

The background features a close-up of a banknote, showing intricate patterns and a human eye. A large, semi-transparent light blue circle is overlaid on the right side of the image, containing the text 'Belvoir Inside'.

Belvoir Inside

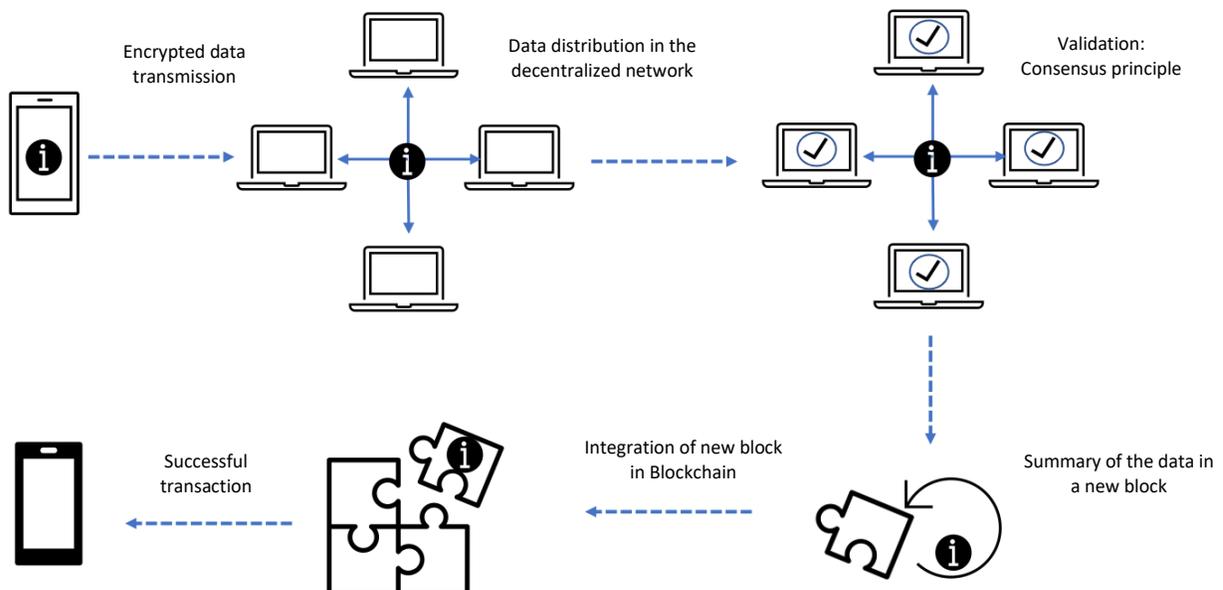
Belvoir Meets Blockchain

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Getting past blockchain, and thus cryptocurrencies such as Bitcoin, is becoming increasingly difficult these days. In the press, at work, on the subway - the topic is present. Although at the beginning still considered a fake or a one-hit wonder, blockchain technology is steadily gaining acceptance, is increasingly perceived as a valid alternative and represents an opportunity that many investors do not want to miss.

Blockchain at a Glance

Blockchain technology combines information in blocks, which are stored decentrally on servers. New information or data transactions are distributed to the network in encrypted form and must be verified by the majority of the network participants (consensus principle) before the information is combined into a new block. This is added to the existing chain of information blocks. The blocks are connected in series and build on each other.



Advantages of the Blockchain

Security | Speed | Data Integrity | Reliability | Transparency

Encrypted data transmission directly to the network supports high security and speed of the transaction. The consensus principle for validating the transaction protects the transmitted information from manipulation and thus ensures data integrity. Moreover, the decentralized organization of the blockchain enables reliability of the transaction, since a total failure of the entire network can be virtually ruled out or recovery by the various network participants is possible. Transparency and protection against forgery are also ensured, as transactions can be viewed by participants and cannot be changed in retrospect.

Blockchain Application Areas

The advantages of blockchain enable its application in the context of diverse business models. Possible areas of application include: Healthcare or identity management, processing of insurance, redesign of supply chain management or the energy market, as well as the management and issuance of certificates or, in general, its application in the context of international financial transactions. The best-known application of the blockchain is the cryptocurrency Bitcoin.

While at the end of the last millennium, with the advent of the Internet, the question was "Why do I need an email when I can send a fax?", today the question is comparatively "Why do I need a cryptocurrency when I have a bank account?".

Crypto Currencies

Decentralized | Direct | Cost-effective | Fast | Safe | High Potential

Cryptocurrencies are characterized by the fact that they are organized in a decentralized manner and function without central banks, governments or commercial banks. Thus, transactions between market participants take place directly and without intermediaries. This eliminates trans-

action fees for intermediaries and makes transactions more cost-effective. In addition, transactions are faster and more secure due to blockchain technology. The counterparty risk to the intermediary is completely eliminated.

Blockchain technology or cryptocurrencies thus enable a new and more efficient way of transferring and holding money, similar to how email was also a new and more effective way of communicating with many more possibilities. The current developments in the crypto sector represent the second technological quantum leap of society after information digitization in the form of asset digitization and enable enormous leaps in the efficiency of the financial system.

Facts & Figures

Bitcoin is the first and oldest cryptocurrency and has been tradable since January 2009. Unlike paper money, Bitcoin is not available in infinite quantities. The price of Bitcoin reached its highest quotation in February 2021 with a price of 58330.57 USD and a market capitalization of over one trillion US dollars (USD). Thus, Bitcoin now also plays in the first league of tradable assets and ranks 6th, ahead of companies such as Facebook (about 754 billion USD), Tesla (757 billion USD) and Alibaba (719 billion) USD, behind the leader Apple (2.19 trillion USD) or Amazon (1.67 trillion USD), for example.

Apart from the most prominent cryptocurrency Bitcoin, the cryptocurrency lead, there are already countless virtual currencies on the market - estimates are 8000 to 9000 and the market is still growing. The market capitalization of all cryptocurrencies is currently about \$1.5 trillion, with Bitcoin alone accounting for about 60% of the market and the ten largest cryptocurrencies in total already accounting for about 86% percent of the market. The current largest cryptocurrencies by market capitalization are: Bitcoin, Ethereum, Cardano, Binance Coin, Tether, Polkadot, XRP, Litecoin, Chainlink and Bitcoin Cash. The rising market capitalization is also increasingly increasing the acceptance and confidence in the continued existence of Bitcoin and other cryptocurrencies. The crypto market is sufficiently large and liquid and now represents a valid investment alternative.

The fastest growing sector in the crypto industry is decentralized finance (DeFi) and is often referred to as the future of finance. DeFi, or Open Finance, is used here to describe all applications and companies that offer financial services based on decentralized blockchain technology. Key services include, for example, stablecoin issuance, loans, trading, peer-to-peer payments, and insurance. Users can access such services through decentralized applications (DApps). The Total Value Locked (TVL) of the sector is currently estimated at USD 41.5 billion with an increasing trend.

Developments/Trends/News

An imposing milestone is the looming direct listing of Coinbase, a cryptocurrency exchange, which represents the first listing of a major US crypto company on an exchange. Coinbase is expected to be promoted to the top 15 FinTech apps as a result. This event will bring increased attention not only to Coinbase, but also to the rest of the crypto market.

Recently, the launch of an exchange-traded fund (ETF) on Bitcoin in Canada in February also attracted attention. This is the first Bitcoin ETF in North America, will be traded on the Toronto Stock Exchange and will be available in both Canadian and US dollars.

Outlook

The initially still suspicious and dismissive mood regarding blockchain has changed into a largely innovative and curious mood. Central banks, governments, leading global financial institutions and corporations are now very open to developments in the crypto sector and are even taking them up actively and sustainably.

Against this backdrop, it is essential for interested investors to get a timely investor-friendly entry opportunity into the crypto market in order to participate in a positive development. The risk/reward ratio of this sector is extremely skewed in favor of chancers that investors should not afford to ignore this development.

Belvoir Capital is currently reviewing and evaluating crypto investment products that meet Belvoir's requirements and may be of interest to Belvoir clients, such as an active crypto-to-investment strategy with positive risk-adjusted returns.

After all, as Stephen Hawking said, "Intelligence is the ability to adapt to change."

Sources

- www.bitcoinsuisse.com
- www.btc-echo.de

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