



**Crossbow Partners**  
Experience & Discipline

## **WEBINAR**

**CV CB DIGITAL ASSET PORTFOLIO**  
**CV CB DIGITAL ALPHA PORTFOLIO**

February 2024

# Bitcoin strong price recovery

- Strong recovery in 2023 after 2022 crypto winter
- Recovery driven mainly by expectations on Bitcoin spot ETFs and halving
- BTC had high correlation (0.8) to equities in 2022 down market. This correlation (12-month rolling) is now close to zero, i.e. BTC provides diversification



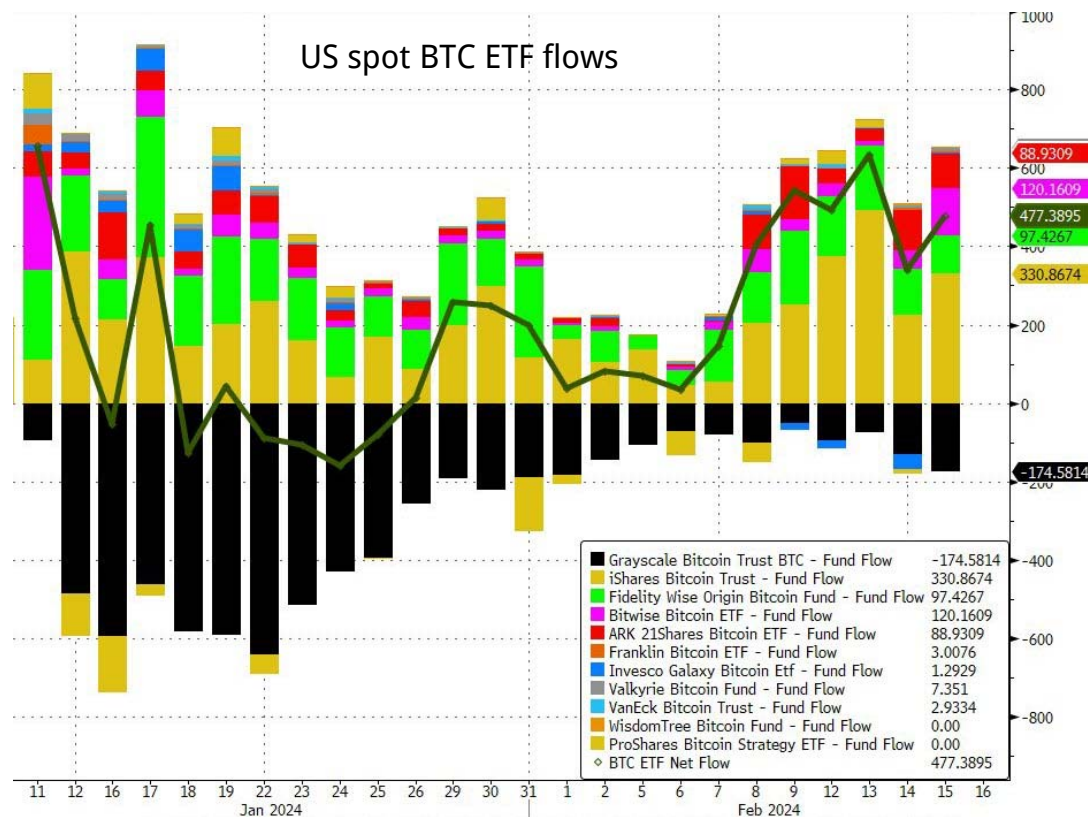
Bitcoin's recent yearly performance:

	Date	% Change
Su	12/31/23	+157.01%
Sa	12/31/22	-64.30%
Fr	12/31/21	+59.79%
Th	12/31/20	+305.07%
Tu	12/31/19	+94.83%
Mo	12/31/18	-73.84%
Su	12/31/17	+1,375.10%

Source: coinmarketcap.com, Bloomberg

# Bitcoin US spot ETFs – historic milestone

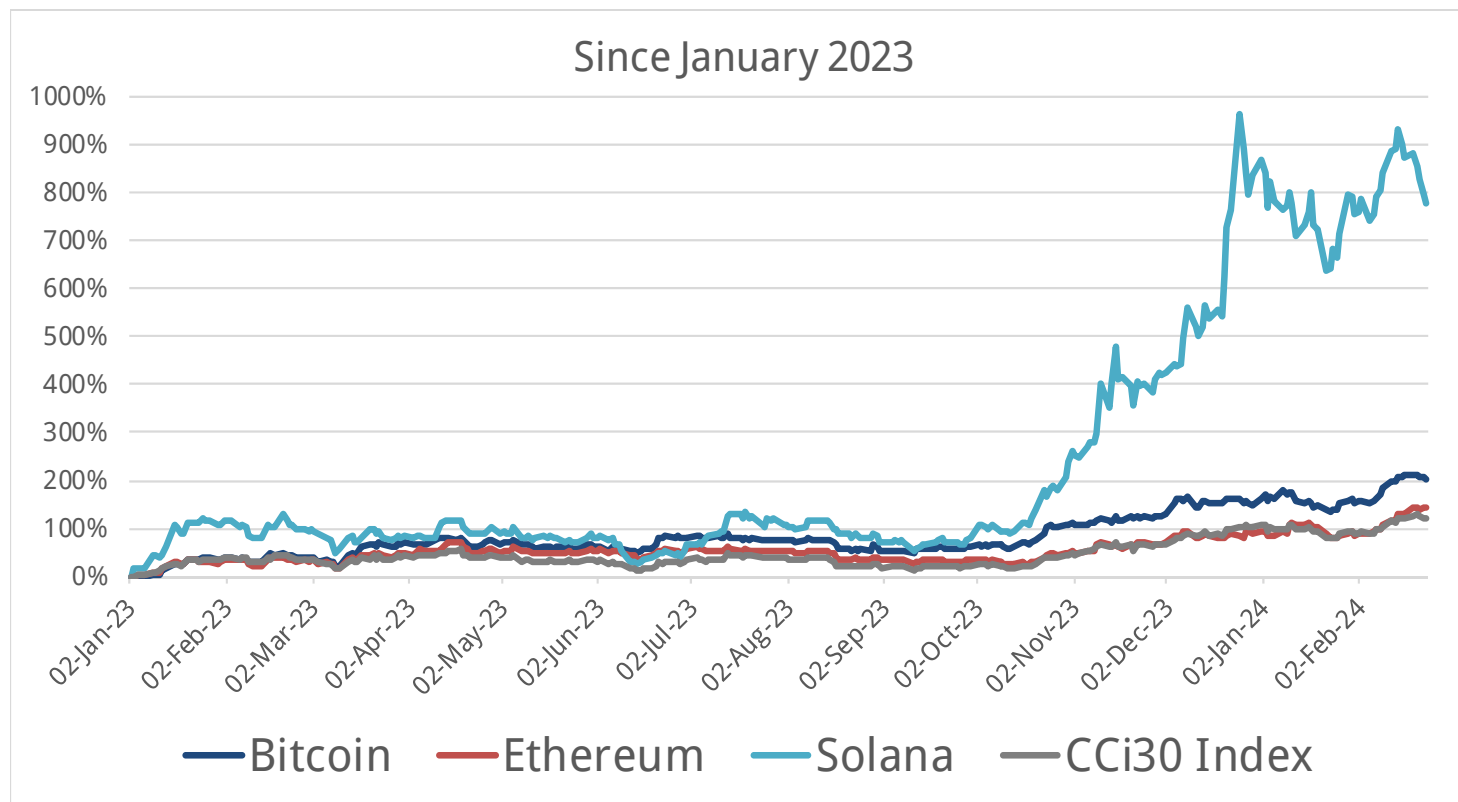
- SEC approved 11 spot BTC ETFs on January 10, 2024
- ETF managers include BlackRock, Fidelity, Invesco, VanEck, ARK Invest, etc.
- Those ETFs provide direct crypto exposure to mainstream investors through regulated products traded on US stock exchanges, i.e. could trigger a massive crypto adoption



Source: zerohedge

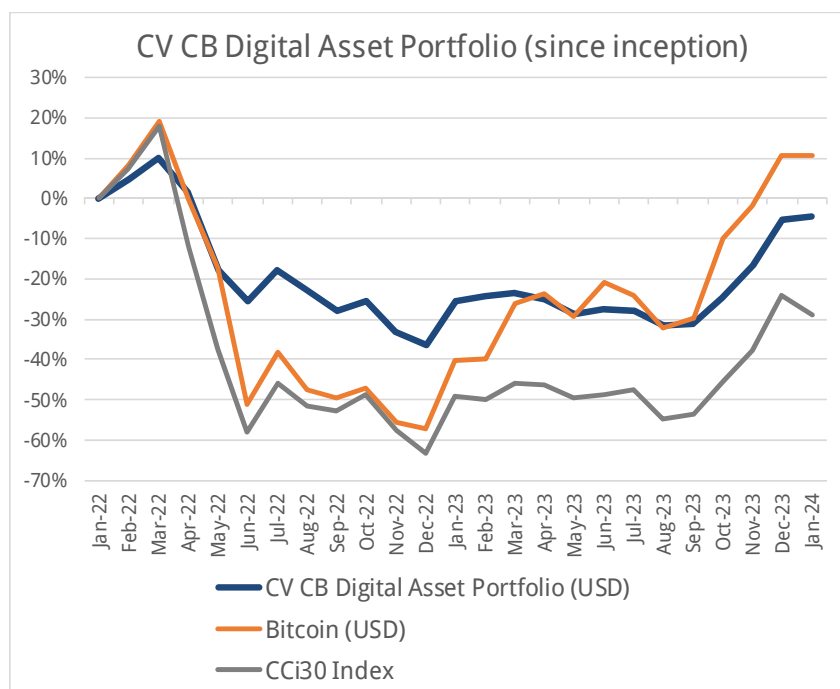
# What happened beyond Bitcoin?

- ➔ In 2023 recovery, BTC outperformed ETH and several altcoins (CCi30 Index)
- ➔ BTC dropped more than 20% after ETF approvals (“sell the news”), while ETH outperformed on ETH ETF expectations
- ➔ Pockets of outperformance e.g. Solana (but after -94% loss in 2022)

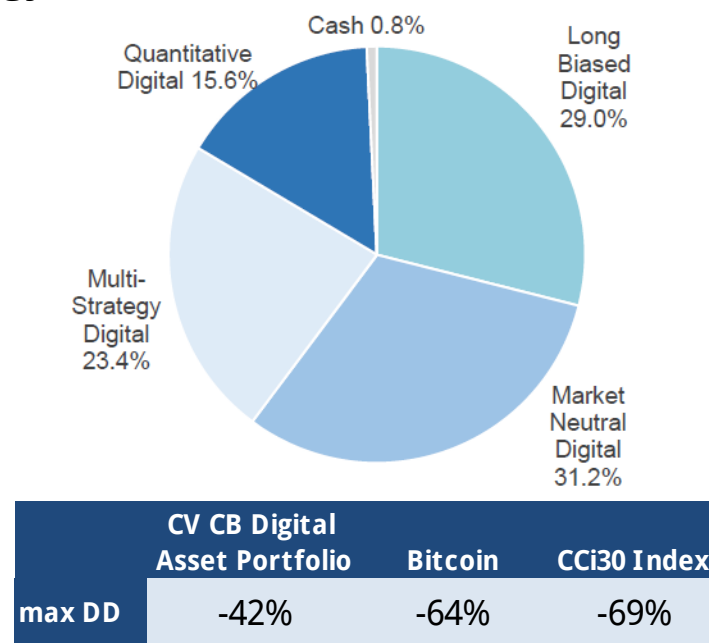


Source: Bloomberg, cci30.com

# CV CB Digital Asset Portfolio (USD)



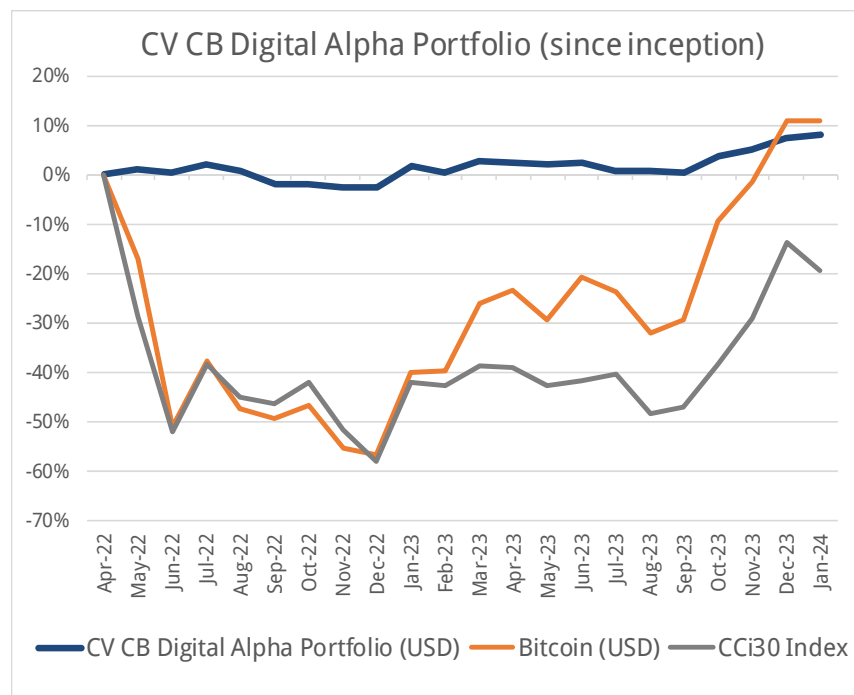
Strategy breakdown and maximal drawdown:



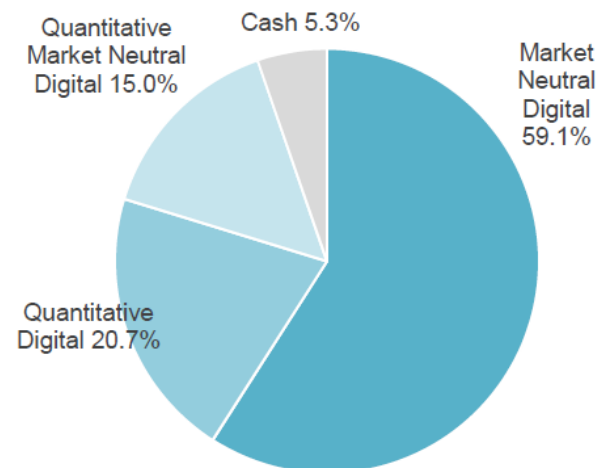
- Since inception behind BTC, but better than diversified index (CCI30)
- Much smaller drawdown through active management and diversification
- Diversified across managers and strategies, from directional to market neutral
- Discretionary directional funds similar to stock pickers i.e. select tokens with best upside / user case / network effect etc. Must not hold BTC, many had SOL
- Market neutral funds arbitrage prices across exchanges, instruments etc.

Source: Bloomberg, cci30.com, Crossbow Partners

# CV CB Digital Alpha Portfolio (USD)



## Strategy breakdown and maximal drawdown:



	CV CB Digital Alpha Portfolio	Bitcoin	CCI30 Index
max DD	-4.7%	-56.9%	-58.2%

- ➔ A very different profile, as Portfolio has limited directionality, i.e. less volatility
- ➔ Very small DD through active management, diversification, market neutral
- ➔ Diversified across managers and strategies with focus on market neutral
- ➔ Market neutral funds arbitrage prices across exchanges (can be centralized and/or decentralized) and instruments (spot, futures, etc.), benefit from higher volatility and price dispersion

Source: Bloomberg, cci30.com, Crossbow Partners

## ➔ BTC

- ➔ US spot ETFs just launched, could attract massive inflows including from institutions
- ➔ BTC halving expected around April 19<sup>th</sup>, 2024 with BTC daily supply to drop from 900 to 450 BTC

## ➔ ETH

- ➔ BlackRock, Fidelity, Invesco, Grayscale, etc. have applied for ETH spot ETFs
- ➔ Dencun upgrade (March 2024) to improve scalability and reduced transaction fees

## ➔ Altcoins

- ➔ Cycle maturing after BTC and ETH strong moves, i.e. focus on small/mid size tokens
- ➔ AI on blockchain, DEX, scaling solutions (Layer 2), NFT infrastructure, etc.
- ➔ Historically BTC outperforms in 1<sup>st</sup> phase of bull cycle, in 2<sup>nd</sup> phase altcoins outperform

## ➔ TradeFi: Expectations for lower interest rates (i.e. liquidity), no recession

## ➔ CV CB Digital Asset Portfolio and CV CV Digital Alpha Portfolio

- ➔ Nimble portfolio managers to continue to rotate portfolios towards best opportunities
- ➔ Solid pipeline of managers as universe growing and maturing
- ➔ Continue to optimize the Portfolios' robustness and risk/return profiles

# Disclaimer

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