



Bitcoin Fund

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"It is a good time to ask what will be the next best currency or storehold of wealth to have when most reserve currency central bankers want to devalue their currencies(...)." (Ray Dalio, founder of Bridgewater's 124 bn hedge fund, July 2019)

- Otc-X is an open-ended investment fund established as an exempted company limited by shares in the Cayman Islands. Otc-X investment manager is based and regulated in Switzerland. The principal investment objective of the Fund is to benefit from the substantial expected growth of Bitcoin (BTC) while mitigating downside volatility risks.
- According to the largest crypto fund index (CFR index with 50 funds), crypto funds have outperformed Bitcoin since 2016. As of June 30, 2019: Bitcoin = \$10,817 / CFR Index = \$15,308 (versus \$1000 for both on Dec 31, 2016)
- Otc-X investment strategy on Bitcoin yields a total net profit of +123.6% over 624 days or 1.7 years ie 72.7% per year. Over that period, a buy-and-hold Bitcoin strategy would yield a negative return of -24%.
- Otc-X investment philosophy is inspired by Yale University researchers' paper "Risks and Returns of Cryptocurrency" (Liu and Tsyvinski, August 2018). Using data series from 2011 to 2018, they have established that momentum and the proxies for investor attention consistently explain the variations of cryptocurrency returns.
- For crypto market predictions, Otc-X relies on new developments in Social Physics made by MIT professor Alex "Sandy" Pentland. MIT has analyzed hundreds of exchanges to understand how people are herding, to be able to predict what's going to happen in the future, statistically.
- Wilfrid "Woof" Vignon, 20+ years derivatives trader, is Otc-X fund manager. Woof has acquired a unique perspective on Bitcoin while heading a crypto investment management firm for 3 years. Harvard graduate in Finance (Dean's list), Woof studied Social Physics (MIT) and Algorithmic Trading (Oxford).

DIGITAL GOLD WITH A STRONG PRICE CATALYST IN MAY 2020

- Bitcoin reward for miners drops every four years. In May 2020, Bitcoin reward per block will drop from 12.5 to 6.25 Bitcoins. A stock-to-flow Bitcoin pricing model that has accurately forecasted Bitcoin price from 2012 predicts Bitcoin will surpass \$60,000
- 'Big Money' drives the recent Bitcoin bull market. The number of addresses holding between 1000 and 10K Bitcoins each has seen a steep rise of 7% from August 2018 to May 2019.
- Japan, the second biggest economy, has already declared Bitcoin legal tender in 2018.
- Research at the Institute of Nuclear Physics of the Polish Academy of Sciences on 1-minute price changes of Bitcoin from 2012 to 2018 revealed: "(...) For Bitcoin, we detected multifractality in the functions of fluctuations in rates of return, of the same type as for regular, mature markets, such as the stock, dollar, oil or bond markets," says Prof. Drozd (April 2018).
- In a study published in August 2019, MIT AI Lab crunched 200,000 Bitcoin transactions and found that only 2% were illicit.
- According to the International Energy Agency, Bitcoin is powered by at least 74% of renewable electricity.
- Bitcoin is pushing the boundaries of economic change in sub-Saharan Africa and other frontier and emerging markets.
- The 10,000 Bitcoins paid for 2 Papa John's pizzas worth \$30 in May 2010 are now \$100 millions dollars making Bitcoin the fastest and highest rising value asset ever in the history of mankind.

AN UNCORRELATED ASSET, STORE OF VALUE DURING RECESSION

- Yale researchers exhibit that cryptocurrency returns have low exposures to traditional asset classes – stocks, bonds, currencies, and commodities – and market factors
- From Sep 2013 to Feb 2019, adding 1% Bitcoin in a global 60/40 equity/bond portfolio has improved the cumulative total return by 20% with a slightly reduced level of risk according to Grayscale research
- Bitcoin's hedge against monetary disorders while being unresponsive to macroeconomic events makes it extremely desirable from a portfolio construction perspective.

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