



ALGEBRA DIGITAL STRATEGY FUND SLP

Monthly news and bulletin updates

Issue
#8
June
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.

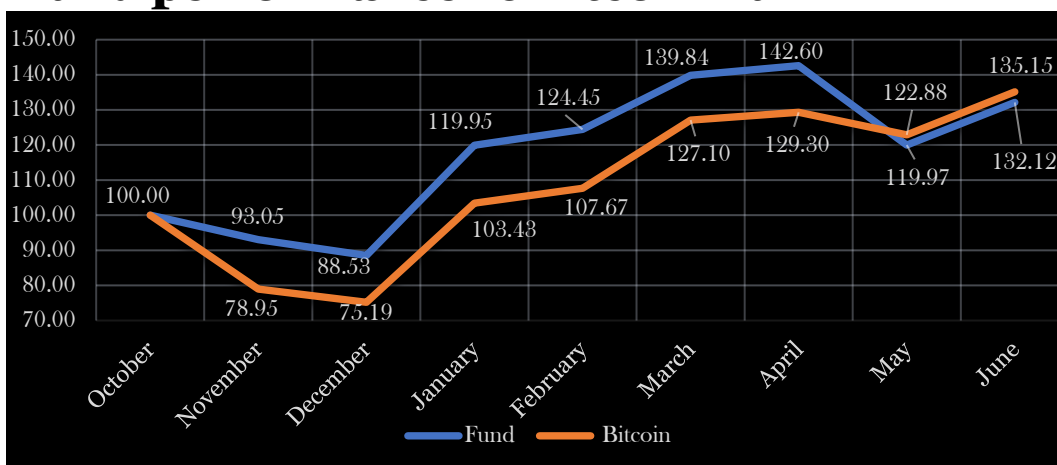
Fund performance

	Fund Performance	Bitcoin Performance	Extra Performance
Since Inception (31/10/ 2022)	32.12%	35.15%	-3.02%

Fund monthly performance

	Fund Performance	Bitcoin Performance	Extra Performance	Fund NAV	Bitcoin Eur	Fund Net Equity
June 2023	10.13%	9.98%	0.15%	1'321.24	27'856.46	1'323'884.66
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 June 2023



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

Fund moves

The month of June is divided into a first part characterized by a strong correction and a second one with a strong reprise. In fact, on 5th June, the SEC sues Binance and its founder Changpeng Zhao on 13 charges of violation of the securities law. On 6th June, the SEC attacks Coinbase, accusing of violating the federal securities law operating as an unregistered broker that handles orders and solicits investments. The volumes traded on the two platforms suffer a strong contraction and, in general, the entire crypto sector suffers heavy losses. The fund has correctly anticipated the correction and remains in 'risk free' mode for the duration of the drop. In the middle of the month, on the 15th, the market is impressed by the news of Blackrock (the largest asset manager in the world with 10 trillion AUM) filing a request to the SEC to create an ETF on Bitcoin, the "iShares Bitcoin Trust". Blackrock's announcement creates a ripple effect and other large companies like WisdomTree's, Invesco Ltd. renew their demands to the SEC to create collateral ETFs from physical Bitcoins. Bitcoin begins a bullish trend that lasts until the end of the month and leads it to break 30,000 Usd. The fund correctly intercepts the bullish trend and assumes a long position before the strong rise. The correct timing allows to close the month with a positive performance of +10.13%.

Blackrock u-turn

In 2019 the fund giant stated cryptos were not for all, in 2021 announced it was “studying” crypto, now it wants to start a Bitcoin ETF.

It seems another era when Blackrock warned its investors about crypto word stating that: “We believe cryptos should only be considered by those who can stomach potentially complete losses”. It was the 2019 and Richard Turnill, BlackRock's global chief investment strategist, in a CNBC interview banned Bitcoin as not suitable for standard investors. He stressed the volatility and lack of regulation affecting the new asset, pointing at forks and industry continuous innovation as a source of instability and uncertainty for a serious investor.

Then just a couple of year after that interview, Larry Fink, Blackrock CEO, during the annual meeting in response to a shareholder asking whether the company would have invested in bitcoin, told: "The firm has monitored the evolution of crypto assets. We are studying what it means, the infrastructure, the regulatory landscape. Crypto currencies could potentially play a role in long-term investing as an asset class similar to gold." Although “for now, it is too early to determine whether cryptocurrencies are just a speculative trading tool” he said. He also noted that broker dealers are the ones making the most money from the volatility of many cryptocurrencies and their wide bid-ask spreads.

Now it seems that Fink has finished the “study” and he is ready to act. Maybe he made is mind about the role of Bitcoin as a long-term investment. It is still obviously a speculative trading tool but perhaps the fact that, despite all criticism, it is still the most traded crypto currency and that it is constantly attracting more and more interest form the traditional investors, forced the biggest investment company in the world, to jump in the industry. It is a concrete signal of the change of paradigm from the traditional finance.

After years of ostracism and criticism against the wild and unregulated crypto jungle, considered as unreliable and, to certain extent, illegal, now traditional finance is clearly flirting with Bitcoin industry.

After the first filing, in the middle of June, to quote a Bitcoin ETF, refused by SEC for lack of details about underlying market, not only Blackrock refiled the application again, but it did it naming Coinbase as the partner for the surveillance-sharing agreements. Several other pending applications, including one on behalf of BlackRock's money-management rival, Fidelity, have since been updated indicating Coinbase as partners as well. Keeping Coinbase as the custodian for its Bitcoin ETF, even after the SEC charged the San Francisco-based company with operating an unregistered exchange in a lawsuit, is a tacit vote of confidence. Indeed, by targeting Coinbase, the SEC sparked some traditional finance (TradFi) sympathy.

Shortly after it was sued, the Committee on Capital Markets Regulation, which describes itself as a nonpartisan research group, released a brief that criticized the agency’s lawsuit and accused the SEC of making it unduly difficult for crypto firms to register with the watchdog.

Leo Mizuhara, CEO of the digital asset management platform Hashnote, said BlackRock’s choice to wade deeper will incentivize more institutions to take crypto seriously as an emerging asset class.

Bitcoin's Price Rises on Wall Street's Intrigue

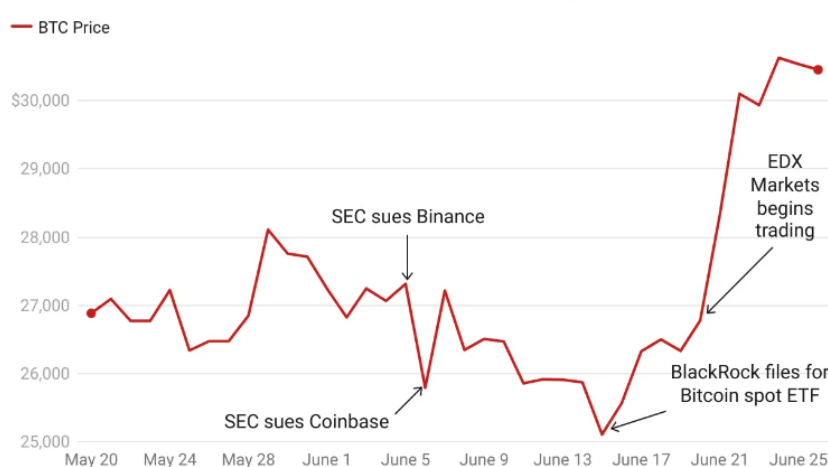


Chart: Nicholas Morgan & Andre Beganski • Source: CoinGecko • Created with Datawrapper

"To a large extent, [BlackRock] legitimizes the entire space as an investable asset class," Mizuhara told. "The fact that they did this right after the SEC sued Coinbase, I think really illustrates how little people think the SEC has legs to stand on."

However, the glow that accompanies more involvement from big institutions isn't a welcome step for some of crypto's true believers. FUD flowed on Crypto Twitter about a TradFi takeover after BlackRock's filing, labelling the SEC's regulatory double-tap as part of a pernicious plot.

But among those working with these institutions, Wall Street's involvement should be welcomed as a necessary evil. "I've always been of the opinion that crypto, and Bitcoin are not going anywhere if they're only there for hardliners and anarchists," said Mizuhara from Hashnote.

"In order for it to make its mark in the world, it really does have to go mainstream. We're on step two of 10 at this point, but it's coming."

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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