

Dear Limited Partners,

Short-term volatility doesn't deter us from where our medium to long-term vision is for this fund and crypto. Tariffs and volatility are the big headlines for this quarter. As Trump puts pressure on other countries to renegotiate trade deals, we see a couple of variable outcomes listed below. We are still very bullish on where crypto is headed, and recent volatility has created unique buying opportunities in the market.

**Furthermore, there are no tariffs on most cryptocurrencies, which makes a strong case for many nations to start adopting crypto and/or blockchain-based solutions.**



### Largest Bitcoin Drops

- 2011: -94%
- 2013: -75%
- 2014: -86%
- 2018: -84%
- 2021: -54%
- 2022: -77%
- 2024: -22% (so far)

### Largest Bitcoin Gains

- 2010: +9,900%
- 2011: +1,473%
- 2013: +5,507%
- 2017: +1,318%
- 2019: +95%
- 2020: +305%
- 2021: +59%
- 2023: +155%

Bitcoin is a proxy we use to show where the crypto market is at as a whole. We've seen larger swings (up and down) among the broad 100 index of cryptos we track. Moreover, we have not been immune from the broad market sell-off so far this year, mainly from a manufactured tariff and trade war. Some of the variable outcomes from this trade war are listed below with our thoughts and probabilities.

### Potential outcomes from tariffs & trade war:

1). Countries capitulate and lower their tariffs. India, Taiwan, Israel, and Vietnam have already expressed interest in lowering tariffs (in some cases to zero), if the US does the same. We believe that for most nations, moving to a lower tariff system seems to be the most probable outcome.

2). Countries retaliate with their own tariffs. China and other major nations could raise tariffs, to see who will back down first. This could be a prolonged trade war and/or push countries to find other trading partners. This is most probable with China (who raised tariffs on the US last week), but less likely with western countries that depend on the US economy, military system, and dollar.

3). Countries find other trading partners or coalitions outside of the United States' system. BRICS nations have already attempted to pull away from a US system. However, most BRICS nations aren't natural trading partners, and don't have stable currencies. Currently, U.S. economy is one of the largest consumers for many nations, and as the adage goes "the customer is always right". This makes outcome #1 more probable in the short term, but the medium to long term would make foreign nations look for other ways to diversify their economic trade.

Of the three options, we believe option one is most probable.

#### Potential Second and third order effects from tariffs:

1) More businesses and nations adopt cryptocurrency and gold to transact and store value. Many nations may want to be removed from the current economic system and use other currencies and coins like gold or cryptocurrency to have a store of value.

2). 10-year treasury dropped to 3.9% over the weekend, putting pressure on Jerome Powell and the Federal Reserve to cut rates faster than previously anticipated. This would be a large stimulus to real estate and other private and public markets.

3) Oil and gas prices lowered drastically last week, which would be a stimulus to the economy as inflation rates continue to fall.

4) Hinder or destroy China's economy and communist system. A longer-term effect or plan from the Trump team could be to hinder and collapse the Chinese and BRICS system. Many of these tariffs could hurt the US consumer, but completely obliterate the Chinese system, resetting the US as the single and dominant global superpower.

These are variable outcomes, and no one is sure exactly how this will play out. However, short-term volatility doesn't scare us. Regarding cryptocurrency, we believe we have a clear vision of where the destination will be.

#### Bullish News in Crypto For 2025

- 22 States have proposed bills for a strategic BTC reserve.
- President Trump announced a crypto strategic stockpile and reserve, with coins like BTC, ETH, XRP, SOL, and ADA.
- Russia and China are both rumored to be working on BTC strategic reserves.
- New SEC Chair Paul Atkins has ended lawsuits against Ripple, Robinhood, and Coinbase.

- A proposal for a strategic Bitcoin reserve calls for the US Government to buy 1 million (of the 21 million available Bitcoins) over the next 5 years.
- Proposed zero tax or significant tax relief to cryptocurrency and blockchain companies that are formed and managed in the United States.



## Outlook for 2025

We are entering the last year of the 4-year cycle in crypto. We have already planned many exit points for each of our 90+ positions in our fund. We plan to roll out of many positions during 2025 into more defensive positions as this market peaks. Even with the recent volatility we are still committed to our plan and vision in 2025 and 2026.

We are still committed to our previous outlook going into 2025 and believe we are well positioned to capitalize on it. You can add new capital to your position at the end of each month. If you'd like to add more capital to your position, please message [bridger@uglyunicorn.com](mailto:bridger@uglyunicorn.com)

Thanks,

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