RIVEMONT

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

The price of Bitcoin dropped after approaching $70,000, triggering a wave of liquidations for long position traders. The price hit the top of its long consolidation channel, and it's no surprise that profit-taking occurred at this level. However, breaking through this level could set off fireworks!

Although the main cryptocurrency came close to breaking this symbolic barrier on Sunday, it quickly lost value, falling below $67,000 on Monday. This drop led to significant losses for traders betting on a price increase. In just 24 hours, around $123 million in long positions were liquidated across the cryptocurrency market, with $47 million coming from Bitcoin positions. This volatility occurred as the Bitcoin exchange-traded funds (ETFs) market saw a massive influx of investments, particularly in the U.S., where investors are optimistic about the potential return of Donald Trump to the presidency, known for his pro-crypto stance. Last week was the best week for these ETFs since July, with more than $2.2 billion in fund inflows. Meanwhile, Ethereum, the second-largest cryptocurrency, saw a slight decrease of about 1% in 24 hours but still recorded a 2% increase over the week as investors continued to pour money into funds exposed to this cryptocurrency, although its ETFs haven't seen the same enthusiasm as Bitcoin's.

Bitcoin and Ethereum now face significant resistance levels, attracting attention from analysts as both cryptocurrencies attempt to break through these critical thresholds. Despite a recent slight dip, experts believe that breaking these levels could attract significant investor attention. Maria Carola, CEO of the StealthEX crypto exchange, explains that the improving outlook for Trump in the polls is positively influencing Bitcoin’s price. Despite a slight decline, she predicts that Bitcoin could surpass the psychological $70,000 mark in the short term, though she remains cautious about reaching a new all-time high immediately. Meanwhile, global factors like tensions in the Middle East and regulatory developments around stablecoins could cause unexpected market fluctuations.

Last week, Bitcoin-related ETFs saw more than $2.2 billion in inflows, marking the largest capital inflow since July, according to CoinShares data. A significant portion of these investments comes from the U.S., where investors are increasingly optimistic about Trump’s re-election. This renewed interest in Bitcoin seems driven by Trump’s pro-crypto promises, positioning himself as a candidate favorable to digital assets, in contrast to Democratic candidate Kamala Harris. The new Bitcoin ETFs, introduced in January, have offered U.S. investors regulated access to this cryptocurrency, attracting more than $20 billion in nine months. Last week, BlackRock’s iShares Bitcoin Trust alone attracted over $1 billion, representing more than half of the inflows into U.S.-based crypto funds. This renewed interest comes after the Federal Reserve’s decision to cut interest rates, encouraging investors to return to riskier assets like Bitcoin.

The recent SEC approval of options for Bitcoin spot ETFs could mark a new phase of institutional adoption and increase market volatility. Options, which allow buying or selling an asset at a fixed price by a certain date, make Bitcoin trading more accessible and efficient for institutional investors. This represents a significant step in the normalization of Bitcoin as a financial asset. Analysts suggest that adding options to ETFs, which have already attracted more than $20 billion this year, could boost transactions and improve liquidity while increasing volatility during contract expirations. Options offer a more capital-efficient alternative to futures, attracting more institutional investors. Their introduction could generate volatility spikes during contract expirations, but also facilitate better price discovery and larger trades. Additionally, the SEC's approval is seen as a major regulatory advancement, highlighting Bitcoin's progress toward greater acceptance in traditional financial markets. Despite this enthusiasm, the introduction of options will not happen immediately, as further steps with the Commodities Futures Trading Commission (CFTC) are still necessary. Experts predict, however, that trading options for Bitcoin ETFs could begin before the end of the year, marking an important milestone in the development of the cryptocurrency market.

Michael Saylor, co-founder of MicroStrategy, defends the company's bold strategy, which has accumulated more than 252,000 Bitcoins, representing over 1% of the total supply of this cryptocurrency. This approach has driven MicroStrategy's market capitalization from $1.5 billion to over $40 billion in four years. Saylor explains that the company's goal is to issue securities backed by digital assets, making Bitcoin more accessible to traditional investors while increasing its scarcity. MicroStrategy has repositioned itself as a leader in merging traditional financial markets with Bitcoin, with initiatives such as a decentralized identity protocol. Despite criticisms of the company's high valuation compared to its Bitcoin assets, Saylor remains confident, emphasizing that the company allows institutional investors to gain exposure to Bitcoin while customizing their portfolios. He also refutes accusations that the company's strategy is an "infinite money glitch," preferring to see it as a digital transformation of financial markets. Finally, Saylor envisions a future where MicroStrategy could become a "Bitcoin bank" with a potential multi-billion-dollar valuation by creating Bitcoin-related financial instruments for investors. This vision reflects the company's commitment to integrating Bitcoin even more deeply into the global financial ecosystem.

In the same interview, Saylor expressed his desire to leave his Bitcoin wealth to humanity, following in the footsteps of Satoshi Nakamoto, the anonymous creator of Bitcoin. In an interview, Saylor explained that, having no heirs, he wants to leave his Bitcoin to civilization, emphasizing that his commitment to Bitcoin goes beyond personal enrichment. He views this cryptocurrency as an essential economic foundation, much like steel and electricity are for modern infrastructure. Saylor perceives Bitcoin as a durable and "immortal" economic asset that retains its value over time, unlike traditional currencies, which depreciate. He compared the loss of value in fiat currencies to that of a battery that discharges, whereas Bitcoin acts like an eternal battery, storing economic energy indefinitely. For him, Bitcoin represents a major advance in the economy, transitioning from an artisanal domain to a sustainable science that can transform the 21st century. Although he acknowledges that Bitcoin cannot solve all problems, Saylor insists on its importance for addressing many of the world's economic challenges.

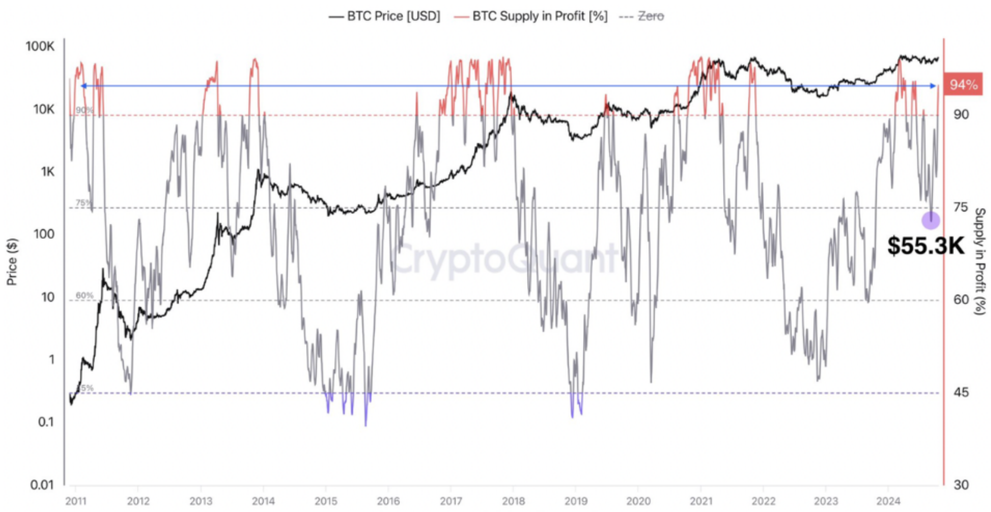
Craig Wright has (again!) launched a new lawsuit claiming that Bitcoin developers have deviated from Satoshi Nakamoto's original vision, creating confusion in the market. Wright argues that the SegWit and Taproot upgrades have fundamentally altered the Bitcoin protocol, misleading the public into believing that the current Bitcoin (BTC) remains faithful to the original version. He asserts that Bitcoin Satoshi's Vision (BSV) is the true Bitcoin and is seeking $1.18 billion in compensation for the valuation difference between BTC and BSV. The lawsuit, filed with the UK High Court, targets Bitcoin Core developers and Square Up Europe, a company linked to the Bitcoin Lightning network. Wright claims that the changes introduced by SegWit and Taproot, in 2017 and 2021, not only improved the network's efficiency and privacy but also led to forks, giving rise to alternative versions of Bitcoin, such as Bitcoin Cash and BSV. However, this move is criticized by legal experts, who point out that Bitcoin operates on a community consensus and open-source software, contradicting Wright's claims of exclusive ownership. Moreover, Wright has already lost a previous legal battle where he claimed to be Satoshi Nakamoto, and observers doubt he will have more success with this new lawsuit.

Bitcoin's dominance in the cryptocurrency market has reached 58%, its highest level since April 2021, reflecting growing interest in this asset, particularly from institutional investors. Bitcoin-backed exchange-traded funds (ETFs) have recorded four consecutive days of capital inflows, totaling $1.6 billion. Among these funds, BlackRock's ETF captured the majority of investments, with $393 million. This increase in Bitcoin dominance, alongside indicators such as record open interest and declining exchange reserves, suggests a potential bull market ahead. While Bitcoin's price is moving toward a median point, it has yet to decisively break through its current resistance levels, leaving room for potential pullbacks. However, some analysts expect a breakthrough by the end of 2024 or early 2025, driven by positive market dynamics and investor confidence. The overall growth of the cryptocurrency market has also been supported by macroeconomic factors, such as interest rate cuts by the Federal Reserve and liquidity injections from China. Additionally, Bitcoin's potential is increasingly compared to that of gold. With a limited supply of 21 million units and growing global demand, some analysts, like Dary McGovern of Xapo Bank, believe that Bitcoin's market capitalization could eventually surpass that of gold, currently valued at $18 trillion. This perspective offers significant growth potential for Bitcoin compared to its current prices.

Bitcoin reserves on exchanges have reached a historic low of less than 2.7 million BTC, down from over 3.3 million nearly three years ago, according to CryptoQuant data. This decline in reserves is often seen as a positive indicator, as it creates scarcity, potentially putting upward pressure on prices. However, analysts believe that this trend requires a more nuanced analysis. The reduction in reserves on platforms may reflect a shift in investor sentiment, particularly toward long-term holding strategies, where investors move their assets into cold storage to avoid impulsive selling. Alice Liu, head of research at CoinMarketCap, notes that this reduction in reserves, historically driven by retail investors, is now increasingly influenced by institutional investors. These investors are withdrawing their Bitcoins from trading platforms, which could mark the beginning of an accumulation phase in the current market cycle. This trend also reduces the availability of Bitcoins for trading, which could add increased volatility to the market. However, according to Shubh Varma, CEO of

Hyblock Capital, the decrease in Bitcoin reserves is accompanied by a significant increase in buying pressure, particularly in the derivatives markets, where open interest is rising. This indicates that investors are taking on more leveraged positions, which could fuel future volatility, especially amid uncertainties like the upcoming U.S. elections.

The price of Bitcoin recently reached a local peak of $69,000 but was rejected due to profit-taking at this major resistance level. According to CryptoQuant data, 94% of Bitcoin's circulating supply is now in profit, with most purchased around $55,000. This increase in profitability among short-term holders suggests a "Buy-the-Dip" behavior, further reinforcing market optimism. However, history shows that such high levels of profit-taking can trigger significant sell-offs, as seen in previous bull cycles where a large portion of Bitcoin in profit preceded sharp price declines.



The rejection at $69,000 marks a key resistance zone between $67,300 and $69,400, where Bitcoin's price has struggled over the past six months. Despite this, some analysts, like Jusko Trader, believe that this correction is healthy and that Bitcoin's bullish momentum remains intact. They foresee these minor pullbacks allowing for fresh cash inflows, potentially driving a new rally.

The fund is currently invested at 85% in BTC and 15% in SOL.

The presented information is as of October 23rd, 2024, 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.

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