

Portfolio Manager's comments

Bitcoin dominance started the month at 41.5%, reached a low of 39.0%, a high of 43.3%, and ended at 39.2%

BTC started the month at \$23,805 and traded between \$19,601 and \$25,136, to close at \$20,050 down 15.77% for the month. Genesis Block Fund was down 12.73%.

Early in the month the US CPI gave a breather to risk markets when an 8.5% print was announced, slightly lower than what the market expected (8.7%) and better than the previous 9% handle print. How the FED will act on the next FOMC meeting (+50/+75 bps) is still anyone's guess. On the second half of the month, the UK inflation print broke double digits hitting a 40-year high of 10.1% above markets expectations and German PPI came at 5.3% m/m or 37.2% y/y, much higher than expected. The higher-than-expected European inflation caused another leg of profit taking stocks, rates, and crypto assets rose across the board. Close to month end we had the Jackson Hole Economic symposium where FED Chairman Powell said that raising rates will cause "some pain" to the US economy and that the FED will "use their tools forcefully" to attack inflation, these remarks caused another risk-off movement.

August 5th marked the 1-year anniversary of EIP1559 which was an important step on the fee structure (impacting inflation) of ETH, since then over 2.1mm ETH has already been burned. Early in the month ETH outperformed BTC handsomely and we decreased some of our overweight position. Later in the month we bought some back after ETH had a big correction given the Tornado Cash episode (more details below on Regulatory section) which hurt other DeFi tokens like AAVE and MKR given the censorship resistance debate imploded, should ETH validators omit transactions from black-listed address? The final Goerli testnet went well. There are growing rumors that a group of ETH miners might fork the chain and start a new chain ETHPOW, time will show if this will be a "free" token that will be airdropped to all ETH holders (similar to BCH back in 2017). ETC (Ethereum Classic) was volatile but had some sudden sharp price rises in tandem with increasing hashrate as a potential hedge to ETH 2.0 merge related risks. During the next few weeks, it will be important to monitor which exchanges, and custodians will support the eventual forked ETH which already has its own [website](#). Another very important aspect to monitor is how the larger stablecoins like USDC and Tether will all deal with the merge, i.e. will they drop completely the POW chain and just honor redemptions on the POS chain. It will also be interesting to see what happens with all the NFTs that are popular on the Ethereum blockchain. The next big step is the Bellatrix upgrade on the Beacon Chain on Sept 6th. After several Ethereum Foundation calls which

happened during August the TTD (Terminal Total Difficulty) was defined. In more simple terms, TTD is triggered upon a specific mining difficulty level which then triggers the end of PoW and the beginning of PoS., currently expected for September 15-16th.



BREAKING:

The Ethereum Merge has been scheduled for TTD
 5875000000000000000000

This is approximately Sept 15-16th

The Merge is officially scheduled

Below is an example on the ETH Ropsten testnet, assume the TTD was 50000000000000000:

block 12350711 did not reach TTD

block 12350712 reached TTD and is the final PoW block

Block #12350711	
Block Height	12350711
Timestamp	22 days 13 hrs ago (Jun-09-2022 04:07:23 PM +UTC)
Transactions	0 transaction and 0 contract internal transaction in this block
Mined by	0x0f93266c795911968654820bb65a46340 in 32 secs
Block Reward	2,115 Ether (5 + 3 + 0.125 - 0)
Uncles Reward	1.5 Ether (2 uncles at Position 0, Position 1)
Difficulty	825,737,595,592
Total Difficulty	49,999,999,363,722,337
Size	1,021 bytes
Gas Used	0 (0.00%) -100% Gas Target
Gas Limit	30,000,000
Base Fee Per Gas	7 wei (0.000000007 Gwei)
Burnt Fees	0 Ether
Extra Data	0x (hex:Null)

Block #12350712	
Block Height	12350712
Timestamp	18 hrs 28 mins ago (Jun-09-2022 04:08:18 PM +UTC)
Transactions	0 transaction and 0 contract internal transaction in this block
Fee Recipient	0x0f93266c795911968654820bb65a46340 in 55 secs
Block Reward	0 Ether (0 + 0 + 0 - 0)
Uncles Reward	2 Ether (2 uncles at Position 0, Position 1)
Difficulty	834,122,072,820
Total Difficulty	50,000,820,485,795,157
Size	1,823 bytes
Gas Used	0 (0.00%) -100% Gas Target
Gas Limit	30,000,000
Base Fee Per Gas	7 wei (0.000000007 Gwei)
Burnt Fees	0 Ether
Extra Data	0x (hex:Null)

The next block 12350713 is the first block produced by PoS

Block #12350713	
Block Height	12350713
Timestamp	33 days 16 hrs ago (Jun-09-2022 04:08:49 PM +UTC)
Proposed On	Block proposed on slot 69144, epoch 2035
Transactions	230 transactions and 315 contract internal transactions in this block
Fee Recipient	0x254476c7d113705e76a2e9b708c599208a0c70 in 30 secs
Block Reward	4,523565758300645859 Ether (0 + 4.523565758240512243 - 0.0000000020986384)
Uncles Reward	0
Difficulty	0
Total Difficulty	50,000,820,485,795,157
Size	115,886 bytes
Gas Used	29,980,912 (99.94%) +100% Gas Target
Gas Limit	30,000,000
Base Fee Per Gas	7 wei (0.000000007 Gwei)
Burnt Fees	0.0000000020986384 Ether
Extra Data	0x (hex:Null)

We continue to trade in and out of KEEP/BTC, added some KEEP on weakness and we swapped 1/3 of our KEEP position into T in anticipation of the tBTC v2 launch after the code audits went well. We increased our position in LINK, AAVE, UNI, MKR and added a new L2 protocol called Optimism. Our best performing assets were ATOM (+5.5%), followed by ETH (-10.1%) and AAVE (-11.3%).

Lots of news on Coinbase during August, it first started with negative news with SEC Chairman Gensler attacking them claiming they have many tokens in their platform that are securities. Then the news flow changed 180 degrees to the positive side with the announcement from Larry Fink's BlackRock (\$8.5 trillion of AUM) announcement of a strategic partnership with Coinbase to make crypto directly available to their institutional investors. This is a big validation to the crypto space in general having the world's biggest Asset Manager be onboard with the crypto ecosystem. One week after the Coinbase announcement BlackRock also launched a spot Bitcoin private trust for US investors.

According to a recent survey from Deloitte, almost 75% of retailers plan to accept either cryptocurrency or stablecoin payments within the next two years.

On the tech side, one of the most used SOL wallets, Phantom, was hacked and drained about \$8mm of hot wallet funds, this time it was not an issue with SOL blockchain itself. Nomad, a cross bridge chain, was attacked and lost approximately \$200mm of funds. As this technology evolves there is serious coding risks to new and complex projects, Chainalysis issued a recent report on the vulnerabilities in cross-chain bridge protocols which estimated that \$2 billion in funds have been lost this year. Binance froze and recovered \$450k of funds stolen from DeFi protocol Curve Finance on a DNS (domain name system) compromise.

On the regulatory front a bipartisan bill is being introduced in the US Senate which if approved would give the CFTC oversight over BTC and ETH but not all cryptocurrencies. Tornado Cash which is a mixer to increase anonymity of its users was banned by the US Treasury Department's Office of Foreign Assets Control (OFAC). This marks the first time that OFAC sanctioned contracts associated with a decentralized application. This means that wallets that have interacted with Tornado Cash are being blacklisted and, in some cases, frozen (mainly stablecoins) so they can't interact with other DeFi applications. Our friends at Galaxy Digital have a more comprehensive report on these sanctions. Australia is looking to implement a multi-step plan to establish a crypto regulatory framework.

Recent announcements

- Charles Schwab's \$655 billion asset management arm to launch its first crypto-related ETF
- Samsung will launch its cryptocurrency exchange platform in 2023
- Co-Found Yi He will lead Binance's massive \$7.5 billion venture capital arm
- FTX brings crypto swaps to Reddit
- Ethereum name creation, ENS, doubles in four months to 2 million
- CME Group to add ETH options ahead of the Ethereum merge
- E-commerce giant Mercado Libre introduces cryptocurrency in Brazil, plans wider Latam use
- Invesco rolls out new \$30mm metaverse fund

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%	38.3%	-12.7%					-59.93%	57.60%
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%	43.8%	-13.0%					-59.98%	-22.84%
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%	-32.1%	35.8%	-12.8%					-63.02%	56.63%
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%	12.9%	-5.0%					-28.86%	-30.03%
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%	7.3%	-1.7%					-11.58%	62.35%
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%	0.15%	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%	1.03%	1.17%					7.75%	30.38%

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 prices at 16:30 EST during business days which is different than administrator marking of 16:00 EST on the last business day of the month.

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, Sim; Paul, Vitreo, RB, Inter Invest, Modal Mais, Porto Seguro, Guide.
Auditor	KPMG
Legal Counsel	Madrona Advogados
ISIN Number	BR01OYCTF009

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, Sim; Paul, 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, Sim; Paul, Vitreo, RB, Inter Invest, Modal Mais, Porto Seguro, Guide, Warren, CM Capital, Nova Futura, C6 Bank.
Auditor	KPMG
Legal Counsel	Madrona Advogados
ISIN Number	BR026OCTF003

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