

Portfolio Manager's comments

At the end of June, we completed the 6-month grace period to publish our domestic fund performance, BLP Crypto Assets FIM – *Investimento no Exterior*, going forward we will be including its performance on our monthly letter to investors. We also launched our website, please visit us at www.blpcrypto.com.br

Volatility continued to decrease during the month. Over the past few months asset correlation has been very high, but we believe that the market will again start to distinguish good projects from weak projects. During the second half of July, there was a clear trend of a migration out of Alts into BTC that outperformed significantly and reached its YTD high in dominance with 48% of the total crypto market cap (the low happened in mid-January with approximately 33% dominance). Our small overweight in Alts during July did not help us.

Bitcoins started the month at \$6,404 and traded between \$6,136 and \$8,424 closing the month at \$7,780, up 21.49% for the month. The market had a nice leg up after breaking the resistance of the 50-day moving average of \$6,730 on July 17th. The fund was up 7.35%. The Operating Systems tokens performed poorly during the month except for Stellar which ended the month up 43.73% and we took some profits on the position after the strong outperformance. EOS looks to have resolved some of its heated community discussions on RAM costs, but still underperformed during the month. Its first airdrops (IQ and CET) were received and for those who use Wikipedia we suggest to take a look at its blockchain competitor censorship resistant Everipedia (IQ) as it not only has fantastic information as well as a much more user friendly appearance. There are a number of other projects on the EOS pipeline, so airdrops should be quite frequent going forward as the blockchain matures. We closed out our underweight position in BCH against BTC as it approached the 0.10 level. We closed a small position of SNM token which we bought after Consensus and exited the position with a small loss.

On July 18th, a US [Congressional Hearing](#) on cryptocurrency was called to discuss the topic, no concrete conclusions on next steps. On the last week of the month there were also a few announcements from the SEC on the [Bitcoin ETF](#) proposals. Market fell initially on the news to recuperate in the following day after the remarks from dissent of [Commissioner Hester Peirce](#) where acknowledged by the market. Clearly the SEC is still divided on what to do in regards to a Bitcoin ETF decision. The market comments on the [SolidX/VanEck Bitcoin ETF](#) keeps growing so the clock is ticking and the pressure is slowly mounting on SEC's Chairman [Jay Clayton](#) who last month acknowledged that Bitcoins are not securities.

Interesting announcements/comments:

- [SIX \(Switzerland's stock exchange\)](#) is building fully integrated digital asset trading, settlement and custody service.
- [Blackrock](#) has created a team to evaluate opportunities in crypto assets.
- [Steven Cohen's](#) VC firm gets into crypto with new partner.
- [South Korea](#) is officially recognizing crypto exchanges as regulated banks.
- [BitPay](#) granted virtual currency license by NY regulator.
- Financial services giant [Northern Trust](#) opens doors to cryptocurrency hedge funds.

Monthly estimated return

	Jan	Feb	Mar	Apr	May	Jun	Jul	YTD 2018
Genesis	-16.00%	-5.17%	-37.38%	57.20%	-20.19%	-20.59%	7.35%	-46.54%
BLP Crypto	-19.19%	-1.78%	-33.74%	61.16%	-14.11%	-17.57%	4.50%	-37.23%
Bitcoin	-27.80%	1.73%	-32.93%	32.51%	-18.90%	-14.55%	21.49%	-45.04%
TOP10	-21.20%	-12.40%	-41.64%	53.12%	-20.90%	-19.41%	8.70%	-57.26%
CDI	0.58%	0.46%	0.53%	0.52%	0.52%	0.52%	0.54%	3.73%

THE BITCOIN AND TOP10 ESTIMATED RETURNS STATED ON THE TABLE ABOVE ARE MERELY ECONOMIC REFERENCES AND SHALL NOT BE CONSTRUCTED AS A PERFORMANCE TARGET TO BE ACHIEVED BY THE FUNDS NOR A PERFORMANCE PARAMETER APPLICABLE TO THEM.

Tech corner

After the implementation of SegWit, the door is open for the next innovations: Schnorr Signatures, which can further help to improve scalability.

To do successful bitcoin transactions, signatures are required. Unfortunately, these signatures necessarily take up space in the blocks of the blockchain.

This becomes a problem when you want to send transactions from multiple addresses to one, as each of these transactions require their own signature.

All this signature data increases the transaction size, and thus the transaction fee that is paid to the miners with it. You are claiming space that could be used for other transactions, which means you must pay to take their place.

At the end of the day, if it is just one person sending that transaction from multiple sources, there should be some way to do so with just one signature, right? This is what Schnorr signatures allow us to do.

Estimates are that this upgrade would reduce the use of storage and bandwidth by at least 25%. To point out the obvious: that is a huge efficiency gain.

Another major benefit of Schnorr signatures is increased privacy as to how you are securing your bitcoins.



Some users intentionally use multiple signatures to send transactions, as this is a way to increase security. You can require multiple people or devices to send a transaction for example, which is commonly known as MultiSig. This is just one of the great benefits of having programmable money.

Of course, you don't want outsiders to see that you are doing this, and Schnorr signatures would make your signatures look like any other.

Over the past 6 months, the bitcoin network has suffered from countless spam attacks.

The reason why I call it a spam attack is because it was done to push a political agenda. A group of people desperately wanted to push their ideas to increase scalability. The moment a scaling solution was agreed upon behind closed doors towards the end of May, the attacks suddenly ended.

While some people were hopeful or deceptive about these spikes in unconfirmed transactions being organic growth, further analysis clearly shows it was spam.

To push people into increasing the blocksize, the attackers made it expensive to send bitcoin transactions for weeks in a row, by using up as much transaction space as possible through all kinds of constructions.

One of their methods was to include dozens of signatures in transactions by constantly sending transactions from many sources.

Fortunately for us, Schnorr signatures would help combat this kind of spam attack. If we only have one signature per transaction, more transactions will fit into blocks and a spammer would need to send far more transactions in competition with more people, and thus likely spend more money to take up the same transaction space. Signatures are often the largest individual part of a transaction, so the attacker would be disadvantaged.

If the attacker chooses not to use Schnorr signatures and continues to use old signatures, then other users that do use Schnorr will still have smaller transactions to send and will thus have to pay less. This would still make an attack more expensive than before.

While the price for these spam attacks is estimated to be in the millions of dollars, this is a tiny investment for any wealthy individual(s), government(s) or large corporation(s), that wants to sabotage the network.

Click on [Schnorr Signatures](#) for more details.

Genesis Block Fund Ltd. Characteristics

Minimum Investment	\$100,000
Subscription	Monthly
Redemption	Monthly with 15 days pre-notice
Administration fee	2% p.a.
Performance fee	20% over 6M Libor with High Water Mark
Administrator	MG Stover
Auditor	Cohen & Co
Legal Counsel	Walkers Global and Freitas Leite
Contact	genesis.block@blpasset.com.br

BLP Crypto Assets FIM – Investimento no Exterior Characteristics

Minimum Investment	R\$100,000
Subscription	Monthly
Redemption	Monthly with 15 days pre-notice
Administration fee	2% p.a.
Performance fee	20% over CDI with High Water Mark (<i>come cotas</i>)
Administrator	Planner
Auditor	Crowe Horwath
Legal Counsel	Freitas Leite
Contact	contato@blpcrypto.com.br
Website	www.blpcrypto.com.br

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