



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

Dear Teroxx Community,

The fourth quarter of 2021 and thus another positive, profitable and successful year is now behind us. Despite the renewed uncertainties surrounding the Covid-19 mutation that occurred, the global financial markets were able to make solid and well assessable movements this quarter, even though they were highly volatile. This leads us at Teroxx to trade the markets successfully. Bitcoin was able to break out of the consolidation that lasted throughout the summer at the start of the quarter and maintain the bullish cycle until mid-November. As a result, there was another all-time high in bitcoin. However, there were then some major setbacks and sell-offs, splitting the quarter in two.

In addition to digital assets making mixed moves on a quarterly basis, large parts of the global financial markets also saw no sustained trends. Not least, the Covid mutation "Omikron" caused markets to fluctuate. Regardless of the price developments of the various assets, the adaptation progressed once again. In the US, the first futures-based Bitcoin ETFs were approved by the SEC and institutional investors continue to invest a large amount of capital in the digital asset markets. This positive volume is supported by the ongoing period of low interest rates and the highest inflation in the last 30 years. Adaptations at multiple levels (institutions, regulatory authorities, etc.) are leading to a broad and diversified market structure, making investments easier. At Teroxx, we have been able to take advantage of these positive adaptations at many different levels of the company to make it innovative and forward-looking.

Market review 4th quarter 2021

Considering the price developments of most digital assets measured in US dollars, we can look back on a quarter that can be divided into two distinct halves. Just in time for the start of the last quarter of the year, the market was able to break out of the consolidation that lasted throughout the summer. Due to the negative and sideways price developments over the summer months, a strong support was established from which the market showed a positive underlying sentiment. The risk-reward ratio was very lucrative at this point and thus many market participants invested capital, creating buying pressure in the market. Due to the persistent inflation of over 6% in relation to 2021, it is still essential to invest in investment products with yield opportunities in order to counteract the decline in value of the FIAT currencies. Especially asset managers, institutions and thus market drivers (due to the high volume) seized this opportunity and invested. Large and investment banks such as Morgan Stanley invested again and increased their Bitcoin holdings without much media attention, as not only customers are increasingly demanding this investment product, but also the banks want to position themselves early.

The steadily growing breadth of investment opportunities, now expanded by the SEC, ensure that future adaptations can be made and implemented much faster. This also makes it easier and easier for almost any investment firm to enter this emerging industry (AIFs, ETFs, direct investment, staking, mining, shares). The positive market innovations listed are some of the most important pillars for the future viability of the markets and thus also for Teroux's trading.

Investment and demand tends to be cyclical. Due to the low buying pressure in the market during the summer months, this pressure suddenly increased at the beginning of October. This continued until mid-November and resulted in a new all-time high in some assets, including bitcoin. However, the market growth, even if fundamentally positive news prevailed, was not organic. Thus, at a certain point, profit-taking and selling were overdue. When these kicked in, the market corrected and saw gradual pullbacks.

Bitcoin ended the quarter around \$45,000 and established a support zone at these price levels. Subsequently, we saw a digital asset market that was very bullish. The first half of the quarter had a clear positive trend. The previous support formation occurred around \$42,000 for Bitcoin, for example, providing strong and important support at the price level and underlining the long-term positive fundamental direction of the market. Limited assets, as most of the digital assets are, react to changes in demand with price adjustments. Prices move up (positive movements) or down (negative movements) depending on which side is favoured by a majority of market participants. In the first weeks of the quarter, the market broadly followed the demand to "buy". Chart-wise, the entire market, and thus also Bitcoin, broke out of the consolidation channel and a month without significant setbacks followed. Market sentiment changed from positivity to greed and finally to FOMO (The fear of missing out). Throughout October, capital flowed into the markets and trading volumes also rose steadily. During this time, resistances were easily broken and new local highs followed. As a result, Bitcoin was able to conquer the \$60,000 mark for the first time since April. Most altcoins also followed this trend. This sentiment and trend continued until mid-November. After the first sell-offs set in and pushed Bitcoin back below the \$60,000 mark, the positive sentiment in the market quickly established support, which again pushed many market participants into the assets. This ultimately led to a new all-time high in bitcoin at ~\$69,000. The market then began an overdue correction, which became increasingly foreseeable due to the strong growth in the previous month. The market is still in this negative trend. Because of this, this quarter can be divided into two contrasting halves. At the highest point of the quarter, the total market capitalization of all digital assets was ~US\$3,000 billion and at the lowest point ~US\$1,900 billion. The total market capitalization thus increased by ~57% in one and a half months, only to correct by ~25%.

Since markets are cyclical, as already mentioned, and strong countermovements from the lowest support level are always the result, if a market is bullish in the overriding trend, a renewed upswing is only a matter of time. The subsequent growth showed the dynamics that this emerging market can develop. Due to the price correction in the second half of the quarter, some coins and tokens are now 30-50% below their all-time high again. Bitcoin and a large number of other digital assets continue to rank above or around the high support zones that were established in the past quarter and thus impressively show that this market can maintain the high support levels

and price levels even through a difficult phase. In the long term, this is very positive as it shows the sustained interest in this market.

Handling of trading strategies

Due to the bullish tendency throughout October, there was basically only one sensible way to invest and that was long (profits on rising prices).

The strong breakout from the support zones made entries less risky and thus lucrative in the risk-reward ratio. The positions were established gradually and some of them were held until the first setbacks. Due to these, a large part of the long positions were profitably closed in November and the first short positions were established. In December, the third month of this quarter, the market saw mixed movements, not least due to the global uncertainty caused by the new Covid-19 mutation. Thus, no positive trend could strengthen the market in the long term. Due to these circumstances, capital preservation and "buy-back-the-dip" was the most sensible handling of trading strategies.

The general price development of the market measured by market capitalization and most assets can be classified as slightly positive, although almost the entire development of this kind took place in the first half of the quarter.

Finally, the following assessment and classification can be made:

Digital assets have arrived in the middle of the financial world. Not only adaptations, which align the market positively in the long term, but also the development on a price level (new all-time highs) is very pleasing in the bigger picture. Negative phases can also be cushioned and are evidence of organic growth in the sector. Larger price corrections of ~30% do not cause total panic and are currently prompting investors to buy digital assets again rather than panic selling.

Bitcoin has been established, accepted and implemented in most parts of the globe. The same is true for some other large caps (including Ethereum) and also for the first decentralized financial applications.

Capital shifts towards alternative investment opportunities illustrate that investors, and especially innovative thinkers, are exploring new investment opportunities and often find them in digital assets. The negative underlying conditions for "traditional" investments (all-time highs, inflation, Covid-19, low interest rates, civil unrest) are driving even faster momentum in the digital asset market.

The media driving topic of this quarter was the novel Metaverse and NFT topic in addition to the investments of financial institutions, expansion of positioning in the digital assets space (Morgan Stanley, Adidas, Nike, etc.) by "global players", the necessary regulatory efforts (SEC ETF approval) and the ongoing digitalization.

The Metaverse is to represent in the future a virtual world, in which a life can be accomplished. There will be digital offices where meetings can take place, digital shopping centers where a wide variety of things can be purchased, and much more. NFT represents the possibility of representing art and any kind of creativity digitally. This attracts investors who are willing to take risks in both areas. Currently, both topics are still hypes (entry can be highly profitable, but a high capital loss is also possible), which nevertheless attracted media attention. However, every new market opportunity offers chances with investment and sensible risk management strategy. Thus the development of the market is only a trend, which must be confronted in each case with suitable and optimized trading strategies.

Positive developments of the prices are connected by sales, consolidation phases with smaller hurdles and offer a better chance risk relationship, than markets, which set high points for months. Also, this is the only way to create a market that can be realistically represented. 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 Q4/2021

We at Teroux have used this quarter to trade our different trading strategies profitably again. This allowed us to trade both sides (long & short) due to the changing trends of the market. The positive trend in October and early November allowed us to build long positions in many assets before this trend flattened out. Risk management was of immense importance throughout the quarter as the very strong trends meant that profits had to be hedged and ultimately booked. Capital protection before profit maximization an important cornerstone of any Teroux venture was also necessary this quarter, at the latest since the trend reversal in mid-November, in order to master this market situation. Since the renewed correction, we have focused our trading on buy-backs after larger sell-offs (buy-back-the-dip), as there were only short-term rises, which were more often answered by negative developments.

In addition, we again made great progress in the other divisions. In the first third of the quarter, the new version of the Teroux Wallet App was fully stabilized. After this stabilization phase, we immediately started working on new features of the Teroux Wallet App. In the first app update of the new Teroux Wallet App version, the CSV export (transaction history download), as well as the MuchBetter TopUp in USDC were implemented. In the third part of the quarter, we at Teroux were able to enter into two new collaborations with future Teroux partner companies (Coinify and Blockpit) to close out a successful 2021. Through these partnerships, there will be three fundamental new features in the Teroux Wallet App in the future. For example, it will be possible to make deposits and withdrawals at any time via a bank account directly connected to the app, process asset purchases via credit card, and download an annual tax report of all activity in the Teroux Wallet app. In addition to these planned updates, the upcoming first quarter of 2022 will also see the addition of Cardano, the Huobi token, and Paxos Gold to the digital asset offering.

This quarter was in essence a quarter that shows how lucrative this asset class of digital assets can be if one trades with appropriate expertise and optimized risk management. Volatility is highly risky for private investors, but offers many opportunities for professional investors. However, not least the renewed Covid mutation, the

resulting threat of lockdowns and the accompanying global uncertainties make it clear that the current global economy is standing on shaky pillars. This was felt by almost all financial markets this quarter. Inflation continues to rise on a monthly basis due to the expansionary monetary policy and compensation through investments with returns in the "traditional" financial world is becoming increasingly risky. This development must be constantly kept in mind when it comes to suitable investments. Digital assets offer an alternative here for many with a portion of their liquid capital and are thus experiencing rapid adaptation.

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 appear firm, even if this could mean that smaller sell-offs are possible. Many uncertainties seem to be priced in, so that a renewed support settlement and thus a strengthening of the markets is the most likely scenario. Moreover, entries around these price levels often provide a solid basis for investments, which should result in increased buying volume. Thus, we look forward with confidence to the new year 2022, in which we expect a renewed positive market direction, which, however, could show lower volatility.

We hope that 2022 will be a positive year from a corporate and private perspective and that the pandemic will slowly but surely turn into an endemic.

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

The Teroxx Team

