

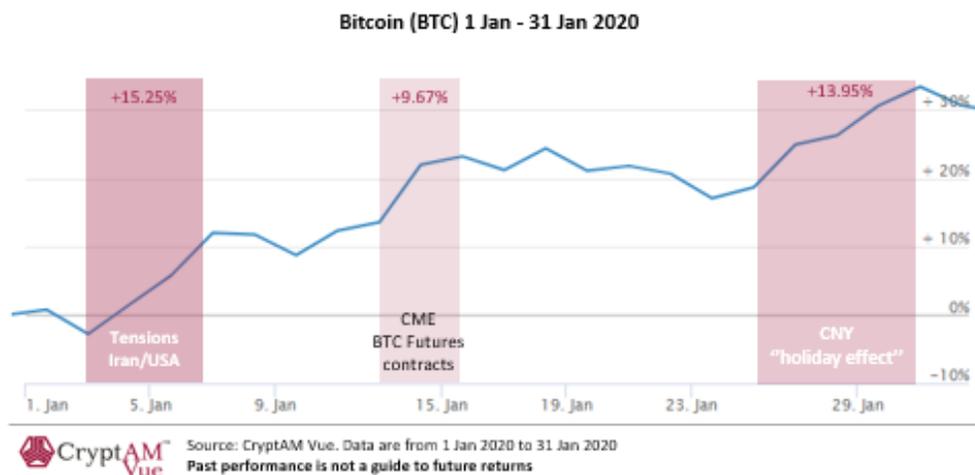
## What's new in the digital assets industry?

### Market Review

The digital assets market was bullish in January with bitcoin opening the year at USD 6,960.58 and closing it at USD 9,354.09 recording an astounding +30.68% performance and its best one for a month of January over the 7 last years. On average, BTC price was USD 8,848.97, but on Jan 31<sup>st</sup> Bitcoin reached a peak of \$9,530 creating excitement within the community and confidence among traders for the upcoming months alongside the expectations for halving event that will take place next May.

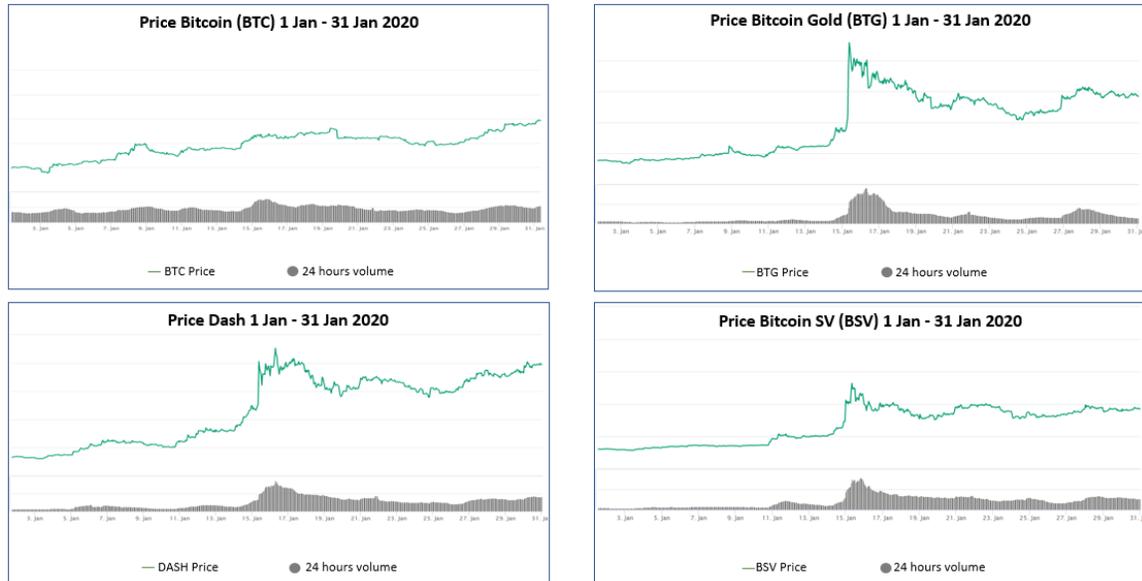
We consider 3 main events participated to the current market rise:

- **US and Iran** escalated tensions on Jan 3<sup>rd</sup> which resulted in an increase of 15.25% of commodity over the following 5 days, as investors saw in bitcoin such as in gold a safe haven asset
- **Chicago-based derivatives exchange** (CME)'s futures contracts for bitcoin launch on January 13th, which surpassed its competitor Bakkt in reported volume within its first day of trading. Indeed, almost USD 25 billion BTC futures were traded on January 14<sup>th</sup> only which reflected on bitcoin's price, taking 9.67% in 48 hours. Those are positive news as more institutional investors are expected to jump in this market in the following months, which should participate in decreasing bitcoin's volatility on the mid-term.
- **CNY** period, from Jan 24<sup>th</sup> to Jan 30<sup>th</sup> was the third increase recorded during the first half of the period where bitcoin's price increased by 13.95% in response to the "holiday effect" and the need from Chinese to convert their digital assets into fiat for spending and offering lucky red envelopes (also called "hongbao").



An interesting fact to notice is the evolution of some alt-coins which outperformed bitcoin in January with:

- Bitcoin SV (BSV) has gained 201.03% since the beginning of January 2020
- Dash increased by 190.29% over the same period of time
- Bitcoin Gold (BTG) has grown over 111.39% in January vs Bitcoin at 30.68%



Source: coinmarketcap. Data are from 1 Jan 2020 to 31 Jan 2020  
Past performance is not a guide to future returns

We at CryptAM invest in the top 25 performing crypto currencies by Market capitalization, rebalancing our portfolio when appropriate. By adding different cryptocurrencies while capping them, we are able to manage volatility and ensure performance on a risk-adjusted basis.

During the remainder of February we will be monitoring how the evolution in Asia is evolving relative to the coronavirus outbreak to determine if investors are looking to allocate a portion of their holdings in “safe haven” assets such as gold or less volatile digital assets. By the time of the halving of Bitcoin, we are expecting its price to stabilize between USD 9,500 and USD 10,500 while its volatility is expected to slightly decrease as more institutional investors are embracing bitcoin and BTC futures contracts.

For further information on our indices and investment solutions or to receive a tailored analysis on how digital assets can impact your portfolio and match your investment objectives, please reach out to our Commercial Manager, [Ben Berenson](#).

### Central banks moving to CBDC

January was marked with the WEF at Davos, an annual event where politicians and leaders shaping the world of tomorrow gather during a four days conference to exchange further on worldwide challenges. This year one of the topics discussed was the launch of digitized version of sovereign currencies by several central banks, including China, Cambodia, Uganda & Thailand targeting 2020 for their respective launches. Others central banks such as the ECB or the FED are still investigating it.

Central Bank Digital Currency (CBDC) differ from cryptocurrencies because they are centralized. However, they are using the blockchain technology that is similar to bitcoin and many alt-coins to operate.

The top advantages of such technology are that once launched it will improve efficiency in speed, and costs for cross-border interbank payments. Quicker processing times could lead to shorter settlement times. For institutions, this means a reduction of the settlement and counterparty risks relative to cross-border interbank securities transactions and funds transfers. While for the end-users, a reduction of cost when doing wire transfer between banks and abroad. This could contribute to stimulating the economy at a global level with more consumer spending in sectors such as e-commerce, retail or travel. Goods produced by emerging economies where the cost of labor is more affordable would be the big winners of CBDC.

Finally, at the difference of cash money, CBDC has the potential to improve financial data transmission and traceability of payments. This means a considerable gain of time by government and authorities to monitor illegal and fraudulent activities.

### Can Bitcoin survive with CBDC?

With the gold standard, we are assured of a defacto value. We have been taught that it is here to stay and offer a great opportunity. That it acts as a medium of exchange and, a store of value due to its scarcity and non-correlation to traditional assets.

Yet there are some people who do not actually realize we are adopting it rapidly as a new alternative.

### Digital Assets

Knowing that central banks will rely on the blockchain to launch their digital version of their currency, we anticipate a better general understanding from the public of how Digital Assets work. A better grasp will lead to the creation of more confidence, trust, and interests in virtual assets when looking for investment opportunities that generate attractive returns.

We expect alt-coins to seduce Generation Z as they are affordable and have the potential to grow faster than bitcoin. Bitcoin will remain a reference, but we anticipate a change among the players in the upcoming months, e.g less retailers and more institutions that will rely on futures contracts, high frequency trading and quantitative strategies to extract the best of it.

For those who are familiar with the Chinese market it is not hard to see a large adoption of the use of CBDC and virtual assets in one to two years times. They would become easily to exchange and trade through virtual wallets and QR Code, similar to what WeChat Pay and Alipay currently offer. Stable coins could be particularly interesting and useful for the Chinese market that is looking to enter the virtual asset market through them:

### Growth

Considering Bitcoin success, cryptocurrencies have created an unprecedented confidence that players in the market will take advantage of. Now that we see more institutions willing to add them to their portfolio, we are sure to see an increase in hedging in general and, in future in particular.

Those familiar with the CBDC and virtual assets will see more businesses utilizing crypto, primarily to take advantage of emerging technology. QR payment schemes, payment gateways, and currency exchanges to name a few. In modern banking if the banks of China want to survive, they have to use new “tricks”.

These opportunities are not often visible or often exploitable. Yet while we have the chance, **CryptAM** is well poised to make use of them. Even if you have not seen the value of cryptocurrencies yet, this should be a prompt that you should investigate what will work best for you.

If you're looking to understand how digital or crypto can impact your portfolio, this is your chance to get to learn more about it. [Contact us](#) for a tailored analysis.

### CryptAM latest activities



Our next monthly **Breakfast Session** will take place on **Wednesday February 26<sup>th</sup> from 9 to 10 am** at CryptAM Services 'office. The objective is to lead discussions and engage with a small group of investors around digital assets investments solutions and answer any question they may have. [Contact us](#) to secure your seat.



We are proud to launch [3 new courses](#): (1) designed for investment professionals to understand the digital assets universe, (2) help teams and divisions navigate this disruptive market to formulate investment decisions and (3) assist C-Level executives in structuring trading strategies, blockchain related projects or setting up digital asset funds.



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. Interested to learn more about Vue™? Request your customized analysis by clicking [here](#).



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

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