

# Seeking Singularity

April 2019



The  
**Singularity**  
group



## UPCOMING EVENTS

**\*NEXT\*** May 16, 2019, Breakfast @ Zunfthaus zur Saffran, Limmatquai 54, 8001 Zurich, 8:30–11:30am

### **Expert Access: Blockchain - A Reality Check**

**Featuring:** Daniel Gasteiger, Founder and CEO Procvivis AG, Co-Founder Nexussquared, Board Member of Global Blockchain Council; Laurenz Apiarius, Founder & Managing Partner of Blockwall, adviser to the OECD on policy making for crypto assets & blockchain technology; and more Blockchain industry experts

**Sign up:** [events@singularity-group.com](mailto:events@singularity-group.com) (Members: Free | Non-Members: 70 CHF)

**\*NEW\*** June 12, 2019, Breakfast @ Zunfthaus zur Saffran, Limmatquai 54, 8001 Zurich, 8:30am

### **Special Event: Exponential Technology and the Family Office**

**Featuring:** Gabriel Baldinucci, Strategy and Special Projects, Singularity University

**Sign up:** <http://bit.ly/TSG-FO-Event>



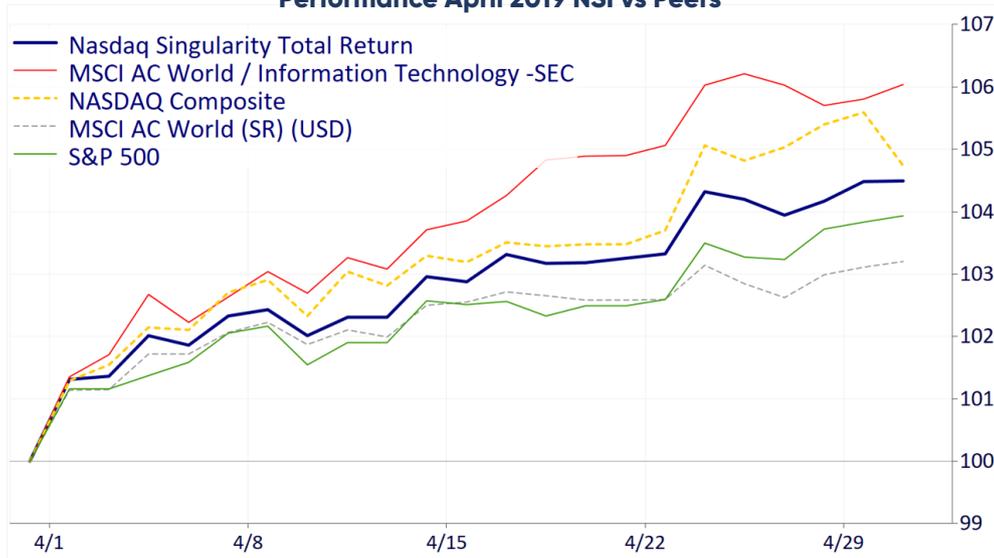
## SINGULARITY PERFORMANCE

**Monthly Nasdaq Singularity Index NSI (NQ2045) vs. benchmarks:** April performance had the **NSI finishing up at +4.49%** vs the Nasdaq Composite at +4.74%, the S&P 500 at +3.93% and the MSCI AC World at +3.20%. A very strong rebound in Tech had the MSCI AC World Technology above all peers at +6.04%, lifting tech valuations up and beyond previous highs.

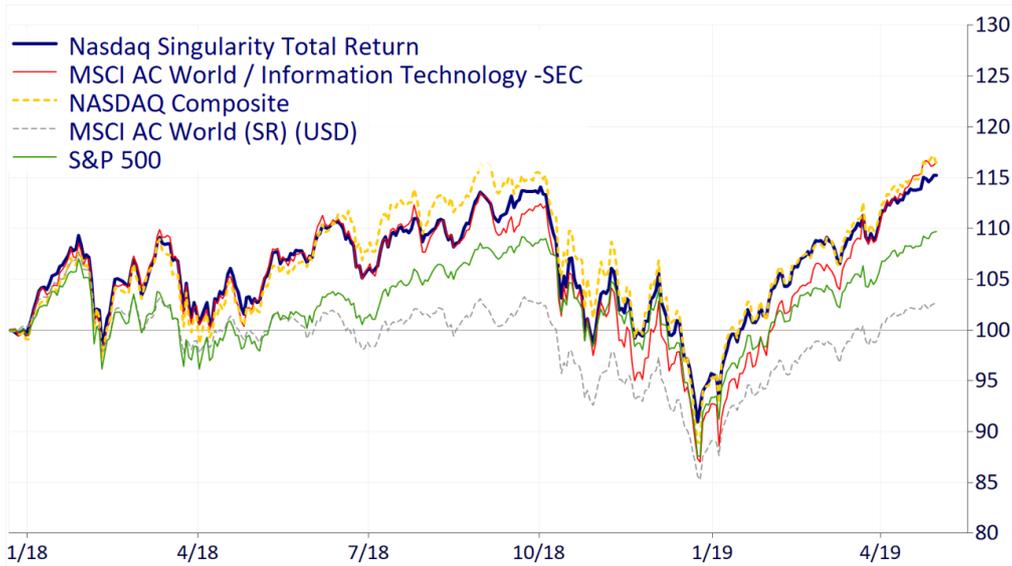
Year to date, this leaves the **Nasdaq Singularity Index (NSI, NQ2045) up 20.35%**. (MSCI AC World (15.18%), S&P 500 (17.51%), Nasdaq Composite (22.01%)). Pure Tech still shows the steepest performance with the MSCI AC World Technology up 25.61%. **Since launch on 21 December 2017, the NSI remains amongst the leaders, up 15.21%**. (Nasdaq Composite: +16.47%; S&P500: +9.60%; MSCI AC World Technology: +16.50%; MSCI AC World: +2.67%).



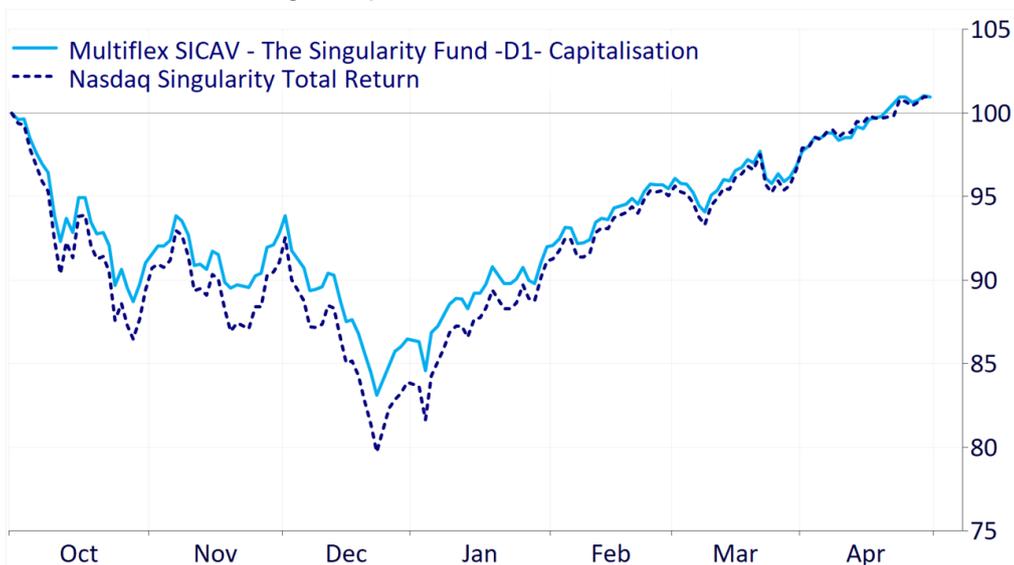
**Performance April 2019 NSI vs Peers**



**Performance Since Launch NSI vs Peers**



**Performance Singularity Fund vs NSI - since Launch (October 1 2018)**





## SINGULARITY SECTORS

The top performing Singularity Sector for the quarter was **Internet of Things (+7.71%)** closely followed by **Big data (+7.29%)** as IT stocks continued on a strong rebound since the beginning of the year. **Qualcomm (QCOM; +51.03%)** enjoyed positive investor attention for its X50 modem designed for 5G technology. **Medidata Solutions (MDSO; +23.35%)** shows strength in its data analytics offering for pharmaceutical trials. Worst performance came from Neurosciences (-3.99%).

## SINGULARITY STOCKS

Overall, **semiconductor and telecom companies** performed very well through April as hope emerges for many of them benefitting from a wide 5G rollout globally. It is yet to be confirmed who the key beneficiaries will be, as particularly network companies will face significant capital expenditures in the years to come. Qualcomm was also the strongest stock in the NSI and Neuroscience company Neurocrine Bioscience (NBIS; -18.00%) was the worst performer on disappointing earnings.

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## SINGULARITY OUTLOOK

### How many lives did the cat still have when she bounced?

For those unfamiliar with the term: 'dead cat bounce' is referred to by market participants as a short-lived performance rebound ahead of an even steeper fall. In this context, it relates to recent equity markets rebounding after the latest correction. Many investors are still sceptical about the recent move, but some have indeed changed their minds.

In our view, much of the rebound year to date can be attributed to recovery in technology related areas - not unjustifiably so. We do see some caution due on tech valuations, though, and favor a more diversified approach to value creation with innovation into other sectors as well.

### What happened to Blockchain?

Much of the attention the blockchain sector and the underlying technology itself received through the last years can be mainly attributed to the **rise and fall of Bitcoin** and other cryptocurrencies as investors scrambled to get a piece of the hot pie in 2017 only to find themselves scrambling again even harder to get out early 2018. Since then, scammers have largely gone back to wherever they came from, and naysayers are proudly boasting the 'I told you so' chest.



**It is these quieter times, we believe, that should attract a more diligent investor's attention.**

The question we ask is: **where have the true believers and experts gone?** We've chased a few of them down and found out: they haven't gone anywhere but behind their desks to work harder on the challenges and opportunities facing this new technology – and it is **not only about cryptocurrencies and short-term investment returns.**

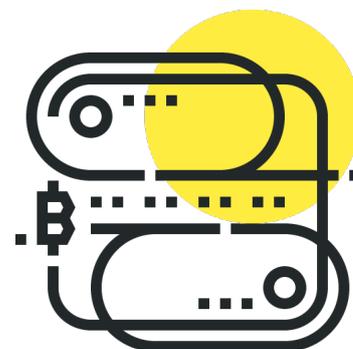
**At our next Expert Access Event on May 16 2019, we discuss with a number of industry experts the reality of blockchain and the many opportunities it promises** – what areas can expect true value creation soon and where we still might be far off. In addition, we try to get an idea of cryptocurrencies' ideal place in portfolios.

Taking a look at **investment vehicles related to blockchain**, the most recent addition comes in the form of an ETF as Invesco launched a blockchain focused equity strategy earlier this year. Our strategy remains to filter for true value creation in seeking revenue generation with exponential technologies. While some of that can be seen **for blockchain, it is still very insignificantly contributing to companies' revenue and more so a cash-outflow story.** As such, the NSI portfolio has **2.6% exposure to blockchain** related equities, all of which also show value creation in areas such as IOT, Big Data, Artificial Intelligence and Virtual Reality.

## SECTOR HIGHLIGHT

### Blockchain: A Reality Check

*Every month, Seeking Singularity highlights one of the Singularity Sectors. This month we look at the key topics revolving around blockchain technology from our conversations with our panel of experts presenting at our upcoming event on May 16, 2019.*



Blockchain has been heralded as the technology to end money as we know it to the next version of the internet itself. Since the emergence of Bitcoin and the cryptocurrency boom of 2017, corporations and startups alike have been working feverishly to find applications for the technology and build solutions that take advantage of blockchain's unique properties and capabilities. The aforementioned crypto boom lead many to become skeptical of the still immature technology assuming the hype was simply a bubble that opportunists were jumping onto. **Blockchain technology and even cryptocurrency specific technologies have been slowly maturing** to meet the hype, gaining powerful partnerships with large companies and big industries, and being applied in new ways to build value.



## Blockchain Beyond Bitcoin

To many, blockchain and Bitcoin are inextricably linked. However, blockchain as a technology has far surpassed that of the application of Bitcoin and is far broader in what it can achieve. Without getting too deep in the fundamentals of the technology, blockchain is the underlying protocol layer methodology upon which Bitcoin works. But **what exactly is blockchain supposed to do?** Where is blockchain supposed to be applied that will lead to better efficiency and value creation?

Leading up to our upcoming event, **"Blockchain - A Reality Check,"** we highlight some of the more interesting topics that blockchain is looking to disrupt. This should give you a basic idea of what we can expect in the world of blockchain and prepare you for the opportunity to have your burning questions answered by our collected group of blockchain and crypto experts.

### Banking

One of the industries that has been consistently targeted for disruption with the use of blockchain tech has been banking. But what exactly could blockchain bring to banks? How can it bring effective change to things like payments, clearance and settlements, and fundraising? How can banks save costs by adopting blockchain protocols?



**Laurenz Apiarus** is Founder and Managing Partner at **Blockwall**, Germany's first regulated fund to invest in decentralized technologies. Their pioneer fund raised 16.5m EUR. As such Blockwall focuses on early stage investments in this field. Their mission is to continue to be a leading early stage investor from Europe. At the moment Blockwall is raising their second fund for professional investors.

### Supply Chain & Logistics

Currently, supply chain as we know it is flawed in many ways. One aspect especially is the lack of transparency between manufacturers and buyers and the distributors in between. There can be huge inefficiencies in the understanding of what is needed, where and when it is needed. And it can be difficult to investigate when illegal or unethical practices are at play.

### The Internet

Many look at blockchain technology as a protocol technology akin to the original version of the internet. Further still, blockchain could provide the underlying layer that will be the foundation on which the next version of the internet is built upon, aka, Web 3.0. **A blockchain enabled internet** would allow the world to interact with data in ways that are enhanced through the unique properties of blockchains. For instance, decentralized distribution would allow for faster load times, less need for massive, highly centralized data centers and would circumvent authoritarian regime efforts to censor or block the flow of free information.

*Our expert Laurenz Apiarus will present the fundamentals of blockchain technology and the many applications in practice today and soon to come.*



## Identity Verification

One of the biggest blockchain applications that could bring real value creation and added security and ease to the world is that of **blockchain enabled identity verification**. According to Article 8 of the UN's Convention on the Rights of the Child, from the moment we are born we have the human right to an identity. However there are a number of factors that make the realization of that right a challenge. One of these challenges is the maintenance and security of antiquated physical archives of identity information, of which the verification of one's identity is paramount achieving. These systems are almost entirely run by centralized authorities who are often the only ones capable of issuing and validating identities. **According to the UN, there are over 1.1 billion people around the world who have no way to verify or claim their own identity. It is hard for those living in a functioning industrialized society to even fathom, but without a verified identity**, it is almost impossible to live normally and partake in modern society. In particular, this is a huge problem for homeless people and refugees trying to rise out of their difficult status. From being able to own or even rent property, to opening a bank account or to even receive government services, one must have some form of verified identification, otherwise, how can anyone prove they are who they say they are?



A former financial services professional of more than 20 years, Daniel Gasteiger has decided to trade a successful career in banking for his entrepreneurial pursuits in the field of blockchain. He's the founder and CEO of e-government specialist Procivis, the initiator of the world's largest blockchain hub, Trust Square, and co-founder of M&A advisory boutique Verum Capital. Daniel is a widely acknowledged blockchain expert and regularly speaks about technology's impact on society and business.

**Blockchain, with its distributed, decentralized and trustless architecture may be poised to be the defining technology to help solve this problem.** Not to mention, make everyone already with a verified identity live even easier.

*Our expert Daniel Gasteiger will be presenting on this topic of digital identity verification and what his company, Procivis, is doing with the Swiss government on this subject.*



## Crypto Classification

In the time surrounding the big crypto hype bubble of 2017, those interested in this exploding industry beyond the basic understanding of Bitcoin learned that not all digital "tokens" are the same. Depending on the blockchain and the purpose of the protocol being built, the tokens held different functions and as a result their value in comparison to one another would be vastly different.

**Crypto Currencies:** Bitcoin was originally envisioned as a digital, scarce replacement for fiat currency, but along its rather unpredictable path towards adoption it has evolved into something different many now believe. Bitcoin is seen



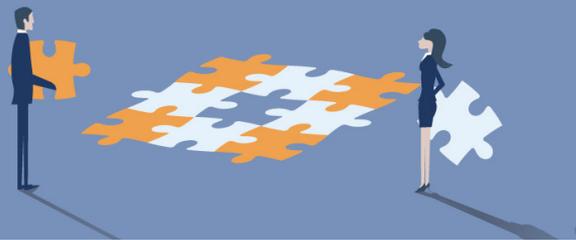
as a store of value to some, as its utility as an exchange of value is basically moot as the technology is antiquated, meaning it does not lend itself well to use in daily life for most people. That said, there are other cryptos that have been designed to much better serve the purpose as a medium of exchange with other attributes necessary for particular scenarios, including privacy and stability.

**Crypto Commodities:** Another term often heard in conjunction with blockchain is that of “smart contracts,” a protocol layer that automatically executes programmed contracts when a certain set of requirements have been met, supported by a distributed system that ensures the contract is not lost nor can be tampered with. Within these systems, crypto tokens are used to execute the smart contracts created on the network, therefore, can be seen as a fuel cost for these protocols and would be valued differently as a result.

**Utility Tokens:** Similar to crypto commodities, these tokens are used within a micro-economy to facilitate some kind of action on or within the network. Examples could be subscription payments for a blockchain enabled service or a system to directly contribute to creators for their work online.

**Security Tokens:** Similarly to traditional securities, these tokens represent a claim on specific assets, either within a network or non-blockchain assets. This type of token can be used to represent a number of different assets to a holder, for instance dividends, voting rights or profit shares.

*At our upcoming event we have experts uniquely suited to dive deeper into the functions of these crypto assets, how they are categorized and how they can be valued, and will be glad to answer all of your burning crypto questions.*



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