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MOON CAPITAL
EXECUTIVE
SUMMARY

About Us

At Moon Capital Partners, we aim to invest exclusively in crypto because we foresee Blockchain and Cryptocurrencies as the prime mover for decentralizing the financial ecosystem, benefiting society at large. We are a crypto fund, providing unique opportunities for investors to participate in the crypto space. With the breadth of knowledge in crypto and finance, we have constructed bold short-term and methodical long-term strategies in T3 (BTC, ETH, XRP) and alternative coins, that have been proven to be successful in all cycles. We are results driven and client-focused that is guided by sound principles and ethics. Our interest lies in our clients to its utmost and will always come first as we understand you are what drives us forward. This ensures that we will hold our clients to high standards and meet your needs completely. With all this in mind and as a passionate unit of 4, we strive to invite traditionalists and unlike to belong in this foreign space of crypto so that ultimately, we don't land among the stars, but the moon.

Fund Performance

We have netted \$134,500 in the last 7 months - an 897% return from an initial start of \$15,000. This is a little more than 4.27% compounded daily return in a volatile market. In the bear market, we have performed 140% CAGR, which translates to a 1.2% daily compound return.

Strategy

We apply sound fundamental, technical, and algorithmic trading strategies to create long and short-term strategies, using Bitcoin futures. The ratio between return and risk will at least be 2:1. We plan on being involved in ICOs and pre-ICOs.

Crypto Market

As of March 10th, per CoinMarketCap, the cryptocurrency market cap is \$440Bn and exactly one year ago, it was \$52bn; that is an 846% increase¹ and the market is projected to grow due to the coinciding and innovative technology of blockchain and cryptocurrencies. On January 6th, the market had peaked at \$786B, which is 44% more than the current market cap. Bitcoin, the king of cryptocurrency, is currently staking 36% of the total cryptocurrency market cap. Therefore, to simply put it, any other cryptocurrency will likely follow the direction of Bitcoin, but of course, differentiated by its own level of volatility. Through its volatility, that is when lucrativeness occurs and especially since Bitcoin is forecasted at the price of \$25,000+ by various analysts,² this can be a fruitful time to enter in the market; this price is to be conservative compared to other predictions. On May 14th, according to Forbes, "Goldman Sachs becomes the first regulated financial institution to offer such a service." - the service of trading Bitcoin Futures for its clients.³ This piece of history is critical of where the crypto market will be heading because once institutional banks enter into the space, especially in Bitcoin futures, this will stabilize the market much more and push the value of cryptocurrencies upwards. In addition, Goldman Sachs is one of the leading banks and because they have entered in,

¹ <https://coinmarketcap.com/currencies/bitcoin/>

² <https://cointelegraph.com/news/wall-street-strategist-tom-lee-still-confident-bitcoin-price-will-reach-25k-in-2018>

³ <https://www.forbes.com/sites/korihale/2018/05/13/goldman-sachs-bitcoin-endorsement-leads-institutional-investor-cryptocurrency-push/#1567fc262afa>



naturally, other institutional banks will follow to exploit this opportunity.

Risk⁴

1. Most cash markets are not regulated or supervised by a government agency;
2. Platforms in the cash market may lack critical system safeguards, including customer protections;
3. Volatile cash market price swings or flash crashes;
4. Cash market manipulation;
5. Cyber risks, such as hacking customer wallets; and/or
6. Platforms selling from their own accounts and putting customers at an unfair disadvantage

Opportunity & Mitigating Risk

According to Vanguard, the S&P 500 expected annualized return from 2018 - 2027 is 9.02% and in a 1 year time frame, 13.27%.⁵ The annualized S&P U.S. Treasury Bond 1-5 year Index is producing - .86%, the 10 year annualized return is 1.76%.⁶ It's clear that the U.S. T-Bond market is not where the money is because of its sub-par returns. Overall, this is due to the increase in inflation⁷, interest rates⁸, etc.; it would be a poor decision to invest in

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https://www.cftc.gov/sites/default/files/idc/groups/public/@customerprotection/documents/file/customeradvisory_urvct121517.pdf

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<https://personal.vanguard.com/us/funds/tools/benchmarkreturns>

⁶ <https://us.spindices.com/indices/fixed-income/sp-us-treasury-bond-1-5-year-index>

⁷ <https://www.statista.com/statistics/244983/projected-inflation-rate-in-the-united-states/>

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<https://www.marketwatch.com/tools/pftools/rates/RateChart.asp?sid=159412>

the bond market. The equity markets, on the other hand, has great returns compared to the bond market, but against our performance levels, it does not. We have performed 729% in the past 7 months with a total of 76 executed trades. After the bubble we have performed which is very important to note because this proves our skills in both volatile bear and bull markets; we welcome volatility. With these two exceptional performances in both bear and bull, it's clear that we can outperform the traditional markets in a consistent manner. To mitigate the cyber risks, such as hacking, it is a *virtue* of ours that we back up a portion of our crypto assets and securing it through deep cold-storage at the end of the trading day for ultimate protection. In regards to the regulation by a government agency, the SEC and CFTC are engaging themselves in this emerging business as they see the growth in this. In 2015, the CFTC had classified Bitcoin to be a commodity⁹ and thus giving them the power to regulate them. CFTC top Commissioner, Brian Quintenz, is deciding to implement an SRO model (self-regulatory organization) that could establish or and enforce standards that protects investors and deter fraud.¹⁰ This is an ongoing process since this technology had just emerged, and "smart policies" are still being developed. This goes the same with the SEC. The SEC Chairman, John Clayton, understands this is an emerging technology that provides value, but lacks regulations for "Main Street" investors. Therefore, it is his and the SEC's primary concern to enforce

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<https://www.cftc.gov/PressRoom/PressReleases/pr7231-15>

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<https://www.forbes.com/sites/rogeraitken/2018/02/15/u-s-cftc-commissioner-says-cryptocurrency-exchanges-adopting-self-regulation-could-spur-standards/#2a2b82bf45e1>



laws. Clayton states that whomever that wants to conduct business in the crypto space dealing with crypto assets or product and/or allowing these crypto assets to be traded on an exchange must prove that it is not a security and if is a security, the operator must register with the SEC.¹¹ The SEC has left no ambiguity for those who have to register with regulators¹² thus stabilizing the market further and creating safe opportunities for investors.

Competitors

As of 2018, there are 251 cryptocurrency hedge funds operating right now¹³ and 24 of them revealed that they had returns of 3000%. Traditional hedge funds have averaged 8.7% in returns; there are a total of 15,000 traditional hedge funds.¹⁴ The total AUM for traditional hedge funds in 2017 is \$3.5 Trillion¹⁵ in a \$66 Trillion traditional market - both U.S. equity and bond market, \$27.4 T and \$38.5 T, respectively.¹⁶ To compare both cryptocurrency and traditional hedge funds, you can see that the market for cryptocurrency hedge funds is not as competitive as a traditional hedge fund. This is opportunistic for cryptocurrency hedge funds since the market is still nascent and has potential to grow significantly.

Conclusion

The crypto market is nascent meaning that there are risks involved. However, these risks can be controlled and mitigated with sound principles and trading strategies. In terms of regulation, the SEC and CFTC are working to police these assets and made it imperative that they move quickly. With risk, comes reward, which can be reaped lucratively in this market. The innovation of blockchain progressing alongside institutional banks entering, the market will only expand and stabilize. Ultimately, with the eyes to see, the courage to enter, and faith in our expertise, there is a excellent opportunity here.

¹¹ <https://www.sec.gov/news/public-statement/statement-clayton-2017-12-11>

¹² <https://www.sec.gov/news/public-statement/enforcement-tm-statement-potentially-unlawful-online-platforms-trading>

¹³ <https://next.autonomous.com/cryptofundlist/>

¹⁴ <https://cryptoslate.com/crypto-hedge-funds/>

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https://www.barclayhedge.com/research/money_under_management.html

¹⁶ <https://www.fool.com/investing/2018/03/11/how-big-is-the-stock-market.aspx>

