

Conversion Alteritas Blockchain SONICCX Fonds into an AMC (actively managed certificate)

We are pleased to announce that the conversion of our Alteritas Blockchain SONICCX **Fund** (AIFM) into the Alteritas Blockchain SONICCX **AMC** (actively managed certificate) has now been successfully completed.

A brief glance in the rearview mirror tells us that the year 2022 will go down in history as one of the most devastating years in the nascent history of cryptocurrency markets. The unprecedented surge in interest rates over the past four decades, tense geopolitical situation, and several idiosyncratic crypto events amongst other things have profoundly unsettled the crypto market.

The Terra Luna debacle, sparking a severe liquidity crisis, the collapse of lending platforms, the nosedive of Three Arrows Capital (Hedge Fund), the unravelling of FTX (a colossal scam in historical proportions), and the consequential ripple effects on the crypto industry, not to mention the demise of Silicon Valley Bank (the largest bank failure since 2008), are etched in our collective memory.

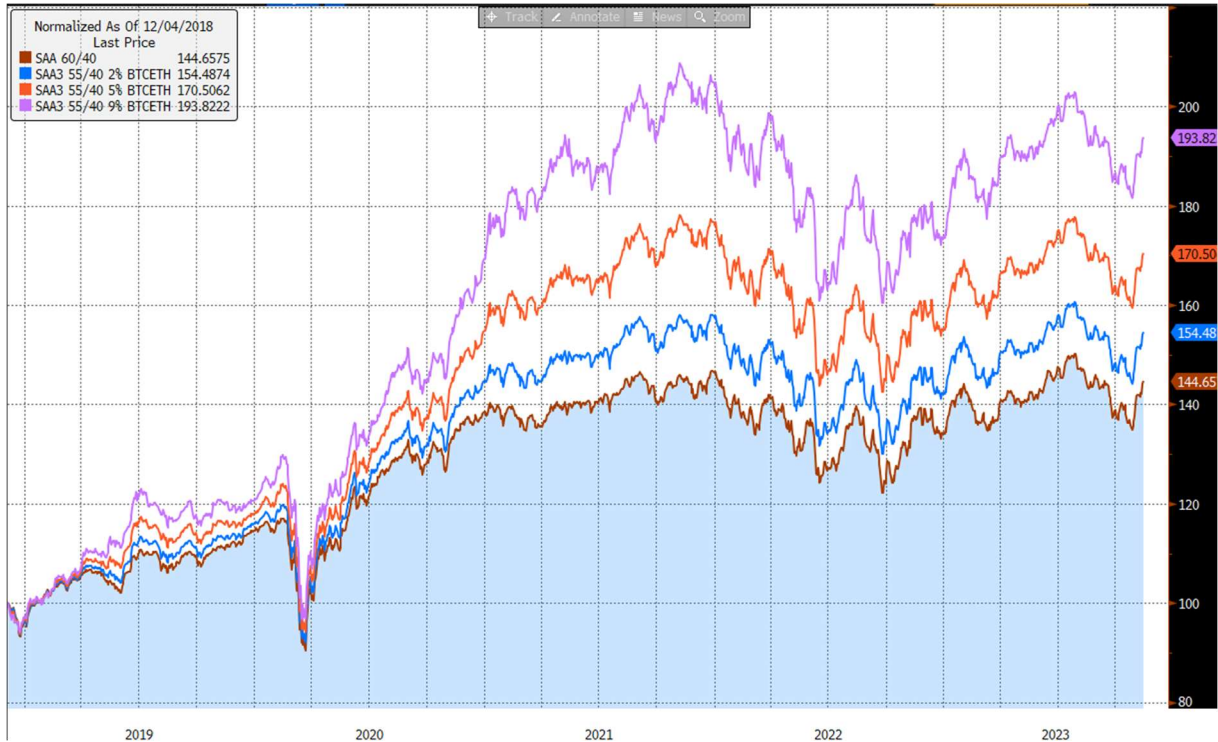
Given these circumstances it is not surprising that the main street media has introduced the term “crypto winter”. Fortunately, our Blockchain fund managed to sidestep these pitfalls, yet it could not escape the large drawdowns prompting the necessary transformation of the fund into an AMC.

Fast forward to today, the new AMC is up and running with the same focus on **building and enhancing blockchain infrastructure** – the backbone of the distributed ledger technology.

Moreover, a sense of optimism appears to be reemerging in the cryptocurrency markets, propelling the Bitcoin price beyond significant technical resistance thresholds. The anticipation of a potential approval for a Bitcoin spot ETF in the United States undoubtedly played a pivotal role in the robust price movements observed during the third and fourth quarters. With approximately 10 submissions for potential Bitcoin spot ETFs from major global asset managers, the Securities and Exchange Commission (SEC) faces the task of making a decision. We hold a strong conviction that physical ETFs for both Bitcoin and Ethereum will be introduced. Nevertheless, the manner in which the SEC will proceed remains uncertain. We anticipate gaining more clarity on this matter in the coming days/weeks.

We have consistently maintained a positive outlook on blockchain technology. The growth prospects for Web3 and Web4 applications are substantial. However, when considering the inclusion of Crypto in a portfolio context, one must ponder its impact. If, over the last four years, an equal distribution of Bitcoin and Ethereum had been added to a well-diversified 60/40 portfolio, even a modest allocation of 2% would have significantly enhanced the expected return and improved the portfolio's Sharpe ratio.

Chart: 60/40 without Crypto; 60/40 with 2%, 5%, 9% Bitcoin and Ethereum equally distributed



Source: Bloomberg, SerMont AM; rebalancing every year end

Additionally, we've initiated the staking procedure on Cardano, Ether, Tezos, and Polkadot to contribute to their respective ecosystems and generate extra revenue. Depending on our custodian we may stake additional tokens in the future as they become accessible.

A closing note regarding the initial expenses for launching the new AMC: Martin, the proprietor of Sermont AM, and I have personally covered all startup costs, ensuring that our interests are closely aligned with those of our investors.

Your continuous support is very much appreciated!

Kind Regards,

Volker

CEO/CIO

SerMont Asset Management