Teroxx digital Asset Boutique: Quarterly Report

Q1 2024

Cyprus, 28.03.2024: In order to create a suitable picture of the past quarter, we refer in this report to the total market capitalisation of the digital asset market, as well as to the Bitcoin price development as a representative of the development of the dollar values in the digital asset market.

Dear Teroxx Community,
The first quarter of 2024 and thus the start of a promising year is behind us. The global financial markets recorded further gains this quarter, as did digital assets. From a price perspective, the past quarter was therefore a very significant and positive one.
In this quarter, due to inflation rates, which have been at acceptable levels for several months, interest rate decisions and prospects have not only receded into the background, but are no longer influencing the markets. General optimism, which drove the markets, prevailed and the global financial markets therefore experienced a quiet quarter from a technical perspective and performed solidly. At the same time, the underlying conditions for digital assets were very promising, supporting the positivity that dominated the market.
Fundamentally, the first quarter of 2024 was historically the most important and significant in the digital assets market. The "Bitcoin Spot ETFs" in the US were finally approved in January and heralded a new era for Bitcoin and digital assets. The SEC approved all applications from the various asset managers, some of the world's financially strongest companies (BlackRock & Fidelity) adapted this asset class in a few days and rose to become the most important supporters of Bitcoin within just two months. The ETFs bought up several per cent of the supply of Bitcoin ever available in the first few weeks after launch and are the most successful ETFs of the year. The Bitcoin Spot ETF (IBIT) accounted for over half of BlackRock's total ETF inflows, with over 13 billion net inflows since mid-January.

Digital assets have not only arrived in the centre of the financial world, but are redefining it, underlining the interest and importance of this asset class for the long-term future of finance!

We at Teroxx have been able to profitably exploit this positive market situation on most trading days through our highly professionalised trading strategies and identify trends at an early stage through appropriate analyses and develop possible future scenarios in detail, as an emerging asset class often offers opportunities when a shift of interest (rotation of capital) takes place!
A serious approach means that in every market phase, whether positive or negative, optimised risk and decision management are cornerstones of successful asset management. This requires a certain degree of foresight and expertise. Without risk hedging, there is no trading, regardless of whether it is positive or negative! Bitcoin not only reached new annual highs during the quarter, but also a new all-time high (~$74,500)! This illustrates the impact of institutional adoption. The reasons for the positivity of the digital asset market, which was characterised by unusually high trading volumes for long stretches, are clearly the purchases to cover spot ETFs. This confirmation of the asset class made it clear that it has not only come to stay, but that digital assets represent a foundation for the future financial world. The "feedback effect" meant that other market participants also bought more Bitcoin and altcoins, as "FOMO" (fear of missing out) set in and most altcoins attracted attention and also rose in price.
This fundamental adaptation of digital assets by large investment firms, in the double-digit billion range, within two months, the positive statements by leading financial experts (including Larry Fink, CEO BlackRock) and the upcoming halving make it clear why this quarter, regardless of the price developments of individual assets, is the most important in history!

Market review 1st quarter 2024

We at Teroxx also used this quarter to innovate and orientate the company towards the future at various levels and to position ourselves for the future at an early stage. In view of the price developments of most digital assets measured in US dollars, we can look back on a quarter that generated positivity in the markets and caused upward changes in the market capitalisation of most digital assets, although the development was very strongly linked to the net inflows and

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outflows of the Bitcoin spot ETFs. This harbours a "danger" of dependency in the future and illustrates that retail clients have not yet invested very heavily in the digital asset market in this cycle.
At the beginning of the quarter, in anticipation of the Bitcoin Spot ETFs, an upswing to ~$46,000 was achieved, with smaller support levels until mid-February, the price trend was continuously positive (purchases dominated sales in terms of volume) and reached a temporary peak in mid-March when a new all-time high was reached.
Despite the existing positivity, market participants were able to continue to build up positions due to the SEC's approval of the ETFs and accelerate the positive development of the market. The US Securities and Exchange Commission changed its mind with regard to Bitcoin, but not fundamentally for the digital assets sector (lawsuit and claims against Ripple, Coinbase and co.).
Nevertheless, it was recognised that the demand for Bitcoin had risen to such an extent that authorisation had become indispensable and adaptation on the part of institutional investors was overdue.
Subsequently, until mid-February, the market initially experienced minor sell-offs. This was due to two issues. Firstly, the confirmation of the ETFs was a "sell the news event" in the short term - profit-taking followed as there was no data available on how successful this launch would be and the previous price performance made this an obvious choice for some market participants. Secondly, Grayscale's product is so "cost-intensive" compared to the other providers that a reallocation is required. For this, Grayscale's bitcoins must first be sold in order to then have to buy them again as a deposit for the other ETFs. The fact that Grayscale alone held over 600,000 bitcoins led to strong selling pressure that could not be absorbed at first. This subsequently changed and demand significantly exceeded the available supply, resulting in further notable price movements.
Bitcoin has now been trading around the ~$68,000 - ~$74,500 level for just under a month. This emphasises the general optimism that is currently present in almost all asset classes, the importance of adoption and how price developments are taking place - demand is outstripping supply in the long term.

This quarter was once again one that was not characterised by conflicting news and actions by market participants or even determined by multi-factorial themes. The global financial markets were able to show overarching bullish developments thanks to a calm media environment, while digital assets were driven solely by the Bitcoin spot ETFs in the US. The price trend over the past three months has been correspondingly bullish. Even the upcoming Bitcoin Halving, which has always

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been an important event in the media in the past as it only takes place roughly every four years, is not yet characterised by interest in the market environment. This makes it clear that there has been a strong focus on one key topic (institutional adaptation) and emphasises its importance.

Since, according to analysts, gloomy future prospects and a possible recession would only go hand in hand with falling interest rates and a "confrontation" with the real economy, this issue is also increasingly receding into the background, as a "soft landing" is becoming more and more likely and is now expected. This meant that the markets were often able to break out of short-term consolidations and thus once again perform strongly before potentially difficult quarters and months in Q2 and Q3.

The digital assets sector shone with unity. Measured by the price development of most digital assets, a clear positivity is visible, new milestones were reached fundamentally and a new era was heralded. Digital assets belong in every forward-looking portfolio and are sustainably modernising the global financial markets. This made for a quarter that illustrates that digital assets are the future, but these "advance laurels" must first be confirmed in the coming months, otherwise there could be a temporary disappointment, although the upcoming halving will halve the new supply coming onto the market, which means that only about half of the daily volume is needed to maintain price levels. This could counteract this and stabilise the market in the long term without setbacks of 70-80%, as historical price movements show. It is generally expected that such deep bear markets (in relation to Bitcoin) will not be as severe in the future, due to the long-term holding of institutional investors.

A look at the development of the total market capitalisation of digital assets illustrates exactly the market movements described above. In the last quarter, market capitalisation rose by ~59%.

Appropriate asset selection, with a focus on high caps and a temporary switch to altcoins, was once again the most important factor in achieving profitability this quarter.

The aforementioned developments mean that the regulatory problems in the USA relating to altcoins will have to be resolved in the near future through guidelines and authorised products. Coinbase is leading the way here and is calling on the SEC to tackle these implementations so that the connection to the European Union is not lost, while Coinbase itself is in a new legal dispute with the American supervisory authority.

The topic of regulation, which has been ongoing for years now, could be increasingly on the agenda in the coming months and would thus enable not only bitcoin,

but also other digital assets, to move into the centre of the financial world. The SEC's restrictive policy has lost significant support in recent months and the groundbreaking success of ETFs makes a permanent rejection untenable.
The coming quarter therefore offers excitement around the topic of the SEC and bitcoin halving. The halving of block rewards for Bitcoin has always been a price driver in the long term, but in the short term it has often been a price setback, so it will be exciting to see whether the inflows into ETFs continue at these high levels or whether the market situation will ease towards the summer months and thus decline slightly.
The first half of 2024 is therefore reshaping the market for digital assets. The new era that has now begun focuses on the behaviour of institutional investors. The market is gaining in seriousness, long-term investments and a positive outlook for the future, as a large proportion of the bitcoins that flow and have flowed into the ETFs are very unlikely to come onto the market any time soon. The pressure to sell is therefore steadily decreasing and will become more professional in the future and not, as in previous years, characterised by retail investors of an emotional nature.
Bitcoin and a large number of other digital assets have shown that the full potential of the markets can be realised if catalysts are implemented and established sensibly.
Nevertheless, caution must always be exercised. Markets that are driven by individual events or investor groups harbour the risk that temporary sell-offs / profit-taking will follow after the catalyst "wears out", even if the long-term effects are positive. The key to success is to act profitably in a potentially negative narrow time frame, with a bullish development in the long term.
Anti-cyclical behaviour is important in upward market phases. This behaviour cannot be applied in the midst of the current situation, around the all-time high of Bitcoin, whereby a market situation prevails that requires an adjustment of strategies and actions so that further investments can also be made sensibly in these phases.

Handling of the trading strategies

In this quarter, the appropriate strategies were those that either provided for long-term investments (long holding periods for positions) or analysed and anticipated the daily ETF inflows in order to enable profitable entries into the individual assets. At all times, risk hedging adapted to the prevailing market situation is the long-term key to success in the above-average volatility of the digital asset market. In the past quarter, the risk parameters had to be adjusted so that positions had a long holding period without increasing the capital risk. As soon as individual positions reached the "break-even" point, a sensible distance from the market price was maintained so as not to be exposed to the risk of positions being closed prematurely in the event of minor negative movements.

Teroxx Quarterly Update Q1/2024

To summarise, the following assessment and classification can be made:
Digital assets generated the largest volumes in the financial world for years! The last major hurdle that digital assets had to overcome in order to play an important role in finance forever was taken with flying colours and baffled many of the traditional market analysts.
Market movements are the end product of market influencing factors. Triggers that cause movements in both directions are constantly changing, which is why rapid adaptation to market conditions is of the utmost importance - only those who can implement suitable strategic actions for all market phases, analyse them sensibly and make adjustments to be able to react to these prevailing principles will be successful in the long term!
A classic "hype", when individual sub-categories rise at an above-average rate (compared to the market as a whole), took place indi-rectly in the digital assets market (AI and memecoins). Although individual "subcategories" could be categorised as hype this quarter, Bitcoin was the main focus of the media and sustained attention.
Almost all market situations offer opportunities for profitability with an investment and optimised risk management strategy. In every market phase, active management is the long-term catalyst for sustainable success. This approach

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ensures capital protection and market outperformance in negative phases and high returns with simultaneous risk optimisation in positive phases.
The early adaptation and anticipation of possible market situations in the past quarter (we reported on this in the quarterly reports) showed once again that our asset management represents the optimised approach to almost every market movement.

In the other divisions of Teroxx, we were also able to realise further ambitious milestones and developments this quarter.
We can look back on a quarter that for the first time finally confirmed the institutional interest in digital assets that we have suspected for years with an investment in the double-digit billion range. As a result, we were also able to further expand our presence in the institutional investment environment in the past quarter through invitations to a wide variety of events (impressions can be viewed on the Teroxx LinkedIn page). First and foremost, Jannick Bröring, Head of Trading, represented Teroxx in a panel discussion with industry giants such as Hashdex, 21Shares and others.
In addition to institutional interest, 2024 also stands for regulatory developments. In view of the MiCA Regulation, the EU will become one of the largest and most uniformly regulated economic zones for digital assets by the end of the year. Of course, this also requires us as a regulated company to implement and comply with these regulations. In the past quarter, we therefore began preparing for this new regulation at an early stage and in the best possible way in order to be one of the first companies with a MiCA licence across Europe in the future.
In addition to regulatory developments, we can also look back on numerous company-related advances. First and foremost, we are very pleased that the Abloxx token has a new design (www.abloxx.com). In addition to the significantly better visual realisation, we were also able to achieve the goal of presenting Abloxx more simply. This is a great advantage, especially for the progress of our Europe-wide marketing campaigns. We were also able to expand the original TeroxxPay campaign with additional Abloxx Token and Teroxx App campaigns. Thanks to all of these goals pursued simultaneously in just one quarter, we are paving the way to sustainably expand our position as the market-leading digital asset boutique in Europe.

The past quarter showed that institutional investors were eagerly awaiting opportunities to invest in Bitcoin. The openness and forward-thinking mindset of traditional financial institutions illustrates that this is not a short-term hype, but a long-

term change in investment strategies. The markets also followed the logical consequences this quarter when increased attention and investments are predominant, namely an overriding rise.
It is of immense importance that progress is visible regardless of the market situation - this happened in the past quarter. The coming quarter, on the other hand, could be characterised by more contrary movements around the Halving.

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

The Teroxx Team

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