



# ALGEBRA DIGITAL STRATEGY FUND SLP

Monthly news and bulletin updates

Issue  
#7  
May  
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.

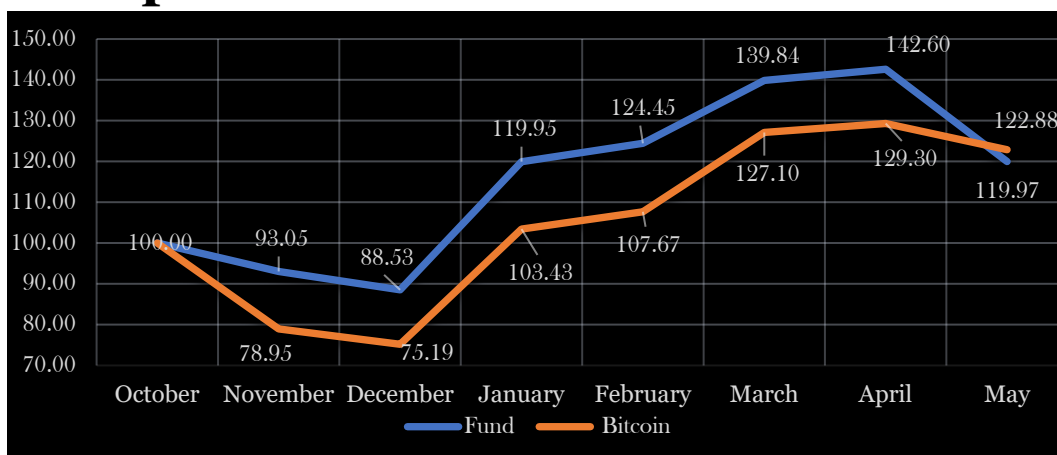
## Fund performance

	Fund Performance	Bitcoin Performance	Extra Performance
Since Inception (31/10/ 2022)	19.97%	22.88%	-2.91%

## Fund monthly performance

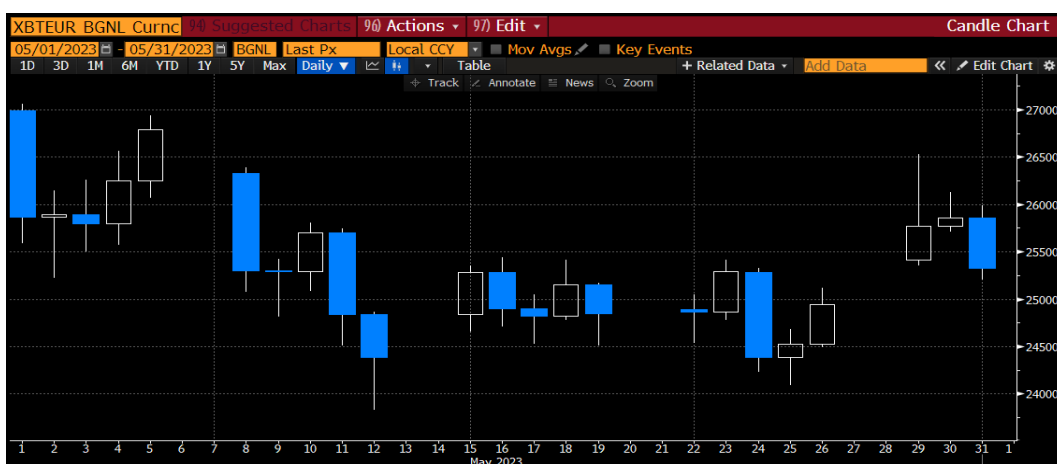
	Fund Performance	Bitcoin Performance	Extra Performance	Fund NAV	Bitcoin Eur	Fund Net Equity
May 2023	-15.87%	-4.97%	-10.90%	1'199.67	25'327.75	1'202'071.92
April 2023	1.98%	1.73%	0.246%	1'425.98	26'651.12	1'428'833.98
March 2023	12.37%	18.05%	-5.682%	1'398.36	26'198.09	1'401'157.40
February 2023	3.75%	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 May 2023



## Fund moves

The month begins with a sharp fall in Bitcoin on the May 1st. In the following days, renewed fears about the American banking system, of a possible crisis due to the rise in interest rates, push cryptocurrencies, as an alternative asset, positively and the loss is almost completely reabsorbed. On the weekend of the 6th, however, a further collapse occurs, followed by fluctuating momentum due to news on possible further rate hikes on the one hand, and on the other to various technical factors that caused repeated and violent collapses. The use of the Bitcoin blockchain for "Meme coin", "BRC-20", increases transaction costs and causes a temporary block of withdrawals on Binance. In addition, heavy sales flows hit the market for large volumes. Some speculate that it could be the American administration selling large quantities of Bitcoin deriving from the seizures of illegal activities. The month continues with both upward and downward spikes, in a lateral but very volatile mood. The fund operates to try to take advantage of any uptrends and is then forced to block losses on subsequent declines. The particular price action in May momentarily penalizes the performance of the fund which closes the month with a drop of around 16% but creates the conditions for a potential wide-ranging rebound.

# Bitcoin liquidity issues

Volatility has dropped as new liquidity is not flowing into the market, but on-chain data presents multiple reasons why BTC investors continue to hold.

While Bitcoin is typically a highly volatile asset, weekly consolidation around a slight 3.4% price range has many analysts feeling that BTC price is stuck. Others are anticipating an uptick in volatility. While the lack of Bitcoin price action is partially due to long-term holders' conviction and the trickle of new liquidity entering the market, BTC has still outperformed many assets in 2023.

According to a new Glassnode report, on-chain data provides key indicators on Bitcoin's price.

Bitcoin price liquidity remains cyclically low in realized terms.

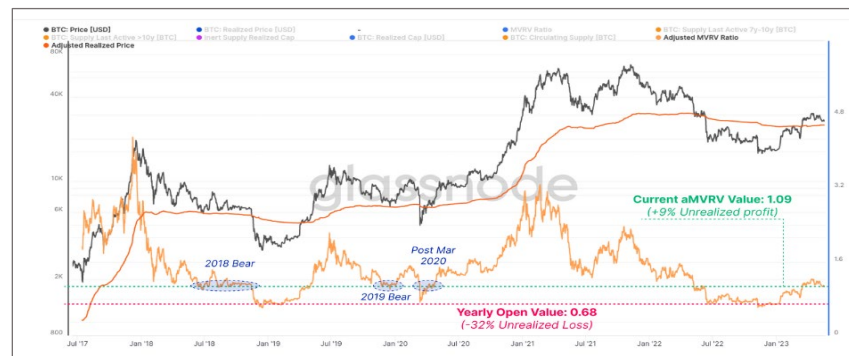
This may be because many investors are breaking even near the current Bitcoin price.

Bitcoin's price is mirroring historically oversold levels with 9% of unrealized profit remaining in the market.



Bitcoin holder cohorts. Source: Glassnode

The May 2021 Bitcoin drop that saw prices fall from \$56,000 to \$29,000 led to many traders accumulating BTC. With these buyers currently underwater from a profit-perspective, their wealth continues to expand compared to other groups. The May 2021 accumulation group's wealth is up 25% compared to other groups. When looking at Bitcoin holders from six months to two years, both are currently at a loss.

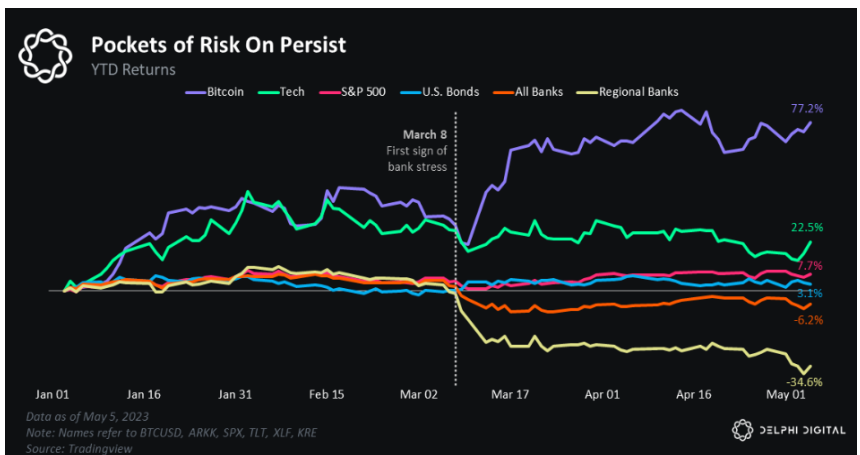


Bitcoin unrealized profit ratio. Source: Glassnode

Despite the rise in transactions due to text-based ordinals, Bitcoin volume remains muted. The lack of liquidity magnifies Bitcoin investors' accumulation strategy even with unrealized profits, showing a solidification of sentiment among long investors.

Bitcoin on-chain transfer volumes remain below \$4 billion, much lower than the all-time high of over \$13 billion.

As a result of the minimal unrealized profits and low liquidity, there is minimal incentive for holders to sell.



Bitcoin performance against equities. Source: Delphi Digital



Bitcoin transfer volume. Source: Glassnode

## 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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