

Investor Report December 2024



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Executive Summary

The crypto market experienced a period of consolidation and renewed growth in the final quarter of 2024. Bitcoin continued its ascent, surpassing the key psychological level of USD \$100K. Ethereum's story was not about price but a surge in reported activity driven by the expanding DeFi ecosystem and the growing popularity of layer-2 solution. Regulatory developments gained momentum, with several jurisdictions moving towards clearer frameworks for cryptocurrencies. Crossgate Capital's Share price hit an all time high of \$6.20 on the 18th December 2024 and was \$6.01 as at the 8th January 2025.



Looking back to 2024, in a breakthrough widely viewed as opening the gates for mainstream adoption of digital assets, the U.S. Securities and Exchange Commission greenlit 11 spot Bitcoin exchange-traded funds. Industry titans including BlackRock, Ark Investments/21Shares, Fidelity, Invesco, and VanEck secured approvals.

Market participants say this ETF stamp of approval has set a new benchmark for regulatory clarity, potentially spurring further institutional demand for cryptocurrency in 2025. BlackRock's gold ETF, spent two decades building up an impressive USD \$33 billion in assets under management (AUM), cementing its role as a go-to option for traditional investors seeking exposure to gold.



Yet, the firm's Bitcoin ETF is reshaping the narrative at a staggering pace. In less than a year, this crypto-focused fund has amassed more assets under management (AUM) than its long-established gold sibling.

The Bitcoin network celebrated its 16th anniversary, marking the creation of the first block, the "Genesis Block," on 3rd January 2009. This block, containing the first 50 Bitcoins, signaled the birth of the world's most popular cryptocurrency. Today, the network is stronger than ever, with mining difficulty reaching an all-time high.

Mining difficulty, which measures the complexity of the calculations needed to add new blocks to the blockchain, has climbed significantly. This surge underscores the number of attempts mining machines must make to solve cryptographic equations and validate a block. The rising difficulty strengthens network security, preventing manipulation or takeovers.

In regards to the second largest asset, Ethereum, the news this quarter related to development activity. Development activity reflects code updates, project contributions, and ongoing maintenance, showing the health and growth of each ecosystem. The network's leadership in dApps and Layer-2 solutions we consider positions it well for future growth.

The performance of altcoins during the quarter has been quite varied. Some altcoins have seen significant gains, while others have experienced losses.

Even though the news headlines focused on Bitcoin, our best performing assets over the quarter were Ripple, Stellar and Cardano. We consider, a well constructed diversified portfolio reduces the risk that comes with investing in a single cryptocurrency.



Whilst we are understandably bullish on Bitcoin and Ethereum and consider them a core part of our portfolio, in such a fast moving sector we believe a diversified portfolio is the best way to invest in this market. This provides us opportunities to gain exposure to new technical developments and use cases which present themselves in this rapidly

evolving crypto landscape.

In the next section, we will take a look at some of the factors that impacts altcoins performance.

Key Factors Impacting Altcoin Performance

For many investors it can be challenging to understand such a diverse ecosystem. With so many different cryptocurrencies to choose from, how can you distinguish one cryptocurrency from another? Many people buy crypto without knowing what their project actually does. For some investors they invest in altcoins without considering some key factors, which we consider include;

- **Solid Use Case:** Projects with a strong chance of gaining user adoption, have a strong real-world use case and are able to deliver on their roadmap offers the opportunity for strong returns.
- **Project Fundamentals:** Altcoins with strong fundamentals, such as active development, growing user bases, and innovative technology have the potential to perform better.
- **Regulatory Developments:** Regulatory developments, both positive and negative, can have a significant impact on altcoin prices.
- **News and Events:** News and events related to specific altcoins, such as partnerships, product launches, and regulatory approvals, can drive price movements.

During the quarter most of the altcoins significantly outperformed Bitcoin and Ethereum. Our strongest performance during the quarter was Ripple. In the next section we will take a deeper dive into some of the reasons why Ripple performed strongly.



There are many altcoins to choose from. It is important to invest carefully as many altcoins underperform over the medium to long term due to various factors, including negative news, lack of development activity, and competition from other projects. That is why it is importance to conduct thorough research on any altcoin before investing. This includes understanding the project's technology, team, roadmap, and competitive landscape.

The reason why we invest in altcoins is that we consider they have the potential to deliver greater % price moves over time. They can be more volatile than Bitcoin and therefore we consider a long term view is required to extract the potential opportunity.

Whilst Bitcoin and Ethereum are a core part of our portfolio, the cryptocurrency sector has experienced rapid growth in recent years, driven by technological innovation, the emergence of new use cases and the continuing integration of digital technologies into more aspects of everyday life. For us just investing in one asset in such a dynamic sector does not seem logical. Our objective is to take advantage of the opportunities that present themselves on behalf of our investors.

We therefore also invest in 'altcoins', in addition to having strong exposure to Bitcoin.

We invest in a **basket** of cryptocurrencies and manage the challenges of investing.

- Bitcoin
- Ethereum
- Stellar
- Cardano
- XRP
- TRON
- AAVE
- EOS
- Polkadot
- Litecoin
- Compound
- Chiliz

Our crypto basket provides exposure to both well-established “large cap” assets such as Bitcoin & Ethereum as well as other cryptocurrencies which are at an earlier stage in their potential growth trajectory.

A Deep Dive Into Ripple (XRP)

By way of background, XRP is the native cryptocurrency of the XRP Ledger (XRPL), a blockchain designed for fast and energy-efficient cross-currency payments and settlements.

It is currently one of the largest cryptocurrencies by market capitalization. The key objectives of XRP and the XRP Ledger include;

Cross-Currency Transactions: The primary use case of the XRP Ledger is to facilitate and settle cross-currency transactions efficiently.

Transaction Speed and Cost: The XRPL can handle up to 1,500 transactions per second, with most transactions costing a fraction of a cent.



Escrow and Payment Channels: The XRPL supports escrow payments and payment channels, allowing for conditional and near-instant transactions.

Deflationary Mechanism: Transaction fees on the XRPL are burned, applying deflationary pressure to the total supply of 100 billion.

Smart Contract Capabilities: Recent developments have introduced native smart contract capabilities on the XRPL, expanding its functionality.

The key factors contributing to XRP's strong performance during the quarter include;

Regulatory and Legal Developments: The potential end of the SEC-XRP lawsuit positively influenced market sentiment.

Appointment: The appointment of a reported pro-crypto SEC chair by Donald Trump also boosted investor confidence.

Market Sentiment and Predictions: The broader crypto market saw significant gains, which has benefitted Ripple.

Ripple's ecosystem expansion: With new global collaborations and the launch of its stablecoin, RLUSD, further boosted investor confidence.

Importance Of Good Storage

Security of crypto assets should be a major focus for any investor who is investing in Cryptocurrencies. That is why Crossgate Capital has selected BitGo to store our crypto assets. BitGo is purpose-built for institutions demanding the highest-level of security and compliance for their cryptocurrencies.

BitGo provide 100% cold storage technology in bank-grade Class III vaults. Institutional-grade, multi-signature security, delivers modern security for modern assets.



Even those individual investors with a stronger technical understanding have the potential to lose their crypto, as illustrated in a January 2025 article from Wikipedia.

In mid-2013, James Howells disposed of a laptop hard drive containing the private key for 8,000 Bitcoin in the Docksway landfill in Newport, Wales. Howells subsequently assembled a team of specialists and secured funding to excavate the site, but the Newport City Council refused permission, citing the cost and environmental impact of the search.

If the coins are discovered, Howell proposes distributing 30% of the proceedings among the council and



the population of Newport. As of November 2024, the missing Bitcoins were worth US\$750 million (£593 million). In December, Howells sued the council for £495 million, with the council contesting that the device is now its property.

The attempted recovery of the missing Bitcoin has been likened to a digital treasure hunt. Howells and his team are confident that retrieval of the data remains possible, while the council continues to profess its scepticism.

Following a hearing, the High Court dismissed Howells' claim in January 2025 ruling that it had no prospect of success.

Crossgate Capital provides the ability for investors to invest in crypto without the hassle of storing the assets.

Watchlist

We have a number of other crypto assets on our watchlist. We review our portfolio mix by category and sector (which indicates the specific solution(s) provided by a crypto asset network). We also consider a range of other factors when deciding whether to invest in a new asset. Our approach is to take a considered position in order to deliver on our objective of providing strong returns to investors over time.



While Bitcoin and Ethereum form a core part of our portfolio we have greater breadth by investing across 13 leading cryptocurrencies. Our objective is to deliver returns to investors by investing in cryptocurrencies where we consider there is a significant opportunity for growth.

By investing in individual crypto assets with a market capitalisation of at least NZD \$500million as at the date of purchase, the objective is to build a diverse portfolio whilst mitigating risk. We concentrate on cryptocurrencies that have strong use cases and are focused on real world applications .

We consider by investing in Bitcoin and Altcoins we have the potential to deliver stronger returns.

Portfolio By Category & Sector

Crossgate Capital, an established company in New Zealand, is a regulated offer of shares (OFR12554) and is a registered financial service provider (FSP649949). Our objective is to navigate the complex world of cryptocurrencies on your behalf and deliver returns by investing in cryptocurrencies where we consider there is a significant opportunity for growth.

While some investors are influenced by retail hype or short term price movements, we consider the underlying category mix when constructing our portfolio. We invest based on fundamentals driven by continual research and monitoring.

Specialist investors may have their own custom classification system. Crossgate Capital currently uses a number of crypto research and data tools which includes Messari, a leading data and information aggregator for the crypto asset industry.

Below is a breakdown of our portfolio by category and sector.

ASSET	CATEGORY	SECTOR
Bitcoin BTC	Cryptocurrency	Cryptocurrency
Ethereum ETH	Networks	Smart Contract Platform
XRP XRP	Financial Services	Payments
Cardano ADA	Networks	Smart Contract Platform
Polkadot DOT	Networks	Layer-0
TRON TRX	Networks	Smart Contract Platform
Chainlink LINK	Data	Oracles
Litecoin LTC	Cryptocurrency	Cryptocurrency
Stellar XLM	Financial Services	Payments
Aave AAVE	Marketplaces	Lending
EOS EOS	Networks	Smart Contract Platform
Chiliz CHZ	Entertainment	Sports
Compound COMP	Marketplaces	Lending

Portfolio Performance

The Share price as at the final allotment of the December quarter (27 December 2024) was \$5.83. The Share price has increased since the end of the quarter to \$6.01 (after accruing for tax) as at 8 January 2025.

The Share price is predominately determined by the fair value of our assets. As noted above, the strongest performers during the quarter were Ripple, Stellar and Cardano. Whilst the headlines have been focused on Bitcoin, this was ranked 11th out of 13th during the quarter.

Provided below is a table ranking the % market price movement during the quarter compared to prior quarter.

Rank	Asset
1	Ripple
2	Stellar
3	Cardano
4	Aave
5	ChainLink
6	Tron
7	Compound
8	Litecoin
9	EOS
10	Polkadot
11	Bitcoin
12	Ethereum
13	Chiliz

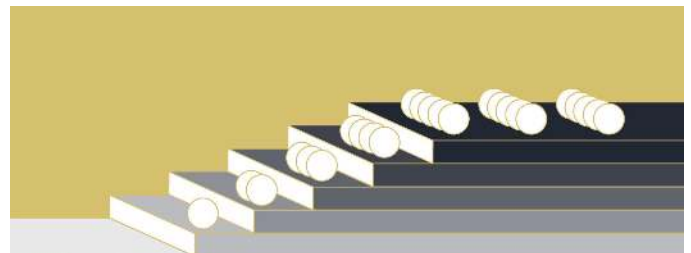
2025 Calendar

The 2025 Calendar has been updated and is now available on the website.

Crossgate Capital allows you to achieve your investment goals with our automatic reinvestment plan.

With Crossgate Capital you can make one-off investments and you also have the option of setting up a regular investment on a fortnight or monthly basis. Our automatic reinvestment option continues to prove popular as an increasing number of investors elect to use this feature.

Investors have the flexibility to cancel or put on hold their regular investment plan at any time or amend the amount. Regular investing makes it easier to achieve your investment goals with less time and effort and allows you to manage investment risk by dollar-cost averaging into the market.



Dollar-cost averaging is when you choose to invest a certain amount regardless of what the price is. When you invest for the short term, it becomes more important to 'buy the dips and sell the rips' at precisely the right time. If you have a longer term horizon, the objective is that the value of the investment grows over the long term even when the value goes up and down in the short term.

Dollar-cost averaging (DCA) allows you to invest at regular intervals, this potentially could reduce the impact of short-term volatility. To implement this strategy, all an investor needs to do is [click here](#)



[Click on the calendar to see the 2025 recurring investment plan dates.](#)

Keeping Track Of Your Investment

Crossgate Capital makes it very easy to keep track of your investment. Simply visit the Investor Centre to check the value of their holding. Please have the following information to hand;

- 1) CSN/Holder Number - which is located on your investor documentation.
- 2) Authorisation Code (FIN)

If you do not know your CSN or FIN, please contact Link Market Services on (09) 375 5998 or email crossgatecapital@linkmarketservices.co.nz.

As an investor you can visit the investor portal which allows you to easily keep track of how many Shares you hold and the current value of your investment.

Latest News



We encourage all our investors to follow us on Facebook. Our posts provide a simple way to keep informed of the latest news. Click on the Facebook icon to visit the Crossgate Capital page.

Contact Us

If you have any investment questions, please contact our investor relations team.



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