



ALGEBRA DIGITAL STRATEGY FUND SLP

Monthly news and bulletin updates

Issue
#10
August
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.

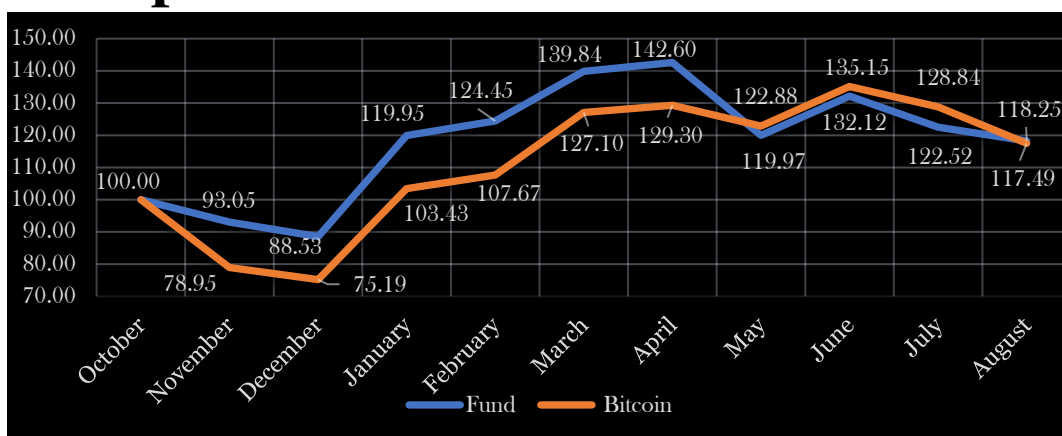
Fund performance

	Fund Performance	Bitcoin Performance	Extra Performance
Since Inception (31/10/ 2022)	18.25%	17.49%	0.76%

Fund monthly performance

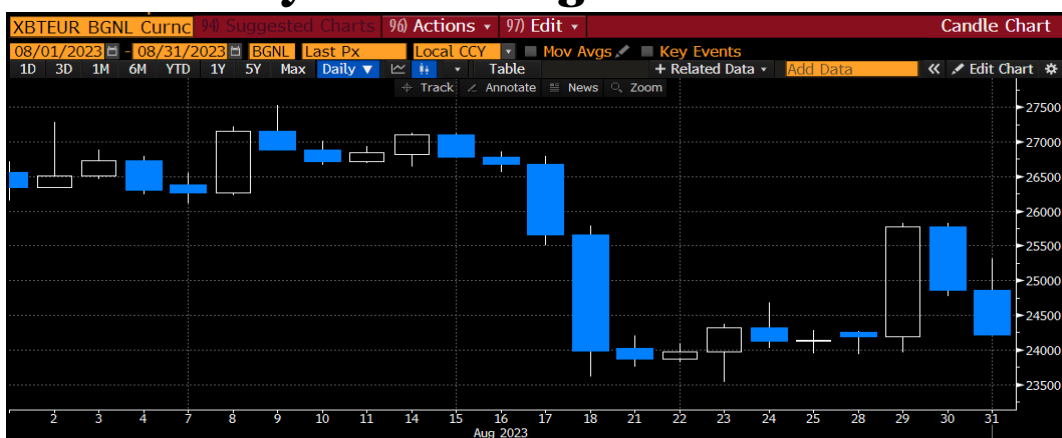
	Fund Performance	Bitcoin Performance	Extra Performance	Fund NAV	Bitcoin Eur	Fund Net Equity
August 2023	-3.48%	-8.81%	5.33%	1182.53	24216.71	1'184'892.15
July 2023	-7.27%	-4.66%	-2.61%	1'225.20	26'557.32	1'227'651.57
June 2023	10.13%	9.98%	0.15%	1'321.24	27'856.46	1'323'884.66
May 2023	-15.87%	-4.97%	-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 August 2023



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

Fund moves

The month starts in risk-free mode, but on the morning of 1st August there is a slight increase in volatility following the news that the SEC has filed a lawsuit against the Internet marketer Richard Heart, together with his projects Hex, PulseChain and PulseX. This movement generates an entry signal from the algorithm and a position is taken. Subsequently, Bitcoin returns to a phase of very low volatility and lateralization within a range between 26,000 euros and 27,000 euros which lasts until 16th of August. The day after, a violent shock takes Bitcoin to a minimum of 23,450 euros, a drop of more than 11% from the previous day. At the beginning of this this descent, the stop loss is touched, and position is closed. The collapse is attributed to the weakness of the Chinese economy which affects the future of the markets and a possible sale of Bitcoin by SpaceX. On the 18th of August fund take back position at lower price. From that moment Bitcoin enters a new phase of low volatility interrupted at the end of the month by a sharp upward swing then completely reabsorbed, due to the news on the possible conversion of Grayscale into a Bitcoin linked ETF. The month ends with a -3.48% performance against a -8.81% performance of Bitcoin.

First bitcoin ETF could be coming soon as court rules in favor of Grayscale over SEC

Published Tue, Aug 29 2023, from CNBC

The U.S. Court of Appeals for the D.C. Circuit has paved the way for bitcoin exchange-traded funds.

On Tuesday, the court sided with Grayscale in a lawsuit against the Securities and Exchange Commission which had denied the company's application to convert the Grayscale Bitcoin Trust to an ETF. The decision could impact other companies that want to create bitcoin ETFs, like BlackRock and Fidelity. A spot bitcoin ETF would be traded through a traditional stock exchange, although the bitcoin would be held by a brokerage, and would allow investors to gain exposure to the world's biggest cryptocurrency without having to own the coin themselves. Many crypto bulls believe that approval of a spot bitcoin ETF will lead to more mainstream institutional adoption. Bitcoin, ether and other major cap crypto coins surged on the news, and Coinbase, which is listed as the custodian partner in multiple spot bitcoin ETF applications, was up more than 14% on Tuesday.

"The Commission failed to adequately explain why it approved the listing of two bitcoin futures ETPs but not Grayscale's proposed bitcoin ETP," the court said, referring to exchange-traded products. "In the absence of a coherent explanation, this unlike regulatory treatment of like products is unlawful."

Grayscale Investments, which manages the world's biggest crypto fund, initiated its lawsuit against the SEC in June 2022 after the agency rejected its application to turn its flagship bitcoin fund, better known by its ticker GBTC, into an ETF. The company decided to pursue the ETF, which would be backed by bitcoin rather than bitcoin derivatives, after the SEC approved ProShares' futures-based bitcoin ETF in October 2021.

The ruling faced multiple delays but the SEC ultimately rejected the application last summer, citing failure by Grayscale to answer questions related to concerns about possible market manipulation and investor protections.

"We are reviewing the court's decision to determine next steps," the SEC said in a statement.

A spokeswoman for Grayscale called Tuesday's ruling "a monumental step forward for American investors, the Bitcoin ecosystem, and all those who have been advocating for Bitcoin exposure through the added protections of the ETF wrapper."

"The Grayscale team and our legal advisors are actively reviewing the details outlined in the Court's opinion and will be pursuing next steps with the SEC. We will share more information as soon as practicable," continued the written statement.

One expert says the SEC's enforcement action is basically dead in the water.

"The bottom line is that while the SEC can try to take the case to the Supreme Court, they have no other avenue to deny Grayscale's application," said Renato Mariotti, a former federal prosecutor in the Securities and Commodities Fraud Section of the United States Attorney's Office — and now a trial partner in Chicago with Bryan Cave Leighton Paisner.

"If the SEC changed their rationale for denying their application, it would appear even more arbitrary. The SEC already put their best argument forward, and the Court of Appeals rejected it," continued Mariotti.

Castle Island Venture's Nic Carter agrees, adding that while the SEC can go back and try to deny the application on different grounds, the best next step is for the agency "to accept the decision as a way to 'save face' and allow the spot ETF in a way that shows they disagree with the decision but respect the court's ruling."

CoinRoutes CEO, Dave Weisberger, tells CNBC it could even net SEC Chairman Gary Gensler a political win — a spot bitcoin ETF would grant the regulator some oversight of the bitcoin spot market even though the token is not considered a security.

GBTC, which has \$16 billion in assets under management as of Tuesday, was the first crypto product investors could trade in their brokerage accounts to get exposure to bitcoin. It was launched in 2013, well before the approval of bitcoin ETFs in Canada or bitcoin futures ETFs in the U.S. Grayscale charges a 2% annual fee to investors, making it a cash cow for parent company Digital Currency Group, led by Barry Silbert.

"It virtually guarantees they will approve BlackRock and Fidelity," said Dave Weisberger, CEO of CoinRoutes, a platform that provides algorithmic trading and consolidated market data products for digital assets across multiple exchanges and liquidity providers. "Grayscale may need to refile, but they will almost certainly be approved as well."

Firms have been applying for spot bitcoin ETFs for more than two years, but so far, the SEC has denied more than 30 proposals since 2021 — a 100% rejection rate. But investor sentiment was buoyed in June when BlackRock, the world's largest asset manager with some \$9 trillion in assets under management, put in an application. The firm has had all but one of its previous 575 ETF applications accepted.

— CNBC's Jordan Smith contributed to this report.

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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