

RIVEMONT

Rivemont - Weekly Update #185

June 30th, 2021

Rivemont is the portfolio manager responsible for the investment decisions of the Rivemont Crypto Fund.

Slightly positive week on the crypto market after what will likely be the worst 2nd annual quarter in its history. The total capitalization of the crypto market has risen from \$1.36 trillion to \$1.43 trillion in the last seven days, an increase of about 5%. Need we remind you, however, that it was only six months ago that the 1 trillion mark was smashed for the very first time? That's why, despite the correction in the second quarter, many people see the whole thing as a simple temporary setback as opposed to the end of the cycle!

The announcement of John McAfee's suicide last Thursday shook the crypto sphere. The founder of the software company of the same name was an avid

defender of the crypto industry. In fact, he had been heavily involved in it, for better or worse, during the ICO craze in 2017. The 75-year-old was reportedly found hanged in his prison cell in Spain, awaiting extradition to the United States. However, his death is already causing its share of controversy, with the flamboyant figure repeatedly claiming that they were trying to eliminate him under the guise of suicide, and to never believe the veracity of such a scenario if it were to happen. [His wife asked for an investigation to this effect.](#)

Bad news never comes alone. Speaking of deaths in the crypto world, this week we also learned of the death of Mircea Popescu, a Romanian who had over \$1 billion in bitcoins on his own. He was found drowned on the coast of Costa Rica. He was only 41 years old. The obvious question is what will happen to his fortune. Did the man, described as particularly suspicious, have a clear succession planned to hand over his private keys? If so, we can expect his crypto assets to be liquidated in the near future. On the contrary, if his keys die with him, a significant number of bitcoins will become forever inaccessible, decreasing the overall supply that can be exchanged.

We described in last week's letter the [Chinese government's attack on the country's miners](#) and the major effects it was having on the industry. Indications of migration out of China are growing. Indeed, mining equipment, which until recently was considered a valuable asset, is now being liquidated at almost scrap metal prices. At the same time, other markets are exploding. This is particularly true of India, where according to a recent report by Chainalysis, crypto investments have gone from \$200M to \$40B in just one year. Indians have always had a particular affection for gold as an investment vehicle. However, among the younger generation, bitcoin is now the dominant one.

Bitcoin-based exchange-traded funds would be plentiful in the U.S. if the SEC decides to accept them. While none have yet received this regulatory seal of approval, a new one is joining the race. Indeed, Cathie Wood's firm ARK Invest has filed a formal application to launch Ark21Shares. It's no surprise that the firm is looking to expand its presence in the market, having just this month purchased \$29 million in shares in the Grayscale Bitcoin Trust when bitcoin

last went under \$30,000. Note that a Morgan Stanley fund also has 28,000 of these shares.

In all the saga surrounding Elon Musk, Tesla's purchase of bitcoins, and the CEO's subsequent criticism of the industry's environmental footprint, the Bitcoin Mining Council was born seeking to address the issue. Tomorrow at 4 p.m. will be the first filing of statistics on the current electrical usage of the network. Remember that Musk has withdrawn the possibility of buying a Tesla vehicle in bitcoins "as long as its mining does not come at least 50% from clean energy". Will we have numbers to back this up, allowing Musk to get back into the good graces of crypto investors? One thing is certain, he has his own investment to defend. It seems like a good opportunity to keep up appearances.

Moreover, let's mention that Musk does not seem to want to turn his back on the crypto industry, quite the contrary. Indeed, he has agreed to an open discussion with Jack Dorsey at the "B Word" conference starting July 21st. The event, partially organized by Ark Invest and Cathie Wood, is described as an educational initiative to spread adoption and promote awareness of bitcoin and crypto assets more generally. Many see this conference as a springboard to a new wave of institutional adoption.

Other news that caught our attention this week included the fact that billionaire Ricardo Salinas is the latest of his select group to endorse bitcoin. The founder of the Salinas Group not only praises cryptocurrencies, but calls national fiat currencies a joke in the process. "The fiat fraud is inherent to the fiat system and we can see it today in the USA. Monetary issuance went to the moon, you understand? The dollar as hard money is a joke." He adds: "I've invested a lot of time studying bitcoin and I think it's an asset that should be part of every investor's portfolio. It's an asset that has value, international value, that is traded with enormous liquidity at a global level and that is enough reason for it to be part of every portfolio, period."

Finally, we witnessed a gigantic partnership between the crypto.com exchange and Formula 1. The company has indeed signed a five-year agreement worth

over \$100M. Under the agreement, the Crypto.com brand will be displayed at various F1 events. "The first thing you're going to notice is that Crypto.com is visible on sidetrack signage and during the races," the press release reads. "But this season, Formula 1 is also rolling out a completely new race format, the Sprint, and we're going to be the presenting partner of this new format. There are also a couple of other innovative things, like we will have a completely new award for the drivers after each race." In addition, it is expected that crypto.com and F1 will develop various proprietary non-fungible tokens (NFTs) in an effort to "connect fans to the sport in new and innovative ways."

Will bitcoin be able to continue its gradual recent rebound over the next few days? In the short term, it is the traditional 30- and 50-day moving averages at \$35,800 and \$37,800 that represent the main challenges for the asset. The last major resistance is then around \$44,000. Any of these resistances moving into support would certainly be seen as a buy signal for many technical analysts. If the price were to point downwards instead, it is the \$33,600 support we are currently looking at.

Rivemont Investments, manager of the Rivemont Crypto Fund.

The presented information is as of June 30th, 2021, unless otherwise indicated and is provided for information purposes only. The information comes from sources that we believe are reliable, but not guaranteed. This statement does not provide financial, legal or tax advice. Rivemont Investments are not responsible for any errors or omissions in the information or for any loss or damage suffered.

////////////////////////////////////
Martin Lalonde

President

160, boul. de l'Hôpital, suite 202

Gatineau, Quebec, J8T 8J1

Tel: 819-246-8800 or 1-844-318-8800

martin.lalonde@rivemont.ca

////////////////////////////////////
www.rivemont.ca

Jean Lamontagne

Vice President and Portfolio Manager

465, rue Saint-Jean, suite 509

Montréal, Québec, H2Y 2R6

Tel: 438-387-3300

jean.lamontagne@rivemont.ca

[Aimez-nous sur Facebook / Like us on Facebook](#)

Copyright © 2021 Rivemont, all rights reserved.

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#).

