walkers Global and Freitas Leite
Custodian	Coinbase Custody & Fidelity Digital Assets
ISIN Number	KYG3832A1085
Bloomberg Ticker	GENBLOC KY
Website	www.blpcrypto.com.br/en/

BLP Crypto Assets FIM – Investimento no Exterior Characteristics

Minimum Investment	R\$25,000
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
Digital Platforms	Planner, Daycoval, Azimut, RB Inv.
Auditor	UHY Bendoraytes & Cia
Legal Counsel	Freitas Leite and Madrona Advogados
ISIN Number	BR01OYCTF009

BLP Criptoativos FIM 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
Digital Platforms	Genial Inv, Órama, Azimut, Daycoval, Necton, RB Inv, Warren, Consulenza Inv.
Auditor	KPMG
Legal Counsel	Freitas Leite and Madrona Advogados
ISIN Number	BR026OCTF003

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