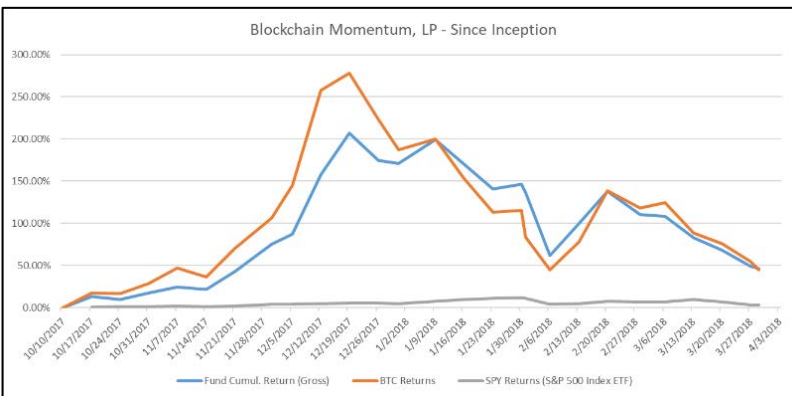


To: All Limited Partners  
 From: BC Momentum Management, LLC, *General Partner*  
 CC: John Sarson, Brittany Keels, Chaster Johnson, Christine Pell

## Partnership Investment Memorandum –Second Quarter 2018

T.S. Elliot may have [famously said](#) that April is the cruelest month, but he wasn't talking about Bitcoin... or at least not this year. For Bitcoin and other digital currencies, April (up more than 30% at time of writing) hasn't been the problem – it was March that did the most damage, with Bitcoin losing more than 38% for the month. Other notable losers for March included **Ethereum (ETH)** losing more than half (-55%) followed by **Dash (DASH)** and **Cardano (ADA)**, both of which were down about -50% for the month. The overall crypto market shed around \$200B in total market cap for the month (a loss of about -43%) and is down -54% since the start of the year. Bitcoin dominance (Bitcoin's market cap as a percentage of all money invested in all cryptocurrencies) continued to climb to new highs in 2018, and at the end of the quarter it stood at 45.5%.

Looking back over the first quarter, not one of the Top Ten cryptocurrencies finished in the green. The three largest most established cryptocurrencies (**BTC**, **ETH**, and **LTC**) were all down around the same amount for the year (~ 46-50%). The biggest losers were **Cardano (ADA)** down -78% followed closely by **Ripple (XRP)** and **NEM (XEM)** which were both down about -76%. An unmanaged equal weight portfolio of the 10 largest cryptocurrencies lost 63% for the quarter. Bitcoin returned -50.10%.



**Our two internal processes for managing risk, diversification and price trend identification, helped us avoid *some* of the selling pressure present in the marketplace, but the partnership still suffered an audited loss of **-30.51% for March and -45.01% for the quarter.****

Strategy	Inception <sup>†</sup>	Year to Date <sup>‡</sup>
Blockchain Momentum, LP:	46.2%	-45.0%
Passive Bitcoin Index: (BTC)	43.2%	-50.1%
S&P 500 Index Fund (SPY):	3.6%	-1.4%

<sup>†</sup>Inception October 10<sup>th</sup>, 2017, audited performance, net of all fees <sup>‡</sup>As of March 31<sup>st</sup>, 2018, audited performance, net of all fees  
 Past performance is no guarantee of future results. Any historical returns, expected returns, or probability projections may not reflect actual future performance. All investing involves risk and may result in loss. Not FDIC Insured. No guarantee given or implied. Accredited investors only.

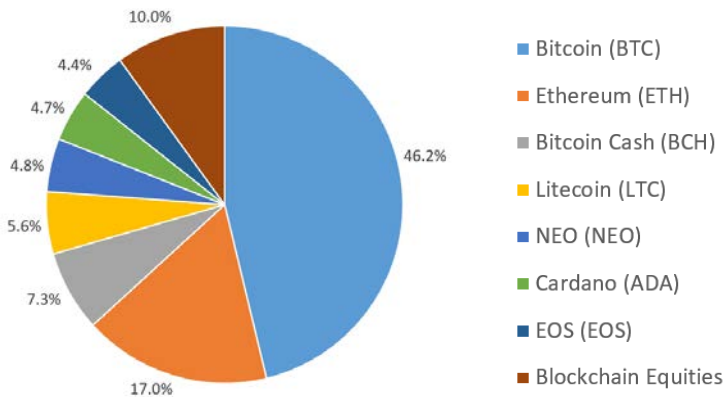
Looking forward, we believe there are reasons to be optimistic. You may have noticed the recent strength in the cryptocurrency markets with Bitcoin trading above \$8,500. We believe Bitcoin may have successfully completed a double bottom at around \$6,500 and is now breaking through a long-established downtrend. However, as you can see from the graph on the next page, Bitcoin's "breakout" is anything but certain with the current price (~\$8,800) sitting above- but uncomfortably close to- Bitcoin's downtrend line.



Our internal technical models indicated a resumption of a rising price trend early last week at \$7,200 our fund is fully long with the Bitcoin portion of our portfolio.

Currently, all of our holdings except for **Bitcoin Cash (BCH)** and **Litecoin (LTC)** are showing positive momentum and are being held with a full weighting in the fund.

**Partnership Model Portfolio When Signals are Positive:**



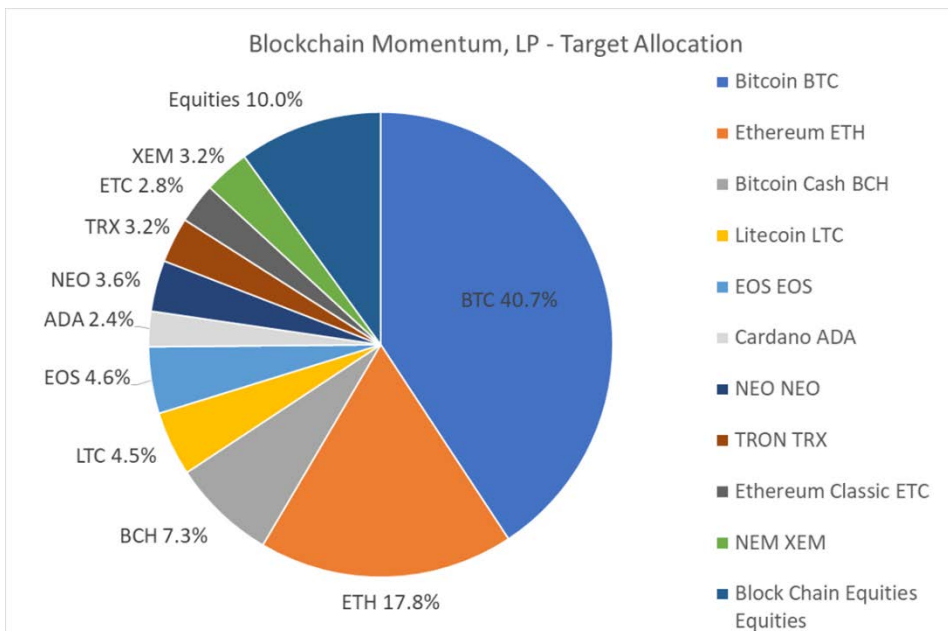
We are cautiously optimistic that this move higher for Bitcoin could turn into a lasting trend reversal because different in this rally than in the February rally, the smaller cap cryptocurrencies (the so-called “alt-coins”) have showed broad based strength with several rallying over 100%, which was not the case during the February rally. We believe this indicates better health for the entire sector.

Only time will tell where we go from here - we don't pretend to know, which is why we measure and let the market tell us. Nothing significant has changed recently from a regulatory standpoint which would dampen the long-term outlook for the asset class. The notable entrance of Goldman Sachs into the space (through their \$400mm private equity backed purchase of Poloniex) is yet another example of an innovative firm preparing for the assimilation of cryptocurrencies into the broader financial markets. You can read that story [here](#) if you'd like.

Thank you for your continued interest in our firm and our offering. You can access additional information on our funds, along with audited financials, by clicking [here](#). If you ever would like to visit us at our office, please let us know. We love hosting guests and showing off our cryptocurrency operations and "proof-of-concept" liquid-cooled Bitcoin mining machine we call 'Nancy'.

In the meantime, I wanted to make you aware of a slight strategy tweak that we are implementing for May 1st. We currently are running a 10-coin strategy and excluding the coins that don't pass our fundamental and regulatory screening process, (which leaves us with 7 coins currently as shown above).

Our new strategy will keep adding coins until we get to 10 that qualify as holdings, essentially adding three additional small cap coins. (see left-hand pie chart model). We believe this will benefit performance as new digital solutions are identified and assimilated into the marketplace.



We believe our process is, and will remain, among the safest ways to achieve exposure to this exciting and quickly growing segment of global finance. Please continue to ask us any questions you may have and please mention us to any interested friends or contacts looking to get involved in cryptocurrencies. We hope you have a

great spring and that our June 30<sup>th</sup> communicate will be able to share news of better performance and further evidence of global financial markets slowly waking to the reality that cryptocurrencies are here to stay. April is off to a very strong start, we will update our website and fact cars monthly when we receive audited data. You can find that information here: [www.blockchainmomentum.com](http://www.blockchainmomentum.com).

Warm Regards,

John R. Sarson *Managing Partner*  
BC Momentum Management, LLC