



In order to create a suitable reflection of the past quarter, in this report we refer to the total market capitalization of the digital asset market, as well as the Bitcoin price performance representative of the performance of the dollar values in the digital asset market.

Dear Teroxx Community,

The second quarter of 2021 and thus half of the year is now successfully behind us. Most of you are now feeling some normalcy in your daily lives, due to the successful containment of the Covid-19 pandemic. Global financial markets and also digital assets have long left this pandemic behind (price-wise) and were able to set new records this quarter as well, making for a "positive" quarter. Bitcoin was able to carry the bullish starting position from the first quarter of the year and set off on another "bull-run" by mid-May, reaching new all-time highs in almost all digital assets. Some indices and tech stocks (technology, digitization sector) also saw strong upswings and were able to sustain the trend. The markets have once again shown that mass adoption and fundamental development of the asset class is underway. Coinbase (one of the most well-known and influential digital asset exchanges) conducted an IPO and is now listed on Nasdaq. Many new blockchain users, institutions and companies entered the market with high volumes. New ETF products have been approved around the world and more positive regulations are opening the doors for large investors, providing some stabilization in the markets. We at Teroxx were again able to work on the continued positive development of the company this quarter without any restrictions due to our digitalized and efficient work processes.

## Market review 2nd quarter 2021

Considering the price developments of most digital assets measured in US dollars, we can look back on a "mixed" but fundamentally successful second quarter. The price rally that has been driving the markets upwards since the summer of 2020 did not come to an end this quarter either. Bitcoin was able to break through resistance after resistance and set new highs almost daily. Not only did the prices of most assets go up, but mass adoption was also in great strides. The aforementioned Coinbase IPO led to digital assets moving to the center of the financial world. A flood of new investment products rounded out the positive fundamental picture of the industry. On the regulatory front, there has also been a lot of progress globally this quarter. For example, there are new, detailed considerations for digital central bank currencies and uniform EU standards for handling the industry in the near future. Many institutions and firms have recognized that portfolio diversification is elemental, especially in this low interest rate environment, to counter the decline in the value of the FIAT currency. For example, the fintech company Square had been able to make a considerable jump in profits and exceeded any profit expectations just because the company made Bitcoin investments. Major and investment banks such as Morgan Stanley reported investing capital in Bitcoin and other digital assets to meet customer demands and requests.

The ever-expanding range of investment products that allow even "traditional" investment firms to enter the market (AIFs, ETFs, etc.) and the expansion of offerings by traditional financial institutions were fundamental news that set the market up for the future. The fact is that demand continued to rank at a high level after each sell-off, which allowed support zones to be constantly established. However, in addition to the fundamental strengthening of the market, an expected and necessary price correction in digital assets began from mid-May. Bitcoin was able to end the past year with a price around \$58,000, laying the foundation for further highs that the market saw at the start of the quarter. The market capitalization at the start of the quarter was ~\$1.9 trillion.

Following we saw a digital asset market that in the big picture split the quarter in half. In the first 40 days of the quarter, the market was bullish and reached unprecedented price jumps due to greed, price fantasies and "FOMO" that drove Bitcoin above \$60,000. By giving bitcoin a limited asset it responds to changes in demand with price changes. When there is excess demand, as was the case in April and May, prices rise because there are more demanders than supply. Entries and publication of investments in large amounts let consequently also private persons invest in the market, because they assume rising prices. In this time the market followed the

dynamics of the investors, which could not be explained however charttechnically or fundamentally. Market sentiment was driven by euphoria, but did not follow any logical market pattern. This was followed by a steady and strong resistance formation. The volume in the market could not drive prices above the \$65,000 threshold and thus the first phases of selling began. During this time, the market transformed and the sell side faced fewer buyers, forcing them to lower prices to sell their coins and tokens. Shortly before, altcoins and so-called "memecoins" also saw a strong run, removing all reality from the market. For example, Dogecoin (a parody of Bitcoin) briefly saw its price rise 15,000% after it received media praise from influential people (including Elon Musk). At its highest point, the market capitalization was ~\$2.6 trillion. Thus, the total market capitalization increased by 36.8% in just 40 days. Chart-wise, we saw the first signs of bearish (negative) patterns (resistance building, sell-offs, lower highs). Into the first phase of the sell-off, Tesla (which had previously been a real price driver) also announced that Bitcoins would temporarily no longer be accepted as a means of payment. This caused further selling and by the fact that most investors were clearly in the plus, the willingness to sell was significantly increased. However, the market was able to establish the psychologically important support at ~\$50,000 and subsequently saw positive prices again until mid-May. However, the previously formed resistances could not be broken and this again led to negative price developments. News that was not characterized by positivity was steadily acknowledged by market participants with further sell-offs and the market corrected sharply as a result. A halving of most prices of digital assets was the consequence. Within ten to twelve days, the market capitalization also halved. This led to quick and high losses, especially for inexperienced investors and late entrants. Blind investing was ultimately associated with high risk in this quarter as well. Throughout June, the market was in a consolidation mode. After the market tested the \$30,000 mark, this was established as a deep and long-term support. For weeks, Bitcoin was in a kind of "trend channel" between ~\$42,000 and ~\$30,000. Prices failed to recover as some would have liked, as some China-based mining farms struggled due to national government restrictions, resulting in an unusually high number of coins being offered for sale. This resulted in further selling pressure, which briefly hindered a positive market direction.

The general price performance of the market as measured by market capitalization ultimately failed to perform positively this quarter. Altcoins, due to the correlation to Bitcoin and the lower market volume saw more mixed movements. While some altcoins also corrected sharply, others can show a positive quarter. It is clear here that this quarter was an unusual one. While we saw all-time highs on the one hand, the correction was also unusually strong. This made it clear that a realistic view of the market was necessary. It is precisely this realization that the market can also cushion negative phases and forms a support at \$30,000 shows that the general trend is positive

and bullish. On a yearly basis, the price in bitcoin has tripled - this shows that the market is definitely in a growth phase, even if sell-offs and corrections start.

Bitcoin is now recognized as a store of value, and more and more investors are using this asset class in a variety of ways. A reallocation of capital illustrates that investors are seeking alternatives and using digital assets precisely by diversifying their portfolios to cover as many areas of the financial world as possible. Overall, the industry as a whole saw fundamental growth due to the approval of many new investment products and entries from various financial institutions, although the price development was temporarily slowed down by the correction.

In addition to investments by financial institutions, the media-driven topic this quarter was the IPO of Coinbase and the mining debate in China.

Every new market opportunity offers opportunities with appropriate investment and sensible risk management strategy. For example, an entry at the beginning of the quarter was very lucrative, while it would have had negative consequences for the portfolio in the second half of the quarter. Future positive price developments are associated with higher hurdles due to the sell-offs, but corrected markets offer a significantly better risk-reward ratio and entries can be assessed more realistically, making a suitable investment and asset management strategy an elementary pillar for successful action in the digital asset market.

## Teroux Quarterly Update Q2/2021

We at Teroux have used this quarter to be able to use our different trading strategies profitably on the market again. The possibilities to short (bet on falling prices) could be used this quarter as well as the classic long strategies. Due to the rapid development of the prices of digital assets in the first half of the quarter, the long positions held by Teroux were able to increase strongly in value and we also use these upswings in daily trading to place suitable positions and book profits. This quarter, risk management and capital hedging were assigned an important role. Because at least since the sell-offs and the market correction, our corporate philosophy of capital protection before profit maximization was an important cornerstone to survive this new situation without damage. Thus, we temporarily closed a large part of the long positions to realize profits and bought back parts of these assets after the markets stabilized. Thus, we accumulated additional coins and tokens and will profit again in the next market cycle. Since the correction, we have focused our daily trading on spot buying opportunities, making buy-backs of local lows (buy-back-the-dip) a proven way to trade profitably.

Teroux was also able to achieve the set goals in other departments of the company and implement improvements to the TerouxWalletApp, as well as create new product offerings. The announced investment product for professional and institutional investors could already be implemented in March 2021, i.e. on schedule. In addition, approval was granted to market this product in Germany. Following this successful approval, we have already succeeded in obtaining the first approximately two million U.S. dollars in initial investment, thus achieving another successful milestone. This expansion of the investment products has thus enabled Teroux to further expand its pioneering role in the field of digital assets.

This quarter was characterized by contrasts. Fundamentally, the market has developed positively and the global financial markets also show that the positive direction is continuing. A recession is often followed by a long period of optimism, which means that further positive developments can be expected. The threat of inflation, expansionary monetary policy and the lack of yield on offer in traditional investment products will continue to make digital assets lucrative for large investors of all types in the coming quarter.

We do not expect any drastic price jumps at the start of the new quarter. The markets currently look firmed and the correction makes further investment in the markets likely, as with bullish cycles intact, the further an asset is from a high point, the better the odds. Further consolidation could take place over the summer months, making

appropriate entries and strict risk management with tightly managed exits elemental to success in the coming quarter.

We hope that global crisis management in relation to the Covid-19 pandemic continues to be successful so that, in addition to the markets, people regain full normality and confidence in their daily lives.

We wish you a good start into the new quarter and stay healthy!

The Teroxx Team

