

## Portfolio Manager's comments

### **Bitcoin dominance started the month at 38.7%, reached a low of 37.7%, a high of 39.3%, and ended at 38.3%**

BTC started the month at \$20,496 and traded between \$15,599 and \$21,447, to close at \$17,169 down 15.77% for the month. Genesis Block Fund was down 19.21%.

On the economic front, European inflation came higher than expected at 10.7%. As widely expected, the FED increased interest rates by 75bps in its FOMC meeting. Press conference created a lot of volatility as it seems they might reduce the size of future hikes but extend them for more time than what the market was expecting. Both CPI and PPI came below market expectations which sparked a nice rally on stocks. Near the end of the month the new Chinese lockdowns due to increasing Covid cases brought back some volatility into equity markets.

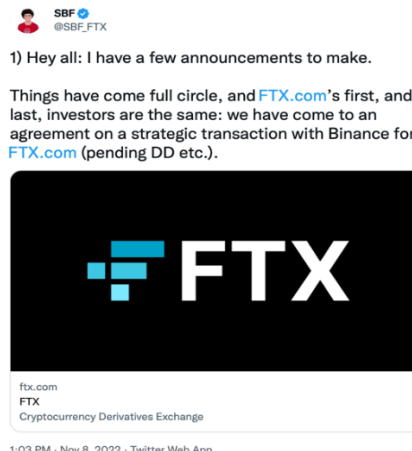
It has been a very challenging month for the crypto ecosystem, and we would like to share more information about the actions taken due to the FTX collapse. Since the fund's inception we have very small counterparty limits given the risks associated with CEXs (Centralized Exchanges) because we understand that the counterparty risk in the crypto landscape are orders of magnitude bigger than of traditional financial markets, lesson learned early with the Bitfinex hack in 2016 prior to launching Genesis Block Fund Ltd. Having come from the traditional finance world and having some grey hair also helped our fast-decision-making process in times of crisis, advantage of having been raised in an Emerging Market country with a lot of volatility and many crises.

We started to get nervous on Sunday Nov 6<sup>th</sup> when the first tweets on FTX started coming out, so we acted with the famous phrase "*Don't panic but if you panic, panic first*". We had a very small exposure to the exchange FTX so our main concern was the FTT position that we had on cold storage at Coinbase Prime. We quickly moved that position to an exchange (not FTX) and were able to sell it on Monday, Nov 7<sup>th</sup>, at \$22.50 (FTT is closed the month at \$1.34).

Before the FTX scandal, as ETH outperformed right off the gates, we sold some ETH/BTC that we bought back in late October, after the FTX event we traded in and out of the position maintaining a small overweight position. Given the huge spike in volatility we also traded in and out of MKR and added a small position on weakness. We quickly sold 2/3 of our FTT positions after a [CoinDesk](#) article questioned Alameda Research balance sheet. Soon after that Binance's CEO CZ [tweeted](#) that he would sell his full FTT position, and this caused a spiral

in the price of FTT tokens which are closely tied to the FTX trading platform. We were able to sell the remaining 1/3 of our FTT tokens later but the proceeds are unfortunately stuck at FTX (this equates to 0.95 BTC which represents 0.10% of the fund's assets) and our Administrator wrote off the position. Given the FTX tsunami we suffered a lot less than most funds in the industry which had significant exposure to the FTX platform. Our best performing assets were MATIC (+3.8%) as they announced various partnerships (Starbucks, Meta, Reddit, DraftKings, Disney, Adidas, JFL, Adobe and JPMC) followed by LINK (-1.7%) and OP (-3.6%).

Very unfortunate, but the tweets below will go down in crypto history.





As a result of corporate due diligence, as well as the latest news reports regarding mishandled customer funds and alleged US agency investigations, we have decided that we will not pursue the potential acquisition of [FTX.com](https://ftx.com).

6:00 PM · Nov 9, 2022 · Twitter Web App

What to expect going forward? Apart from what we have already seen which is more self-custody by retail (with less dependence on CEXs), PoR (Proof of Reserves) should become a common practice in the crypto industry. [Nic Carter](#) put a list of entities that have already presented recent PoR attestation and others that plan to do the same going forward. But for full transparency ideally the industry should stand by the following equation: **Proof of Solvency = Proof of Reserves + Proof of Liabilities**. If this becomes a standard in the industry it will be a strong self-regulatory measure and will help safeguard against bad actors.

The FTX collapse led to liquidity crunch in different platforms like Genesis Global Trading and BlockFi which both paused withdrawals as well. [BlockFi](#), after being saved by FTX after the Luna crash which took down Celsius, Voyager and 3AC, also filed for Chapter 11 bankruptcy. It was particularly sad to see a lot of investors hurt with the FTX implosion. A few of the top VC firms, like [Sequoia Capital](#), and some of the best pension and sovereign wealth funds had to write down their equity stakes to zero.

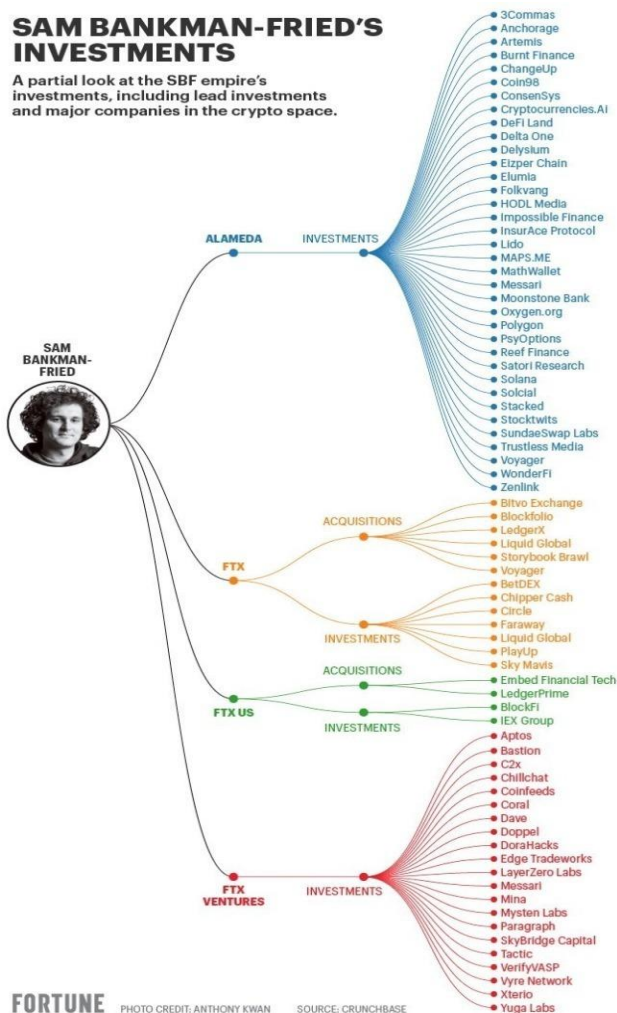
Jan 2022*	Insight Partners, Lightspeed Venture Partners, Tiger Global Management, New Enterprise Associates, Temasek, Institutional Venture Partners, Steadview Capital, SoftBank, Ontario Teachers' Pension Plan, Paradigm	\$400m Valuation: \$32.0b	Series C
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There were also some well know funds that unfortunately had significant exposure to FTX, one example is Travis Kling's [Ikigai](#) fund which had substantial assets within FTX's trading

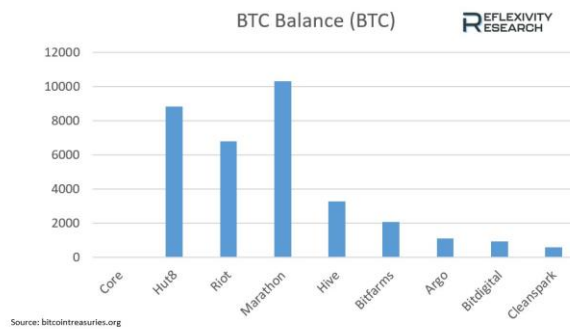
platform. Our friends at CoinShares and Galaxy Digital confirmed they unfortunately had \$30.3mm and \$76.8mm exposure respectively to FTX as well.

John J. Ray III, who is a well know liquidator, was nominated as the new CEO of FTX. His initial reaction after looking at the case was that he has “never” seen anything like this in his 40-year career. It looks like SBF also transferred assets to the Bahamas government after pausing withdrawals. It gets worse, SBF and his inner circle received over \$1 billion of personal loans from Alameda Research. The Chapter 11 bankruptcy filing will have a lot of work to recuperate clients’ assets.

Diagram below shows equity investments from the different SBF entities.



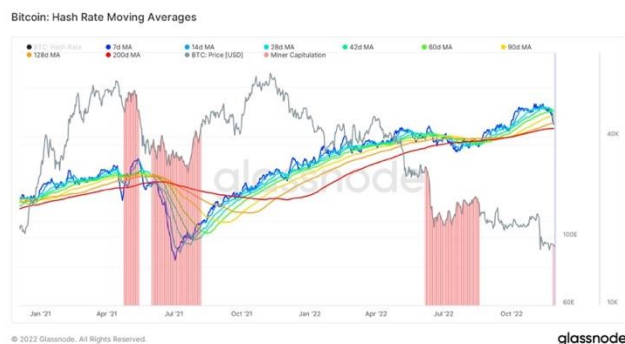
Some levered miners, Iris Energy and Argo Blockchain are facing some financial difficulties and face potential default on some of their debt obligations. Below is a table of the BTC position held by publicly listed miners, they total approximately 34 thousand BTCs.



From the Glassnode data, it seems that there is some further selling pressure from miners as some have and others may have to capitulate.



This ends up reducing some of the hash rate which was at ATH until very recently, the Glassnode data shows the hash rate moving averages.



On the tech side, Lightning Network received an emergency update given a critical bug on LND nodes causing them to fall out of synch chain. Deribit suffered a \$28mm hack but covered clients with its balance sheet without needing to trigger their insurance coverage policy. JP Morgan, MAS (Monetary Authority of Singapore) and Coin Metrics announced their first industry pilot for digital asset and DeFi (Decentralized Finance). This tweet goes over the detail of the transactions which were done on AAVE and Polygon blockchains.

On the regulatory front, after the FTX implosion there will be a lot of pressure on Democrats to seriously look at crypto regulation. There was a petition signed for Congress to investigate SEC Chairman Gary Gensler and his relationship to SBF from FTX. It is well known that SBF was one of the top contributors (6<sup>th</sup> largest to be exact) to the recent mid-term elections in the US. US Treasury Secretary, Janet Yellen, requested “more effective” cryptocurrency oversight. The European MiCA crypto bill which was scheduled to be voted in February 2023 looks like will be postponed. In Brazil, the Chamber of Deputies, on November 29<sup>th</sup>, approved the bill (PL) that regulates the crypto market, now the PL goes to presidential sanction.

### Recent announcements

- Goldman, MSCI, Coin Metrics offer digital asset taxonomy
- JPMorgan registers trademark for crypto wallet
- Instagram users will soon be able to mint and sell NFTs
- Binance CEO is considering buying banks, report
- MoneyGram debuts crypto purchases on mobile App
- CashApp sold \$1.76 billion worth of BTC during 3Q22, down 3% yoy
- After years of uncertainty, cryptocurrency exchanges can open bank accounts in Chile
- Bankrupt crypto lender Voyager Capital reopens bidding process following FTX’s collapse
- Tether stablecoin proves resilience of reserves in latest attestation
- Billionaire Bill Ackman does u-turn on crypto, becomes ‘small direct investor’
- Cathie Wood from Ark Invest reiterates her \$1mm BTC forecast by 2030

## 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%	-7.8%	9.2%	-19.2%		-67.40%	28.25%
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%	-7.2%	8.1%	-18.0%		-67.07%	-36.51%
2018	BLP Crypto 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 Crypto 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 Crypto 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%	
2021	BLP Crypto 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 Crypto 100	-26.9%	-2.7%	8.3%	-17.0%	-28.0%	-32.1%	35.8%	-12.8%	-3.8%	5.9%	-18.6%		-69.32%	29.92%
2021	BLP Crypto 40										5.6%	0.0%	-6.8%	-1.66%	
2022	BLP Crypto 40	-11.2%	-0.5%	3.5%	-7.1%	-10.6%	-12.8%	12.9%	-5.0%	-1.0%	2.9%	-7.4%		-32.86%	-33.97%
2018	BLP Crypto 20											-7.1%	-0.5%	-7.53%	
2019	BLP Crypto 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 Crypto 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 Crypto 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 Crypto 20	-5.2%	0.4%	1.9%	-3.1%	-5.0%	-6.1%	7.3%	-1.7%	0.2%	2.0%	-3.1%		-12.43%	60.78%
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%	0.16%	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%	1.02%	1.03%	1.17%	1.07%	1.02%	1.02%		11.14%	34.48%

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.  
BLP Crypto 100 FIM - IE  
BLP Crypto 40 FIM  
BLP Crypto 20 FIM  
November 2022

### Genesis Block Fund Ltd.

<b>Minimum Investment</b>	\$100,000
<b>Subscription</b>	Daily – NAV calculation in T+1 business days
<b>Redemption</b>	Daily – NAV calculation in T+5 business days
<b>Administration fee</b>	2.00% p.a.
<b>Performance fee</b>	20% over 6M Libor with High Water Mark
<b>Administrator</b>	MG Stover
<b>Auditor</b>	KPMG
<b>Legal Counsel</b>	Conyers
<b>Custodian</b>	Coinbase Prime, Fidelity Digital Assets, Gemini
<b>ISIN Number</b>	KYG3832A1085
<b>Bloomberg Ticker</b>	GENBLOC KY

### BLP Crypto 100 FIM - IE - Professional Investors

<b>Minimum Investment</b>	R\$10,000
<b>Subscription</b>	Daily – NAV calculation T+1
<b>Redemption</b>	Daily – NAV calculation T+5
<b>Administration fee</b>	2.00% p.a.
<b>Performance fee</b>	20% over CDI with High Water Mark
<b>Administrator</b>	BNY Mellon
<b>Digital Platforms</b>	Banco Itaú, BRE, BTG Pactual, Órama, Daycoval, Azimut, Sim; Paul, Vitreo, RB, Inter Invest, Modal Mais, Porto Seguro, Guide.
<b>Auditor</b>	KPMG
<b>Legal Counsel</b>	Madrona Advogados
<b>ISIN Number</b>	BR010YCTF009

**BLP Crypto 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](http://www.blpcrypto.com.br)





### BLP Crypto 40 FIM - Qualified Investors

<b>Minimum Investment</b>	R\$1,000
<b>Subscription</b>	Daily – NAV calculation T+1
<b>Redemption</b>	Daily – NAV calculation T+1
<b>Administration fee</b>	1.75% p.a.
<b>Performance fee</b>	20% over CDI with High Water Mark
<b>Administrator</b>	BNY Mellon
<b>Digital Platforms</b>	Banco Itaú, BTG Pactual, Órama, Daycoval, Azimut, Sim; Paul, Vitreo, RB, Inter Invest, Modal Mais, Porto Seguro, Guide, Warren, CM Capital, C6 Bank.
<b>Auditor</b>	KPMG
<b>Legal Counsel</b>	Madrona Advogados
<b>ISIN Number</b>	BR09ZDCTF002

### BLP Crypto 20 FIM - Retail Investors

<b>Minimum Investment</b>	R\$100
<b>Subscription</b>	Daily – NAV calculation T+1
<b>Redemption</b>	Daily – NAV calculation T+1
<b>Administration fee</b>	1.50% p.a.
<b>Performance fee</b>	20% over CDI with High Water Mark
<b>Administrator</b>	BNY Mellon
<b>Digital Platforms</b>	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.
<b>Auditor</b>	KPMG
<b>Legal Counsel</b>	Madrona Advogados
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