



ALGEBRA DIGITAL STRATEGY FUND SLP

Monthly news and bulletin updates

Issue #3
January 2023

Fund objective

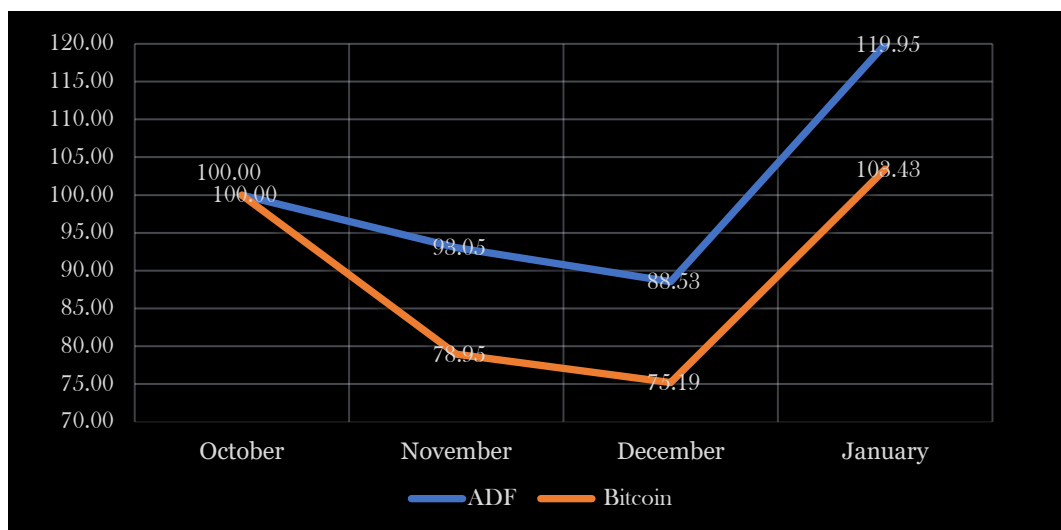
The Fund's investment objective is to provide capital growth, to outperform and decrease in volatility with respect the crypto currency Bitcoin over the medium to long term. The strategy is based on an in & out trading activity that operates rigorously following the signals that arrive from a trading algorithm. The strategy itself, is the result of an empirical analysis of the underlying observation over a period of 5 years. The fund is Euro based currency, it will not use derivatives, and it will not perform leveraged investments.

Fund performance

Algebra Digital Strategy Fund (ADSF) vs Bitcoin

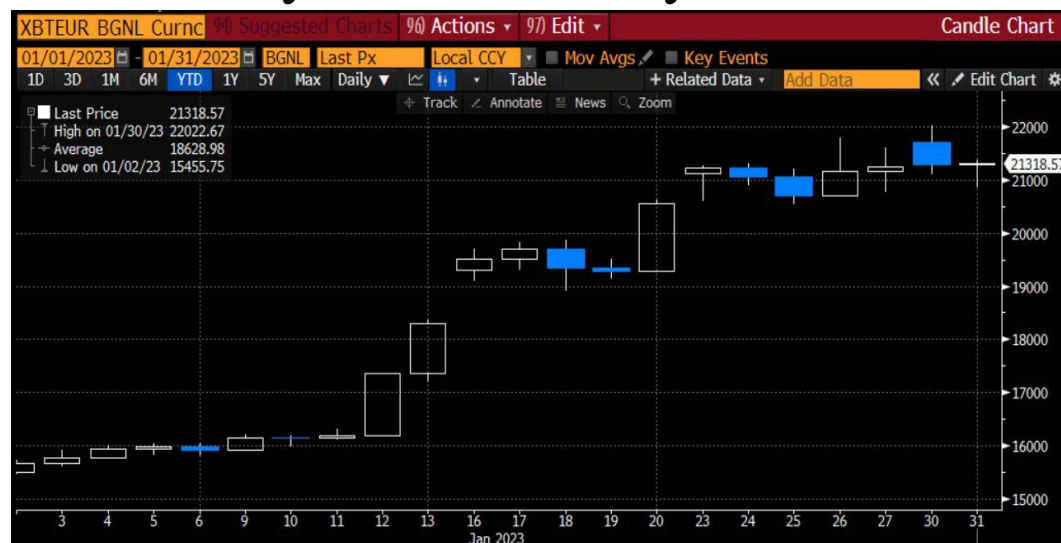
	ADSF NAV	Bitcoin Eur	ADSF Net Equity
31/10/2022	1'000.00	20'611.90	1'002'000.00
30/11/2022	930.45	16'272.13	932'312.26
31/12/2022	885.33	15'498.18	887'099.19
31/01/2023	1'199.49	21'318.57	1'201'890.35
	ADSF Monthly Performance	Bitcoin Monthly Performance	Extra Performance
November 2022	-6.96%	-21.05%	14.10%
December 2022	-4.85%	-4.76%	-0.09%
January 2023	35.49%	37.56%	-2.07%
	ADSF Performance	Bitcoin Performance	Extra Performance
Since Inception	19.95%	3.43%	16.52%

ADSF Performance vs Bitcoin Eur



Fund Performance vs Bitcoin 2023. Source: Internal elaboration

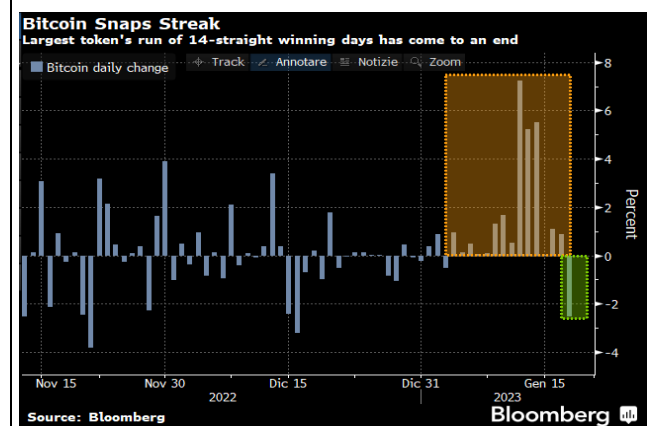
Bitcoin daily bars of January 2023



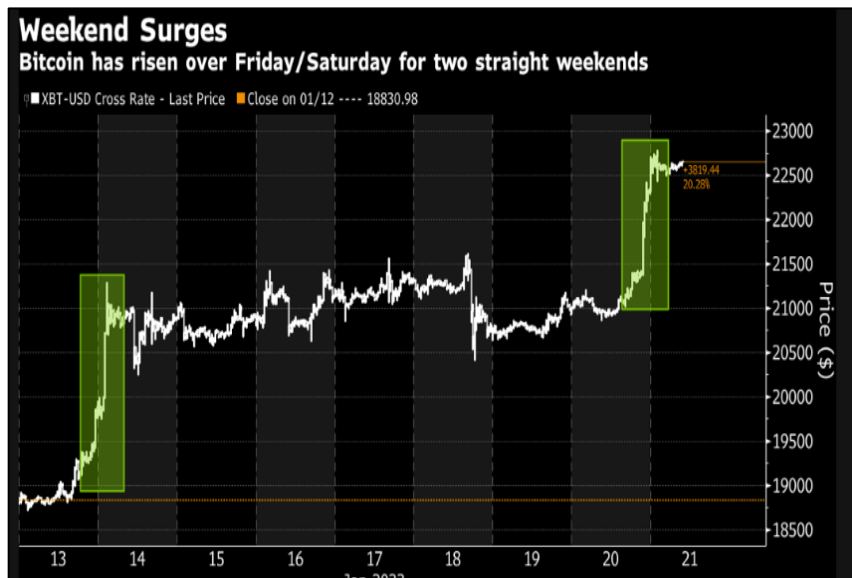
Source: Bloomberg graph of Bitcoin/Eur BGNL daily data.

Fund moves

January began in the name of positivity. On 2nd, following the trend reversal after the bearish previous two weeks, a position was taken at 15'625 euros. The Bitcoin positive trend continued without any market sensitive news. The first two weeks of January marked an increase of around 27%, a weekly performance of this size was not seen since February 2021. After a brief correction, Bitcoin resumed its ascent in the third decade of the month reaching and surpassing the highs of November 2022 pre FTX crisis. The end of January marked the end of the fund's first quarter of activity. In this period Algebra has recorded a positive performance of 19.95%, against a performance of Bitcoin of only 3.43%. This important extra performance was achieved thanks to a wait-and-see strategy during the strong drawdown post FTX default and a subsequent punctual timing in taking a long position on the first clear bullish signal.



Source: Bloomberg News



Source: Bloomberg News



Call-Put 180days option skew returns above zero. Source: Deribit (Amberdata)

Bitcoin waked up from hibernation

Crypto markets across the board surged this month. Is it the start of a persistent bull market?

The end of 2022 was characterized by equity markets facing correction and Bitcoin in a long lateral phase of accumulation. The new year sees the equity market recover and the crypto market rally. At the same time, interest rates in the bond market go down and credits tighten.

The positivity continues without interruption for the first 10 days of the month. The important data on American inflation of January 12 is anticipated by the market with bullish bets. In the night between January 11th and 12th, in fact, we witness a significant Bitcoin rise of about 7%, and a decade of consecutive increases which bring the increase to a total of about 12%. The data about American inflation was in line with expectation.

Markets substantially rest unchanged, Bitcoin instead two hours after the release of the data finds a new impetus and achieve a further rise of 5%. Probably, due to the low quantity of Bitcoins on offer (only about 12% of existing Bitcoins are on the Exchanges), with the arrival of the weekend there is a further upward leap of about 8%.

The chart, above left, shows the call-put skew on Bitcoin.

As you can see, for the first time (since the beginning of 2022) the value has returned above zero, indicating that call options have become more expensive than put options.

This is the signals of a return to bullish sentiment by the more sophisticated market operators, typically institutionals, who invest in derivative instruments on Bitcoin.

On January 18th, fears about a possible American recession drag the stock markets downwards and for the first time since the beginning of the year Bitcoin suffers a correction which stops the longest series of daily gains since 2013. The first 3 weeks of January therefore set a XBT-EUR performance of 35%.

The last ten days of the month begin with a phase of consolidation of the upsides. The price of Bitcoin moves within a range of 5% between 20'500 and 21'500 and in the last weekend of the month the important upward spurts that occurred in the previous weekends do not take place. On Sunday 29th, however, Bitcoin finds the strength to break the fluctuation corridor of the previous week and rises to 22'000 euros. On Monday 30th, in view of the interest rate decisions of 1st February, Bitcoin follows the traditional markets by falling to 20'750 and then settling back above 21'000.

“Bitcoin has rallied beyond expectation this month, making January 2023 its best in a decade”

- William Suberg, Cointelegraph

The month therefore ends with a rise in Bitcoin/Eur of 37.5%. “Against all odds, Bitcoin has rallied beyond expectations this month, making January 2023 its best in a decade”.

For the future, considering the actual level, we see that a future consolidation of price above 21'500, if confirmed, could lead to a further rise towards 22'100 and beyond up to the 23'000 area. Conversely, a permanent correction below 20'750 would leave room for a momentary retracement. We keep our long position ready to face large volatility in the next weeks.

Risk Considerations

An investment in the Fund involves certain risk factors and considerations relating to the Fund's structure and investment objective that prospective investors should evaluate before making a decision to subscribe for Shares. No assurance can be given that the Fund will succeed in meeting its investment objective. Moreover, past performance is not a guarantee of future results. The risks referred to in the Fund's issuing document are neither specific nor exhaustive, and a financial advisor or other appropriate professional should be consulted for additional advice.

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Class A Share: ISIN LU2507354137

Category: Capitalization of income

Currency: EUR

Minimum initial investment: EUR 125.000,00

Minimum subsequent investment: EUR 1.000,00

Lock-up period: Open-ended fund, no Lock-up period

Class B Share: ISIN LU2507354210

Category: Capitalization of income

Currency: EUR

Minimum initial investment: EUR 125.000,00

Minimum subsequent investment: EUR 1.000,00

Lock-up period: Open-ended fund, no Lock-up period

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