



Monthly Update

Crypto Alpha
Strategy

June Update

- China takes mining ban seriously
- Crypto market suffers preliminary final selloff on June 22
- Crypto Alpha Strategy Certificate drops 3.78% in June

Our [Crypto Certificate](#) launched in mid-April ended the month of June with a minus of 3.78% in a turbulent overall market.

The Chinese government had already announced measures in May, which led to heavy price losses on the overall market. As of June 22, there was a sell-off on the crypto market when China got serious and shut down mining data centers in the country. Although there have been frequent threats in the past, real measures have been rather limited. The current action therefore represents a turnaround in China's strategy, which is why the sell-off has reached different dimensions this time. The affected crypto mining companies are forced to move to neighboring countries such as Kazakhstan. At the same time, the Chinese government started a pilot project for its own digital renminbi with test payments in the subway system in Beijing and Suzhou. In parallel, however, countries from Latin America are now increasingly relying on Bitcoin and Co. We therefore do not see an end to blockchain technology and the crypto market, as it has often been predicted by negative press releases. However, the sell-off has triggered a "deleveraging" among investors. In this respect, the crash, even if causing pain to many investors, was actually salutary and cleared the market from its overheating and exaggeration. What was very interesting for us was the observation that this violent crash did not lead to any instability, trading suspension or even illiquidity of underlying currencies on any crypto exchange. Even the sometimes highly complex Staking and Lending facilities (DeFis) worked at all times and could be traded 24/7. If such a slide and deleveraging had happened in the equity and bond markets, the consequences would have been many times more serious (2008 is a case in point). In this respect, the decentrally organized blockchain technology has proven its crisis resistance.

Compared to the all-time highs in April and May, Bitcoin traded at a low of USD 28,800 or -55%, Ethereum at USD 1,700 or -60.5%, and Dogecoin at USD 0.17 or -75.7%.

The rest of the market looked similar and has been in a very volatile consolidation phase since then.

In our Crypto Alpha Strategy ([ISIN DE000A3GQF18](#)) we follow a market independent performance. This was shown also in the previous month when the overall market was already in a downward trend and our certificate nevertheless closed with a slight plus. In this respect, the loss in value in June is not due to the falling overall market per se. Rather, the monthly loss is mainly due to the asynchrony of the Artificial Intelligence's pattern recognition with respect to the market movements in the sell-out window. The ordinary market movements

recognized by the algorithms are overlaid by so-called noise movements. These can occur in both volatile and non-volatile phases and were amplified in the days around June 22. In simple terms, this means that the fluctuation changed direction several times within hours and our AI agents were unable to recognize and use this as a trading pattern.

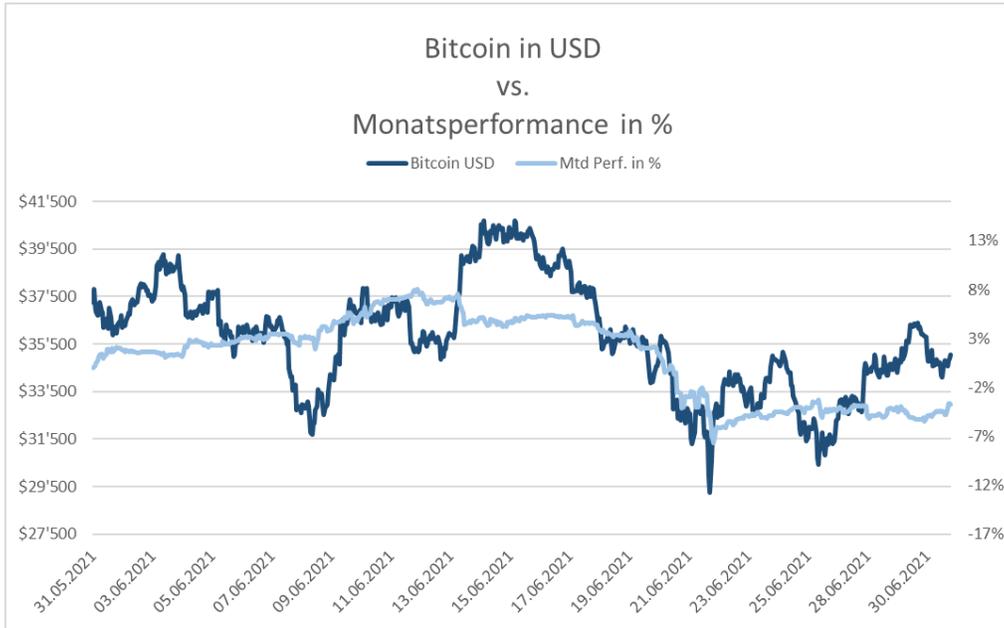


Figure 1: Bitcoin in USD vs. monthly performance in %

Figure 1 shows the price movement of Bitcoin against our hourly strategy performance. Within the first two weeks, the strategy was able to hold its ground even in a falling market, while from 20.06., the intra-hour fluctuation did not do the strategy any good. However, our agents will now also analyze and train these market movements, so that the trading strategy can better hold its ground in new and similar situations.

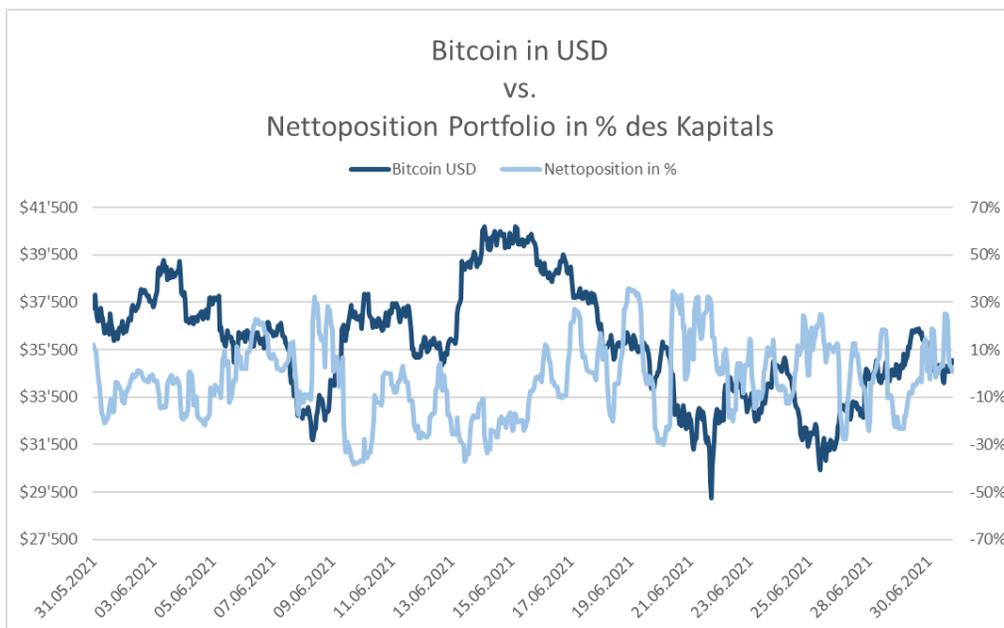


Figure 2: Bitcoin in USD vs. net position portfolio in % of capital

Fig. 2 shows the net positioning of the total portfolio during the month compared to Bitcoin. This is the USD value of all positions relative to capital and a negative value represents a net short position. From this, you can easily see that the positioning is constantly changing and we do not depend on upward or downward movements.

Therefore, we expect that the Crypto Alpha Strategy will recover and develop positively in the coming months.

Some crypto-related news from the past month:

- El Salvador's president announced plans to introduce legislation to declare Bitcoin as a second legal tender in the country, starting in September. It would be the first country in the world to adopt Bitcoin as such. However, the World Bank declined to provide the launch assistance requested by El Salvador.
- Paraguay is also currently looking into introducing Bitcoin as a second legal tender. There have also been some mining projects launched.
- ICAP, the world's largest interbank broker is launching a new trading platform for Bitcoin and Ethereum along with Fidelity and Standard Chartered Bank. Trading is expected to appeal to institutional investors and begin in December.
- Payment services giant NCR will soon allow about 650 banks, and thus about 24 million customers, to trade Bitcoins online or on mobile. NCR provides services to 180,000 restaurants, retailers and more in the US, among others.

- US ETF and fund provider Ark Investment Management is lending its name to a Bitcoin ETF filed in the United States. 21Shares will handle structuring and Cathie Woods with Ark is expected to handle marketing.
- Bloomberg reports that George Soros' family office has already started actively trading in Bitcoin, while Steve Cohen's firm Point72 is looking for a crypto trading manager.
- The top-selling crypto exchange Binance has been put on the spot by local regulators in several countries. In the UK, for example, Binance was told not to offer any trades subject to regulation to retail customers. Competitor Coinbase, on the other hand, received approval from BaFin in Germany for custody and proprietary trading.
- Bank of England Chief Economist Andrew Haldane pointed out in a speech published June 30 that new central bank digital currencies could fundamentally change the approximately 800-year-old banking model. This could challenge the fractional reserve system altogether by removing private banks as intermediaries. If anything, this should reduce systemic risks and tend to make the monetary system more stable. The Bank of England is also currently examining whether a so-called "Bitcoin" should be issued at some point as a digital version of the British pound.

More information about the product can be found on our [website](#) or at imaps-capital.com.

We are happy to answer questions about the product via the contact details below and are always grateful for feedback.

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