# Blockchain Assets

· Cryptoasset Managers · Est. 2017 ·

## Blockchain Early Opportunities Fund

30 June 2019 - Investor Report

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# Fund Performance and Quarterly Highlights

Over the past 3 months the crypto markets have started to come back to life and I feel that we are entering an increasingly strong price growth period which will last well into next year. The fund price as at 30 June 2019 was $0.9501 this is a 72.53% increase since March 2019.

There are two interesting developments that I would like to highlight to you at this time.

Facebook Coin 'Libra'

The announcement by Facebook of the launch of their cryptocurrency project 'Libra' had the cryptosphere in a state of agitated excitement for the past few weeks.

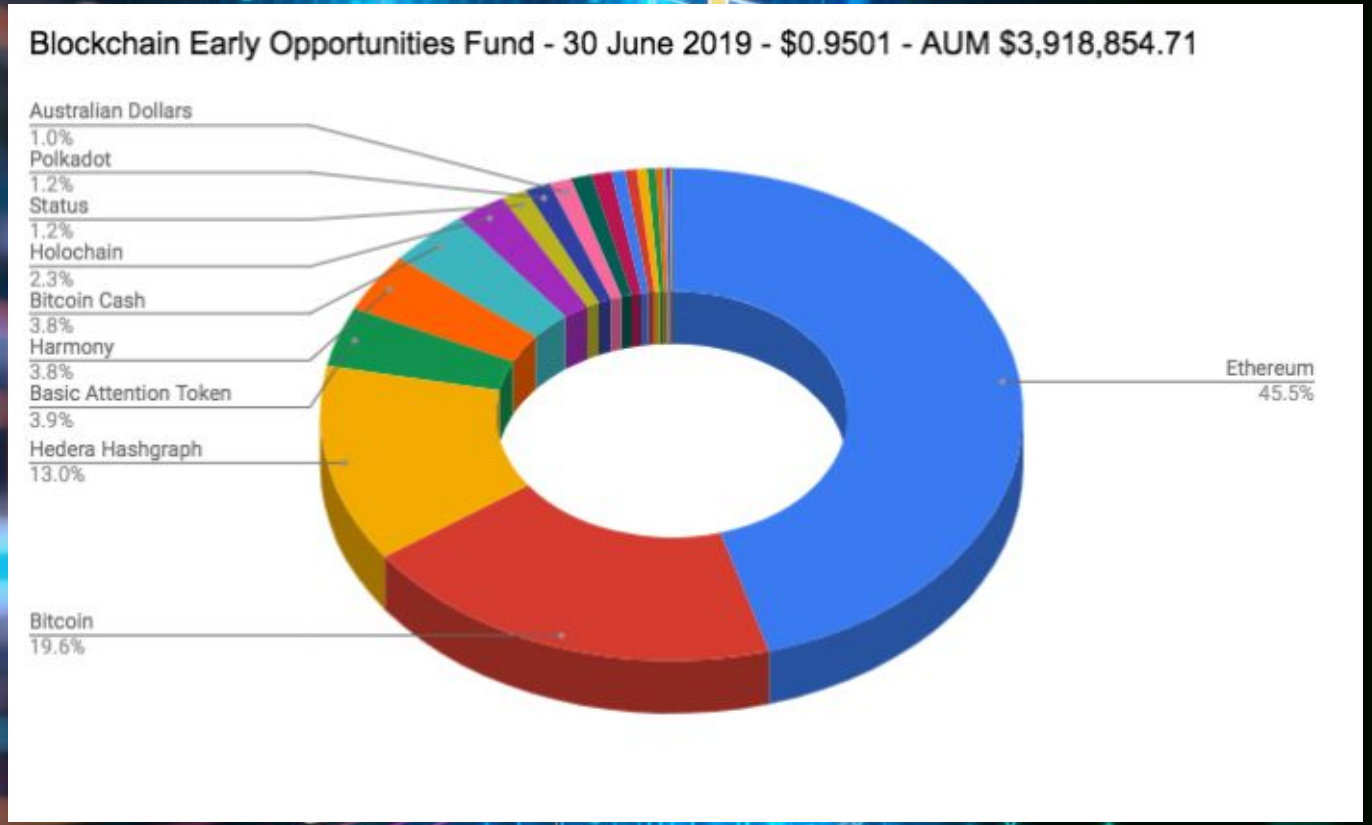
We now have two mainstream touch points to the crypto world. At institutional level we have no less than the New York Stock Exchange (the Bakkt project I have written about elsewhere) and, at retail level, we have Facebook.

If you asked me the question…which 2 existing business could accelerate mainstream adoption of cryptocurrencies the fastest? I could find no better answer than the NYSE (for corporates) and Facebook (for individuals). There is a lot to unpack with Libra coin and I will be covering this at our Investor Meeting on 25 July.

Formula 1 + Cryptocollectibles wrapped in a game

F1 is one of the largest sports on the planet. Sports memorabilia/collectibles is an essential part of the business of sport. On-line gaming and e-sports are billion dollar businesses. The F1-Delta game is at the intersection theses three elements. It is of great interest to us as this game uses the Ethereum blockchain and non-fungible token standard. Each time a collectible is bought or sold in the game the player will need pay a transaction fee, which is denominated in Ether.

F1-Delta is the first of many sports/teams that will tokenize and gamify their collectibles.




| Metric | 1 July 2017 | 30 September 2017 | 31 December 2017 | 31 January 2018 | 31 March 2018 | 30 June 2018 | 30 September 2018 | 30 November 2018 | 31 December 2018 | 31 March 2019 | 30 June 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Unit Price | $1.00 | $0.93 | $2.14 | $2.36 | $1.18 | $1.09 | $0.7480 | $0.4979 | $0.5178 | $0.5507 | $0.9501 |
| Return Since Last Valuation | 0 | -7.00% | 130.11% | 10.28% | -50.00% | -7.63% | -31.38% | -33.44% | 4.00% | 6.35% | 72.53% |
| Return Since Inception | 0 | -7.00% | 114.00% | 136.00% | 18.00% | 9.00% | -25.20% | -50.21% | -48.22% | -44.93% | -4.99% |
| Assets Under Management | $1,255,000.00 | $1,166,062.70 | $3,459,592.39 | $5,028,329.29 | $2,417,802.58 | $2,516,518.55 | $1,768,920.85 | $1,445,669.37 | $1,842,159.60 | $2,211,850.52 | $3,918,854.71 |

# Asset Summary

| Asset Name | Allocation | One Liner |
|---|---|---|
| Ethereum | 45.54% | Protocol layer blockchain enabling smart contracts and decentralized applications |
| Bitcoin | 19.64% | Original Bitcoin - Digital Gold - Store of value |
| Hedera Hashgraph | 12.98% | Hedera is a decentralized public network |
| Basic Attention Token | 3.89% | Online digital marketing disrupting Google and Facebook etc. |
| Harmony | 3.85% | Our open infrastructure is a revolutionary high-throughput, low-latency, and low-fee consensus platform |
| Bitcoin Cash | 3.77% | Digital cash for 6 billion people (Bitcoin fork of 1 August 2017) |
| Holochain | 2.31% | Secure payments for mobile systems |
| Status | 1.18% | Interactive social media platform disrupting Wechat and other mobile social apps. |
| Polkadot | 1.18% | An ecosystem that will enable scale and interoperatability between disparate blockchains. |
| Australian Dollars | 1.02% | Cash |
| 0x | 0.95% | Peer to peer exchange and conversion of digital assets |
| Digix DAO | 0.91% | Distributed Autonomous Organisation supporting Digital Gold (Digix) gold backed coins |
| Omise Go | 0.64% | Mainstream digital wallet providing peer to peer exchange of crypto and fiat, plus payment channels enabling mass adoption of crypto. |
| ZCash | 0.52% | Privacy coin - private cash transfers |
| Mobile Coin | 0.48% | Easy key management and sub-second transaction speed peer to peer money |
| Decentraland | 0.40% | A virtual reality platform powered by the Ethereum blockchain. Users can create, experience, and monetize content and applications |
| Synthetix Network Token | 0.32% | Cryptoasset-backed network that enables the creation of on-chain synthetic assets. |
| Stellar | 0.17% | Stellar is a platform that connects banks, payments systems, and people. Integrate to move money quickly, reliably, and at almost no cost |
| Golem | 0.14% | Peer to peer computer power sharing - Air BnB for computer power |
| FunFair | 0.08% | Revolutionise the online casino industry |
| Kyber Networks | 0.02% | Decentralized peer to peer exchange for ERC20 tokens |

# Facebook Coin - Libra

I outline my initial thoughts on Libra in a recent blog post, in summary I concluded that Libra will accelerate mainstream cryptocurrency adoption and that it will bring to a number head regulatory considerations/issues (see the blog post here).

Since then a number of development have happened, including:

1. Hedera Hashgraph (HH) have highlighted that the governance model of Libra is a copy of the HH model. HH took out a full page advert in the Wall Street Journal stating that 'Imitation is the sincerest form of flattery'.

2. On 2 July 2019 the United States House of Representatives Committee on Financial Services wrote to Facebook executives asking them to '...immediately agree to a moratorium on any movement forward on Libra…'.

3. A number of other countries including Japan, Singapore, the UK and France have raised concerns over Libra. See article here.

As I mentioned in the blog post, because Libra is essentially a private blockchain coin and that its value is pegged to Fiat currencies, it will not in the long term be as attractive to users as say Bitcoin, Ethereum or Hedera Hashgraph.

However, because of the size of Facebook's user base (2bn people per day) it is quite possible that they will achieve incredible user adoption early on and this is what I suspect has put the wind up a number of central banks.

Prior to the announcement of Libra, central banks had a watch and wait approach to cryptocurrencies. Now they see they are going to have to react sooner than they thought.

My view is that this is good news for existing cryptocurrencies in general and in particular for Hedera Hashgraph. I will speak about this at our meeting on 25 July.

# F1 - Delta and non-fungible tokens

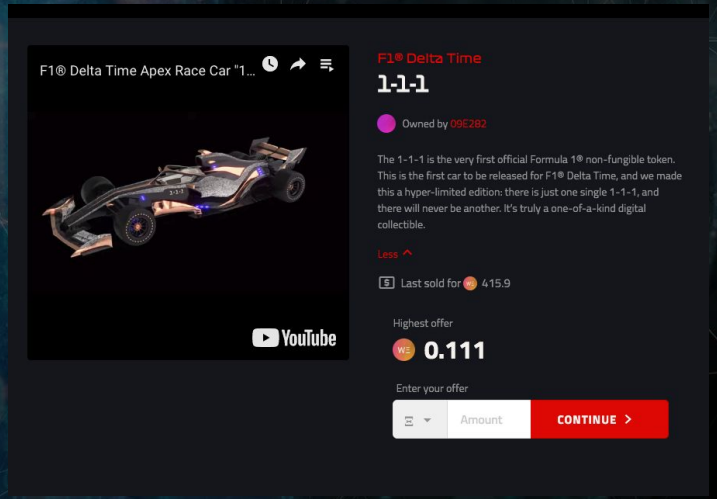
Non-fungible tokens (NFT's) are a new phenomenon but we are already starting to witness how they can be used in the games and collectibles space.

I wrote about the F1 Delta game at blog post here, but in summary the game is collectibles of Formula 1 digital assets, this includes everything from cars to drivers, helmets and steering wheels.

Why this is of interest to our fund is because the game runs on the Ethereum blockchain and the digital assets (NFT's) are created using a Ethereum software standard (ERC 721). Each time there is a transaction within the game a fee is payable in Ether (the Ethereum token), thus people will need to buy Ether in order to play, in addition the assets are bought and sold using Ether.

While Formula 1 is the first sport to utilise NFT technology they will not be the last, we expect that all sporting codes (an not just sporting codes) will find a way to enhance their revenue and client base by utilising the ERC 721 standard to create tradable NFT's.

An image of the first F1 Delta NFT (Car 1.1.1) which sold for USD 113,000 is set out below.



# Annual Investor Meeting

Please note the date, time and place of our 2nd Annual Investor Meeting.

Day/Date - Thursday, 25 July 2018

Time - 5.30pm and ending at 7.30pm

Place - The home of Ian and Anne, 70 Kingsway, Nedlands WA 6009.

Dress Code - Casual

Parking - On our verge, driveway or Nedlands Primary School just down the road

Note: Separate arrangements will be made for investors in the Eastern States.

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BLOCK 01
NODE 01
NODE 02