

Dear Investors,

The first half of August saw the digital asset market continue to rally from the recent lows posted in June earlier this year. In the second half of August the market sell-off aggressively to end the month in the red. Ethereum continues to attract all the attention in the crypto space in the lead up to "The Merge" scheduled for the 15th of September 2022.

### Portfolio Performance and Positioning

We have maintained that Bitcoin's move from \$18,000 to over \$20,000 is likely a bear market rally rather than a long term market bottom. Whilst we did increase crypto exposure in the portfolio during this rally and to ETH in particular, we kept our defensive positioning largely intact. This view was proven correct as BTC topped out at around \$25,000 and now looks set to revisit recent lows.

This broadly defensive approach coupled with effective shorter term tactical positioning saw Spectrum perform better than BTC and the market as a whole for August. Spectrum was down -3.84% in August, significantly less than BTC (-15.13%) and the Crypto 100 Index (-11.71%).

This month's performance contributed further to Spectrum's year-to-date relative outperformance of both BTC and the Crypto 100 Index. As at the end of August 2022 we have outperformed (net of fees) BTC and the Crypto 100 Index by 10.51% and 12.41% respectively year-to-date.

Whilst August was another negative month for the crypto market, the sell-offs are becoming less volatile than previously in the year. This is one indication that the market is getting closer to a long term cycle bottom. We are now, for the first time since the market top last year, looking to increase long term crypto holdings within the portfolio at key levels ahead of the next bull market.

We will not attempt to predict the precise bottom of the market as the probability of successfully doing so is very low. We do however expect that there is a good chance of a market bottom being established at some point during Q4 2022 and Q1 2023. As such, we plan to dollar cost average entries into long term crypto positions at relative price lows.

### September 2022 is ETH Merge Month

Looking forward, all eyes will be on ETH in September as the Ethereum network will undergo a significant upgrade which is referred to as "The Merge". This update is now finalized to occur on the 15th of September of 2022, a date around which we are forecasting high localized volatility around the Ethereum network.

Our current expectation is that ETH's valuation which has been pushed due to a significant increase in long positioning by both retail and professional traders seeking to extract some form of value from the Proof-of-Work hard fork, will likely see a significant correction as we head into the Merge due to those trades unwinding.

We remain very optimistic on the technical progress related to the Merge and will seek to reallocate more aggressively to ETH post this event or if the prices come within fair valuation. The Merge aims to improve the scalability and robustness of the Ethereum network which will ultimately increase the utility of the ecosystem.

The Merge will also most likely decrease the supply of ETH over time which will be positive for its long term price given this deflationary effect. Whilst we remain cautious regarding short term price action, we expect the Merge will position ETH as an asset to perform exceptionally well in the years ahead.

### Focusing on Real Yield

One of the main developments in crypto in the previous market cycle was the creation of various mechanisms to generate yield on crypto assets which gave rise to the term "yield farming". Whilst many positive innovations were introduced, the tokenomics of many yield focused projects were highly dilutive and inflationary. This created high reflexivity in token valuations which were completely shattered as the market pull backed.

"Real yield" is a recent trend centered around the ability to generate organic or non-dilutive returns. This is a very positive development for the crypto DeFi space, as projects are now being heavily scrutinized with regards to their tokenomics and the sustainability of their business models. We have been working throughout August to research up-and-coming protocols that are able to generate real yield, with the intention of allocating Spectrum funds to select opportunities at strategic price points.

One example of a leading real yield project is GMX, a decentralized crypto derivatives exchange. The exchange has generated north of USD 40 million for its token holders, which are fees earned from protocol users. We believe that such projects have the ability to dominate the next market cycle due to their organic ability to generate free cash flow.

### Final Thoughts

Whilst challenging investment conditions persist for digital assets as we continue to endure the current bear market cycle, we expect that a market bottom will be established either later this year or early next year. We know that when the digital asset market transitions from a bear market cycle into a bull market cycle that there is no other asset class that offers similar upside returns.

We want our investors to be ahead of this bullish transition and as such, we are now looking to gradually increase the long term crypto holdings in the Spectrum portfolio. Even if there are further lows to be posted in this current cycle, we expect that entries at current price levels will prove to be highly profitable with an investment time horizon 3-5 years out from now.

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.

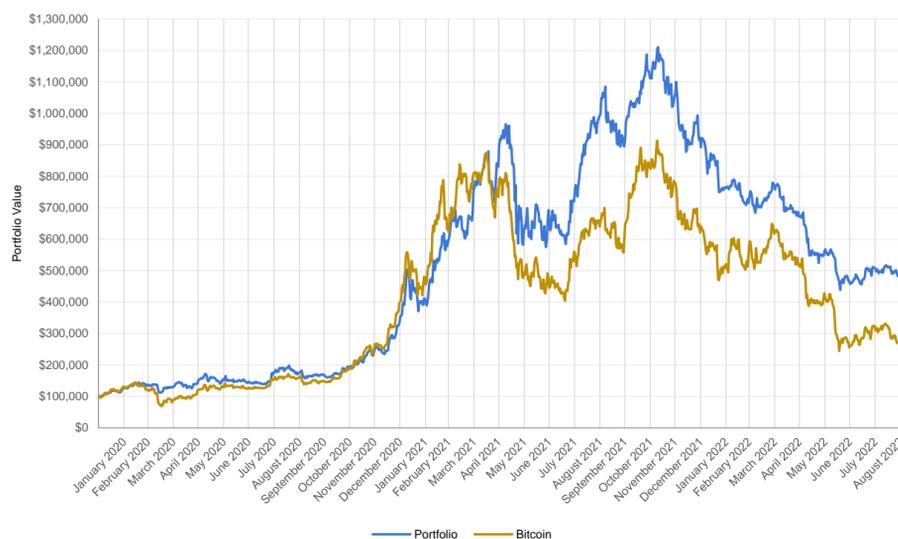
### Investment Strategy

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 \$488 061 to the investor at the end of August 2022, compared with a value of \$274 242 for the same investment size made in Bitcoin.

As at the 31<sup>st</sup> August 2022, the Model Portfolio has returned 388% over its lifetime, net of fees, as compared to Bitcoin which returned 174%.

### Reporting & Dealing

Reporting	Monthly reporting issued by the 15 <sup>th</sup> 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.

### Contact

#### Applications & Documentation

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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.