

## Portfolio Manager's comments

Bitcoin dominance started the month at 42.1%, reached a low of 40.8%, high of 56.7% and ended at 45.3%. Bitcoin started the month at \$37,333 and traded between \$28,894 and \$41,295 to close at \$35,041 down 6.14% for the month. Genesis Block Fund was down 12.70%. [Bitcoin 2021 Miami](#), another big Bitcoin conference, was well attended with the likes of [Jack Dorsey](#) which said “*I don't think there is anything more important in my lifetime to work on*”, Michael Saylor, Miami's crypto friendly Mayor Francis Suarez and many others. The most emblematic news from the conference was that [El Salvador](#) announced and approved with super majority by the Congress to accept Bitcoin as legal tender. El Salvador is a small country but was fully based in USD, what changes now: 1. BTC will be accepted by all vendors; 2. Taxes, mortgages, and everything else can be paid in BTC; 3. Gov't will supply a wallet; 4. Gov't will create a trust fund to help backstop volatility (need more clarity here); 5. BTC/USD will be instantly converted; 6. Encourage crypto entrepreneurs and immigration; 7. No capital gains on cryptos; 8. The country will hold BTC in reserves. Their state-owned geothermal electric company, [LaGeo SA](#), is exploring Bitcoin mining with 100% renewable energy from their volcanos, how cool is that! See below their updated [Wikipedia](#) page showing both currencies accepted as legal tender. Interesting who will be the next country to adopt, [Tanzania](#) and [Paraguay](#) are apparently considering it.

Republic of El Salvador	
República de El Salvador (Spanish)	
	
Flag	Coat of arms
Capital and largest city	San Salvador  13°41'56"N 89°11'29"W
Official languages	Spanish
Currency	Bitcoin (BTC, XBT, since 2021) <sup>a</sup> b United States dollar (USD, since 2001) <sup>a</sup>
Time zone	UTC-6 (CST)
Driving side	right
Calling code	+503 <sup>c</sup>
ISO 3166 code	SV
Internet TLD	.sv
<small>a. Bitcoin and the U.S. dollar are the currency in use. Financial information can be expressed in Bitcoin, U.S. dollar and in Salvadoran colón, but the colón is out of circulation.<sup>[10]</sup>                      b. Effective 90 days after publication in official gazette which is September 7, 2021.<sup>[11][12]</sup>                      c. Telephone companies (market share): Tigo (45%), Claro (25%), Movistar (24%), Digicel (5.5%), Red (0.5%).</small>	

We had one week of calm waters, but on the second week of the month FUD hit the market yet again with poorly written reports from the media that Bitcoin was hacked and that US law enforcement recuperated the bulk of the [Colonial pipeline](#) ransomware. [Elon Musk](#) continued adding volatility to the market with his tweets. Around mid-month, [Paul Tudor Jones](#) gave an interview to CNBC where he said “*I like bitcoin as a portfolio diversifier. Everybody asks me what should I do with my bitcoin? The only thing I know for certain, I want 5% in gold, 5% in bitcoin, 5% in cash, 5% in commodities. At this point in time, I don't know what I want to do with the other 80% until I see what the Fed is going to do.*” After his lengthy in May 2020 where he wrote about why he bought just over 1% in BTC as a hedge, now he is increasing that exposure. Given the wild swings in prices we were actively trading different pairs during the month. We initiated the month with a big ETH overweight and slowly decreased it as it outperformed BTC but is soon sold off and we added more on weakness throughout the month, this hurt us as ETH (-16.2%) underperformed BTC during June. We sold our position in Synthetix which wasn't performing as we expected and increased positions in Rune, AAVE, and FTT. We also added KEEP at recent lows and then sold some of our positions as it grinded higher throughout the month helped by the [NuCypher merger](#) which was voted with almost 100% approval (just a single node voted against) from both [KEEP](#) and [NuCypher](#) communities as well as the long-awaited Coinbase and Binance surprise listing, after the listing the asset sold off and we added to the position once again. Our main underweights (BCH -25.2% and LTC -23.3%) underperformed BTC during June. We had another death cross on BTC where 50-day moving average crossed the 200-day moving average and scared the market. Below you can see the graph and a table of the last 6 times this happened in Bitcoin's history.



Historical Death Crosses

Date	Price	Subsequent Return			
		7d	30d	90d	180d
4/9/2014	\$441.69	20.0%	2.4%	41.3%	-25.6%
9/4/2014	\$487.43	-2.4%	-33.1%	-23.0%	-42.4%
9/15/2015	\$230.03	0.2%	10.6%	92.7%	79.6%
3/30/2018	\$6,850.00	-3.4%	37.1%	-14.6%	-5.7%
10/25/2019	\$8,642.81	6.3%	-18.4%	-3.4%	-17.9%
3/24/2020	\$6,720.73	-3.7%	12.1%	42.3%	61.8%
<b>Average</b>		2.8%	1.8%	22.6%	8.3%
<b>Median</b>		-1.1%	6.5%	19.0%	-11.8%

 Source: NYDIG

Our best performing assets where SOL (+8.3%) followed by KEEP (-3.6%). On the third week of the month, we had heavy restrictions from China, see timeline below from our friends at Galaxy Digital. This led to a severe fall in Bitcoin's hash rate (see graph below) triggering a selloff in BTC, briefly dipping below \$30k resistance, which dragged Alt coins to fall double digits across the board with no mercy. Higher Beta tokens fell over 20% and meme token DOGE fell over 40% (as I wrote in the past we never owned and will not own DOGE)! In the short term this is negative for the price action but on the long term the best thing that could happen is hash rate to leave China to other regions of the world that work with 100% renewable energy to ease recent ESG concerns as well.

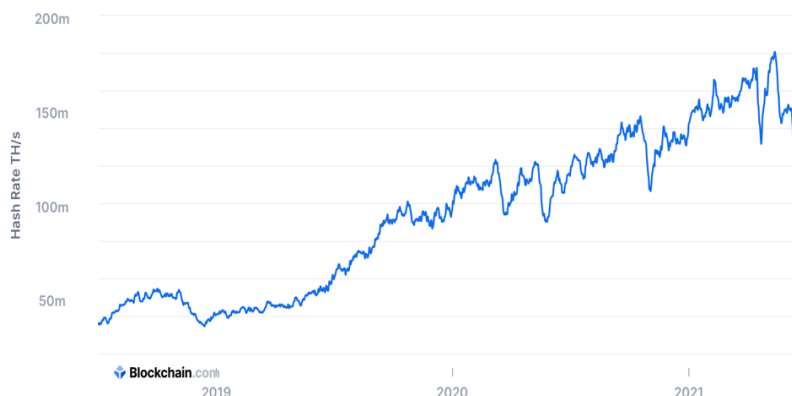
### Timeline of Recent China Actions

Source: Galaxy Digital Research

- May 21** Chinese financial oversight cmt. (FSDC) announces goal to "crack down on bitcoin mining and trading"
- May 25** Inner Mongolia announces 8 proposed measures to restrict bitcoin mining.
- May 27** Sichuan province, which hosts a large amount of hydro-powered bitcoin mining, announces public meeting to assess impact of a ban on mining
- June 5** Weibo, a major social media platform, suspends accounts owned by major Chinese crypto influencers
- June 9** Major web platforms Baidu & Weibo begin censoring keywords related to major crypto exchanges Huobi, OKEx, and Binance
- June 9** Some bitcoin miners in Xinjiang province ordered to shut down
- June 9** Miners in Qinhai province ordered to shut down
- June 11** Yunnan province, a major hydro-electric generating province, announces that bitcoin mining farms would be "inspected" by end of June
- June 16** Huobi slashes leverage available to Chinese nationals from 125x to 5x
- June 19** Sichuan province, a major hydro-electric generating province, orders state-owned energy suppliers to cut power to 26 local mining farms
- June 21** Peoples Bank of China (PBoC) orders Chinese banks and payment processors to "immediately cut off... payment and funding channels" for crypto OTC desks and peer-to-peer on/off ramps for crypto.

### Total Hash Rate (TH/s)

The estimated number of terahashes per second the bitcoin network is performing in the last 24 hours.



[MicroStrategy](#) issued yet another bond for \$500mm to increase his Treasury's Bitcoin position and is offering a [\\$1 billion](#) sale of common stock. After this acquisition they own just over [105k BTCs](#).

[Goldman Sachs](#) issued a 60-page report on digital assets with bullish and bearish arguments. It seems they are still not fully comfortable to recommend to clients, but they started to look beyond BTC and announced they will offer [ETH derivatives](#) as well.

On the tech side, [Taproot](#) has been locked-in with over 90% of the nodes signaling in favor, the soft fork which introduces [Schnorr](#) signatures and privacy features will be activated in November 2021, more details of some of the benefits of Taproot on [CNBC](#).

On the Regulatory front, according to the FT the [Basel Committee](#) is urging tough capital rules for banks that will hold crypto assets on their balance sheets. The consultation which ends in September is asking for a 1 to 1 capital ratio to crypto holdings.

#### Interesting announcements/comments:

- [State Street](#) launches new division dedicated to digital finance
- [VISA and PayPal](#) join crypto VC Blockchain Capital's new \$300m fund
- [Goldman Sachs](#) joins \$28 million capital raise for blockchain infrastructure firm Blockdaemon
- [Morgan Stanley](#) co-leads \$48m Series B for blockchain firm Securitize
- [Square](#) may make a 'hardware wallet' for Bitcoin
- [Square](#) will invest \$5 million to build a solar-powered Bitcoin mining facility
- [Google](#) lifts 2018 ban on crypto exchange and wallet advertisements
- [Guggenheim](#) files new fund, may allocate to Bitcoin
- [EIB](#) sees up to EUR10 billion investment shortfall in AI and blockchain
- [Coinbase](#) partners with 401(k) advisor to offer crypto investments for retirement accounts
- Mexican billionaire [Ricardo Salinas](#) says his banking business may embrace Bitcoin
- 50 thousand [Electric Vehicle](#) charging stations in Europe to offer crypto payments
- [NYC](#) Mayoral front runner Eric Adams says city will become 'Center of Bitcoins'

*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%	-12.7%							93.53%	155.13%
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%							90.58%	45.01%
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%	20.6%	29.7%	10.8%	-18.5%	-13.9%							67.91%	170.78%
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%	4.1%	5.8%	2.0%	-3.3%	-2.7%							13.55%	62.43%
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%							1.27%	17.36%

*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 CALENDER DAY OF THE MONTH.*

*Genesis Block Fund Ltd. Characteristics*

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Minimum Investment	\$100,000
Subscription	Every Wednesday with 5 days pre-notice
Redemption	Every Wednesday with 5 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, Gemini
ISIN Number	KYG3832A1085
Bloomberg Ticker	GENBLOC KY
Website	<a href="http://www.blpcrypto.com.br/en/">www.blpcrypto.com.br/en/</a>

*BLP Crypto Assets FIM – Investimento no Exterior Characteristics*

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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., sim;paul, Ativa Inv.
Auditor	UHY Bendoraytes & Cia
Legal Counsel	Madrona Advogados
ISIN Number	BR01OYCTF009

*BLP Criptoativos FIM Characteristics*

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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., Vitreo, sim;paul, Ativa Inv.
Auditor	KPMG
Legal Counsel	Madrona Advogados
ISIN Number	BR026OCTF003

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