



**BTST Bitcoin Investment Fund
Overview of Opportunity**

Overview

As many Investors will be aware, Bitcoin and the Cryptocurrency market are in the depths of a cyclical bear market. This is historically completely normal for the asset class, and in our view presents a significant opportunity.

As all sophisticated crypto investors know, the real money in Bitcoin is made during these bear markets. In other words, the money is made by buying low, when there is “blood in the streets” so to speak, and many Investors are scared or frustrated.

We are entirely convinced by the long term potential of Bitcoin, as referenced in the three Reports we have written over the past two years (if you have not read these we are happy forward them FOC for your perusal).

We believe that the asset is significantly undervalued at the moment, but due to market conditions it could well fall even further against its USD / GBP pairs. The objective of this Fund is to capitalise on this opportunity, which historically presents itself roughly once every four years.

We want to give access to Bitcoin exposure to those who do not want to manage their own Cryptocurrency investments with all of the complexities that involves, or do not wish to do so for other reasons such as lack of knowledge about the market or concerns over technical aspects such as security.

Who is eligible to participate in the Fund?

Under Financial Conduct Authority rules, three types of Investors are eligible to invest in what they call an unregulated collective investment scheme, or UCIS:

- high net worth investors
- sophisticated investors
- self-certified sophisticated investors

It is also our intention to accept friends, family members, and personal associates into the Fund.

Goals of the Fund

- 1- Capital appreciation of the underlying fiat currency invested in to Bitcoin;
- 2- (Trading portion of the Fund only) To increase the Bitcoin holdings by making measured and considered trades.

Strategy

The strategy of the Fund is two-fold:

Strategy #1: Buy and Hold.

This is historically the safest strategy with Bitcoin. Bitcoin will be purchased on a cost average basis, whereby a fixed (or semi fixed) amount is purchased at regular (or semi-regular) intervals during the bear market period.

The reason for cost averaging is because its practically impossible to buy the exact bottom of a bear market, just as it is to sell the exact top of a bull market.

Rather, by buying regularly in a bear market whether the price is going up or down, we can be sure of getting a very good average entry price.

The reason for being a little flexible with regularity and amounts is so that we can buy more if there is a sharp move down and less if there is a sharp move up, which should give us a slightly lower average price still.

Strategy #2: Buy and Hold, plus very selective trading.

There is slightly more risk to this strategy because of moving coins to and from exchanges (risk of exchange defaults or hacks) or making trades that go against us – see the risks section below.

To be clear, this is **not** a primarily a trading fund. Any trades that are made will be low risk swing trades with the objective of gaining more Bitcoin for the Fund in a low risk fashion.

The benefit of this strategy is that there is more potential upside than just holding alone.

It is our proposition to split the fund in to two sections:

- Non trading fund: This section of the Fund will be kept 100% in Bitcoin in a highly secure cold storage solution.

- Trading fund: This Fund will be lightly traded. It will still be a “HODL” portfolio (Bitcoin community slang for long term hold) but when an obvious trading opportunity presents itself, it will attempt to take advantage and trade for profit.

Risks

These are risks that we have identified:

1- (Trading portfolio only) Exchange Default or Hack:

As we will be trading this section of the Fund from time to time, there is a small risk that an exchange we are using could either default on paying out withdrawals, or they could suffer a hack and lose customer funds.

How we will mitigate this risk:

1) We will only use reputable and or regulated exchanges with a long and solid track record. Our preferred exchange currently is Kraken, which is the most trusted and one of the oldest in the industry; 2) We will not leave funds on exchanges for prolonged periods of time beyond that needed to execute trades. As soon as a trading setup has completed, funds will be moved back to secure cold storage. There may be times when an opportunity arises which requires us to use a less well known or unregulated exchange and in this case we will be extremely careful in terms of amounts traded and the amount of time we are exposed to such exchanges; 3) We will practice good risk management in terms of the size of trades by not trading with very large amounts at once and by not “over trading”.

2- Theft of storage mechanism:

It is possible that criminals could physically steal the cold storage device/s containing the private keys to the Bitcoin.

How we will mitigate this risk:

1) We will split the holdings amongst several cold storage private keys which will be geographically isolated from one another and stored very securely; 2) We will be extremely careful to ensure that the location of private keys is kept secret; 3) We may use a multi-signature storage solution which is the “gold standard” of Bitcoin storage solutions. It would pose operational risk to go into further details about security measures for obvious reasons.

3- The price of Bitcoin may fall further than we expect:

It is possible that due to risk factors such as a global economic depression, regulatory risk, coordinated government or media attacks, or others that we have not considered, the value of Bitcoin in relation to fiat currencies such as £GBP or \$USD could fall further than we expect, or stay low for a longer period than we expect.

How we will mitigate this risk:

We will be disciplined in cost averaging into Bitcoin over a period of time in an attempt to get an extremely favourable entry price. Clearly the Bitcoin market is highly liquid with many moving parts and so it is not possible for us to have good mitigation against price risk. However we feel that the risk is quite small and we have extreme confidence in the mid-long term price performance of the Bitcoin price.

4- Natural Disaster, “Act of God” or force majeure:

It is possible that unforeseeable circumstances such as a natural disaster (flood, earthquake, asteroid impact for example) could destroy the cold storage devices containing the private keys to the Bitcoin, as could an Act of God such as a fire.

How we will mitigate this risk:

Geographical diversification should mitigate against all but the most severe unforeseen natural events. We will also take other measures to mitigate the risk of flood and fire which we can not go in to detail about here to avoid any potential operational security risk.

The above risks may not be an exhaustive list. It is possible there may be other risks that we have not considered. However, we do have 5+ years experience in the Bitcoin and Cryptocurrency markets and feel that we have a good understanding about the fundamentals of both operational and physical security.

Terms of Investing in the Fund

- 1) There will be no management fee. Unlike other Funds, we do not seek to make money by charging a management fee, but rather by the capital appreciation of the reserve asset we hold (Bitcoin).
- 2) Any Investor may withdraw from the Fund by giving 30 days written notice by email. Investor funds will never be rehypothecated or used for any activity outside the mandate of the Fund and will therefor be available for withdrawal in the currency you invested in at any time (subject to no Act of God, force majeure, or legal scenario preventing this).
- 3) As a backup measure to the above risks, should it for any of the above reasons not be possible to liquidate Bitcoin to pay out an Investor, we will instead pay the Investor directly in Bitcoin, whereupon you can convert to your currency of choice directly.
- 4) Investors can increase their position in the Fund over time at the discretion of the Fund.

- 5) Should an Investor be unreasonably disruptive to the operation of the Fund, the Fund at its sole discretion refund that Investors money, proportionate to their percentage stake.
- 6) Investors will own the exact percentage of the Fund that their stake dictates. For illustrative example, if an Investor invests £10,000 and the total Fund is worth £100,000 then that investor will own 10% of the assets of the Fund.
- 7) There is no minimum or maximum entry to the Fund in the initial stages, however this may change over time.
- 8) For non personal associates or Friends or Family members, we will need all Investors to certify that they meet the criteria set out by the FCA to participate, namely that you are either a high net worth investors, a sophisticated investor, or a self-certified sophisticated investor.
- 9) If an Investor leaves the Fund (which has no financial penalty) but then requests to re-join the Fund within 2 years, there will be a 5% administration fee. This is to discourage Investors from using the Fund like a current account, which is not its purpose.
- 10) Investors will share 50% of profits generated by the Fund.
- 11) We will take profits at the Funds discretion. Any profit taking will by default be reported to and distributed to Investors in a timely manner.
- 12) The terms of being invested in the Fund may change at some point in the future. If the terms ever change then Investors will be informed by email and will be free to exit the Fund under the original (or current) terms if they do not like the change. The discretion to adjust terms is simply to protect us against unanticipated events (while giving Investors the opportunity to exit under the original or current terms) and we do not intend or anticipate altering the terms.

If any questions are unanswered or you are not clear about any points, please ask me (Adam) via email – ab@btst.co.uk

Duration of the Fund

It is intended that the Fund will operate indefinitely, however if circumstances change we may choose to stop operating the Fund, at which point assets would be liquidated and Investors would be paid out within 30 days of such a decision.

If you would like to enrol in the Fund, please self certify as to whether you are eligible under FCA rules here:

[Investor Certification Page](#)

If you have any questions that are not answered within this prospectus please ask by emailing bitcoin@btst.co.uk

All the best,

Adam Blair
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