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LORTHELAS
RESEARCH

CRYPTOCURRENCY FUND

30 MAY 2025



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SUMMARY

With an ever increasing relevancy in today's financial space, the cryptocurrency industry is attracting more and more investors to a risky platform of trading, leaving behind important aspects of traditional investment methods. Our aim is to provide a clear, concise and accurate prediction to a constantly evolving market through the use of fundamental analysis, technical interpretation and an expanding array of financial indicators. We strive to provide accurate market analysis by combining traditional market indicators with novel market predictors.

I. HOW AND WHERE

In the recent years the intermediary market providers have seen an increase in popularity and usage. From a small number of brokers in the early 2010's, we are now faced with fierce competition from both local and international providers.

For the purpose of this fund we are on the lookout for potential brokers that fit our needs. Among them we list:

Local	International
XTB	Binance
TradeVille	eToro
Goldring	OKX
	Bitget

Table 1. Local and International broker list

For tax-reduction purposes we aim to open our positions on a tax friendly exchange. These brokers have local residency which lowers the tax percentage individuals must pay on profits.

Our research shows small fees differences between local and international exchanges, mainly spread, ForEX and withdrawal fees. However, we aim to choose the most profitable exchange based on these fees differences combined with the local regulations regarding profit taking.

The clear standout for our fund is XTB, given the lack of local presence of all the other brokers and the instruments they provide (Tradeville and Goldring do not provide cryptocurrency CFDs or ownership; additionally Binance, eToro, OKX and Bitget do not report locally to the financial regulators, which implies higher taxes on returns).

We are on a constant lookout for better opportunities in the broker market and up-to-date with all the relevant events regarding their tax residences and transaction fees. If better prospects appear within the next period we will compare our current standings with future profits if we are to switch services.

For an easier interpretation we compiled all brokers of interest along with the features we are interested in:

Feature	XTB	Binance	eToro	OKX	Bitget
Forex (spreads)	0.5 pips (standard), 0.1 (PRO)	N/A	Fixed spread (~1 pip)	N/A	N/A
Cryptocurrencies	CFD: spread from 0.22%	Spot: 0.1% (0.075% with BNB)	1% opening + 1% closing	Spot: 0.08% / 0.10%	Spot: 0.1%
Currency conversion	0.5%	Variable	~50 pips (USD-only account)	Variable	Variable
Deposits	Bank: Free; Card: 0.7–0.95%	Free	Free	Free	Free
Withdrawals	Free	Variable fees	5 USD	Variable fees	Variable fees
Crypto instrument type	CFD (no ownership)	Spot + Futures (ownership)	Simulated spot (eToro custody)	Spot + Futures (ownership)	Spot + Futures (ownership)
Regulation / Tax residence	Romania (ASF, tax resident)	Global (no Romanian tax office)	Cyprus (no Romanian tax residence)	Seychelles / Global	Singapore / Global
Tax withheld at source	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> No			

Table 2. Features of selected brokers

II. METHODOLOGY

The aim of this separate fund is to provide a well-thought and researched alternative to the current investment options. In the past several years the cryptocurrency industry has seen significant growth which caught the attention of both individual investors and also of large corporate funds or institutions.

While the domain is still not entirely explored, we believe that an industry situated in its infancy can provide significant gains for long and mid term investors. Using a combination of traditional financing prospects and constant updating of indicators

from both fundamental analysis and technical analysis we plan to provide the best strategy for mid to long term investments within the cryptocurrency industry.

The investment strategy is strongly correlated with macroeconomic indicators and political economy features. We strive to provide a better understanding of underlying indicators that prove to be pivotal in the cryptocurrency market. While in the past our research has shown that some aspects of this industry tend to “run on their own,” the overall analysis of this market has shown that large coins are strongly correlated to equities and the broader economic shifts.

Initially, our approach is strictly correlated with macroeconomic factors which have a strong influencing power on risk assets. We begin our analysis with how large institutions like the Federal Reserve (FED), European Central Bank (ECB), Chinese Central Bank and Japan’s Central Bank react to political and socio-economic shifts. These monetary policies provide relief to a number of problems the general population is facing. Among them we list here the most important:

1. General Inflation numbers;
2. Consumer Price Index (CPI);
3. Producer Price Index (PPI);
4. Unemployment Rate;
5. Money Supply (M2).

In addition, we pay great attention to smaller but still important features like the business cycle indicator, FED pivots to either Quantitative Easing (QE) or Quantitative Tightening (QT) and balance sheet management. We always stay open to new indicators which have proven their usefulness when being correlated with our interests. A great example in this case is the bond market which in the current market environment has shown investors’ decreasing interest in the American government’s assets.

These indicators are part of the initial fundamental analysis that we create in order to choose the best investment strategy in the current environment.

Furthermore, technical indicators particular to large caps (e.g cryptocurrencies with large market capitalisation) are being used to enhance the fundamental analysis. These indicators are subjectively applied to the assets the fund is investing in and according to the broader fund strategy. The indicators we watch closely are:

1. BTC vs. M2 correlation;
2. PI Cycle Top Indicator;
3. Moving Averages on multiple timeframes;
4. Puell Multiple;
5. Bitcoin Halving Momentum;
6. Long Term Holder Supply.

Using the same philosophy as with the fundamentals analysis, we have several other technical indicators on close watch. Additionally we keep a close eye on new indicators which appear during expansion periods or during Bitcoin's price discovery phases.

Generally, a strong correlation between macroeconomic and technical factors enables us to reshape the investment strategy as the cycle evolves. The phase during which these indicators become increasingly relevant is usually the last phase of the cycle - the bull run.

As we have discussed the methodology behind our investment strategy, we would also like to present the general approach to this market. As a time-tested method, we have a strong case to present in the way liquidity flows into risk markets. In the past cycles we have observed a general rule that most investors seem to respect during the 4 year period:

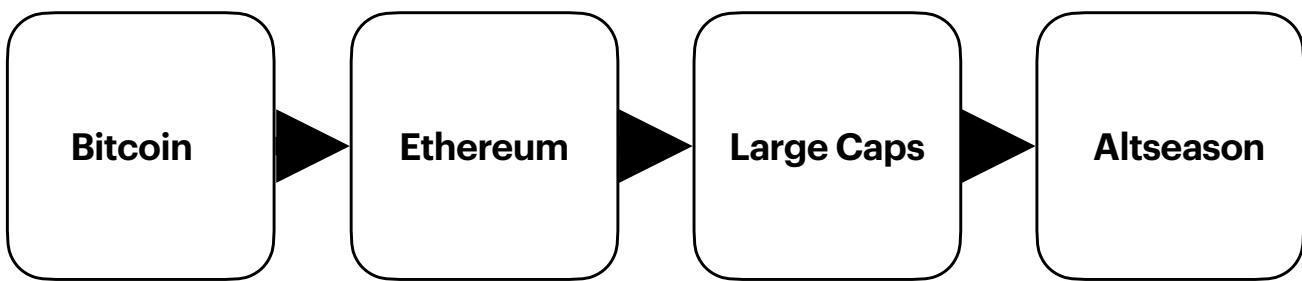


Figure 3. Cryptocurrency money flow

Using the indicators presented earlier we aim to build on this money supply rule and assign percentages to different assets according to their importance and target profits.

Throughout the 4 year cycle we will update the strategy to reflect macroeconomic changes as we keep up to date with market conditions, political changes and economic policy shifts.

III. FUNDAMENTALS OF CRYPTO INDUSTRY

Based on the fierce individualism of traditional financing, cryptocurrencies have seen a large increase in attention span over the past decade. Large caps like Bitcoin, Ethereum and Solana have garnered attention due to their use cases and features which cannot be found in traditional financing assets.

Emerging from the 2008 financial crisis and having solidified their importance in the past couple of years, they now present themselves as assets recognised by large institutions and investment funds by the likes of BlackRock and Fidelity.

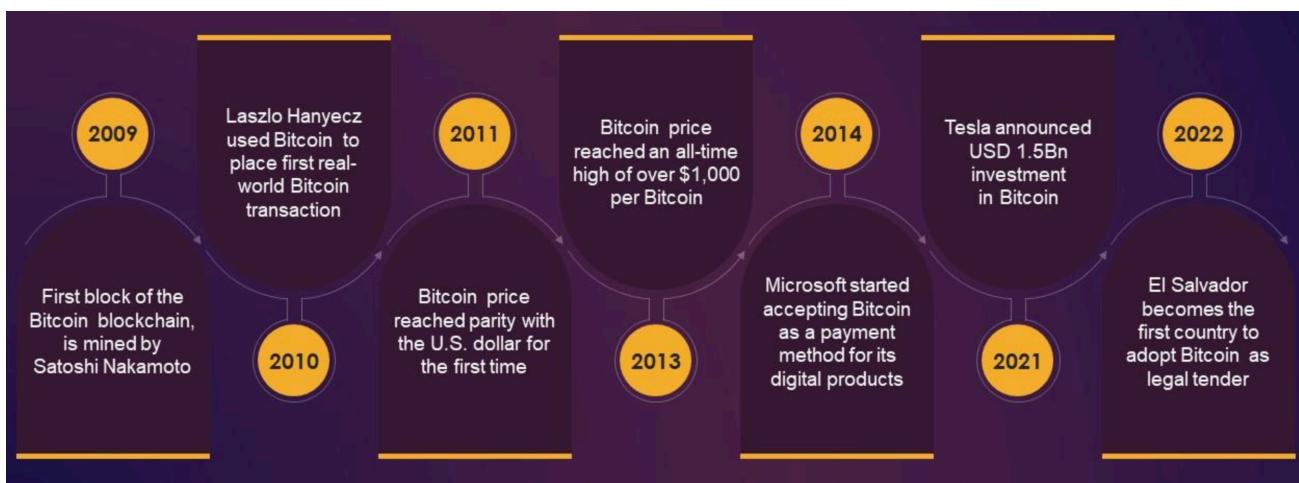


Figure 4. Bitcoin timeline

While it is tempting to acknowledge their use cases in the financial industry, we prefer to stay cautious regarding the large majority of cryptocurrencies present in the market. While some of them offer tools to better the current financial system, others have only proven to be methods for the developers to enrich themselves easily (e.g “rugpulls”).

In order to avoid the projects which offer no value, we research thoroughly the entire market for the best opportunities which have the means to become large projects. This research process never ceases and it happens on a daily basis throughout the 4 year cycle, with a special emphasis attributed to it during the bear market.

Additionally, substantially large portions of the fund will play a hedging role by being allocated only in true and tested projects like BTC, ETH and SOL. This is in line with our strategy to preserve capital before making profits during years of downturns and tight economic policies.

IV. PROCESS AND INVESTMENT STRATEGY

Given the existence of the 4 year cycle in the cryptocurrency space, we aim to have funds before the end of the bull run and enter the market somewhere during the next bear market, which would coincide with the first year of the next cycle.

The market cycle for risk assets are generally smaller and are known for providing greater profits over this tighter period of time. Our time in this market has offered us a clear advantage at monitoring the favourable moments of opening and closing the positions.

It is worthy to mention the importance of timing these moments in these markets. It is favourable to open positions during sizeable market downturns (generally during a bear market) and close them once markets get euphoric (usually towards the end of the bull run). Below we will provide a clear strategy design regarding the cyclically nature of this market:

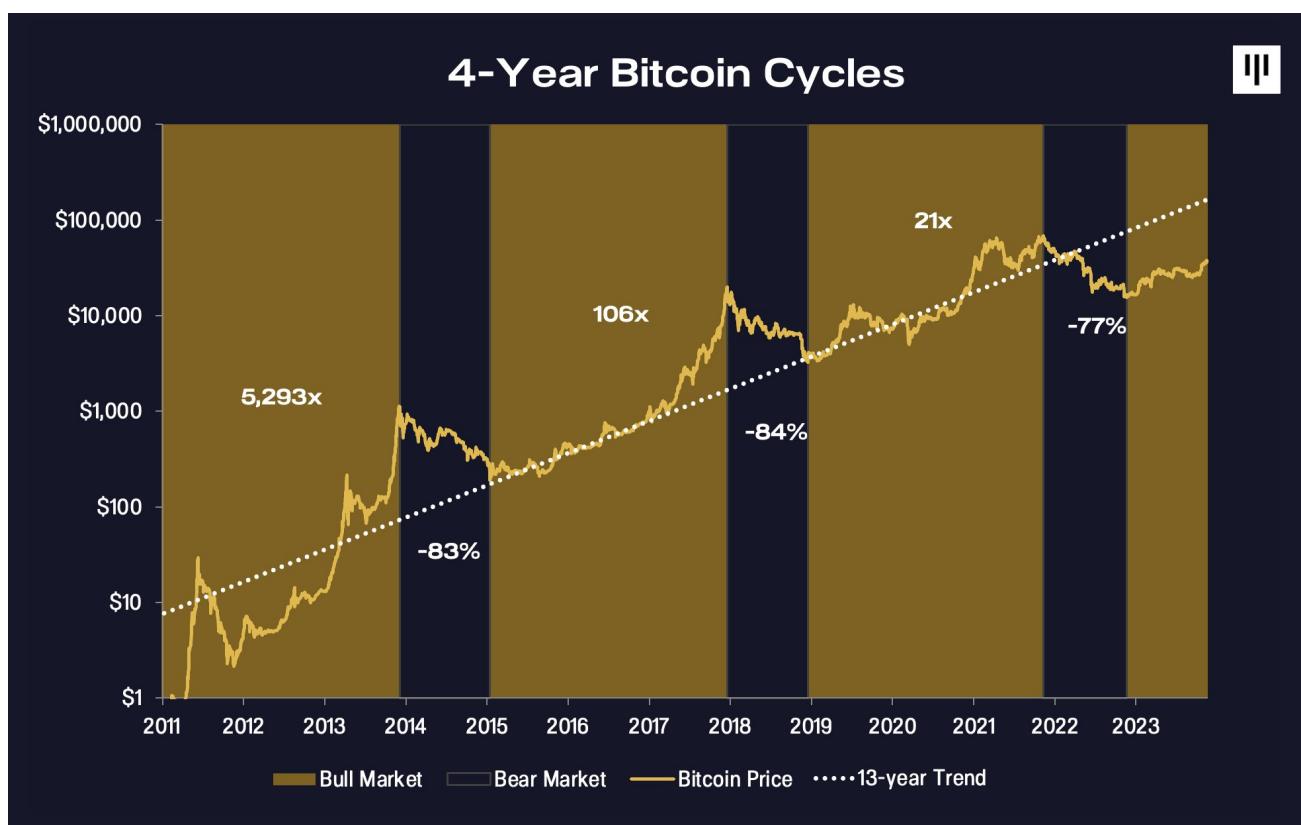


Figure 5. Bitcoin 4-year cycles

We constantly update our investment strategy to reflect changes in market conditions, so we are always paying great attention to changes in the basic structure of the cryptocurrency market.

In short, we are looking at a stable investment in this market over a 4 year period in order to fulfil the strategy we are developing. For solidified returns we recommend entering and exiting the fund outside of the 4 year cycle - specifically entering the market before a new cycle begins and exiting the market during the last stage of the cycle. Historically, both these periods happen during the same one year period. In figure 5 we present a clear example of this strategy: 2015-2016, 2019-2020 and 2023-2024 are periods of profit-taking and accumulation.

According to our research the next period of this type should be 2027-2028.

V. EXPECTATIONS

The cryptocurrency industry is presenting itself as a relatively risky trading platform. Our previous experience in this market consists of 7 years of actively trading and engaging these risk assets. This experience has helped us shape our strategies and understanding of these markets.

Just like any novel industry there are many unknowns and features yet to be discovered. However, a constant engagement and the ability to update investment strategies have historically proven to be beneficial for our individual funds.

Returns garnered from this industry can be considerable, but are hardly clear before the fact. This is the case because trading strategies evolve constantly and it is an impossible feat to predict gains in such risky markets. What we can emphasise is that gains from these markets are generally higher than profits obtained from more traditional markets like equities, pension funds or bonds.

At a later stage we will present profits from the current market cycle (2022-2026) and our expectations for the next cycle.

As a general rule, we aim to have better profits than common equity markets like S&P500 and NASDAQ, while also maintaining healthy positions in solidified cryptocurrency projects. We do not want to unnecessary increase the risk of our portfolio and we will stick close to our safer investment strategies. For this reason alone we will open positions in safer assets and maintain a clear head when trading these risky markets. When our research shows great return on investment opportunities we will allocate accordingly and only after thorough engagement with the project.

Throughout the cycle we strive to provide you with the most accurate market analyses. Details of these analyses will be offered at a later stage during the cycle and will include relevant information about the current market environment and cash positions.

VI. CONCLUSIONS

Through this cryptocurrency fund we would like to offer investors the possibility of engaging in novel industries and increase their profits and exposure to riskier assets which have shown great capabilities in the past decade and a half.

We would like to note that details about this industry appear on a daily basis and regular project research stands at the core of what we do. There are currently over 17.000 projects active and trying to gather liquidity from investors all over the world. This situation will only increase the difficulty of finding worthy projects in the coming years.

The industry is still in its infancy and institutions around the world (both public and private) are yet to observe its capabilities. While we have seen large players like political actors and investment banks make significant moves in this space, there is still a sentiment of fear and detachment among traditional investors. This is the reason why we want to be positioned early, preferably before large private companies and pensions funds invest publicly in risk assets.

This report aims to provide the basics of what we do and how we think about this industry. Throughout our time in this markets we have gathered significant quantities of information which we believe are of good quality and, most importantly, they are true and tested with our own cash positions.

We hope that subsequent reports, especially during the market cycles, will provide more relevant information.

We understand that this report is not by any means exhaustive and could not cover all the information about this industry, which is why we would also like to mention that we are glad to provide you with any further details you would like to know more about.

We thank you for your trust and attention and hope to have you interested in this industry.