

The world's first and only regulated bitcoin/crypto currency hedge fund

2013 Return: **392%**

Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	(prior strategy)			-1.69%	39.46%	-1.77%	-12.49%						17.30%

Fund Information

Strategy: The Crypto Currency Fund is the world's first and only crypto currency trading fund. It employs a variety of strategies in trading crypto currencies to maximize return and minimize risk, including event-driven, arbitrage (timing, exchange, inter-crypto currency, etc.), leverage, cyclic and volatility. While its major focus is on bitcoin, it also trades in "altcoins" (non-bitcoin crypto currencies) as they develop sufficient liquidity.

Implementation: Because crypto currency exchanges work 24/7, the Fund's traders, located in Houston, Rotterdam and Moscow, monitor markets around the clock. The Fund has a dedicated research staff in Shanghai due to the significant impact of Chinese exchanges and investors on bitcoin prices. The Fund's Chief Security Officer is one of the world's leading specialists in tcp/ip communications protocols.

Fund Information

Date Formed/Renamed	April 2005, strategy change and fund renamed April 2014
Investment Advisor	Enneking Asset Management
Fund Size	\$6.4 M
Currency	US dollar
Current Price (NAV)	\$331.96
Min. Investment	\$10,000 (non-US); \$100,000 (US)
Fees	2% management, 20% success
Subscription	Monthly
Redemption	Monthly, with 30-days notice
NAV	Monthly
Administrator	Maples Fund Services
Auditor	Altschuler, Melvoin & Glasser
Bank	Bank of New York
Legal Advisors	US: Finn Dixon; non-US: Harneys
FATCA Compliant?	Yes
Bloomberg ID	CRYPTOF KY, BBG006R08WH9
Lipper Tass/Thomson Reuters ID No.	96695
Eurekahedge ID No.	15532
CUSIP/ISIN	G3164M 100/KYG3164M1006
URL	www.crypto-currency-fund.com

Sector Allocation

CCF has now opened accounts on eight exchanges and funded accounts on two of them. Four traders are currently active. The primary trading team has now beat bitcoin performance for seven straight weeks notwithstanding their steadily increasing assets. This extremely steady performance validates one key aspect of the Crypto Currency Fund's strategy: maximize return by increasing investors' value in both bitcoin and in fiat currencies. More than 10% of the Fund's assets are now allocated to the actively traded portfolio.

Pricing

Bitcoin prices were relatively stable during July, slowly but steadily drifting lower. As usual recently, there was an abundance of positive news during the month with **Dell** and

Intuit, among many other companies, announcing that they now accept bitcoin payments and **Apple** announcing that it would again allow bitcoin apps on its products.

Performance (net of fees)

July's performance by CCF was again in line with bitcoin as most of the portfolio is still buy-and-hold – although that percentage will now rise at a rapid rate as we have now a thoroughly scalable trader configuration and strategy to implement and follow.

A chart of the results of the trading account is now available on the Crypto Currency Fund site (www.crypto-currency-fund.com). Over the next three or four months, we will move 100% of the CCF AUM into trading accounts. (This does not mean that 100% of CCF's assets will be actively traded, but all of its assets will be available to quickly do so if that seems appropriate.)

Market Developments

As has been the case for the past four months, crypto currency news was almost exclusively upbeat, without any particular item being earthshakingly positive or negative.



CoinDesk published a map of worldwide bitcoin ATM locations. North America has 40%, Europe 30%, Asia 20%, and Oceania 7% with Latin America, the

Caribbean and Africa seriously underrepresented.

Commercial Companies

☺ **Dell** announced that it now accepts bitcoin. With annual revenue of almost \$57bn, Dell is roughly four times the size of **DISH Network**, which previously held the title as the largest company to accept bitcoin. It also stated that it had already received payment for a \$50k single order paid in bitcoin.

☺ **Intuit** announced that bitcoin signups for its QuickBooks product were higher than expected since it began accepting bitcoin payments in June.

☺ The largest payment gateway in **South Africa**, **PayFast**, added bitcoin as a payment option to its platform, thereby providing bitcoin access to over 30,000 on-line merchants.

☺ One month after **Google Finance** launched a bitcoin price tracker for BTC-to-fiat price conversions, **Google** has updated its search engine to automatically display bitcoin prices when users enter certain queries. The new tool also works on Google Search's smartphone app.

☺ **Thomson Reuters** added bitcoin pricing information to its **Eikon** trading software.

☺ **Apple** again accepts bitcoin-related apps and the **Gliph** messaging app now supports BTC transfers.

☺ Electronic transaction processing specialist **Global Payments**, which had \$2.4bn revenue in 2013 and services more than 1 million merchants worldwide, announced a new

partnership under which the firm will refer select US and international customers to bitcoin payment solutions provider **BitPay**.

☺ Gaming computer specialist **Alienware** announced that it now accepts bitcoin payments.

☺ **easyHotel**, a Dutch hotel chain, now accepts bitcoin in payment for hotel reservations.

☺ The **SWIFT Institute**, founded by the **SWIFT** payment network, announced a €15k prize for the winning crypto currency research proposal.

☺ On-line travel booking website **CheapAir.com** announced that it has completed more than \$1.5m in bitcoin sales on flights, hotels and Amtrak bookings on its platform.

☺ **Takealot**, one of **South Africa's** largest e-commerce companies, announced that it now accepts bitcoin payments.

☺ **Skilljar**, a tech company which enables third parties to deliver on-line training courses, started accepting bitcoin payments.

☺ Argentinian e-commerce company **avalanche** announced that it now accepts bitcoin with support from bitcoin merchant processor **BitPagos** and bitcoin exchange **Bitex.la**.

☺ **Overstock.com** announced that it has expanded its bitcoin payments program to international customers. It also announced plans to offer its employees bonuses in bitcoins.

☺ Latvian airline **airBaltic** announced that it will accept payments in bitcoin, becoming the first commercial airline in the world to do so.

☺ Vancouver-based **Sandman Hotel Group** started accepting bitcoin as a form of payment for room reservations.

☺ Hungarian on-line electronics retailer **220volt.hu** now accepts bitcoin payments.

☺ **RingPlus**, A low-cost US mobile cell service provider, now supports bitcoin, litecoin and dogecoin payments.

☺ **The Wikimedia Foundation**, which owns and curates Wikipedia, announced on its official blog that it now accepts donations in bitcoin; it raised \$140k in the first week.

☺ A report published by European consultancy firm **Reply** entitled "*Embracing Bitcoin: Why Mobile Operators Should*

Prepare for the Digital Currency Shift" urges the mobile industry to avoid past mistakes and prepare for the shift to digital currencies if they want to remain competitive.

☺ Silicon Valley

startup **Beepi** – an on-line used-car marketplace that connects buyers and sellers – now accepts bitcoin payments.

☺ Josh Wise, a **NASCAR** driver, started a crowdfunding campaign to give bitcoin its own sponsored NASCAR car.

☺ **Timothy Coles**, who owns a **profitable gold mine** in the **Yukon city of Dawson**, put it up for sale for just over 3,200 BTC on luxury marketplace **BitPremier**.

Governmental and Regulatory Developments

☺ The **French Ministry for the Economy and Finance** outlined regulatory measures to be put in place by the end of 2014 for financial institutions and users of bitcoin and other digital currencies.

☺ Meanwhile, the **French Senate** has released a new report entitled "*Regulation in the face of innovation: public authorities and the development of virtual currencies*" which focuses on the type of regulation the government should apply to bitcoin transactions.

☺ **UK Chancellor George Osborne** announced a new initiative that will explore the potential role of cryptocurrencies in Britain's economy.

☺ Several bitcoin startups such as **Coinbase**, **BitPay** and **BitGO** set up displays in the **Rayburn House Office Building** of the **US House of Representatives** to inform US regulators on bitcoin.

☺ Various **Italian authorities**, including the **Attorney General of Rome** and the **Bank of Italy**, warned of the potential of bitcoin for money laundering, terrorist financing and criminal activities.

☺ **New York Department of Financial Services (NYDFS)** released its long-anticipated list of proposed rules and regulations that will be required for New York-based bitcoin businesses. The draft regulations elicited very mixed reactions from the bitcoin community.

☺ **The Director of Markets at Ireland's Central Bank**, Gareth Murphy, said that fiscal and regulatory authorities are starting to take crypto currencies such as bitcoin very seriously because bitcoin and virtual currencies like it will become a part of an evolving economic payments infrastructure

☺ **Argentina's Unidad de Información Financiera (UIF)** has ordered financial services companies within the country to report all transactions involving digital currency.

☺ The **US Consumer Financial Protection Bureau** now accepts consumer complaints related to bitcoin businesses.

☺ The National Assembly of **Ecuador** effectively banned bitcoin and decentralized digital currencies but established guidelines for the creation of a new, state-run digital currency.

☺ **Mathias Sundin**, a former **Swedish Member of Parliament** and deputy mayor of Norrköping, who is running for a seat in the Swedish Parliament, announced that his campaign will only accept donations in bitcoin.

☺ **Dan Elder**, a **US House candidate** in the 1st District of Missouri, announced that he will fund his election campaign solely using bitcoin donations.

☺ The **US Financial Crimes Enforcement Network (FinCEN)**, a bureau of the **US Department of the Treasury**, published a new Suspicious Activity Report (SAR) analysis which covers bitcoin.

☺ **Lieutenant Governor of the Isle of Man** and the **British Queen's personal representative Adam Wood** will chair the first annual **Crypto Valley Summit** on the Isle of Man in September.

☺ The **Argentinian debt default** provided a major boost for bitcoin as Argentine citizens scramble for alternatives to the peso.

☺ **Christina Gagnier**, who represents **California's 35th congressional district**, a business owner and lawyer who specializes in internet technology, announced that she now accepts campaign donations in bitcoin.

☺ The **Russian Ministry of Finance** announced that it has prepared proposals for submission to the Russian Duma to ban bitcoin.

☺ The **North American Bitcoin Conference (NABC)** announced the formation of bitcoin's first government affairs office, the **Chamber of Digital Commerce**, to ensure that the industry's interests are represented with the US government.

☺ The **National Bank of the Kyrgyz Republic**, the central bank of **Kyrgyzstan**, issued statements confirming the use of bitcoin and other digital currencies as a form of payment is illegal under Kyrgyz law.

Crypto Currency Companies

☺ **La Maison du Bitcoin** (The House of Bitcoin) became the first "outreach space" in Europe when its 220-square-metre facility opened in Paris, France.

☺ All of China's "big three" exchanges, **OkCoin**, **Huobi**, and **BTC China**, have added support for US dollar markets.

☺ At a summit in London organized to address the threat of 51% attacks against the bitcoin network, **GHash.io**, which organized the conference and which is by far the largest bitcoin mining pool, agreed to limit its share of the total bitcoin network to 39.99%. The company also announced that it generated **\$250 million** of bitcoin in its first year of operation.

☺ The domain name **BTC.com** was sold for \$1 million to **GAWMiners**, a mining equipment company.

☺ On-line cryptocurrency data and research provider **TradeBlock** raised \$2.8m in a new investment round led by **Andreessen Horowitz**, which also included **SecondMarket**



CEO Barry Silbert, Devonshire Investors and FinTech Collective.

German ATM manufacturer **bitXatm** announced that it will install 1,000 bitcoin ATMs in the US.

Blockchain reported that it has issued more than 2 million bitcoin wallets, with 1 million alone issued in the last six months.

Volabit, a Mexican bitcoin exchange, raised \$250k in new funding from the **Bitcoin**

Opportunity Corp., run by **Barry Silbert**.

UK-based digital asset services company **Elliptic**, best known for its Elliptic Vault product offering, announced \$2m in seed-funding from Octopus Investments.

OKCoin, the world's largest bitcoin exchange, announced that it will add bitcoin futures trading to its platform.

Calgary-based on-line payment services provider **Vogogo**, raised \$8.5m in new funding from **Beacon Securities**, **Canaccord Genuity Corp**, **Clarus Securities** and **Salmon Partners** to expand its service beyond Canada to the US and Europe.

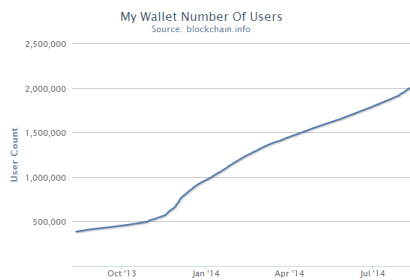
CrowdCurity, a crypto IT security startup, has raised \$1 million in seed funding from **Tim Draper** and **Kima Ventures**.

One of the two largest bitcoin merchant processors, **BitPay**, introduced a new pricing plan that makes its basic level of service free and unlimited.

Hong Kong-based exchange **ANX** introduced a reloadable bitcoin debit card that can be used worldwide.

VBTC opened in **Vietnam** to become the first live open-order book trading bitcoin exchange in that country.

The launch of a bitcoin remittance service **BitPesa** in Kenya and the imminent introduction of Africa's first bitcoin ATM have lead many to conclude that bitcoin is about to take off in Africa.



A former **Goldman Sachs** employee, Yuzo Kano, who left Goldman Sachs in December 2013 to start the project, has raised \$1.6m in funding to power a new Japan-based bitcoin exchange, **bitFlyer.f**

Bitcoin brokerage provider **Trucoin** announced the introduction of its MasterCard and Visa payment service options to customers in eight US states.

California-based global transaction network **ZipZap** announced \$1.1m in new funding that will be used to fund the expansion of the company's services to new global markets.

Fund Awards (prior to renaming)



Most Innovative Funds of Funds
(for innovation and performance)



No. 1 ranked fund of funds in the world, 2013



No 8 ranked fund of funds in the world for 2009



Most Innovative Funds of Funds
(for innovation and performance)



No. 2 ranked fund of funds in the world for 2010



No 1 ranked fund of funds in the world for 2005

Fund Information

Enneking Asset Management
Mr. Timothy Enneking
+7 910 439 1486
te@crypto-currency-fund.com

Maples Fund Services Ltd
Mr. Mark Wellon
Tel.: +1 514 228 2227
mark.wellon@maplesfs.com