

What's new in the digital assets industry?

Market valuations, proxied by Bitcoin, fell by over 15% over the month, touching as low as US\$6,788 before rebounding to close the month at US\$7,761. We had taken a conservative view on the market during the early November period and had avoid majority of the market fall. We remain on track to deliver on our targeted return objectives.

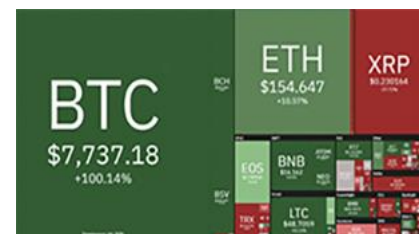
Market month to date performance



On a longer-term basis, as the space matures, long term volatility continues to come down as the trading range of virtual assets remains tight. In the eyes of many, including us, this is positive. As an example, the increased adoption of Bitcoin - *the first digital quasi-currency with limited supply* - tilts the price outlook favorably for 2020 and the next decade. Bitcoin trading will more closely mimic gold's, in our view. When government began de-pegging their currencies to gold, the volatility of gold was large and, over the coming years, established a new normal of trading patterns as the risks of gaining access to gold as an asset class came down substantially. In much the same way, we expect the same from virtual assets. 2019 has already borne witness to this transition, the crypto-market version of gold. The maturation process should continue, notably as volatility declines.

Market Year to Date Performance

Investors should be aware however that they need to remain selective, we continue to remain cautious on alt-coins. As one can see in the illustration at the right side of the page, Bitcoin remained king and our performed many alt-coins. We believe, with the continued rise of institutions looking to place out their own coins and enterprise protocols, China's POBC, Facebook Libra, many of the smaller altcoins are at risk.



Looking into next year, for Bitcoin, we believe that the trading range of \$6,500 and \$10,000 is feasible. The basis for a sustained structural increase of alternative allocation to selected virtual assets (or gold for that matter), in our view, currency debasement is a primary influence. Increased strength is likely dependent on global benchmark stores-of-value given negative interest rates and the unlikely reversal of steadily increasing U.S. debt-to-GDP. Said another way, declining global yields despite ballooning U.S. debt should be shifting investors toward alternative allocations such as virtual assets and gold.

The rise of digital assets custodian services

Last month Fidelity Digital Assets and BAKKT received their license from the New York State Department of Financial Services (NYDFS) allowing them to offer digital assets custodian services.

Although those two companies have different approach to answer investors needs and safeguard their digital holdings, bringing the custody solutions and cyber security standards into the virtual assets space will positively impact the crypto industry as a whole, conveying confidence and strengthening the bullish position of participants such as traders, hedge funds and accredited institutional investors.



While online crypto exchanges offer virtual assets storage to their clients - *acting as custodians by default* - they are often targeted by hackers. In 2019 for example, 7 crypto exchange were hacked. The last one to date is Upbit, a South Korean crypto exchange that publicly reported a breach in security on November 27th, resulting in an illegal transfer of 342,000 Ether (eqv. US \$49 million) out of its infrastructure including holdings belonging to its clients. According to a report released by PwC in May 2019, only 52% of crypto hedge funds were using an independent custodian at this time, which underlines the fact that the rest of them might expose their clients to risk, if the exchange they store their assets on are exploited by a hostile source.

As for CryptAM, outsourcing custodian activities was a top priority from the beginning to comply with strict risk management processes and protect its clients from any potential theft or loss. That said, any potential loss would have been limited as CryptAM works closely with an external custodian keeping its clients' funds safe.

Although the needs of retail investors, holding virtual assets out of their own interest, are very different from large institutions and fiduciaries, related regulatory framework have started to be consolidated in Europe. On November 27th, the Bundestag (Germany's parliament) and the Federal Council passed a bill as part of the Fourth EU Money Laundering Directive eliminating the requirement for banks to use third-party custodians to manage cryptocurrencies. This means that from January 1st, 2020, banks could sell to their clients and custody virtual assets such as Bitcoin. This might take some time before banks apply and get their licenses.

We warmly welcome these steps taken by government bodies and financial institutions as a collective conscious that has awakened looking into the same direction and to recognize virtual assets as any other investment securities. We look forward to 2020 to be a prosperous year for this asset class, custodian and other digital assets service providers.

CryptAM latest activities



We had taken a conservative view on the market during the early November period and had avoid majority of the market fall to remain on track and deliver on our targeted return objectives by the end of December. Request our November factsheet by contacting our representative [here](#)



By taking into account your portfolio constituents, level of risks and investment objectives into our analytical tool, [CryptAM Vue™](#), our consulting team can lead a customized analysis, determining what allocation into digital assets fits you best. [Contact us for more information](#)



CryptAM is expanding its presence in Singapore. Our CEO, Mario Giangrande and our Commercial Manager, Ben Berenson, headed there mid-November to meet with prospects and partners. Expect to see them more frequently in 2020.



It is official, [CryptAM Services](#) is hosting a monthly breakfast session at its office. The objective is to engage discussions with a small group of investors around digital assets investments solutions and answer any question they may have. Our next session will be on Wednesday January 15th. **Seats are limited so [contact us](#) should you want to register.**



CryptAM turned 2 last month!

For this special occasion, we organised a small gathering at our office last week, on December 5th with partners, prospects and industry influencers that we **thank** again for coming and for supporting us since the beginning of our journey.



[CryptAM Services](#) has set up a survey to determine the investment approach of its investors and their perception on Digital Assets. We would be very grateful if you could click [here](#) and answer the questionnaire as this will help us to understand our audience better, improve our offerings and the value we deliver in the future.

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