



ALGEBRA DIGITAL STRATEGY FUND SLP

Monthly news and bulletin updates

Issue
#11
September
2023

Fund objective

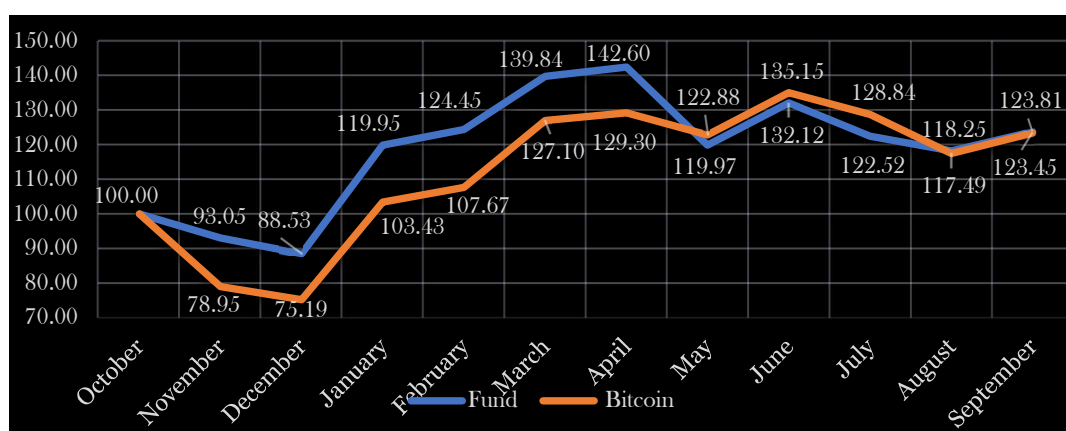
The Fund's investment objective is to provide capital growth, to outperform and decrease in volatility with respect the crypto currency Bitcoin over the medium to long term. The strategy is based on an in & out trading activity that operates rigorously following the signals that arrive from a trading 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) | 23.81% | 23.45% | 0.36% |

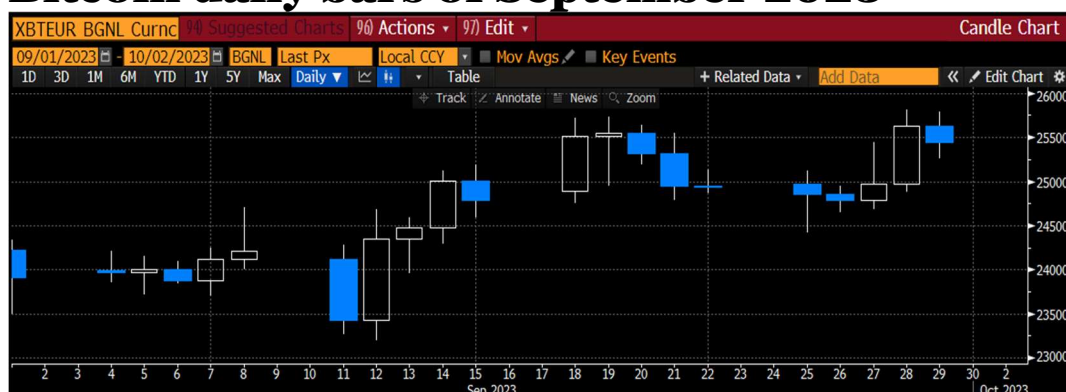
Fund monthly performance

| | Fund Performance | Bitcoin Performance | Extra Performance | Fund NAV | Bitcoin Eur | Fund Net Equity |
|----------------|------------------|---------------------|-------------------|----------|-------------|-----------------|
| September 2023 | 4.70% | 5.08% | -0.37% | 1238.11 | 25'445.72 | 1'240'588.84 |
| August 2023 | -3.48% | -8.81% | 5.33% | 1182.53 | 24'216.71 | 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 2023. Source: Internal elaboration

Bitcoin daily bars of September 2023



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

Fund moves

The month of September begins in long mode in a relatively stable market situation with a Bitcoin price in the 24,000 euros area. During the first 10 days, volatility is rather low with an upward swing in the 24,500 area immediately reabsorbed due to conflicting news on the impending authorization of Bitcoin ETFs by the SEC. On the 11th there is a sudden collapse of Bitcoin which drops to 23,200 euros. The collapse is prompted by fears of potential selling pressure from the bankrupt FTX exchange which announces it holds tokens worth more than \$1.1 billion and \$560 million in BTC. The following day the losses are reabsorbed, and a climb begins that brings the crypto to the 25,500 area in the wake of good expectations on the FOMC on September 20th. Indeed, the FED leaves rates unchanged but communicates possible future increases and a temporary correction is generated towards 24,600 before resuming the upward trend. The month ends with a value of Bitcoin at 25,445 euros, up by approximately 5% compared to the previous month. The fund reports a performance of 23.81% since inception against a performance of Bitcoin of 23.45%.

Blockchain and AI Are Set to Transform Financial Markets: Moody's

By Sandali Handagama, Published September 7, 2023, from CoinDesk Finance

Incorporating AI and digital ledger technology into business models may require substantial investment, but could help lower expenses and improve market liquidity over time, a report said. Blockchain technologies that underpin crypto could help issuers of financial instruments like bonds reduce financing costs in the next five years, according to a report by credit ratings agency Moody's Investors Service.

While incorporating these technologies into businesses could increase IT costs and require "substantial investment" at first, it could help lower expenses over time, the report published Wednesday said.

Recent innovations have increased the transformative potential of technologies like artificial intelligence (AI) and distributed ledger technology (DLT) when applied to financial markets, Moody's said. While AI could potentially reduce operating expenses for financial institutions by automating manual tasks, DLT could "gradually lower financing expenses, especially for smaller issuers," according to the report.

- Applying the blockchain technology that underpins crypto and artificial intelligence to financial markets could help issuers of instruments like bonds reduce costs in the next five years.
- Despite blockchain's promises, Moody's warned that if not regulated well, it could potentially challenge sovereign authority and fuel tax evasion.

"DLT could improve financial market efficiency, modernize the payment system, and foster financial inclusion," Vincent Gusdorf, head of DeFi and digital asset analytics, said in a press statement shared with CoinDesk.

"The overall economic and financial effects of technological changes, including the policy and strategic changes they prompt, are likely to be positive."

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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Digital or tokenized bonds, which are becoming popular in global markets, could lower transaction expenses and make capital markets more accessible by letting organizations bypass intermediaries like banks and by increasing liquidity on the secondary market, the report said.

Hong Kong's central bank arrived at similar conclusions following a successful \$100 million tokenized bond issue from earlier this year.

DLT could also enable some businesses to capture untapped revenue opportunities and enter new markets.

Although the effects of employing these new technologies in finance will likely be positive, "they will vary greatly by country, region, company, and worker, with some suffering from technology-driven disruption," the report said.

The technology's promise, however, comes with drawbacks such as potentially challenging sovereign authority and fueling tax evasion, money laundering and terrorism if not used and regulated well.

Moody's said it plans to track how technological transformation in financial markets fueled by AI and DLT could affect credit risk stemming from borrowers failing to repay loans.

ALGEBRA DIGITAL STRATEGY FUND SLP (the "Fund") is a Luxembourg Alternative Investment Fund (AIF) with registered office at 34, rue Notre Dame, L-2240 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under number **B269337**.

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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