

Dear Investors,

Every year the mainstream media dust off their “Crypto is dead again” material and recycle it onto their front pages and it seems that it is this time of the year, again.

In fairness, a 34% YTD correction is a brutal drawdown, but it is important to consider where we’ve come from. Two years ago, Bitcoin was trading at under \$9,000 and there were 100 times less participants in the digital assets industry than there are currently.

Valuations of digital assets are obviously under a great deal of pressure right now, but we are confident that the long term prospects remain attractive for this asset class.

Digital Asset Markets

As we conveyed in our previous newsletter, digital assets were badly bruised following the events of the Terra stablecoin implosion; the overnight wipeout of over \$40 billion in “prime” digital assets dealt serious blows to several major participants in the ecosystem.

For perspective, in the month of May, the Crypto Index shed around 24.62% of its total market capitalisation, which is the biggest percentage sell off on record since the May 2021 sell off. By comparison the Spectrum portfolio was down -14.68% for the month of May. While this mitigated drawdown is not something to write home about, our propensity for risk aversion has prevented us from suffering a drawdown larger than the market. We are aware of a number of less prudent crypto focused investment managers that are facing insolvency and liquidation.

On a positive note, the US bipartisan crypto bill under the current draft has been well received. The bill will provide regulatory clarity regarding the classification of digital assets either as commodities to be regulated by the CFTC or securities to be regulated by the SEC. This is one of the key requirements for mainstream digital asset adoption which bodes well for the crypto industry when market sentiment improves.

Global Macro Markets

From a global macro perspective, investment conditions are poor. Equity and debt markets face serious headwinds in a rising interest rate environment amidst looming concerns of recession. Commodities are positioned to continue their ascent higher taking consumer inflation rates along for the ride.

Some glimmers of hope on inflation peaking are currently being tabled by economists based on high US inventory figures which should lower import expectations for Q2 and Q3. Declining imports is, however, also synonymous with economic activity contracting, so we are not expecting to see lower inflation in the foreseeable future.

In the meantime, central banks are on track to fulfill their mandates of hiking interest rates during an inflationary environment and this is not good for risk assets across the board.

In Bear Markets We Build

Bear markets are the ideal time for introspection and the same goes for Spectrum.

We have revisited our risk evaluation and mitigation protocols in order to better protect our investors in these turbulent periods:

- We have reassessed our counterparty risk and have lowered exposure to exchanges in favour of cold storage (insured custodians);
- We have scaled up our strategic defensive hedges to mitigate further drawdowns in the event of continued bearish price action
- We have started scaling up our investment infrastructures so as to be better positioned to take advantage of the next crypto bull market which we believe will be Web 3.0 centric.

Web 3.0 is the latest development for both blockchain and the internet that allows individuals to own their data and be compensated for their time spent on the web.

With all of the above in mind we remain defensive in our outlook and portfolio positioning, but remain mindful that it is in times of great financial distress that the best investment opportunities present themselves.

We thank you for your continued trust in us and we look forward to updating you with our progress again next month.

Sincerely,

The Stewards Spectrum Investment Team

General Information

Inception Date
February 2021

Strategy Type
High Alpha

Structure
PCC Sub Fund

Domicile
Mauritius

Asset Class
Digital Assets

Risk Class
Very High

Reporting Currency
US Dollars

Minimum Investment
USD 100 000

Incremental Investment
USD 10 000

Investment Horizon
5 Years

ISIN Number
MU0698U00041

Fees

Management Fee
2% per annum

Performance Fee
20% above hurdle rate
subject to a high water mark

Hurdle Rate
10% per annum

Initial Fees
Waived for seed investors

Exit Fees
Not applicable

Investment Objective

The World Economic Forum (WEF) has proposed major changes in the structure of the world's economic and financial systems through an event referred to as the "The Great Reset". The Great Reset Portfolio aims to grow and protect wealth during this period of anticipated change where we expect traditional investment strategies and asset classes to come under pressure. It seeks to achieve capital appreciation over the long term with low correlation to traditional asset classes by applying an active investment strategy in the digital assets sector.

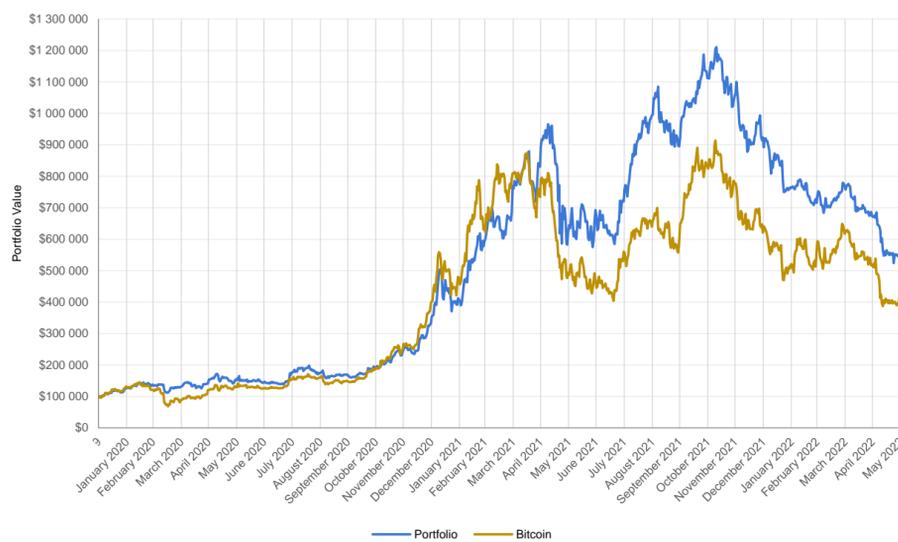
Investment Strategy

The portfolio mandate is capital growth and volatility mitigation driven by active management based on continuous fundamental and quantitative research of the asset space. This will be achieved by:

- Active allocation to high beta assets market uptrends;
- Defensive positioning to cash during market downtrends; and
- The deployment of delta neutral strategies such as arbitrage.

The safe protection and custody of the digital assets will remain a top priority throughout the investment process. Technical and operational safeguards have been implemented through our technology partners, Arrel Technology, a leader in the space of digital asset management.

Historical Performance of the Model Portfolio



\$100,000 invested in the Model Portfolio at inception would be worth \$568 079 to the investor at the end of May 2022, compared with a value of \$428 436 for the same investment size made in Bitcoin.

As at the 31st May 2022, the Model Portfolio has returned 468% over its lifetime, net of fees, as compared to Bitcoin which returned 328%.

Reporting & Dealing

Reporting	Monthly reporting issued by the 15 th of the ensuing month.
Investment Valuation Point	Weekly valuation on Thursday midnight 24h00 Mauritius time.
Investment Dealing Day	The next Business Day following the investment valuation point.
Subscription Notice Period	Two Business Days prior to an Investment Dealing Day.
Redemption Valuation Point	Monthly valuation at midnight 24h00 Mauritius time on the last Thursday of each month.
Redemption Dealing Day	The next Business Day following the redemption valuation point.
Redemption Notice Period	Thirty Business Days prior to a Redemption Dealing Day.
Redemption Proceeds Payment	On or before the fifth Business Day following the applicable Redemption Dealing Day.

Who Should Invest?

This is a high risk investment strategy. This Portfolio is best suited for investors who are willing to tolerate a high level of volatility in the value of their investment. Investors should preferably have no income requirements and a time horizon of more than five years. The investor should be seeking capital appreciation over the long term. The Portfolio will not be making any short-term regular distributions.

Investors may lose some or all of their capital.

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Past performance should not be taken as a guide to the future performance and there is no guarantee that this investment will make profits; losses may be made. Internal fees applicable to the strategy performance include asset management fees, trading costs, deposit/ withdrawals fees, blockchain transaction settlement fees, software licensing fees and bank charges. Reported performance figures are net of internal fees.

The Model Portfolio refers to continuation of the privately seeded live trading segregated account that was deployed as an open to external investment fund in 2021.

Important Information: We recommend that you seek independent financial advice to ensure this strategy is suitable for your investment needs. All the information contained in this communication is believed to be accurate and reliable at the time of publishing. Any opinions stated are honestly held but are not guaranteed and should not be relied upon. This communication is provided for general information only. This is not a buy or sell recommendation for any particular investment or investment strategy. It is not an invitation to make an investment nor does it constitute an offer of sale. This communication should not be distributed to private customers who are resident in countries where the strategy is not registered or in any other circumstances where its distribution is not authorised or is unlawful.