



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 the Bitcoin price performance representative of the performance of the dollar values in the digital asset market.

Dear Teroxx Community,

The third quarter of 2021 and thus a large part of the year is now successfully behind us. For the most part, normality is back in daily life, which was previously severely restricted by the Covid-19 pandemic. Global financial markets and also digital assets have been feeling this normality for some time (strong positive developments in Q1 and Q2 2021) and show volatile but well assessable price movements. This leads to a "positive" quarter for Teroxx. Bitcoin could not conserve the bullish starting position from the first two quarters of the year and the first prolonged period of sell-offs and setbacks followed, resulting in a negative underlying sentiment in almost all digital assets until early August. It was only after this nearly three-month correction that many assets saw a positive trend reversal.

Also, some indices and tech stocks (technology , digitalization sector) did not see new highs and consolidated for some time. Chinese tech stocks in particular corrected very sharply in relative terms following government intervention there. Despite this correction from a price perspective, many adaptations were completed in the European area. For example, special funds are now allowed to invest up to 20% of their capital directly in digital assets. Many new blockchain users (increasing verified wallets), institutions and companies, including listed ones, entered the market with high volumes. Positive regulations are opening opportunities for large investors, fundamentally strengthening and developing the market. At Teroxx, we have been able to leverage these positive regulations and implementations at many different levels of the company to position the company for the future.

## Market Review 3rd Quarter 2021

Considering the price developments of most digital assets measured in U.S. dollars, we can look back on a slightly positive, but also bisected quarter. The price rally, which stalled after the all-time highs in April and ended at the latest after the big sell-offs in May, could not revive again at the beginning of the third quarter. After any positive news previously led to sharply rising prices, the market still looked saturated at the start of the quarter. As a majority of any Bitcoin wallet (~90%) remained in profitable territory, long positions were closed on a large scale, reinforcing the negative trend. However, many institutions, companies, and high net worth individuals have realized that further investment in the digital asset market makes sense in many ways. Not least due to the low interest rate phase, but also the worrying inflation (~3.9% in August, a new high since December 1993), it is essential to invest the capital in investment products with return opportunity to counter the decline in the value of FIAT currencies. The support formation and subsequent consolidation phase resulted in low-risk entries in many digital assets at mid-quarter. Major and investment banks such as JPMorgan and Deutsche Bank reported that clients are demanding investments in digital assets, and further onboarding, products, and partnerships will need to occur to meet this demand over the long term.

The ever-growing breadth of investment options that now allow almost any investment firm to enter this industry (AIFs, ETFs, direct investment, etc.) has been consistently expanded. The expansion of positive regulations, realizations and implementations (see above) are fundamental news and supporting pillars that make the market stand out more and more and thus point the way to the future.

Investment demand continues to be visible at very high levels at the latest after each sell-off, steadily establishing support zones and consolidation phases. In addition to the growing fundamental basis and strength of the market, however, an expected and necessary price correction in the digital assets set in from mid-May, which extended into August and is currently also back on the agenda.

Bitcoin was able to end the past quarter with a price around \$35,000 and was already hovering near the lowest support at that time, which was consolidated in the following weeks. The market capitalization was ~\$1.5 trillion at the start of the quarter.

Subsequently, we saw a digital asset market that also showed two faces this quarter and acted very contrary. There was no "clear" trend throughout the quarter, which meant positions and investments had to be carefully planned. In the first 25 days of the quarter, the market was bearish and reached local lows due to steady selling,

market panic and the resulting cooling of the market. This support formation occurred around \$30,000 for Bitcoin, for example, and thus represents strong and important support at the price level (a year ago, it was well below \$10,000). Due to the fact that Bitcoin is a limited asset, it always reacts to changing demand with price changes. The stronger the demand to buy or sell, the higher the volatility and, consequently, the price change in a positive or negative direction. In these first days of the quarter, the market broadly thus followed selling pressure, resulting in a large trend channel being established between ~\$30,000 and ~\$40,000.

In chart terms, the market ranked in this spectrum for a long time and was only able to leave this trend in mid-August and provide for a positive market sentiment. The market sentiment was no longer driven by euphoria, but experienced smaller ups and downs within the mentioned marks. The volume in the market did not increase noticeably again until this trend channel was broken by positive developments and the market quickly and noticeably made the only "bull run" of the quarter. During this time, the market transformed and market participants drove the market back towards the \$50,000 mark. This was reached in mid-August, which meant that here, within a month, the signs and market sentiment were very much in contrast. However, this price region also represents the highest resistance for this quarter. The market often tested these levels, but was never able to break through them in the long term and was exposed to sell-offs as soon as this price level was reached. At the highest point of the quarter, the total market capitalization of all digital assets was ~US\$2,300 billion and at the lowest point ~US\$1,200 billion. The total market capitalization thus increased by almost 100% in just one and a half months. Chart-wise, this quarter is "easier" to analyze, as the trend that prevailed at the beginning of the quarter was already determined in the previous quarter. In the big picture, the trend channel was respected, which was formed in mid-May (after the first sell-offs) and determined the market until early August.

In this support finding phase, "negative" news (China mining ban) was weighted more heavily than necessary. However, since markets are cyclical and strong countermovement from the lowest support level were always the consequence, the consolidation phase ended and the markets established a positive trend. This trend continued until the beginning of September. Again, the market briefly ranked above the \$50,000 mark, before there was a "flash crash" in the market, which led to a sell-off of ~15% within a few hours. This was thus the end of the "bull run" in the third quarter. Since the beginning of September, the market has been executing a slightly negative trend, which is currently trying to establish a support finding at the resistance of the previous trend channel at

~\$40,000 - ~\$42,000. This would give the market a positive long-term fundamental bias as it would confirm the highest support region the market has ever seen.

### Handling the trading strategies

Throughout July, as mentioned above, the market was in a negative support finding phase. In this phase, only scalping from the respective support levels was a suitable means for low-risk long positions.

The prices were able to develop positively afterwards, due to the strong support finding. A large majority of market participants saw an end to the consolidation and this fueled the bullish bias in August. The sales of Chinese miners also decreased noticeably and the circulating supply on the exchanges declined in the vast majority of assets. As a result, a shortage arose and thus buyers had to pay higher prices for their positions. This effect and the breakout from the trend channel ensured further positive price developments. For long positions, this market dynamic was very encouraging and diversified investments were possible while maintaining risk optimization. Market capitalization also reached its highest level of the quarter during this period, underlining the overall bullish sentiment. However, the market could not sustain at these levels in the long run. In September, the bullish phase ended abruptly and the market experienced stronger setbacks. As a result, most of the long positions were profitably closed and short positions were established. This third month of the quarter also saw strong counter moves from support levels, making "buy-back-the-dip" an appropriate method. The general price trend of the market as measured by market capitalization has been slightly positive this quarter.

Finally, the following assessment and classification can be made:

In July, further correction with deep support formation; In August, positive counter-movements with formation of resistances; In September, consolidation, cushioning of the news situation worldwide with focus on China. This led this quarter to entry points being of great importance. A wrong investment timing in this quarter would have harbored a big risk. This is because relative to a 90 day quarter, we only saw ~40 positives this quarter. Blind investing was also high risk this quarter. Altcoins often saw more volatile moves than bitcoin, resulting in increased opportunity as well as risk to trade in them. It is precisely this realization that the market is currently not only determined and dominated by Bitcoin and can also cushion negative phases and form high support levels shows that the general trend is positive and bullish. On a yearly basis (September 2020 - September 2021),

the market has experienced strong growth and the price of Bitcoin has more than quadrupled - this shows that the market is definitely in a growth phase, even if sell-offs and corrections occur in the meantime and these phases sometimes extend over a longer period of time.

Bitcoin is now established as a store of value in many parts of the world. Banks, institutions, companies as well as private investors are using this digital infrastructure and this asset class in all its diversity.

Capital shifts towards alternative investment opportunities illustrate that investors are actively seeking alternatives to "traditional" products and are also using digital assets by diversifying their portfolios in order to be broadly positioned and forward-looking. Overall, the industry as a whole saw fundamental growth from the approval of many new investment products and the positive wave of regulation around the world, although pricing performance did not match that of quarter two this year.

The media-driven topic of this quarter was the constant debate about the Chinese handling of digital assets in addition to the investments of financial institutions, expansion of the positioning in the area of digital assets (Mastercard, Visa, PayPal, etc.), the necessary regulatory efforts and the further innovative digitization of the world (digital central bank currencies). Once again, the Chinese government has made negative statements against this asset class and has now declared a kind of "ban". After the strict booting out of the mining industry, this is now the next step to go against this asset class and thus against a large part of the global opinion.

This created short-term uncertainty in the market and highlights why this year's September failed to preserve and hold the bullish momentum from August.

However, each new market opportunity presents opportunities with investment and sensible risk management strategy. Thus, while the Chinese pullback is a short-term weakening, the market emerges stronger in the long term due to high support formations and the realization that the asset class is unlikely to experience setbacks even with this media pressure.

Positive price developments are associated with smaller hurdles through sell-offs, consolidation phases and offer a better risk-reward ratio than markets that have been setting highs for months. Suitable strategies, diversification and risk-optimized management are thus the key to long-term success in this highly volatile market in every market phase and especially in ambiguous phases.

## Teroux Quarterly Update Q3/2021

We at Teroux have used this quarter to trade our different trading strategies profitably again. Thus, the changing trends of the market allowed us to trade both sides (long & short). Due to the positive trend around August, we especially used this month to position longs, book profits and build sustainable asset positions. Risk management was of immense importance throughout the quarter, as no clear trends mean that entries and exits have to be prepared and executed even more meticulously. Capital preservation before profit maximization an important cornerstone of any Teroux venture was also necessary this quarter to cope with this market situation. Since the renewed correction, we have focused our trading on buy opportunities, making buy-backs of local lows (buy-back-the-dip) a proven means to trade positively even in slightly negative market phases.

We also managed to make major progress in our other divisions. Probably the biggest progress we were able to make on schedule was the release of the Teroux Wallet App 2.0 version. After about three quarters of development time, this version is a new milestone in the app history. New security standards, improved usability, as well as increased performance and a new app interface were implemented in the first step and already offer a new app experience for every user.

Based on this, numerous additional features are planned for the coming quarter. We are also pleased to announce that we were able to launch our own OTC Trading Desk last quarter. Through this service, we make it possible to settle transactions in various asset pairs (FIAT and digital assets) outside of traditional exchange trading. All relevant information can be found on our updated homepage ([www.teroux.com](http://www.teroux.com)).

This quarter was essentially a quarter of consolidation. Fundamentally, the market again developed positively, and developments on the global financial markets also show that the global economy stands on strong pillars. However, not least the "Evergrande crisis" in China makes it clear that the global economy and the financial system are by no means infallible. Inflation is rising as a result of the expansive monetary policy and it is also becoming apparent that the first companies are no longer able to repay loans. This development must be kept constantly in the eye, if it concerns suitable investments. Due to these facts, investments in digital assets are becoming more and more interesting for a wide range of investors from quarter to quarter.

For the start of the new quarter, we do not expect any drastic price jumps or market changes for the time being. The markets currently look solid and the correction clearly shows that there is stability in the market and many

support levels could absorb these corrections. In addition, the current prevailing price levels offer a lower risk entry than markets that are near all-time highs. Thus, we look to the final quarter of the year with confidence and expect high volatility where early positioning will be immensely important.

We hope that global developments regarding the Covid 19 pandemic will continue to be positive, so that this issue will not have a recurring impact on our daily lives and the markets.

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

The Teroxx Team

