



# ALGEBRA DIGITAL STRATEGY FUND SLP

Monthly news and bulletin updates

Issue #5  
March 2023

## Fund objective

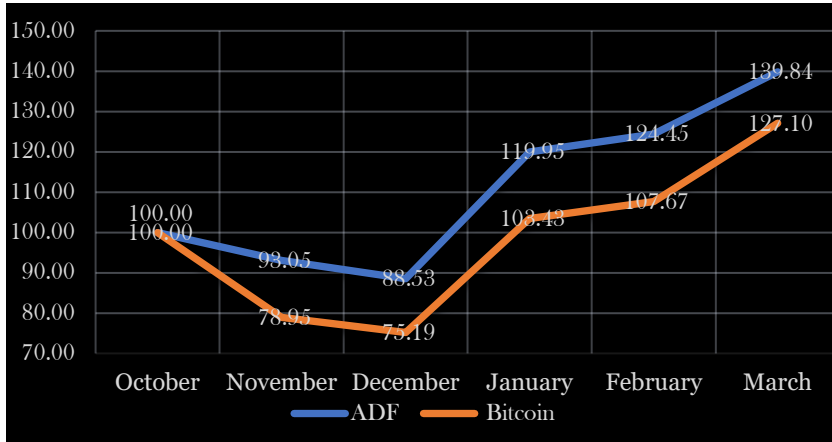
The Fund's investment objective is to provide capital growth, to outperform and decrease in volatility with respect the crypto currency Bitcoin over the medium to long term. The strategy is based on an in & out trading activity that operates rigorously following the signals that arrive from a trading 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

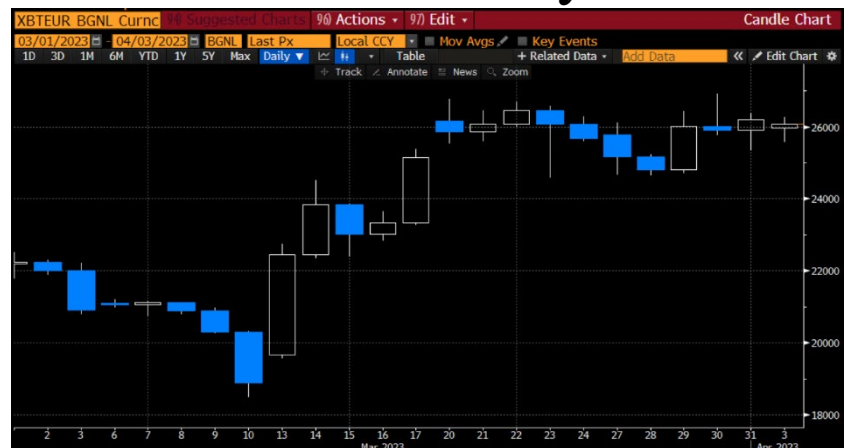
	ADSF Performance	Bitcoin Performance	Extra Performance
Since Inception (31/10/ 2022)	39.84%	27.10%	12.73%
	ADSF Monthly Performance	Bitcoin Monthly Performance	Extra Performance
March 2023	12.37%	18.05%	-5.682%
February 2023	3.75%	4.10%	-0.35%
January 2023	35.49%	37.56%	-2.07%
December 2022	-4.85%	-4.76%	-0.09%
November 2022	-6.96%	-21.05%	14.10%
	ADSF NAV	Bitcoin Eur	ADSF Net Equity
31/03/2023	1'398.36	26'198.09	1'401'157.40
28/02/2022	1'244.45	22'192.34	1'246'941.95
31/01/2023	1'199.49	21'318.57	1'201'890.35
31/12/2022	885.33	15'498.18	887'099.19
30/11/2022	930.45	16'272.13	932'312.26
31/10/2022	1'000.00	20'611.90	1'002'000.00

### ADSF Performance vs Bitcoin Eur



Fund Performance vs Bitcoin 2022-2023. Source: Internal elaboration.

### Bitcoin last month daily bars



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

## Fund moves

The month of March begins with a long position on Bitcoin. On March 2nd, Silvergate Bank, reports uge loss due to sharp declines in cryptocurrencies and FTX. Crypto's fear spreads. On March 3rd, very strong sell orders arrive which cause Bitcoin to fall by more than 6% in half an hour, bringing the price down to 20,720 Eur. The stop loss is triggered, and the position is closed at 21,516 Eur. The following days are quite lateral, but soon the pressures on the banks, linked to the crypto world, triggered downward pressures. On Friday 10th Bitcoin drops to touch the 18,500 Eur area. On Sunday evening, March 12th, the FED gives

signs of relief to the market by communicating that on Monday all deposits from American banks will be safe. The positivity on the market is amplified decisively, the fund regains its full position in Bitcoins at the level of 21,589 euros. Bitcoin rebounds by around 11%, over 22,000 euros. In the following days the bull market continues, Bitcoin touches 26,500 area on Sunday 19 March. From that moment it settled in a range between 25,000 and 26,200 and lateralized until the end of the month. The fund remains invested until March 31st when a stop loss at 25'238 Eur is triggered to protect the acquired performance.



Bitcoin vs Usd YTD, Source: Tradingview



Gold vs Usd YTD, Source: Tradingview

## Is bitcoin really the new gold?

Bank failures are reviving bitcoin as a reserve asset

Since the beginning of March, the bankruptcies and then the takeovers of the American bank Silicon Valley Bank (SVB) and of Credit Suisse in Europe, respectively by First Citizens and UBS, have raised the specter of the 2008 financial crisis. The guarantee of bank deposits by the authorities, although it has succeeded for the moment in calming the pressure on these banks, constitutes for the moment only a temporary measure. The problem of the banking system is deeper: it concerns the inversion of the structure of the yield curve. Banks must straighten the yield curve by raising the interest rate on money lent while keeping long-term deposit account rates very low. Investors and savers, especially in Anglo-Saxon countries, then withdraw their bank liquidity to invest it elsewhere. This leads to a drying up of deposits for banks, which must sell their assets urgently (mostly well-rated sovereign bonds) thus incurring significant losses.

In this tumultuous context, bitcoin is taking on the role of a reserve asset, only a few months after the failure of the FTX exchange platform and the ensuing cryptocurrency crisis. Since the beginning of the year, the price of bitcoin has increased by 65% and by more than 30% since the bankruptcy of Silicon Valley Bank confirms this revival for bitcoin. Bitcoin thus performed better over the period than gold, a historic safe haven, the ounce of which has risen by around 7% since January and nearly 9% since the beginning of March.

This performance is partly explained by the recent adoption of cryptocurrency by institutional investors (banks, insurance companies, pension funds, mutual funds, etc. who invest on a large scale and for the long term), since they are said to be responsible for 85% of bitcoin purchases in recent months.

In addition, bitcoin was created at the end of the 2008-09 financial crisis in response to bank failure issues and the inflationary money creation policy of central banks. Money printing by central banks does indeed create inflation and destroy the purchasing power of our currencies over time. Keeping our money in the bank is therefore not economically profitable and is also extremely risky in the event of bank failure. On the contrary, bitcoin is not controlled by anyone, its exchanges are decentralized and its code unalterable.

The limited supply of the cryptocurrency, which can only be mined up to 21 million bitcoins, underlines its non-inflationary nature and makes it one of the rarest assets around. In addition, unlike other rare goods such as gold, it is easy to store and transfer, while its storage cost remains significantly lower.

Despite its potential benefits as an asset, bitcoin has some obvious issues that are currently holding back its adoption. These include its high volatility, the reluctance of society to adopt it among older generations and its significant impact on the environment.

Nevertheless, many elements argue in favor of an appreciation of the price of bitcoin in the coming months. This could finally benefit from an indirect boost from the central banks. Faced with the risk of contagion from the SVB bankruptcy, the US Federal Reserve (Fed), for example, quickly proceeded to buy back securities, boosting its balance sheet on the rise after months of decline.

If central banks return to accommodative policies for a long time, the new liquidity injected could propel bitcoin to new heights. The inflation and unemployment figures, on which the central bank's policy will depend, will therefore have an indirect effect on the price of the cryptocurrency.

## 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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