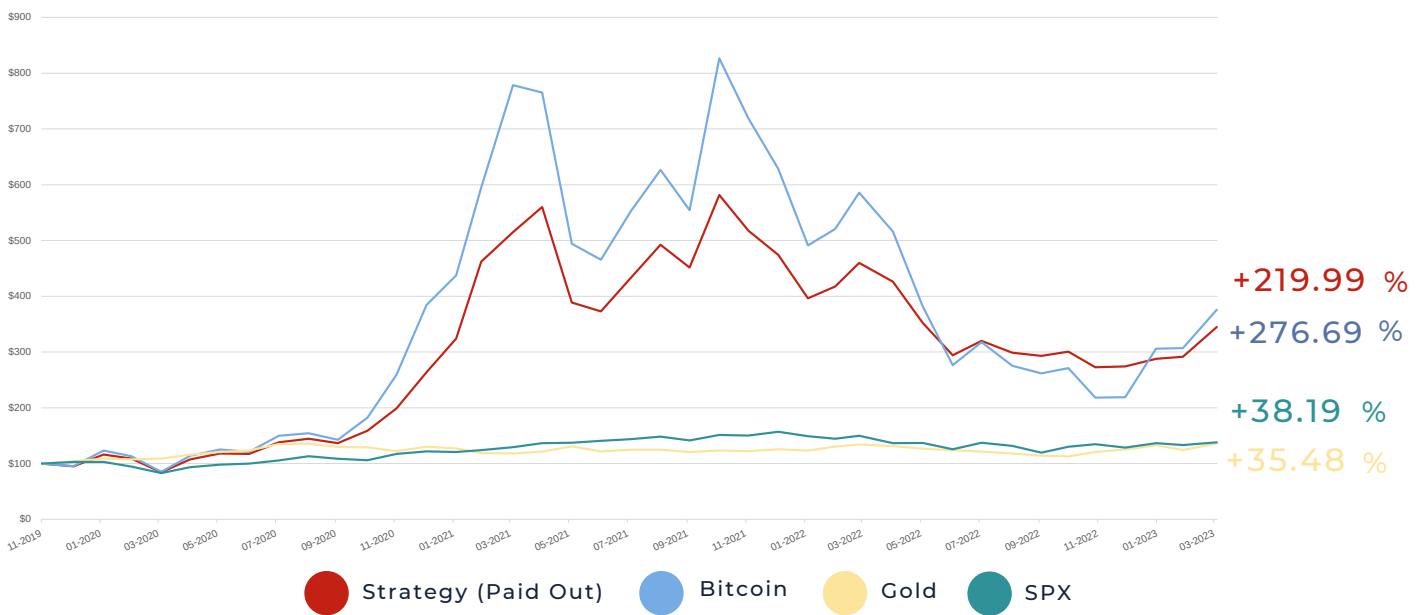




Asset Management SA

# TRACKER ON WAVE BITCOIN INCOME & GROWTH OVERVIEW

The tracker managed by Criptonite Asset Management, providing Bitcoin exposure and income through Covered Call strategy, holding BTC while selling Call options monthly. Targeting 1.5% monthly dividend (18% pa), while capturing most of the upside of Bitcoin.



## PERFORMANCE OF STRATEGY (01.12.19)\*\*

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG. DIV.	LTD	SINCE INCEPTION	
2020	Income (Dividend)	1.51%	1.59%	1.61%	1.65%	1.38%	1.51%	1.50%	1.51%	1.49%	1.52%	1.53%	1.81%	1.54%	<b>23.44%</b>	-
	Total Performance (Div Paid)	21.49%	-7.90%	-25.15%	27.46%	9.21%	-1.93%	17.95%	3.45%	-7.59%	17.07%	27.01%	34.40%	-	+181.02%	-
	Bitcoin	29.37%	-8.11%	-24.92%	34.09%	9.94%	-3.35%	23.78%	3.06%	-7.72%	27.92%	42.32%	48.00%	-	+303.36%	-
2021	Income (Dividend)	1.92%	2.59%	1.81%	1.69%	1.68%	1.62%	1.71%	1.43%	1.53%	2.15%	1.16%	1.61%	1.74%	<b>32.91%</b>	-
	Total Performance (Div Paid)	23.13%	44.06%	10.57%	7.88%	-35.35%	-6.46%	17.82%	14.95%	-11.34%	33.12%	-14.19%	-11.92%	-	+87.51%	-
	Bitcoin	13.93%	36.00%	30.79%	-1.68%	-35.43%	-5.81%	18.72%	13.37%	-11.48%	49.05%	-13.00%	-12.57%	-	+63.67%	-
2022	Income (Dividend)	1.50%	1.50%	1.55%	1.53%	1.53%	1.54%	1.76%	1.78%	1.73%	1.74%	1.75%	1.70%	1.63%	<b>12.00%*</b>	-
	Total Performance (Div Paid)	-22.40%	5.80%	12.37%	-11.42%	-25.83%	-27.38%	14.12%	-13.13%	-5.36%	3.19%	-19.42%	-0.30%	-	-53.77%	+174.32%**
	Bitcoin	-21.85%	6.01%	12.45%	-11.84%	-26.12%	-27.49%	14.83%	-13.28%	-4.93%	3.53%	-19.55%	0.39%	-	-65.17%	+113.14%
2023	Income (Dividend)	1.10%	1.72%	1.62%										-	<b>4.80%*</b>	-
	Total Performance (Div Paid)	+9.46%	+0.94%	+18.68%										-	+31.13%	+220.01%**
	Bitcoin	+39.79%	+0.39%	+22.60%										-	+72.05%	+276.69%

Provided for illustrative purposes; past performance is not an assurance of future returns. 2019 - 2020 returns figures presented are audited. Performance (exclude Div Paid) numbers are on a net basis for the offshore entity; Total Performance(Reinvest) numbers are on a net of fee basis for the onshore entity; performance represents share class without upfront fee. The reinvestment of dividends are included in annual and since inception Total Performance (reinvest). From Nov 19 - Aug 21, BTC prices are quoted by Coinmarketcap using month-end close prices; from Sep 2021 - Jul 2022, BTC prices are assessed by Wave internally using 9 AM PST BTC price. \*Annual dividend is calculated based on the dollar amount of the cumulative dividend (as the numerator) and the year beginning NAV (as the denominator). \*\*Dividends are included, with no reinvestment of cash nor interest paid on cash, as prepared by Wave Financial.

As we complete 3 full years (and a stub month) for this product, we decided to revisit the actual coupon paid throughout the life of the fund. As a refresher, the monthly yield is calculated using the dollar amount of the dividend divided by the NAV at the beginning of the month. As the NAV moves every month, it is extremely difficult to look at the coupon value through the life of the product. (We use the beginning NAV value for the historical total performance chart above.)

If we want to just look at the coupon and how it did, we decided to do this based on the average of the annual NAV, done yearly. This gives us an average annual yield, which can be properly compared across the years. Using this analysis, the life to date (LTD) dividend, analyzed on a monthly basis, is 1.64% and is 20.04% on an annual basis. These are the net numbers paid out to the clients that asked to receive dividends. For reinvestment clients, the value goes back into the fund representing a bigger NAV.

The last quarter of 2022 was the flattest quarter volatility-wise for Bitcoin in the life of Bitcoin, with spot prices keeping in a very narrow band, averaging just below \$20k. This drove the realized and implied volatility to lifetime lows of around 50 vol. As reference, peak volatility during the life of the Fund is around 120 vol in Feb of 2021, and it tends to stay in the 60-80 range. The price action reflects the concurrent equilibrium view on the value of the asset, being balanced by long term interest and short term pressure from the continual increases in the Federal funds (interest) rate.

At this volatility level, we have had to reduce the strike prices for options sold by the Fund to achieve the same dividend yield as previously, down to a 115-120% strike price. Although this lowers the potential for us to capture more upside, we determined that it was unlikely to be feasible to capture much additional upside in light of the market environment. The monthly distributions paid to investors from the Fund on Dividend Investors form a buffer for returns in this flat quarter during a downward trending year for Bitcoin prices. As of Q4 2022, on a net-of-fees basis, the Performance (Dividend Investors) are roughly providing a ~11% higher return than just holding Bitcoin directly, while the Reinvest Investors are outperforming Bitcoin directly by ~7%. The difference comes from losses associated with the Reinvest Investors; this result of reinvestment tends to be true in down markets, though it usually leads to out-performance as compared to paying dividends in up markets.

## TERMS

- **ISIN Number** CH1100420673
- **NAV (as of 31.03.23)** 472.68
- **Name of Certificate** Wave BTC Income & Growth
- **Target Dividend Rate** 1.5% of NAV per month (18%) p.a.), paid out monthly
- **Management Fees** 1% per annum of NAV and 5 % of option premium traded
- **Minimum investment** USD \$50,000
- **Subscription / Redemption** Monthly subscription, monthly buybacks at managers' discretion. Subscriptions need to be done at the latest on the 15th of each month.
- **Custody** Copper.co/Fidelity Digital Assets (crypto), Silicon Valley Bank (USD)
- **Tracker based on Wave Bitcoin Income & Growth.**

## SERVICE PROVIDERS

- **Issuer:** CRI-ptonite Limited (Guernsey)
- **Paying Agent:** ISP Securities AG (Switzerland)
- **Strategy Manager:** Wave Financial (US)
- **Depository & Crypto Asset storage Provider:** Copper Technologies (UK) Ltd; Fidelity Assets (US)
- **Clearance Institution / Clearing Code:** SIX SIS AG / ISP 116441
- **NAV Calculation:** GenTwo Digital AG (Switzerland)

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