



In order to create a suitable reflection of the past quarter, in this report we refer to the total market capitalization of the digital asset market, as well as to the Bitcoin price performance as a proxy for the performance of the dollar values in the digital asset market.

Dear Teroxx Community,

The first quarter of 2022 and thus another positive and profitable quarter is now behind us. The last months were marked by drastic events, a war in Europe and an incipient market correction. Especially assets that often correlate with digital assets (tech stocks) experienced an "overdue" correction. As a result, trading the markets has been very challenging and it illustrates that we at Teroxx can trade the markets successfully, almost regardless of the prevailing market situation. Bitcoin was unable to break out of a slightly negative trend sequence to start the year and faced longer-term declines. As a result, support formations and generally smaller upswings were the consequence. Overall, this quarter can be seen as market stabilization and consolidation. In addition to digital assets, which saw mixed movements and mostly slightly negative ones over the quarter, global financial markets also saw declines from the all-time highs previously reached. However, while prices failed to set a new tone, digital assets continued to adapt. This renewed positive attitude towards digital assets is supported by the low interest rate phase that will continue for the coming years and the highest inflation in the last 40 years. Investments in the market are steadily being simplified through adaptations, allowing for an increasingly broad diversification of capital and investment opportunities. For example, the German offshoot of BitMex (one of the largest derivatives trading venues for digital assets in the world) has bought out a century-old private bank to build a bridge from digital assets to traditional banking. At Teroxx, we have been able to leverage these positive adaptations and the volatility in the market at many different levels of the company to once again align the company in an innovative and future-oriented way.

## Market Review 1st Quarter 2022

Considering the price developments of most digital assets measured in US dollars, we can look back on a quarter that produced almost no bullish and positive trends. Just in time for the start of the year, the markets gave way and ended the "bull-run", which in November still ensured a new all-time high in most digital assets. It was precisely this proximity to the all-time highs that supported and accelerated profit-taking and overdue price corrections. The risk-reward ratio was very "risky" at this point and thus selling pressure was created in the market as new investors held back on new investments and profits were realized in investments already made. A simultaneous correction in the global financial markets supported this negative trend. In particular, asset managers, institutions and thus market drivers (due to the high volume) did not position themselves in the market, but booked open profits. Large and investment banks increased their Bitcoin holdings after the price correction without much media attention, since not only customers increasingly demand this investment line, but also institutions need / want to position themselves in the market in time.

Due to the advanced adaptation of digital assets, it is now much easier to expand the product range. Thus, market entries by banks, asset managers and other institutions no longer cause a "price fireworks", but fundamentally support the market and ensure long-term, as well as healthy growth. Currently, it is possible for almost every market interested party to invest in the market (AIFs, ETFs, direct investment, staking, mining, shares, etc.). These long-term positive market innovations are some of the most important pillars for the further establishment of the markets and also for the trading of Teroux.

Investments and demand are cyclical. Due to the decreasing buying pressure in the market and profit taking in December, as well as January, the cyclical pattern was changed: From positive to negative. This continued throughout January without much countermovement. The inorganic growth from the end of 2021 was likewise met with a "very strong" correction.

Subsequently, we saw a digital asset market which completed the support formation and made positive moves. By mid-February, this trend held, lifting Bitcoin above the psychologically important \$40,000 level, but failed to break through resistance at ~\$45,000. The previous support formation occurred around \$33,000 for Bitcoin, for

example, and thus represents strong support at the price level, as a support zone between ~\$30,000 - \$33,000 was established at that point, again underscoring the long-term market growth. The cruel and sad Russian war of aggression on Ukraine sent the global markets into a temporary shock. The positive trend was shattered and prices fell again towards support zones established in January.

Fortunately, also this time the support zones could serve as buyback points. Thus, it took until the end of February for the markets to settle back into a multi-day positive trend. March (after global war fears gave way) was, at its core, a positive month for the digital asset market and, except for minor setbacks, an encouraging one. Many assets were able to break strongly from support zones and reach new highs for the year.

Chart-wise, the market was in a negative fundamental structure until March. Market sentiment shifted more and more from greed to fear and the outbreak of war briefly reinforced this effect. During this period, trading volume on the exchanges was also down. As a result, Bitcoin tested the support zones that were formed in the summer of 2021. Most altcoins also followed this trend or saw even stronger sell-offs, as they are usually acquired and held not as an investment but as a short-term speculation. However, after the global impact of the war could be assessed somewhat better and the correction in the global financial markets noticeably subsided and relaxation entered the markets, a positive market trend could be set. This ultimately led to a positive quarter for some digital assets in terms of price.

At the highest point of the quarter, the total market capitalization of all digital assets was ~US\$2,225 billion and at the lowest point ~US\$1,530 billion. The total market capitalization thus corrected by ~32% in one month, only to rise by ~37% in the following. However, this does not mean that market capitalization has returned to its initial level.<sup>1</sup>

This clearly shows how important volatility is in markets in order to trade appropriately. This post-correction growth illustrates that the markets continue to move in a "bullish" market environment in the overarching picture and thus larger price jumps are only a matter of time. It also illustrates the dynamics that fast-growing markets can exhibit and the level of global interest in this market. Bitcoin and a large number of other digital assets are nevertheless still well below the all-time highs established in the fourth quarter of 2021 and

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<sup>1</sup> <https://coinmarketcap.com/charts/>

impressively show that potential market growth is possible on the one hand and that long-term established support zones in the market can serve as good indicators on the other.

### Handling of trading strategies

Due to the mostly negative trend in the market, long-term positioning was not expedient.

The strong downward breakout from the all-time highs caused an increased risk in long positions. Thus, smaller positive movements had to be traded, daily news had to be evaluated and analyzed more intensively, and larger short positions (trading of falling prices) had to be taken. This handling continued until the trend reversal in March. Due to these market circumstances, the outbreak of war, the key interest rate hike in the U.S., rising inflation, rising costs for everyday life and the resulting uncertainty in the market, capital protection, "buy-back-the-dip" and trading the trend reversal with larger volume was the most sensible handling of trading strategies in this quarter.

The general performance of the market as measured by the market capitalization of most assets can be classified slightly negative, although almost all of the positive performance of the market took place in the last third of the quarter.

Finally, the following assessment and classification must be made:

Digital assets have become an instrument of the classical financial world. Not only adaptations, which strengthen and align the market in the long term, but also the correlation to the American markets (SP500, Nasdaq and the tech stocks) ensure progressive stabilization and recognition. The growth of the sector is also evident in negative market phases, as established support zones are taken into account and price developments increasingly follow "logical" patterns. This shows that professionalism plays a decisive role in this market and not the emotionality of private individuals. Major price corrections do not cause panic, but rather prompt market participants to invest in this market again via suitable buy points and projects continue their development work successfully even in negative market phases.

Bitcoin has been established, accepted and implemented in most parts of the globe. Over 99% of all large transactions are now conducted by institutional investors.

Capital shifts towards alternative investment opportunities also illustrate that investors are seeking, exploring, and often finding innovative products and investments in digital assets. The negative underlying conditions for "traditional" investments (still near all-time highs, inflation, war, geopolitical tensions, sanctions, hikes in key interest rates) are leading to accelerating momentum in the digital assets market.

As a result, there was no media topic in the first quarter that created new hype in the market for digital assets due to the negative mood of the world press. As a rule, these always require a positive market structure in order to develop their short-term potential. Thus, however, daily news on individual assets could be used much better and more selectively.

Every new market opportunity offers opportunities with investment and sensible risk management strategy. The development of the market is only a trend, which in each case suitable and optimized trading strategies must stand opposite.

Markets, which corrected, but could hold important support zones underline the long-term positive basic direction. In these market phases, an investment is less risky and the "risk-reward ratio" is significantly better. Suitable strategies, diversification and risk-optimized management are the key to long-term success in this highly volatile market in every market phase, at all times and especially in ambiguous or negative phases.

### Teroux Quarterly Update Q1/2022

We at Teroux have used this quarter to trade our different trading strategies profitably again. Thus, both sides (long & short) could be traded due to the changing trends of the market. The negative trend at the beginning of the year provided capital protection with suitable short trading to book profits. After the trend reversal, long positions could be opened again, which could be profitably placed in the market. Short trading usually involves

more risk than trading long positions, which is why the volume must be set lower there (lower volume = lower profits). Risk management was of immense importance throughout the quarter, as the very strong trends (in both directions) meant that profits had to be hedged and ultimately booked without missing the jump to a new market situation.

Securing capital before maximizing profits is an important cornerstone of any Teroxx venture and was also necessary this quarter, especially in the first two months of the year, to cope with this market situation.

In addition, we have again been able to make great progress in the other departments of the company this quarter. At this point, we are pleased to announce that we were able to take another major step at the legal level in the Teroxx company. After the successful implementation of the fully regulated Teroxx Alternative Investment Fund in 2021, we were now able to obtain another European "Digital Asset License" directly at the beginning of 2022. This license extension enables us to position ourselves more independently in the market to the greatest possible extent, even in such turbulent and uncertain times. In addition, we were able to trade the first successful positions in our Teroxx AIF in the past quarter, which now also led to the first positive reported performance in this product.

Likewise, considering the further development of our Teroxx Wallet App, we can also report renewed successes. Despite unforeseen external circumstances, we have nevertheless succeeded in achieving our ambitious goals with a current delay of only three weeks. In the first partial update of the Teroxx Wallet App, three new digital assets, a notification center, as well as the download function of a tax report could now be successfully implemented through the cooperation with our partner company Blockpit. In the second partial update at the beginning of the second quarter, the outstanding enhancements announced from the first quarter will be implemented as planned. For the current second quarter of 2022, we have again set ourselves numerous further developments of the Teroxx Wallet App as a goal. The highlights from this planning will be the functions Crypto Grow (return possibility on deposited assets with different maturities), a referral system (rewards for recommending the Teroxx Wallet App), as well as the trade only concept (trading possibility of up to 30 different digital assets).

This quarter was essentially one that was characterized by unforeseen external influences and can be described with an above-average difficult market situation. Nevertheless, this past quarter shows how lucrative this asset class is when traded with appropriate expertise and optimized risk management. The volatility, which has been very pronounced in the past quarters, is highly risky for private investors, but offers many opportunities for professional asset managers. The vulnerability of the world globalization, the war in Europe, the division of the world powers into "West and East" shows that there are and will continue to be uncertainties in the market. Responsible action, constant adaptation to the market, as well as optimized risk analyses are currently of immense importance.

This development must be constantly kept in mind when it comes to suitable investments. Digital assets offer an alternative for many with a part of their liquid capital and thus experience a rapid adaptation.

The key interest rate increase in the USA (gradually by 0.25%) and also the rising costs are causing many people to rethink, so that investments are coming to the fore.

For the start of the new quarter, we do not expect any drastic market changes for the time being. The markets currently appear strengthened, support zones have been established and the "shock" of the war has been partially overcome. Many uncertainties seem quickly priced in, so that a continuation of the positive trend into the summer is the most likely scenario. Buying volumes, a possible easing in the Russia-Ukraine conflict, as well as a reduction in commodity prices could be a good catalyst for upcoming positive market movements. Thus, we look with confidence to the second quarter of 2022, which is expected with a slight decrease in volatility.

We hope that quarter two of the year will be a positive one in corporate and private terms and peace will return to European soil!

We wish you a good start into the new quarter - stay healthy!

The Teroxx Team

