



SwissRex Crypto Fund: fundamental analysis, active management

The fundamental analysis of crypto tokens built up by SwissRex forms the basis for the investment decisions of the actively managed SwissRex Crypto Fund. The strategy gives the investor access to a diversified basket of Bitcoin and Altcoins (alternative coins). The tokens are analyzed on a daily basis and the positioning is actively managed.

The strategy takes care of the timing for the investor. The exposure is determined on the basis of valuation models and the cycle model described below and ranges between -20% and 120%. In February 2020 the allocation was reduced to 50% due to a slight overvaluation and the hype around the Bitcoin Halving. It was increased to 100% again in the correction of the Corona crisis. In addition, the choice of individual tokens is of great importance. The largest 50 tokens are analyzed and a fair value is calculated. On this basis, 10 tokens, of which the greatest potential is expected, are purchased and stored safely. The asset allocation mixed with the right choice of Altcoins contributed to a fund performance of 120% in 2020 (net in CHF as of 28 July 2020). Bitcoin generated a return of 49% over the same period.

Asset allocation

SwissRex distinguishes four phases in the cycle of crypto tokens: the beginning of a bull market, the outperformance of Altcoins, the hype and the bear market.

When investors seek exposure to crypto again after a prolonged downtrend, they typically buy Bitcoin, as it is the most liquid and best known of all tokens. Since Bitcoin is one of the few tokens that are trending up in this first phase, Altcoins are sold and the correlation between Bitcoin and Altcoins can be negative for a short period of time. Through these shifts, high quality Altcoins become bargains and value investors make their first purchases. Individual Altcoins show better returns than Bitcoin in this second phase. This phase is preferred by SwissRex because of the special importance of token selection. As soon as Bitcoin reaches a new high, the third phase begins; the masses start buying crypto. Since Bitcoin already seems expensive, purchases are made in the second and third phase. Now the focus for SwissRex is again on asset allocation. The most important decision is when to exit the market in order to have as little exposure as possible in the fourth phase, the bear market.

Token selection

SwissRex differentiates three categories of tokens: stores of value, currencies and securities. As there are no cash flows for securities and currencies, the analysis must be based directly on supply and demand. On the supply side, velocity and inflation are important, while on the demand side the adoption rate is estimated using an S curve. The fair value is calculated and multiplied by an individual success rate that weighs factors such as liquidity, trading venues



and the survival chances of the start-up. For tokens with security character, traditional valuation methods such as a dividend discount model are used. Information on the valuation models can be found on www.swissrexag.com

Structure

The strategy can be subscribed directly via a BVI fund. In addition to the fund there is a tracker certificate that invests directly in the fund. The big advantage of the certificate is that it can be subscribed without any problems via any bank thanks to the Swiss security number.

Minimum subscription

- Fund: CHF 10'000, can be purchased on Swissquote and Pictet
- Certificate: 10 units, current unit price on www.finanzen.net/kurse/ch0509382351, can be purchased by any bank

Subscription deadline

- Fund: 3 business days before end of the month
- Certificate: 5 business days before end of month

Both products are distributed to qualified investors in Switzerland by Crypto Consulting AG. Factsheet and registration for the newsletter at www.cryptoconsultingag.com. Contact: Désirée Velleuer, dv@cryptoconsultingag.com

Summary

- Strategy based on fundamental research (www.swissrexag.com)
- Distribution by Crypto Consulting AG (www.cryptoconsultingag.com)
- Active Fund Management
- Alpha is generated by asset allocation (net exposure between -20% and +120%) and token selection
- Diversified over 10 tokens of which we expect the largest upside
- Monthly tradeability
- Performance ytd +141% net in CHF (as of August 10, 2020)
- 3rd year live track record



SwissRex Crypto Fund

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018						-2.7%	1.5%	-11.4%	-2.7%	-2.7%	-5.7%	-5.5%	-26.1%
2019	-4.5%	3.3%	5.1%	8.5%	12.9%	14.5%	-4.5%	-5.4%	-12.5%	8.6%	-16.3%	-11.6%	-7.5%
2020	39%	19.6%	-14.3%	30.8%	3.9%	-5.0%	20.6%						121.8%
Total													52.0%

Fund Inception Date: June 12, 2018

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