

# Teroxx digital Asset Boutique: Quarterly Report

## Q2 2024

Cyprus, 27.06.2024: 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 second quarter of 2024 and thus the start of the so-called "summer months" is now behind us. Although the global financial markets were able to record gains, only tech stocks made up a large proportion of these, leading to a slight return of pessimism to the markets. After the above-average positive price performance in the first few months of the year, digital assets were unable to continue this trend and experienced slight setbacks. From a price perspective, the past quarter was therefore one characterised by slight price declines and consolidation.

This quarter saw the first interest rate cuts (ECB) and the prospect of further cuts (Fed), which could further ease global monetary policy sentiment in the coming months. The US presidential election campaign is coming to the fore, putting digital assets on the agenda of both opponents (Joe Biden and Donald Trump), as they are an object and a campaign tool. This illustrates the fundamental growth of recent years. In addition, the Bitcoin halving (block rewards were halved) was carried out in the past quarter and the Ethereum spot ETFs in the US were confirmed.

The second quarter of 2024 was therefore another fundamentally positive one, although this was not reflected in the price development in the digital asset market. This fuels the hope of many market participants that this growth will drive the price development of most assets in the coming quarters. The Bitcoin Spot ETFs showed that the demand for digital assets is a longterm one and achieved high volumes day after day, so that these ETFs have now recorded inflows of over USD 17 billion.

The Ethereum Spot ETFs, which are likely to be authorised soon, could thus further strengthen the fundamentals of digital assets and generate new media coverage. Digital assets have risen to the centre of the financial world in recent years, underlining their importance for the long-term and modern future of finance! A serious approach means that in every market phase, whether positive or negative, optimised risk and decision management are the cornerstones of successful asset management. This requires a certain degree of foresight and expertise. Without risk hedging, there will be no trading, regardless of whether it is positive or negative!

The effects of Bitcoin halving will most likely only become visible in the course of the third and fourth quarter of the year, while institutional adaptation continues to progress rapidly.

The reasons for the consolidation of the digital asset market, which has now been characterised by "normal" trading volumes again, are clearly the "easing" after an above-average positive first quarter of the year.

The statements made by the US presidential candidates also showed that digital assets are an integral part of the modern financial world. While Joe Biden continues to underpin his neutral stance, Donald Trump proactively supports digital assets.

This fundamental adaptation of digital assets is now taking place on a daily basis, but is no longer being covered by the media as much as it was in the first few months of the year. The termination of the SEC's investigation into Ethereum also shows that there is more regulatory clarity in the US and paves the way for further institutional products in the digital asset market!

### Market review 2nd quarter 2024

At Teroxx, we also used this quarter to align the company in an innovative and forward-looking manner 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 did not provide any further positivity on the markets, but once again strengthened the market fundamentally, which means that market participants remain optimistic. Market phases in which the price trend is not positive but most assets establish strong support zones are of fundamental importance for long-term success. Wave-like price trends, in

which the downturns are less pronounced than the upturns (in the long term), ensure a "healthy" development of the market. In the short term, this can lead to price declines (quarter 2 2024), but these phases only represent minor challenges thanks to adaptations and appropriate anticipation. The overriding tenor remains: the forecast upward trend has not been halted.

At the beginning of the quarter, the high price levels of around \$70,000 could not be maintained, resulting in gradual setbacks due to profit-taking and smaller sell-offs. This phase lasted until mid of May, when news of the Ethereum spot ETF approvals hit the media and had a strong positive impact on the markets due to their spontaneity. Bitcoin climbed back to the resistance levels of ~\$70,000, but was unable to break through them in the long term and subsequently consolidated until setbacks finally followed, as no further catalysts confirmed the price levels.

In terms of price developments, this quarter was therefore one that will not go down in history in any significant way, but great fundamental progress was once again made!

After the Bitcoin spot ETFs became "normality" and the inflows no longer caused a stir in the media, the approvals of the Ethereum spot ETFs surprised market participants, as the confirmation took place earlier than anticipated and without any resistance from the SEC. This once again emphasised the importance of digital assets in the financial world and shows that the SEC has adjusted and softened its stance.

Bitcoin remained in the trend channel of ~\$60,000 - ~\$71,500 for the entire quarter. This ensures that the market remains at high price levels and that a new trend can be established at any time.

This quarter was one that led digital assets into calmer waters. The global financial markets were able to record small gains, but only driven by tech stocks. Here, too, it is clear that the market has entered a consolidation phase. Digital assets are thus following the global financial market situation. While the European Central Bank has already started to cut key interest rates, the Fed is maintaining high interest rates in the US. This ensures falling and stagnating inflation rates, but weakens the economy if interest rates remain at high levels for a long period of time. This "desired" weakening of the economy, which is needed to bring inflation down again in the long term, is leading to consolidating price trends in many financial markets. From a chart perspective, most indices are nevertheless close to all-time highs, which means that the current phase must be seen as a very positive one.

Fears of a recession are increasingly receding into the background as the indices, which are dominated by tech stocks, are reaching new highs on an almost daily basis. Apart from these, a milder and less positive picture is emerging. This has ensured that contradictory trends prevail within the markets and the effects of the measures taken by the central banks are becoming visible. Upcoming interest rate cuts and a more expansive monetary policy could drive the markets again, making it all the more important that digital assets establish and stabilise their support zones during this phase.

Measured by the price development of most digital assets, this development is also evident; fundamentally, new milestones have once again been reached and the "era" has once again been emphasised. Digital assets not only belong in forward-looking portfolios, but also represent a fundamental component of the global financial markets!

This made for a quarter that illustrates that the "advance praise" was confirmed and the Bitcoin halving helped fundamentally. However, this must now be reflected in price developments in the coming months. If this does not happen, it could lead to further setbacks in the coming quarter if shortterm disappointment or negative global financial markets dominate. In the long term, the signs for the digital assets market are very positive - the investment horizon should therefore be several years. In general, consolidation phases are expected to replace the deep bear markets of the past due to the longterm holding of institutional investors, and volatility in the market will gradually decline.

A look at the development of the total market capitalisation of digital assets illustrates exactly the market movements described above. Market capitalisation fell by ~14% in the last quarter.

Appropriate asset selection, with a focus on high caps and a temporary switch to stablecoins in negative phases (which predominated) were the key to suitable capital protection and profitable positions.

These developments mean that the regulatory issue in the USA will be resolved in the medium term and further innovative enhancements will be implemented.

As we predicted in our previous quarterly report, digital assets are now moving into the media spotlight, as it is an industry that has grown so strongly that it has become a fundamental part of the political debate.

The coming quarter therefore offers excitement around the topic of Ethereum spot ETFs. Otherwise, there are no significant catalysts, as in the first half of the eventful year 2024. On the one hand, this could mean that the fundamental growth now also takes this into account and positivity sets in; on the other hand, the temporary "calm" around digital assets could lead to another difficult few

months before a new long lasting trend emerges at the end of the quarter. The Ethereum spot ETFs could also cause temporary selling pressure, as larger sell-offs by Grayscale could take place (the developments surrounding the Bitcoin ETFs in the first few trading days serve as a good reference here) before this achievement is positively reflected in the price. Market situations could therefore continue to be bearish in the coming quarter, but the general market sentiment is characterised by cautious optimism.

The first half of 2024 was a historic one for digital assets. The new era, triggered by institutional investors, shows that the market has entered a new phase - short-term speculation is taking a back seat, while longterm investments dominate. The market is also preparing (in the EU) for the implementation of MiCA (Markets in Crypto Assets), which will reshape and reorganise the digital asset market. Not only does this define the new set of rules that every market participant has to deal with, offering opportunities and challenges (which we will discuss in this report), but it also ensures a further professionalisation of the market, which tends to strengthen the foundations, although shortterm volatility in the market could decline.

Nevertheless, we must always act with caution. Markets that give disproportionate weight to individual events in the media harbour the risk that these are priced in and create selling pressure. A so called "buy the rumours, sell the news" event, even if the long-term effects are positive.

The key to success is to act profitably in a potentially negative or consolidating period, with a positive development in the long term.

Anti-cyclical behaviour is also important in the current phase. This behaviour can be applied in the current situation, around the formation of strong support zones, whereby the strategies are adapted in such a way that, on the one hand, positioning in the market takes place early and, on the other hand, the short-term developments of the market are taken into account.

### Handling of the trading strategies

In this quarter, the most suitable strategies were those that utilised either short-term price outbreaks or increased volatility 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

shorter holding period, contrary to the strategies in the first quarter of the year, without increasing the capital risk. As a result, the hedging mechanisms also had to be adjusted so that the positions were held for a shorter period. This illustrates that it is essential to always act dynamically and flexibly in this market environment.

### Teroxx Quarterly Update Q2/2024

To summarise, the following assessment and classification can be made:

Digital assets have shown that investments are primarily made by long-term investors and that shortterm speculation is increasingly taking a back seat. This ensures a professionalisation of the market and opens the door to planning for years to come.

Market movements are the end product of market influencing factors, but these do not necessarily have to be immediate triggers that cause movements in both directions. The Bitcoin Halving was fundamentally a very important event, but did not cause direct price changes - only those who use suitable strategic actions for all market phases and can analyse them sensibly and make adjustments in order to be able to react to these prevailing principles will be successful in the long term!

The high caps around Bitcoin and Ethereum will continue to be the focus in the coming quarter, but mid-caps will offer the greatest opportunities in positive situations, as well as increased risk in negative situations.

Almost all market situations offer opportunities for profitability with an investment and optimised risk management strategy. In every market phase, active management is the longterm catalyst for sustainable success. This approach 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 once again showed that our asset management represents the optimised approach to almost every market movement, especially when general positivity does not predominate (this is rarely the case in the rarest of quarters).

We were also able to achieve the targets set internally in the other divisions of Teroxx this quarter and thus realise further ambitious milestones and developments.

In view of the MiCA regulation, the EU will become one of the largest and most uniformly regulated economic zones in terms of digital assets by the end of the year (we reported on this in the previous quarterly report). There have been new developments and noteworthy events surrounding this topic: In the past quarter, regulators mainly focused on the share capital and future "Security Deposit Payment" required for MiCA of all MiCA regulated entities. In addition to the increase, the regulations for depositing this capital in the traditional banking system were also amended. The first effects of this future regulation are already visible today in the stablecoin segment. With a focus on MiCA, we are already well prepared for these requirements, but are observing many market participants who are already unable to meet these requirements today and will therefore lose their licences and/or authorisations in the third quarter of this year. In addition to regulatory developments, we can also look back on numerous company-related advances and changes. There have also been personnel changes at management level at Teroxx in recent months. Thomas Jöbstl, one of the two CEOs who held the position of Managing Director together with Christoph Pliessnig, left the company's operational business during the quarter for health reasons. We would like to take this opportunity to once again wish him all the best for the future and thank him for the successful collaboration! In return, we are pleased to introduce Kellogg Fairbank, who is very experienced in the digital assets universe, as our new CRO (Chief Revenue Officer). Together we will represent the digital asset boutique Teroxx even more successfully internally and externally - we look forward to welcoming you to the team!

Focussing on our boutique approach, we were able to make great progress again this quarter. This means that all new features, designs and applications associated with Teroxx are presented and implemented in a highly professional manner. In this way, we are adapting optimally to the high demands of our boutique users, who prioritise exclusivity, service and security. There were also new updates to our Teroxx app this quarter, which provide our users with an even better Teroxx app experience. For all those Teroxx App users who have long wished for a simpler version of the Teroxx App and only need the standard services, they can now use the so-called light version of the app. Thanks to this extension, the Teroxx App can be customised to individual needs at any time. In order to also follow our boutique concept for verification, we can now guarantee an even simpler process thanks to the new "onboarding flow". This allows us to comply with EU regulations on the one hand and provide the best possible user experience on the other.

Thanks to all these goals pursued simultaneously in just one quarter, we have succeeded in sustainably expanding our position as the market-leading digital asset boutique in Europe!

The past quarter showed that digital assets do not necessarily need the media attention to drive forward and finalise the adaptations. The expansion of the institutional offering through the Ethereum ETFs shows that market participants are asking for offers and that these are also being implemented through sensible regulations.

It is of immense importance that progress in the industry is noticeable regardless of price developments - this has happened in the past quarter. The coming quarter could be one that benefits from these fundamental developments, although caution should be exercised. A glance at the global financial markets indicates the expected development!

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

The Teroxx Team

For more information: <https://teroxx.com>