



# ALGEBRA DIGITAL STRATEGY FUND SLP

Monthly news and bulletin updates

Issue  
#6  
April  
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.

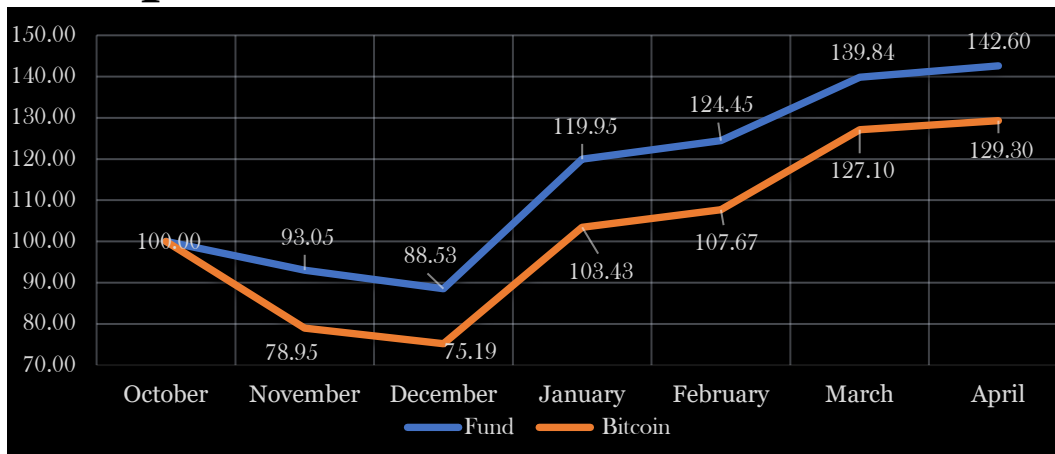
## Fund performance

	Fund Performance	Bitcoin Performance	Extra Performance
Since Inception (31/10/ 2022)	42.60%	29.30%	13.30%

## Fund monthly performance

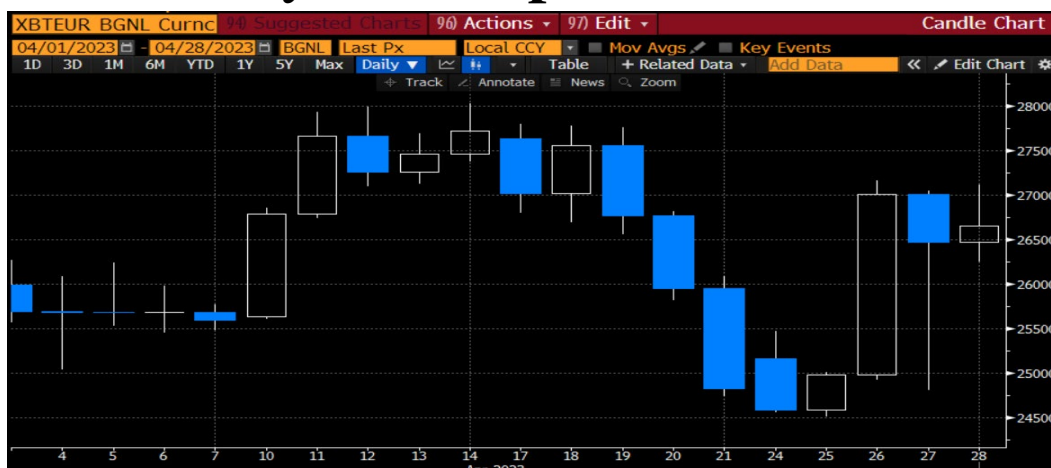
	Fund Performance	Bitcoin Performance	Extra Performance	Fund NAV	Bitcoin Eur	Fund Net Equity
April 2023	1.98%	1.73%	0.246%	1'425.98	26'651.12	1'428'833.98
March 2023	12.37%	18.05%	-5.682%	1'398.36	26'198.09	1'401'157.40
February 2023	3.75%	4.10%	-0.35%	1'244.45	22'192.34	1'246'941.95
January 2023	35.49%	37.56%	-2.07%	1'199.49	21'318.57	1'201'890.35
December 2022	-4.85%	-4.76%	-0.09%	885.33	15'498.18	887'099.19
November 2022	-6.96%	-21.05%	14.10%	930.45	16'272.13	932'312.26
October 2022	-	-	-	1'000.00	20'611.90	1'002'000.00

## Fund performance vs Bitcoin Eur



Fund Performance vs Bitcoin 2023. Source: Internal elaboration

## Bitcoin daily bars of April 2023



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

## Fund moves

April starts in risk-free mode, but the rapid return of Bitcoin above 26,000 euros triggers a new entry signal and positions are taken at the level of 26,235 euros.

Bitcoin takes an uptrend that reaches its peak on April 14 with a high at 28'049 Eur / 31'050 Usd. After this peak, during the next 5 days it begins its descent falling below the psychological threshold of 30,000 Usd. The correction set a sell signal, so the position is closed in the 26'355 Eur area. Then again, some days of strong volatility forces the fund to several in and out to contain drawdown. Eventually on 23rd the fund regains its long position. Bitcoin begins a rapid upward run that takes it up to 27160 Eur.

In the last three days of April, volatility drops a lot, Bitcoin closes the month at 26'651 Eur, 1.73% up from the previous month. Due to the strong uncertainty in the directionality of Bitcoin, the algorithm generated numerous entry and exit signals during the month, and it obtained as a result a performance of 1.98% compared to March as well as an increase in Bitcoins held to 53.54 compared to 52.91 at the beginning of the month.

April closes the first six months of operation of the fund, a period of strong challenges in the crypto industry. Nevertheless, the performance achieved was 42.60% against a return of Bitcoin of 29.30%.

# Stellar Q1 2023 performances for miners

After a stressful 2022, crypto company are facing extraordinary returns

After the uncertainty of the first months, it seems now clear that the market is starting to price in a less restrictive monetary policy from central banks. US 2-year interest rates, which had risen to over 5% in March, consolidate just under 4% in April.

On the right is the graph of returns for T2 5% 04/15/25 from the beginning of 2023 to 11 April 2023.

Bitcoin is usually the asset that responds fastest and most violently to these types of monetary changes. It soared in January on signs that inflation was easing, stalled in February but then picked up momentum in March following bank failures.

This rapid change in monetary policy expectations should have a very positive impact on the price of Bitcoin which has already performed very well since the beginning of the year. Mining companies are achieving extraordinary results too.

American Bitcoin (BTC) mining firm Marathon Digital Holdings Inc (NASDAQ: MARA) has posted a better-than-expected report for the first quarter in which the firm said it mined a total of 2,195 Bitcoin. According to the firm's update, it attained its highest production month-on-month in March when it mined a total of 825 BTC.

Per the report, the March production came in at a 21% upshoot from that recorded in Q4 2022. The company also noted that its hashrate increased by 64% in Q1 2023 to 11.5 EH/s as of March 31, 2023.

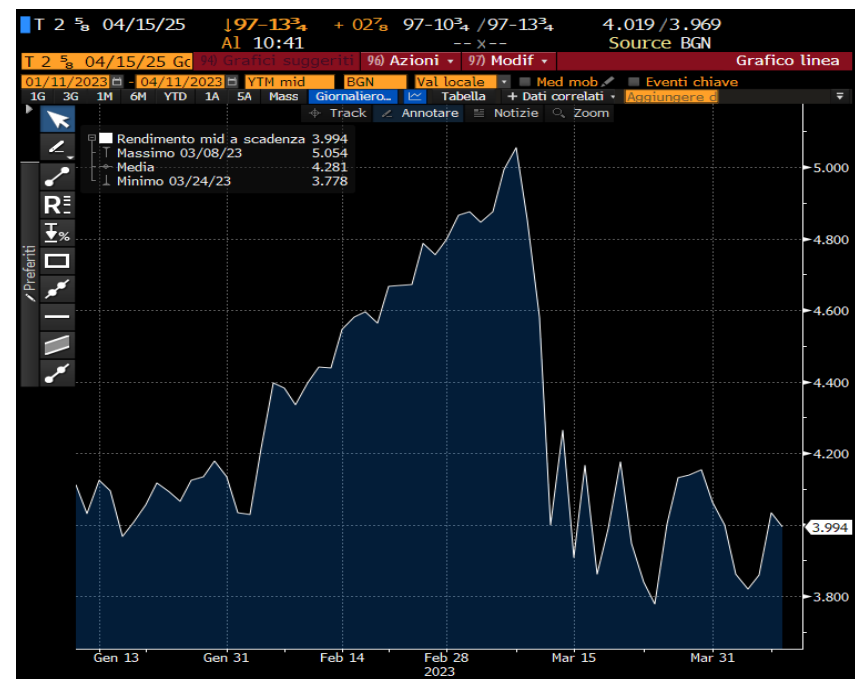
"During the quarter, we increased our operational hash rate 64% from 7.0 exahashes to 11.5 exahashes," Marathon Digital's CEO, Fred Thiel said in a statement. "We also observed improvements in the consistency of our hash rate, which indicates that some of the technological upgrades we have been implementing are starting to take effect. By improving our hash rate, we increased our bitcoin production 41% from the prior quarter to a record 2,195 bitcoin in Q1. In March, we produced a record 825 bitcoin, which is a 21% increase from the prior month."

Marathon Digital was among the miners who recorded significant strain in their operations in 2022. The war in Ukraine fuelled an energy crisis that made the operational costs for miners like Marathon a very unprofitable one. This unfavourable condition was further mixed and complicated by the crypto winter which saw the price of Bitcoin slip to a low of \$15,599.05, according to data from CoinMarketCap.

With the conditions the business was faced with, mining BTC became costly, and selling off proved highly unprofitable, a situation that strained all the mining firms financially.

The conditions most miners found themselves in the past year saw many, including Marathon Digital, plunged into distress and at the brink of bankruptcy.

Now the mood seems completely changed. Cryptocurrency-exposed stocks has gained two digits performances as the Bitcoin



rally has got momentum, with the digital token holding above the \$30,000 level in the mid of April level amid hopes that the Fed could eventually pause interest-rate hikes (see the following table showing miners stock performances year to date until mid April.

Ticker		%1G	%YTD
MARA US	d	+15.78%	+236.84%
RIOT US	d	+9.31%	+298.23%
HIVE US	d	+12.01%	+178.47%
HUT US	d	+14.06%	+157.65%
BITF US	d	+13.64%	+184.09%
SDIG US	dS	+23.10%	+102.46%

Whatever the future of Bitcoin price, the mining industries will face growing challenges among which, certainly, the most important is the ecological one. The successful migration of Ethereum to the "proof of stack" highlights the need for an ecological change for Bitcoin too. Will the mining companies measure up?

## 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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