



2018 MARKET RECAP

The **Crescent Crypto Market Index (CCMIX)** was down 78% on the year, while Bitcoin was down 72% and Ether was down over 80%. To put this in perspective, these losses were off the back of an enormous run up at the end of 2017 precipitated by the flawed but exciting boom in the initial coin offering (ICO) space. The space ended 2018 at similar levels to fall 2017. **Over the 2 year period from 2017 to 2018, the CCMIX was up 375%.**

In 2018, the **SEC brought the space back down to earth** by bringing multiple enforcement actions against ICOs for being unregulated securities offerings. The SEC continues to emphasize that they are not stifling innovation. Rather, they are ensuring the securities laws frameworks are followed for the cryptocurrency space. This wasn't a surprise, and we believe this is a positive for the long term viability of the space. **Clear regulatory guidelines will reduce fraudulent activity and provide comfort to institutions** that are interested in allocating to the asset class.

In the face of significant prior drawdowns, the space has shown resilience. This latest pullback marks the 6th 70%+ drawdown over the past 10 years of Bitcoin's history.

LOOKING FORWARD

We see **significant development and investment** that we view as both meaningful and positive for the long-term prospects of the industry. On the investment side, institutions have started to invest in the space more significantly. Grayscale, one of the largest digital asset managers, has seen the majority of their inflows from institutions (see report [here](#)). Additionally, [Yale and Harvard](#) **announced an allocation to a crypto-specific manager last year** and several other endowments have begun exploring and allocating to the space.

Please refer to additional important disclosures in the back.

The **digital currency financial infrastructure continues to improve**. We see development around institutional custody solutions, new listed products, and improved platforms for investment into the space. In 2019, there are several of these solutions coming to market from large institutions. Intercontinental Exchange (ICE) is launching a physically-settled futures product and platform, [Bakkt](#). [Fidelity](#) has announced an institutional custody and execution platform for the crypto space. [Nasdaq and VanEck](#) are partnering to launch a futures product. [Goldman](#) plans to trade a non-deliverable forward on Bitcoin. Overstock is launching [tZero](#), a regulated security token exchange.

Beyond the financial infrastructure, the **technology infrastructure also continues to improve**. Layer 2 solutions and further research into Proof of Stake consensus algorithms are helping to improve blockchain scalability - transactions per second can be drastically increased without increasing costs or wait times as severely as we saw back in 2017 when many digital asset networks were capacity-constrained. These improvements will allow for microtransactions and smart-contract platforms to more easily support viral decentralized applications for mainstream consumption.

On the downside, **we anticipate continued volatility in the space**. [Security breaches](#) at exchanges and [51% attacks](#) may continue to cause some volatility this year (albeit less than we saw last year hopefully). Continued [regulatory enforcement actions](#) against ICO projects could also cause some turmoil in the markets. Hopefully, the SEC will detail some additional guidelines that will allow the majority of ICO projects to become compliant without further persecution.

We maintain our **positive outlook on the long-term prospects of digital assets**. The continued resiliency of the space, investment in financial and technological infrastructure, and influx of human capital reinforce these views. Digital asset networks are a relatively new and experimental frontier for wealth storage and record-keeping. **For the first time in human history, there exists a means of exchange that is borderless and censorship resistant**, with nearly free and instantaneous transactions. Additionally, the premise of smart contracts and programmable wealth is newer and more powerful - with the potential to reduce slippage lost to intermediaries in all sorts of transactions through trustless and objective execution.

Please refer to additional important disclosures in the back.

Crescent Crypto Asset Management

MARKET COMMENTARY

AS OF 12/31/2018

Thank you again for the continued support. We're excited to have you as an early investor and partner with us along this journey.

Stay tuned to our weekly newsletter ***Crescent Talks Crypto*** for updates on all of these fronts.

Please refer to additional important disclosures in the back.

Crescent Crypto Asset Management

IMPORTANT DISCLOSURES

AS OF 12/31/2018

Copyright © 2018 Crescent Crypto Asset Management. All rights reserved.

DISCLAIMER: Crescent Crypto Asset Management LLC (the "General Partner") does not make any warranties or representations, express or implied, with respect to the timeliness, sequence, accuracy, completeness, currentness, merchantability, quality or fitness for any particular purpose of its data. The inclusion of a currency in an index, its weighting, or the exclusion of a company from an index, does not in any way reflect an opinion of the General Partner on the merits of that currency.

IMPORTANT DISCLOSURES

GENERAL

This presentation is provided for informational purposes only and is intended solely for the person to whom it is delivered. This presentation is confidential and may not be reproduced in its entirety or in part, or redistributed to any party in any form, nor may its contents be disclosed to any other person without the prior written consent of the General Partner. Information contained in this presentation is current only as of the date specified in this presentation, regardless of the time of delivery or of any investment, and does not purport to present a complete picture of the General Partner, Crescent 20 Index Fund LP (the "Fund"), or any other fund or account managed by the General Partner, nor does the General Partner undertake any duty to update the information set forth herein.

This presentation does not constitute an offer to sell or the solicitation of an offer to purchase any securities, including any securities of the Fund, or any other fund or account managed by the General Partner. Any such offer or solicitation may be made to selected investors only by means of the delivery of a complete confidential private offering memorandum and related subscription materials (such documents, the "Offering Documents"), which will contain significant, material information not included herein regarding, among other things, information with respect to risks and potential conflicts of interest. The information in this presentation is qualified in its entirety and limited by reference to such Offering Documents, and in the event of any inconsistency between this presentation and such Offering Documents, the Offering Documents shall control. Any decision to invest must be based solely upon the information set forth in the Offering Documents, regardless of any information investors may have been otherwise furnished, including this presentation. You should not construe the contents of this presentation as legal, tax, investment or other advice, or a recommendation to purchase or sell any particular security.

This presentation outlines certain planned or expected characteristics of the Fund and does not purport to present a complete picture of the Fund or of any investment managed by the General Partner. The Fund is in a structuring phase and there may be material changes to the structure and terms prior to any interests in the Fund being offered. The actual structure of the Fund and its investments, including assets to be acquired and the composition of any investment portfolio, will be determined based upon market conditions and other factors applicable at that time. The summary provided herein of the Fund's terms and conditions does not purport to be complete. The Fund's Offering Documents should be read in its entirety prior to an investment in the Fund.

The information in this presentation was prepared by the General Partner and is believed by the General Partner to be reliable and has been obtained from public sources believed to be reliable. General Partner makes no representation as to the accuracy or completeness of such information. Opinions, estimates and projections in this presentation constitute the current judgment of General Partner and are subject to change without notice. Any projections, forecasts and estimates contained in this presentation are necessarily speculative in nature and are based upon certain assumptions. It can be expected that some or all of such assumptions will not materialize or will vary significantly from actual results. Accordingly, any projections are only estimates and actual results will differ and may vary substantially from the projections or estimates shown. This presentation is not intended as a recommendation to purchase or sell any commodity or security. The General Partner has no obligation to update, modify or amend this presentation or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, project on, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

The information included in this presentation is based upon information reasonably available to the General Partner as of the date noted herein. Furthermore, the information included in this presentation has been obtained from sources the General Partner believes to be reliable; however, these sources cannot be guaranteed as to their accuracy or completeness. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information contained herein and no liability is accepted for the accuracy or completeness of any such information.

ALL STATEMENTS IN THIS PRESENTATION ARE THE OPINIONS OF THE GENERAL PARTNER, UNLESS OTHERWISE SPECIFIED.

INVESTMENT STRATEGY

The description herein of the approach of the General Partner and the targeted characteristics of its strategies and investments is based on current expectations and should not be considered definitive or a guarantee that the approaches, strategies, and investment portfolio will, in fact, possess these characteristics. Past results are not necessarily indicative of future results and no representation is made that results similar to those shown can be achieved. Investments in funds and accounts managed by the General Partner may lose value. Investment results will fluctuate. Certain market and economic events having a positive impact on performance may not repeat themselves. The performance results summarized herein are historic and reflect an investment for a limited period of time. The performance results do not reflect an investment in the Fund. Past results may be based on unaudited, preliminary information and subject to change.

FORWARD LOOKING STATEMENTS/PROJECTIONS

This presentation may contain certain "forward-looking statements," which may be identified by the use of such words as "believe," "expect," "anticipate," "should," "planned," "estimated," "potential," "outlook," "forecast," "plan" and other similar terms. All such forward-looking statements are conditional and are subject to various known (and unknown) factors which are out of the Fund's control, including, without limitation, general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates and availability of leverage, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors, any or all of which could cause actual results to differ materially from projected results. No representations or warranties are made as to the accuracy of such forward-looking statements. It can be expected that some or all of such forward-looking assumptions will not materialize or will vary significantly from actual results. Accordingly, any projections are only estimates and actual results will differ and may vary substantially from the projections or estimates shown.