

RIVEMONT

Rivemont - Weekly Update #203

November 3rd, 2021

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

After the profit-taking following the all-time highs hit two weeks ago for the crypto market, the week that ended yesterday for the Rivemont Crypto Fund was one of modest, but encouraging bull market recovery. All markets, however, seem on edge, awaiting the US Fed's speech later today.

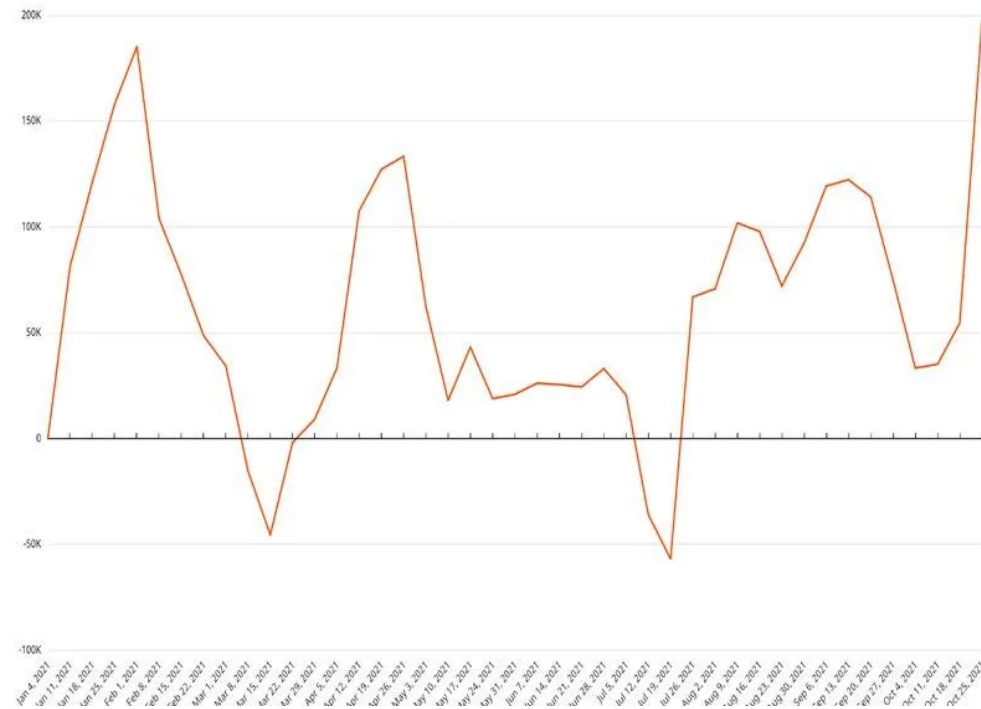
Indeed, inflation is on everyone's lips right now. How will the U.S. financial authority respond? Everyone is expecting a gradual decrease in its monthly bond purchases. However, it is the talk about interest rates that will get the attention. The markets are not expecting any increase until at least 2023. This is the position that Jerome Powell has often reiterated. However, the giant

Goldman Sachs recently estimated that this first increase could on the contrary come as soon as July 2022. "The Fed has wanted inflation for much of the last 10 years, and they were unable to generate it with [quantitative easing] and low interest rates," said strategist Matt Miskin. "But now it's here, so it just goes to show you have to be careful what you wish for."

Bitcoin had the best month of its year in October. As we have often mentioned, the nature of the asset makes it an investment that could be prized in the event of persistent inflation. However, often acting more as a risk asset, it stands to reason that if traditional markets react negatively to the Fed's announcements, bitcoin could also be temporarily shaken. If the talk is once again dovish, the opposite could be just as true. In short, it would be surprising to see any big price moves before this afternoon.

Whales, those investors who hold at least 1,000 BTC, grabbed 142,000 BTC last week, bringing the cumulative total to nearly 200,000 BTC - the highest in 2021, according to Tuesday's market intelligence report from analysis firm Chainalysis. "It's a confirmation of the view that bitcoin is seen as digital gold, or perhaps institutions are just making a longer term trade on the bitcoin price," Chainalysis said.

Change in BTC held by large investors in 2021



Significant news out of Australia, with Commonwealth Bank of Australia (CBA.AX) announcing that it is set to become the first traditional bank in the country to offer a platform for retail customers to trade cryptocurrencies, breaking ranks in the industry. Australia's largest lender said it will partner with New York-based exchange Gemini Trust Company LLC to offer a "cryptocurrency trading and custody service" through a new feature in its mobile banking app, which is used by about 6.4 million customers.

As evidence of the current cryptocurrency craze, the Coinbase app has regained the top spot on the list of the most downloaded iPhone apps in the United States. The crypto.com app, meanwhile, takes the 5th spot.

Miami Mayor Francis Suarez, who was re-elected for another term yesterday, announced that his next paycheck would be paid entirely in bitcoins. Suarez announced last month that he wanted to make the city a hub for the industry and allow all city employees to receive their pay in cryptos.

Also in Miami, it should be noted that the civil trial between Ira Kleiman and Craig Wright began on Monday. It is the staggering total of 1.1M BTC that is at the heart of the dispute. Wright has been claiming since 2016 to be Satoshi Nakamoto, creator of bitcoin. This lawsuit posits that Wright did not act alone. According to Ira Kleiman, his late brother David - a fellow computer scientist and longtime friend of Wright's - was the co-creator of bitcoin and is entitled to a share of a bitcoin portfolio currently valued at \$66 billion. According to emails shown to the jury Monday, Ira Kleiman claims her brother was solely responsible for mining the entire bitcoin stash in question. She accused Wright of defrauding them through a combination of forgery and deception over David's estate after his death. Wright denies the allegations and says that while David Kleiman was a friend and confidant, the two were never associated and that he alone is Satoshi Nakamoto. Needless to say, the outcome of this trial will be of crucial importance, with such a large pool of bitcoins having the potential to move the markets significantly.

If this was a week of recovery for bitcoin, it was an even rosier one for Ether. Indeed, the token smashed its record price yesterday, with its ratio to bitcoin beginning a strong rebound since mid-October. Investors in the Rivemont Crypto Fund have taken advantage of this, with about half of the capital currently exposed to ETH.

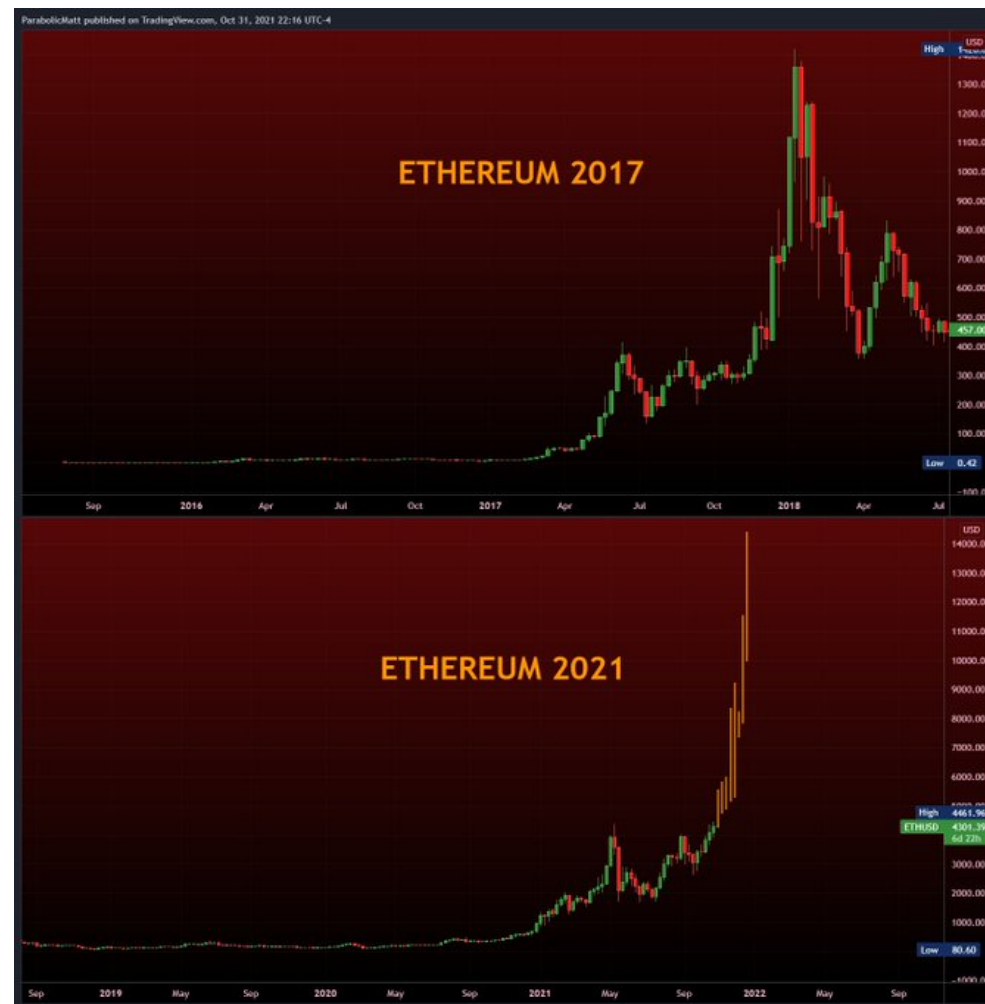
The new price record coincides with an all-time high for Ethereum's hash rate. This rate in turn coincides with the announcement of a decrease in ETH supply with the highly anticipated Ethereum 2.0 upgrade. The explosion of the non-fungible token market is also certainly helping this upward trend, with over \$2 billion in sales recorded in the first half of 2021. The Chicago Mercantile Exchange (CME) also announced yesterday that it will offer micro futures on Ethereum starting December 6th. This will allow investors to make much smaller transactions than with the current Ether futures contracts.

A simple and straightforward projection of the price of Ether was proposed by Michael Van de Poppe, who published the following chart estimating an

"impulse move" up to \$6,000 to \$6,400, which could occur between November 2021 and January 2022.



A final perspective offered by channel analyst Matthew Hyland compares the price action of Ether in 2017 with the current market structure. If history were to repeat itself, a peak of around \$14,000/coin could be reached by the token.



PlanB, creator of the popular Stock-to-Flow model, has for a third consecutive month predicted the month-end price of bitcoin for October (with a 3% margin of error). However, it is in the next few weeks that his model will be truly put to the test. He now estimates that the price will be above \$98,000 by the end of November and above \$135,000 by the end of the year. Despite the magnitude of the statement, he seems more confident than ever about his model.

The technical picture remains entirely bullish for bitcoin, with bitcoin testing its 30-day moving average twice this past week. This is the level that should be maintained in the short term.

Finally, there is some good operational news on the Fund side. It is now possible to withdraw money from the fund at the end of the month following a ten business days' notice instead of thirty days as was previously the case.

Rivemont Investments, manager of the Rivemont Crypto Fund.

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