



QUARTERLY REPORT ON THE CRYPTOCURRENCY MARKET Q1 / 2022

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PREFACE

The year 2022 began in a sign of relatively high volatility. At first, traditionally in the world of cryptocurrencies, but later, unfortunately, also in other economic sectors. The Russian invasion of Ukraine drove the prices of several raw materials and energy to new highs, but the subsequent correction depicted an unprecedented instability on their price chart. The stock markets were in a similar situation, only that the price curve fell first. Following crypto investors, the rest of the world is also getting used to uncertainty.

In the background of the military conflict in Ukraine, Bitcoin has successfully demonstrated its importance in the geopolitical struggle. Russia's proposal to accept Bitcoin as part of its gas payments can be considered the first sign of a new trend. Bitcoin is becoming a global neutral means of trade in the international market. In war, the currency is often just another of the weapons that powers use to assert their influence and demonstrate power. Bitcoin's adoption in this area makes sense mainly because it is apolitical and does not tilt the scales to any party involved.

Besides the rise of Bitcoin as a geo(a)political asset, cryptocurrencies played another part in the story of this war. This is mainly through donations sent by the community to the "account" of the Ukrainian government in the form of various cryptocurrencies worth several tens of millions of euros.

The topic of inflation has dominated the last month, not only in the EU but also in the USA. The rise in the price level does not seem to be as temporary as many politicians have promised. For this reason, many investors resort to traditional anti-inflation medicine - gold. However, more and more people are discovering the magic of Bitcoin, which is still in its infancy but on its way to becoming a digital version of this popular asset. The events of recent weeks only indicate that such an asset can be very useful in the future.

David Stancel,
Chief Investment Officer

HIGHLIGHTS

‡ The first quarter was mostly marked by accumulation, during which Bitcoin probably found its local minimum. The cryptocurrency market capitalization climbed back to two trillion dollars at the end of March.

‡ The majority of the top 10 altcoins were in the red in the first quarter, Terra surprised..

‡ The Russian invasion of Ukraine has caused a wave of uncertainty across the global economy and financial markets. The cryptocurrency market has been no exception. However, it quickly became apparent that bitcoin could serve as a safe, quickly transferable and stable alternative to traditional money.

‡ The proposal to ban Proof-of-Work cryptocurrencies in the European Union has not passed. In the voting process of the European Parliament's Committee on Economic and Monetary Affairs (ECON), 32 MEPs were in favor of rejecting the proposal, while only 24 were in favor of approving it.

‡ The Canadian branch of KPMG, part of a global network of financial audit, tax and advisory firms, has announced the purchase of cryptocurrencies Bitcoin and Ethereum. KPMG is a member of the Big Four accounting organizations - the world's four largest professional services networks.

‡ On-chain data shows that the number of retail-owned addresses is steadily growing. In addition, there has been a significant drop in the 1 Year Active Supply in the past quarter, which means investors are not willing to sell bitcoins at current prices.

‡ In recent months, TVL has been consolidating between \$73 and \$85 billion, indicating steady investor interest in interacting with DeFi apps. Ethereum continues to be the most popular smart contract platform, with alternative platforms such as Terra, Binance Smart or Avalanche remaining at the forefront.

TABLE OF CONTENTS

PREFACE	2
HIGHLIGHTS	3
MARKET OVERVIEW	6
BTC Price Action in Q1	6
Top Altcoins Price Actions in Q1	7
Crypto Market in Q1 - Total Market Capitalization	7
THE MOST NOTABLE EVENTS IN Q1	8
Cryptocurrencies and the War in Ukraine	8
The European Parliament and the Proof-of-Work Cryptocurrency Ban	9
A Growing Number of Crypto Investors	9
Resolution of the Bitfinex Case	10
CRYPTOCURRENCIES AND THE WORLD OF TRADITIONAL FINANCE	11
Mastercard Offers Crypto Consulting	11
KPMG Acquired Bitcoin	12
Cryptocurrencies as the Official Currency in the City of Lugano	12
Crypto Bank in the State of Virginia	13
ON-CHAIN DATA	13
BTC - Active Addresses Count	13
BTC - Addresses with Balance Greater than 0.001 BTC	14
BTC - 1 Year Active Supply	15
Fear & Greed index	16
ETH - Address Count	16
ETH - Average Transaction Fees	17

TABLE OF CONTENTS

DeFi	18
Total Value Locked in DeFi (TVL)	18
DeFi pick - Zooming into Terra	20
Terra Accumulates Bitcoin	20
Stablecoins	22
NFT & METaverse	23
Trading Volume on the OpenSea Platform	23
The Company Behind Bored Ape Yacht Club (BAYC) Bought the Rights to the Cryptopunks	24
TOP 6 NFT Collections on OpenSea Platform	24
Twitter NFT Profile Pictures	26
Bored Ape Yacht Club a ApeCoin	26
Metaverse	27
FUMBI	28
Fumbi Product Performance - Q1/2022	28
Fumbi Received the Prestigious Superbrands Slovakia 2022 Award	29
Plans for 2022 - New Products and Even More Possibilities	29
INVEST IN CRYPTOCURRENCIES WITH FUMBI	30
Fumbi Product Portfolio	30

MARKET OVERVIEW

BTC Price Action in Q1



Source: Messari

Bitcoin opened the new calendar year with a valuation of \$46,187. With small deviations, the entire first quarter was marked by fluctuations in the price range between \$35,000 and \$45,000. However, Bitcoin broke out of this zone at the end of March and closed the first quarter at \$45,537, with a loss of -1.7% compared to the opening price on January 1, 2022. The best day in the first quarter for Bitcoin was February 28, when its value rose by 14.59% in a single day.

Top Altcoins Price Actions in Q1



Source: Messari

Among the top 10 altcoins (stablecoins excluded), Terra was the best performing platform in the first quarter of 2022, with a performance of over +24%. However, the other altcoins from TOP10, with the exception of Ripple, closed the first quarter in the red. Solana was the worst performer, losing 27% of its value over the past three months.

Crypto Market in Q1 - Total Market Capitalization



Source: Tradingview

At the beginning of 2021, the value of the entire cryptocurrency market cap was \$2.18 trillion.

Within three months, the market capitalization fell by 7% to a quarter-end level of \$2.03 trillion. The highest market cap in the first quarter was reached on January 4, 2022, at \$2.26 trillion.

THE MOST NOTABLE EVENTS IN Q1

Cryptocurrencies and the War in Ukraine

The world got struck by very negative news in the last week of February. The announcement of the launch of a special military operation by the Russian Federation has caused a wave of uncertainty across the global economy and financial markets, with the cryptocurrency market being no exception.

Bitcoin fell relatively quickly to a local low of \$34,000 after the news, but in just a few hours, it went back just below \$40,000. The main driving force behind the strengthening of bitcoin was the decisions of the European Union and Western countries to isolate Russia from the global economy as a result of its invasion of Ukraine.

The Russian ruble (RUB) experienced a more tragic moment at that time. Its value in indirect quotation against the US dollar fell below one cent for the first time in history. However, the significant weakening of the domestic currency in Russia caused an influx of capital from Russian investors into bitcoin, especially investors who were looking for a safe, quickly transferable, and stable alternative for their money.

However, the role of cryptocurrencies during the Russian invasion did not end here. The Ukrainian president signed a law on the legalization of the crypto sector in Ukraine, allowing banks to open accounts for crypto companies and legalizing the operation of crypto exchanges in Ukraine. During this tragic war situation, Ukraine became the first country in the world to officially accept financial donations in cryptocurrencies. Many companies and celebrities from the wider crypto community have shown their act of solidarity and sent together more than \$100 million worth of cryptocurrencies to Ukraine within a couple of weeks.

On the other hand, the economic sanctions imposed by Ukraine's allies on Russia have prevented Russian institutions from entering the global financial markets. The debate was born that Russia would reach for cryptocurrencies to circumvent the sanctions imposed by the West. However, Russia will not avoid sanctions through bitcoin and cryptocurrencies, as the crypto market is not large and liquid enough to cover Russia's financial needs.

In addition, the pseudonymous nature of transactions allows authorities to associate public addresses with real-world people, which in practice allows unwanted transactions to be tracked directly.

The European Parliament and the Proof-of-Work Cryptocurrency Ban

Earlier this year, information spread around the world that the European Union might ban the use of cryptocurrencies based on a consensus Proof-of-Work mechanism. The two most popular cryptocurrencies, Bitcoin and Ethereum, also fall into this category. The statement was drafted by Erik Thedéen, Vice-President of the European Securities and Markets Authority (ESMA). Thedéen argued that PoW cryptocurrency mining is energy unsustainable and does not comply with the Paris Agreement. He thus proposed to ban Proof-of-Work cryptocurrencies while favoring a more active use of Proof-of-Stake cryptocurrencies, which have significantly lower energy consumption.

The European Parliament's Economic and Monetary Affairs (ECON) meeting took place in the first half of March. MEPs decided to ban crypto assets based on the Proof-of-Work mechanism. In the voting process, 32 Members favored rejecting the proposal, while fortunately, only 24 Members were in favor of approving it. The provision concerning the ban of this type of cryptocurrency is also part of the proposed European Union legislation in the field of cryptocurrencies with the designation MiCa (Markets in Crypto-Assets), which includes the issue of compliance with strict KYC and AML rules.

The European Parliament's official press release also announced that broader MiCa legislation had been approved. This means that MEPs have agreed on draft rules on supervision, consumer protection, and the environmental sustainability of cryptocurrencies. A more conservative version of the MiCa rules, from which the most important point concerning the ban on Proof-of-Work cryptocurrencies has been removed, will now be the subject of negotiations between the European Parliament, the European Commission, and the Council of the European Union.

A Growing Number of Crypto Investors

The latest survey done by Huobi Group, the operator of one of Huobi's largest crypto exchanges, has published some interesting stats about crypto investors.

According to the Crypto Perception Report 2022, approximately 70% of crypto investors in the United States did not begin investing in cryptocurrencies until 2021. In mid-December 2021, the company conducted a survey of approximately 3,100 American Americans to assess respondents' knowledge of cryptocurrencies and their opinion on massive crypto market growth in 2021.

The survey found that up to 68% of respondents came in contact with crypto for the first time last year. About 21% of them started investing in cryptocurrencies two years ago, while 11% of investors started investing in cryptocurrencies more than two years ago. According to the survey, investors were careful about their first investments. As many as 46% of respondents said they had invested \$ 1,000 or less in cryptocurrencies. Nearly 25% of respondents said they had invested between \$ 1,000 and \$ 10,000 in cryptocurrencies. Another 29% of investors own cryptocurrencies totaling more than \$ 10,000.

Another interesting statistic is the growing number of women who invest in cryptocurrencies. Bitstamp stock market statistics showed that the number of female investors increased by 198% during 2021, with most female investors being in the 30-35 age group but the most successful being the 55-60 age group, which is surprisingly more open to risk and investing larger amounts into crypto.

Women are confidently starting to fill vacancies in the blockchain and crypto industry. According to CoinMarketCap, the number of female employees in the crypto space has increased by 43% in the last year. However, men still dominate the cryptosphere. According to the latest data, 66% of crypto investors are men, and 55% of them are under 35 years old. In 2018, according to CoinDance, men made up 91% of the bitcoin community.

Resolution of the Bitfinex Case

Another major news from the crypto world came to light in February. After five years, the US authorities managed to confiscate \$3.6 billion in Bitcoin from the hacking of Bitfinex, when as many as 119,756 bitcoins were stolen in August 2016. Special agents managed to gain access to more than 94,000 BTCs during a house search of a pair of suspects, where they found files containing private keys to a wallet.

The U.S. Department of Justice has ordered the arrest of suspects in the form of married couple of Ilya Lichtenstein and his wife Heather Morgan for allegedly conspiring and laundering money through cryptocurrencies linked to the Bitfinex crypto hack, which puts them up to 20 years in prison.

Since the Bitfinex hack in 2016, the hacker couple with stolen bitcoins has been doing regular but relatively small transfers in separate transactions. Although they were aware of their transactions being under scrutiny, the pair remained active on social networks and in public. They used various methods to launder the stolen cryptocurrencies, including false identities, darknet markets, and shifting funds to other cryptocurrencies that use more advanced elements of anonymity.

According to Ilya's Twitter account, he was a businessman, an angel investor, and a Web3 developer. His wife had a background in cybersecurity and wrote articles for Forbes magazine while presenting herself as a rapper on social media under the name "Razzlekhan." The investigation teams said they had been working on tracking the funds since 2016. Although they did not specify how they got to Morgan and Lichtenstein, the FBI's deputy director said the agency had its own "digital tracking tools."

CRYPTOCURRENCIES AND THE WORLD OF TRADITIONAL FINANCE

Mastercard Offers Crypto Consulting

Mastercard continues to expand its services into the world of cryptocurrencies. The company has recently started providing cryptocurrency consulting services to improve the general acceptance of cryptocurrencies. The company also said that its efforts will help banks navigate in this environment more securely and help them adopt digital currencies. Mastercard's consulting efforts with banks and retailers cover a wide range of digital foreign money options, from early-stage training, hazard assessment, and bank-wide growth of crypto and NFTs to crypto playing cards and cryptography application design.

In January, Mastercard even partnered with Coinbase to make the NFT phenomenon more available to the general public. Those interested will be able to use their debit Mastercard for purchases on Coinbase's upcoming NFT market.

KPMG Acquired Bitcoin

KPMG, a Canadian subsidiary of a worldwide network of consulting, audit and advisory services, officially announced in early February that it had added Bitcoin and Ethereum to its balance sheet.

The company said in the report that the investment reflected their "belief that the institutional acceptance of cryptoassets and blockchain technology would continue to grow and become a regular part of the asset mix." This announcement by KPMG as a member of BIG 4, the world's four largest audit firms, is considered the biggest news this year so far in terms of institutional adoption. The company thus became part of the other great supporters of cryptocurrencies, such as Microstrategy, Galaxy Digital, and Tesla.

However, the volume of cryptocurrencies has not been disclosed by the company to date. Still, it has announced the purchase of carbon offsets to offset emissions that may be associated with the purchased BTC and ETH. KPMG further stated that carbon offsets were also added to meet its environmental, social, and governance commitments. The cryptocurrencies were purchased through Gemini Trust Co., which provided them with custody services.

Cryptocurrencies as the Official Currency in the City of Lugano

The Swiss city of Lugano, in southern Switzerland, announced in March that it would enact Bitcoin, stablecoin Tether, and the Lugano LVGA token as legal tender. These cryptocurrencies are thus accepted in this city along with the Swiss franc.

Paolo Ardoino, Chief Technical Officer of Tether, said that the company, in collaboration with Lugano officials, has created a fund of 3 million Swiss francs and will continue to work to support the adoption of BTC, USDT, and LGVA in Lugano. Tether's chief executive has expressed that he will attract great talent to Lugano. In addition, this will also help Lugano become a major blockchain center in Europe.

Switzerland is one of the countries that has been friendly to cryptocurrencies for a long time. The inhabitants of Lugano will be able to pay the city fees with the mentioned cryptocurrencies, and any business entities in this city will also be able to accept them as currency.

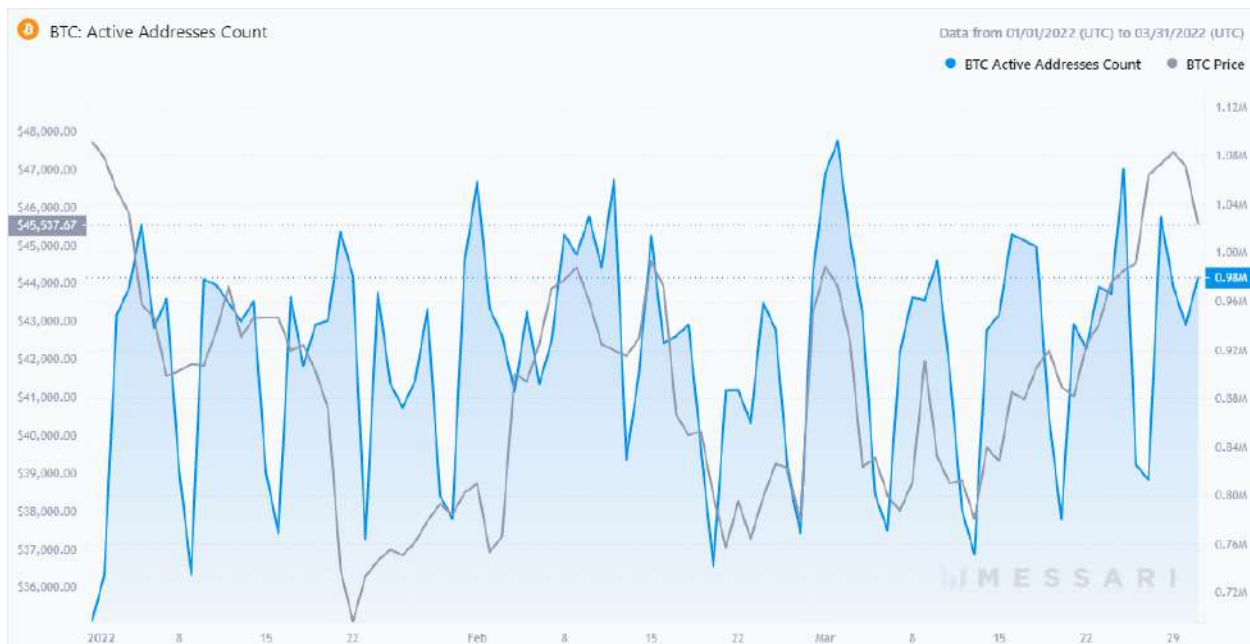
Crypto Bank in the State of Virginia

The Virginia Senate took the next step toward mainstream adoption of cryptocurrencies after unanimously approving a request to change the law to allow traditional Virginia banks to provide virtual currency custody services.

Legislator Christopher H. Head introduced the bill in January this year, but it was not approved until March. Banks will thus be able to offer their customers cryptocurrency purchase and storage services. Banks offering these services will have to comply with strict rules, which relate in particular to a properly set up risk management system. The bill passed 39-0 in the vote and yet needs to be signed by Governor Glenn Youngkin.

ON-CHAIN DATA

BTC - Active Addresses Count

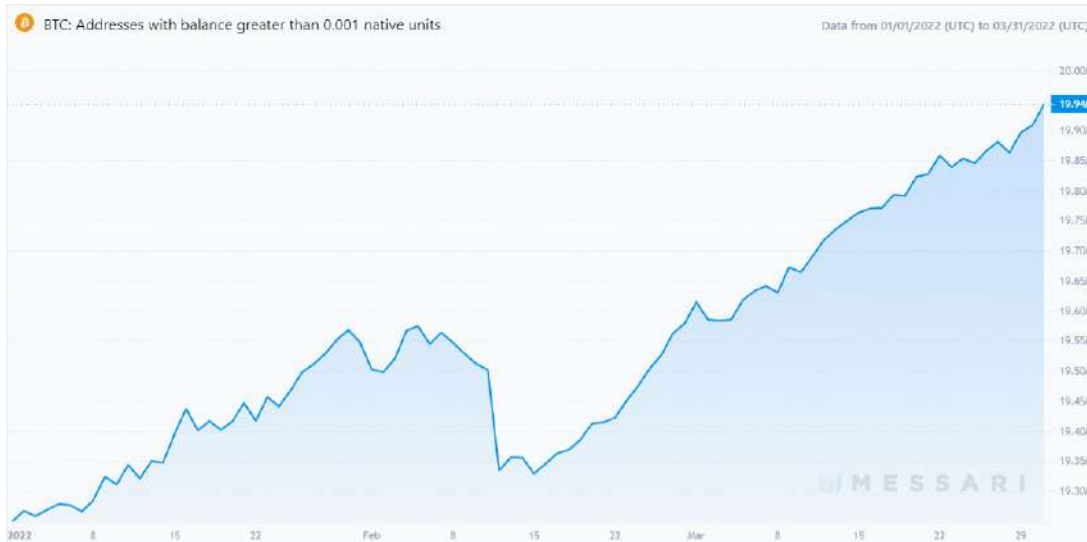


Source: Messari

The active addresses metric on the bitcoin blockchain tracks the total of unique addresses active in the network during the reference period. Activity, in this case, means that these addresses were either a recipient or an originator of a ledger change.

The uniqueness ensures that individual addresses are not double-counted. On the first day of this calendar year, the number of active addresses was 695,722, increasing by up to 40% during the first quarter to 979,952 as of March 31, 2022.

BTC - Addresses with Balance Greater than 0.001 BTC



Source: Messari

The metric of addresses with a balance greater than 0.001 BTC tracks the total of unique addresses holding at least 0.001 BTC during the reference period, worth about \$45. The number of such addresses has increased by nearly 3.7% in the last three months, signaling an inflow and continuous increase in investors' interest in bitcoin. The main motives behind the bitcoin accumulation by retail investors are most likely the yield, hedge against inflation, and speculations.

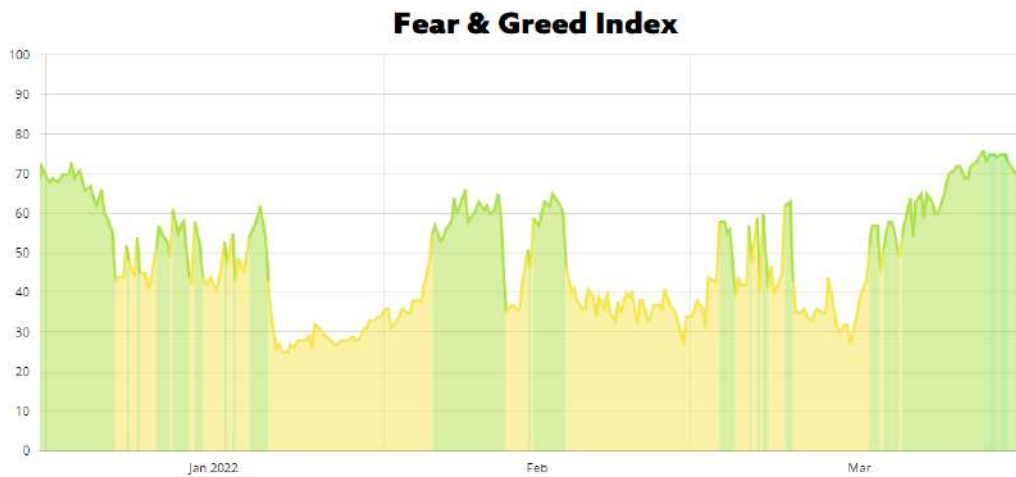
BTC - 1 Year Active Supply



Source: Messari

The 1 Year Active Supply metric tracks the sum of unique native units that transacted at least once in the trailing 1 year up to the end of that interval. Native units that transacted more than once are only counted once. The number of bitcoins that have been active over the past year continues to decline. This signals that more and more investors are holding their bitcoins and not conducting any activity related to migrating them to exchanges. In addition, this trend is causing a decline in liquid supply on exchanges, which may at some point cause a supply shock. If demand significantly exceeds the supply on exchanges, the price of bitcoin could skyrocket.

Fear & Greed Index



Source: Messari

The Fear & Greed index, which analyzes current market sentiment, has been in the "fear" and "greed" range for the entire first quarter, with the exception of three days. The index never once fell into the red zone of extreme fear during the reference period, reflecting that investors remain interested and have an appetite to invest in bitcoin and other alternative cryptocurrencies.

ETH - Address Count

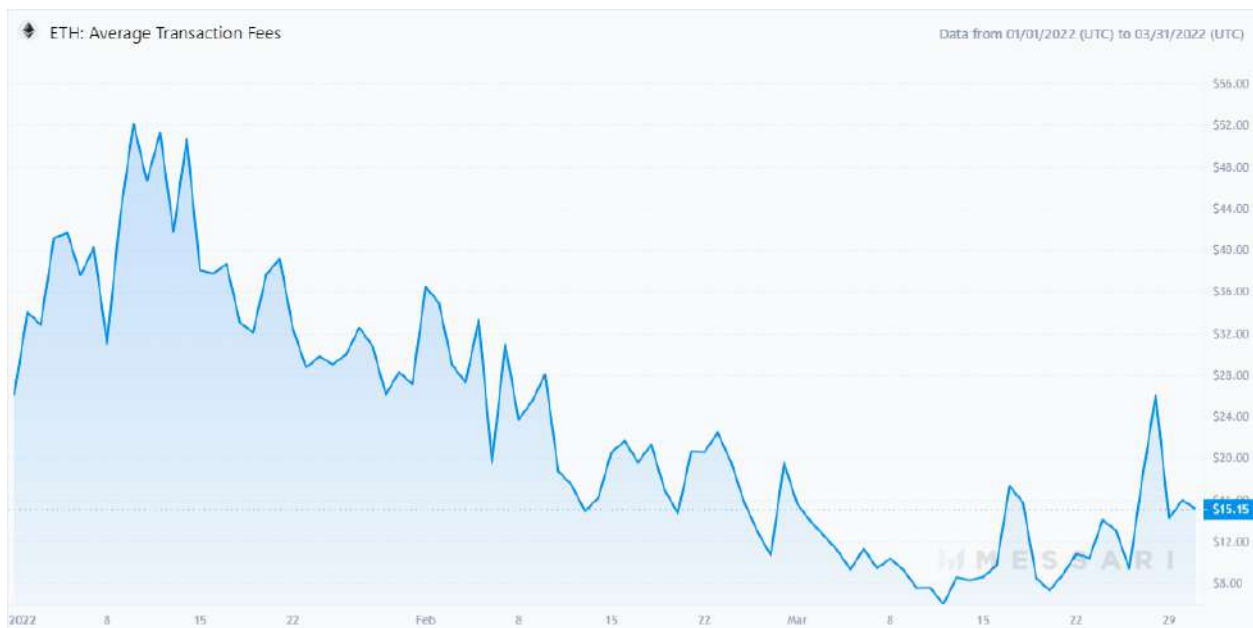


Source: Messari

The total number of addresses on the Ethereum network continues to grow rapidly. During the first three months of the new calendar year, the number of addresses on the Ethereum network grew by 8.57% to 78,376,564 addresses.

The significant growth in addresses signals users' unabated interest in interacting with decentralized applications and NFT collections. In addition, the ETH 2.0 upgrade is gaining attention from many investors who are accumulating Ethereum as an investment asset over the long term horizon.

ETH - Average Transaction Fees



Source: Messari

Every time an operation occurs on Ethereum's network, a transaction fee is incurred. Based on the complexity of the transaction and how quickly the user wants the transaction settled, the gas fee changes. During the first quarter, there was a significant decrease in the average transaction fee on the Ethereum network. The main reasons for the decline in transaction fees on the Ethereum network include the growing popularity of alternative blockchain platforms focused on DeFi and the growing interest in using Layer 2 (L2) solutions on the Ethereum blockchain.

DeFi

Total Value Locked in DeFi (TVL)



Source: Defipulse

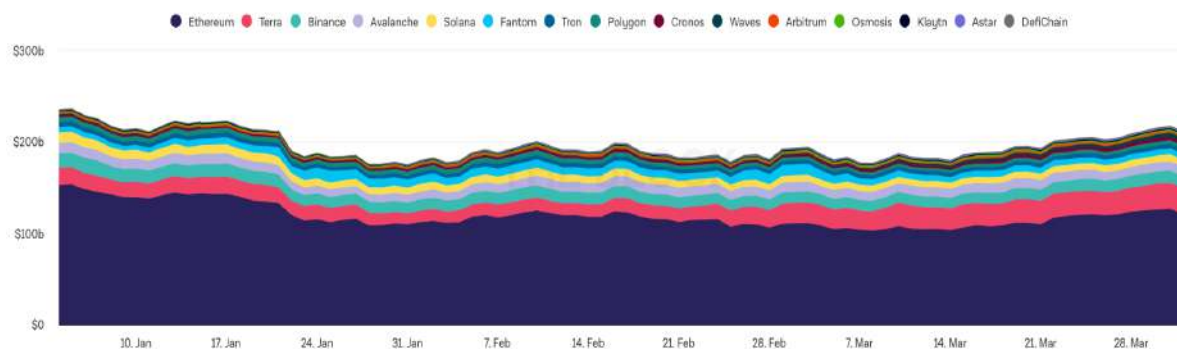
The TVL (total value locked) metric tracks the total value stored in decentralized protocols - whether it is loans, staking cryptocurrencies, liquidity pools, or other activities in which the user "locks" their cryptocurrencies in the smart contract of the decentralized protocol and provides liquidity. TVL gives us indications of how users and investors are interested in various activities when interacting with protocols such as AAVE, Compound, Maker, and many other popular projects.

The beginning of the year was marked by a decline in TVL, which correlated with price fluctuations of BTC and other cryptocurrencies. The entire DeFi sector declined significantly, but the protocols on the Ethereum network proved to be more stable during the market downturn compared to other less commonly used networks. However, some exceptions did well during the market's fall, such as Terra.

TVL has consolidated between \$73 billion and \$85 billion in recent months, indicating stable interest. Several factors influence this. A significant factor that pulls TVL down is

the uncertainty regarding the regulation of the entire DeFi sector, which is awaited not only by the companies creating these protocols but also by investors and ordinary users. On the positive side, however, institutions are beginning to take an interest in DeFi and would like to participate in these activities, as DeFi offers new opportunities for risk management, arbitration, and trading. Higher risk also means higher yields than traditional bonds, stocks, or forex trading.

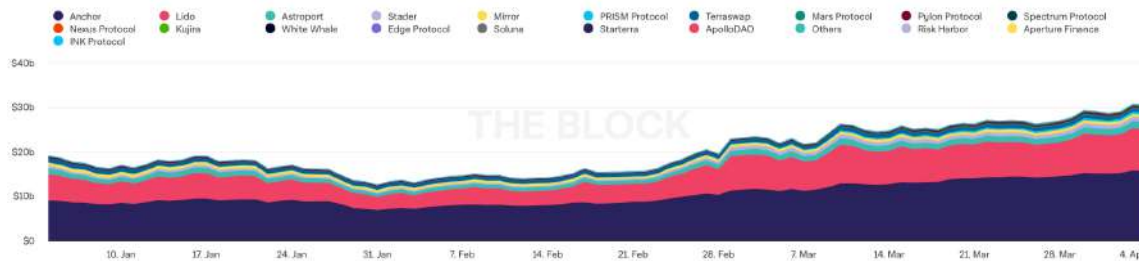
The coming months will be important in terms of finding a balance between regulations and the forthcoming investment interest with a view to the future application of DeFi in the institutional environment.



Source: theblockcrypto

Ethereum remains the most popular smart contract platform. Terra, Binance Smart Chain, Avalanche, Solana, and Fantom remain at the forefront as popular alternatives on which many competing DeFi projects are currently being developed. The largest relative increase was recorded in the Terra network, whose native token Luna, unlike other competing projects, is currently at its all-time high.

DeFi pick - Zooming into Terra



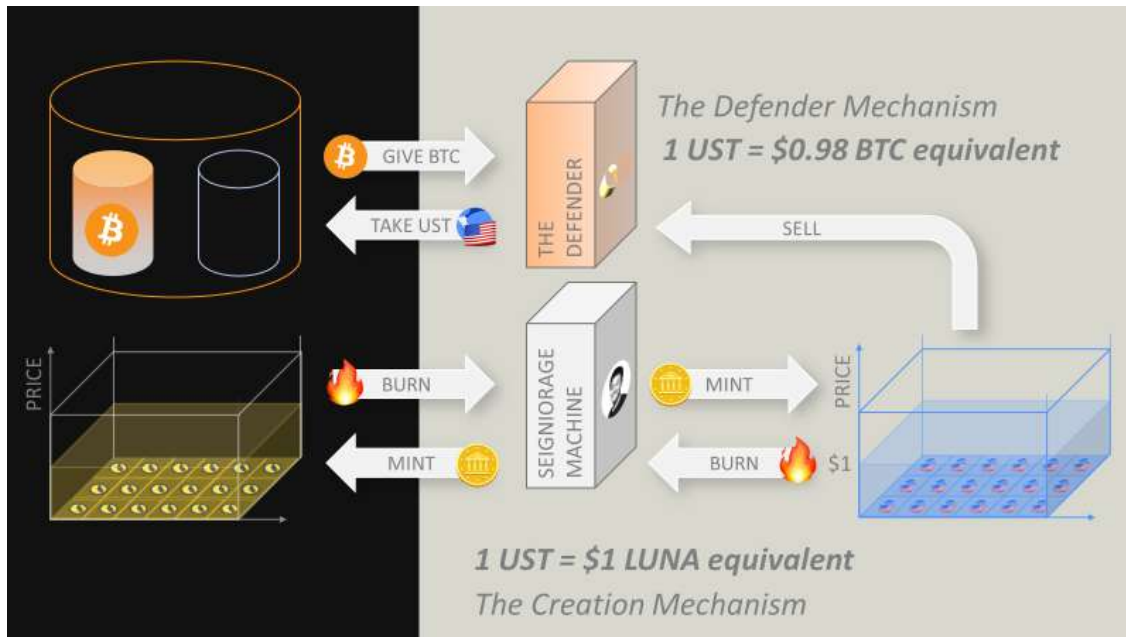
Source: theblockcrypto

The TVL of Terra projects has increased significantly, especially in recent months, indicating rapid adoption and expansion of the user base for projects. The rapid growth of the ecosystem was driven by technical support for blockchain application developers. It led to increased investment opportunities in projects such as Anchor savings or Lido, which allow users to stake or earn interest on stablecoins, which is an attractive solution when cryptocurrency prices are stagnating. TerraSwap is a decentralized exchange, an alternative to the Uniswap exchange on Ethereum's network. It has seen an increase in trading volume, especially in recent weeks, along with a record increase in the number of users using Terra Station Wallet.

Terra Accumulates Bitcoin

Luna Foundation Guard (LFG) is a non-profit organization based in Singapore dedicated to providing greater economic sovereignty, security, and sustainability of open source software and applications that help build and expand the decentralized economy.

The organization, led by Do Kwon, the founder of the Terra platform, plans to purchase Bitcoin for up to \$10 billion, which will serve as a reserve to support the price stability of stablecoin UST.

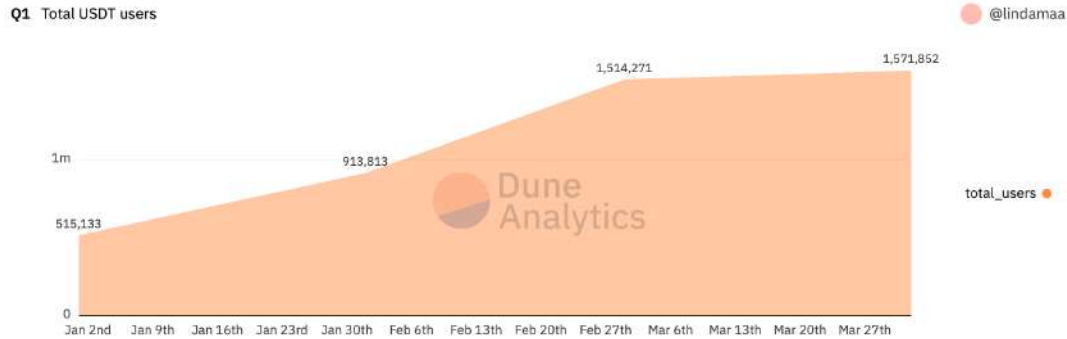


Source: https://twitter.com/danku_r

TerraUSD (UST) is the best known and most powerful stablecoin built on the Terra blockchain. Stablecoin UST is value-linked to the US dollar at a ratio of 1: 1. There is no specific entity or firm behind the UST issue, as the UST monetary stock is controlled algorithmically, while the UST stablecoin market offer is determined by issuing or burning the LUNA token. The popularity of this algorithmic stablecoin is growing at a rocket pace, and its market capitalization is already more than \$16 billion.

The organization has made several purchases to date and currently owns more than 30,000 bitcoins with a total worth of more than \$1.4 billion. However, the purchases are probably far from over, as Kwon plans to spend a total of up to \$10 billion on the purchase of BTC. The network's native token, LUNA, is also responding to these purchases, trading at its historic highs.

Stablecoins



Source: Dune Analytics

Significant for the first quarter was the increase in interest in stablecoins. Especially in times of correction and price consolidation, people often reach for stablecoins for various reasons. Many people use stablecoins, especially Tether, as collateral to trade futures contracts when opening short positions, thanks to which they can profit even during price drops. Others use stablecoins as an option to store their profits or provide their purchased stablecoins as liquidity for loans while profiting from loan interest. We had seen this phenomenon several times during 2021, during periods when the price of cryptocurrencies was more stable and prices did not climb to absolute highs.

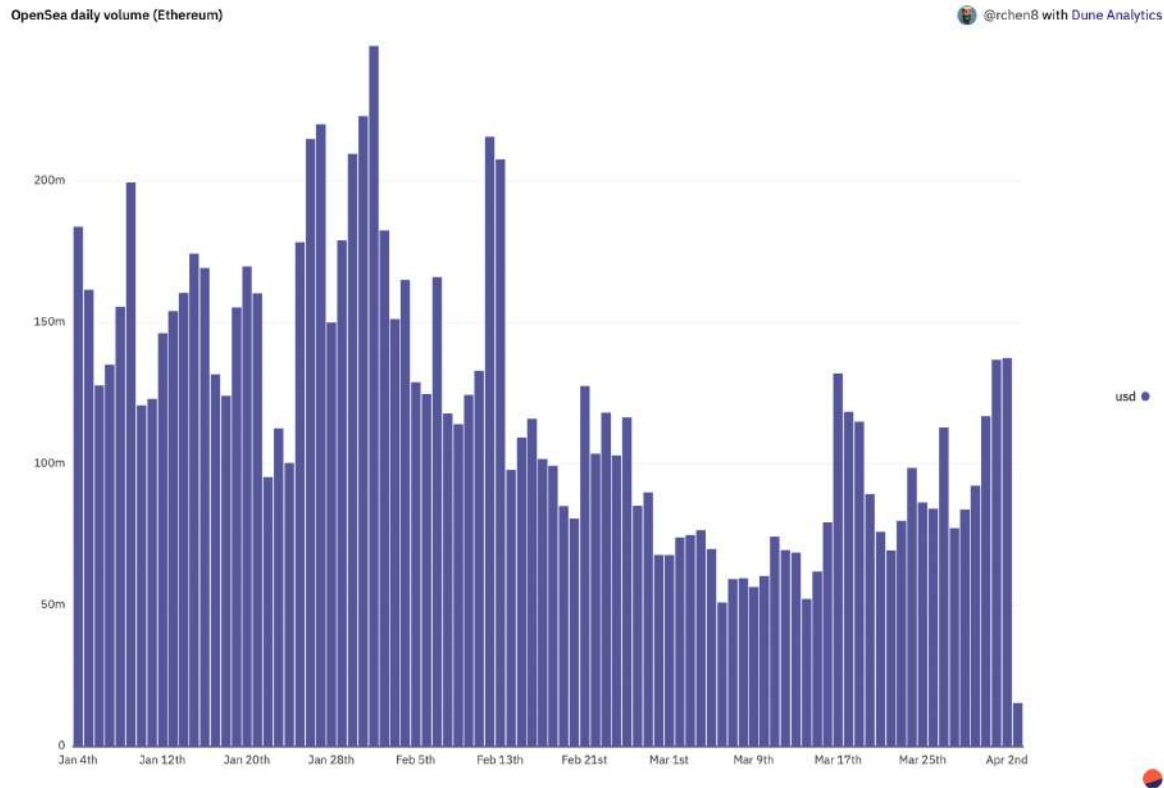
The graph shows the ratios of individual stablecoins in circulation. Tether (USDT) remains the most widely used alternative, but its dominance decreased by 5% in Q1. USDC and BUSD remain at a stable % share of the total circulation of all stablecoins. UST (TerraUSD) improved the most in proportion, mainly due to the expansion of DeFi on the Terra blockchain.



Source: theblockcrypto

NFT & METaverse

Trading Volume on the OpenSea Platform



Source: Dune Analytics

NFTs are still a popular topic, and one could say that the craze we experienced in 2021 continues. Interest in NFTs and trading volumes correlate to some extent with the price movements of bitcoin and other cryptocurrencies. If there is uncertainty in the market and cryptocurrency prices are moving down, we can expect to see less interest in NFTs. Once the price of BTC stabilized in March, volumes and enthusiasm for speculating in NFTs increased again.







New collections of NFTs appear daily on popular NFT marketplaces such as OpenSea, Rarible, and LooksRare. While some end up as worthless JPEGs, others hit the road to success and can bring in big returns. What sets blue chip NFT collections like Bored Ape Yacht Club or Akuki apart is a supportive community, a packed roadmap, various creative opportunities for using NFTs (e.g., selling merch with NFTs), events, or collaborations with artists and celebrities.

The Company Behind Bored Ape Yacht Club (BAYC) Bought the Rights to the Cryptopunks

Yuga Labs is the company that created the popular NFT collection Bored Ape Yacht Club, which has become the top 1 collection compared to trading volumes and the floor price for 1 NFT, which is the lowest price at which NFTs can be purchased from the collection.

In Q1, the company bought the rights to two other very popular NFT collections, Cryptopunks and Meebits, backed by rival Larva Labs. In addition to speculation about the cost of acquiring these rights, there is also a debate about the reasons and future of Cryptopunk, which started the NFT in 2021. From the beginning, Yuga Labs has focused on community marketing and activities such as granting IP rights to NFTs owners, working with artists such as Snoop Dog and Jimmy Fallon, and frequent airdrops that have found many fans. Following this acquisition, not only owners of BAYC NFTs, but also those who own Cryptopunks or Meebits can sell items with their NFTs that they own.

TOP 6 NFT Collections on OpenSea Platform

Collection	Volume ↓	24h %	7d %	Floor Price	Owners	Items
1  Bored Ape Yacht Club	↑ 70,300.38	+8.14%	-42.83%	↑ 109.99	6.4K	10.0K
2  Mutant Ape Yacht Club	↑ 49,705.58	+21.09%	-33.64%	↑ 24.39	12.3K	18.6K
3  Azuki	↑ 49,178.88	-70.26%	+71.10%	↑ 27	5.5K	10.0K
4  CryptoPunks	↑ 28,907.82	-35.96%	+4.82%	---	3.4K	10.0K
5  CLONE X - X TAKASHI MURAKAMI	↑ 28,715.16	-74.47%	+247.86%	↑ 20.8	8.9K	19.2K
6  World of Women Galaxy	↑ 22,487.9	+162.90%	-72.74%	↑ 1.65	10.9K	20.8K

Source: Open Sea

After the popular BAYC, the Mutant Ape Yacht Club holds second place. Interestingly, these mutant apes can only be created if we expose the existing Bored Ape NFT to a special ingredient called mutant serum - this is possible if there is a public sale in which we make a Mutant Ape.

We can create Mutant Apes from each Bored Ape if we have a limited number of NFT serums (M1, M2, or M3). Just to give you an idea, the prices for Mutant Apes are currently in the tens of ETH.



Source: theblockcrypto

The collection of 10,000 NFT Azuki-inspired anime has also had a lot of traction lately. As well as other successful collections, the Azuki has a passionate community, a busy schedule for the coming months, and some exciting collaborations. Chiru Labs, the company behind Azuki, unveiled a vision for NFTs owners to gain access to "The Garden" - a place on the Internet where art, community, and culture come together to create magic. There are many anime NFTs on the market, and this collection is inspired by the Pokémon card game. Since the beginning, the Azukies have been a success, trading for \$300 million in the first month and appearing in Forbes magazine. In the future, this promising project plans to create an animated series, games, merch, partnerships, launch a BEAN token, and many other surprises.



Source: Forbes

Twitter NFT Profile Pictures

In recent months, the social network Twitter has announced the possibility of linking a Twitter account with several Web3 crypto-wallets (Metamask, Argent, or Coinbase Wallet). This new functionality also allows you to use the purchased NFT to link to a Twitter account and set up the selected NFT as a profile picture on Twitter. The social network cooperates in providing this service with the Open Sea platform, the largest marketplace of NFTs. So far, according to Twitter, they can be used as a profile picture of the NFT standard ERC-721 and ERC-1155.

If the user sets up an NFT profile, the NFT image on the profile will have a hexagonal edge instead of the classic circular profile photo. The main goal of this difference is to emphasize the uniqueness and authenticity of the NFT. If someone tries to copy someone else's NFT and use it as their profile picture, they will get a standard circular frame. In this way, it is possible to distinguish the real owners of NFT collections from fraudsters.

However, there is still one problem in this area. Suppose a thief downloads your NFT profile picture, re-uploads it to the NFT platform, and kicks it off as a new NFT. In that case, it is possible that after linking his wallet to a Twitter account, he will get a worthless but hexagonal profile photo similar to the original. It is not yet known how Twitter wants to prevent such counterfeiting.

Bored Ape Yacht Club & ApeCoin

A big deal in the cryptocurrency market has sparked a new coin called Ape Coin, which was issued for holders of the NFT collection Bored Ape Yacht Club. APE Coin is a native cryptocurrency of the BAYC ecosystem. Since its launch, each BAYC member has received 1,094 APEs (\$128,000) at their time, while Mutant Ape (MAYC) holders have received 2,042 APEs (\$26,068 at that time).

Despite being a brand new token, it immediately hit the most popular exchanges such as Coinbase, FTX, Kraken, and Binance. ApeCoin is publicly traded and currently priced at \$12.

Despite the huge success and high expectations, the airdrop did not go without problems. Already on the day of the airdrop, fraudsters were trying to exploit this opportunity. The airdrop also underwent a so-called flash loan attack. Unlike other airdrops, this airdrop did not use a snapshot mechanism and thus allowed users to buy NFTs even during the airdrop, and therefore claim distributed ApeCoins this way.

ApeCoin has several supporters as well as opponents, and its future remains unclear. Yuga Labs plans to turn ApeCoin into a governance token and use it for Yuga products and services that they plan to launch in the future.



Source: @Rahim_Mahtab

Metaverse

Metaverse is a word we have been hearing from everywhere over the last few months. Whether it's entertainment, gaming, arts, work, or social networking - Metaverse has great potential to reach enthusiasts in these areas and offer them a real sense of virtual reality. Metaverse is a 3D version of the Internet that offers online interaction at a higher level than we have been used to. We used to communicate mainly through messages and calls. Later, photos, videos, streams, or TikTok were added. The next level is 3D interaction parallel to the physical world, where we can spend our digital lives and communicate with other people, for example, using avatars.

Does this idea of virtual reality seem completely crazy to you? Then you may be surprised that companies like Meta (Facebook), Microsoft, Apple, Google, NVIDIA, Snapchat, Amazon, and many others are investing in this industry. By the beginning of 2024, the industry is expected to grow to a market capitalization of around \$800 billion.

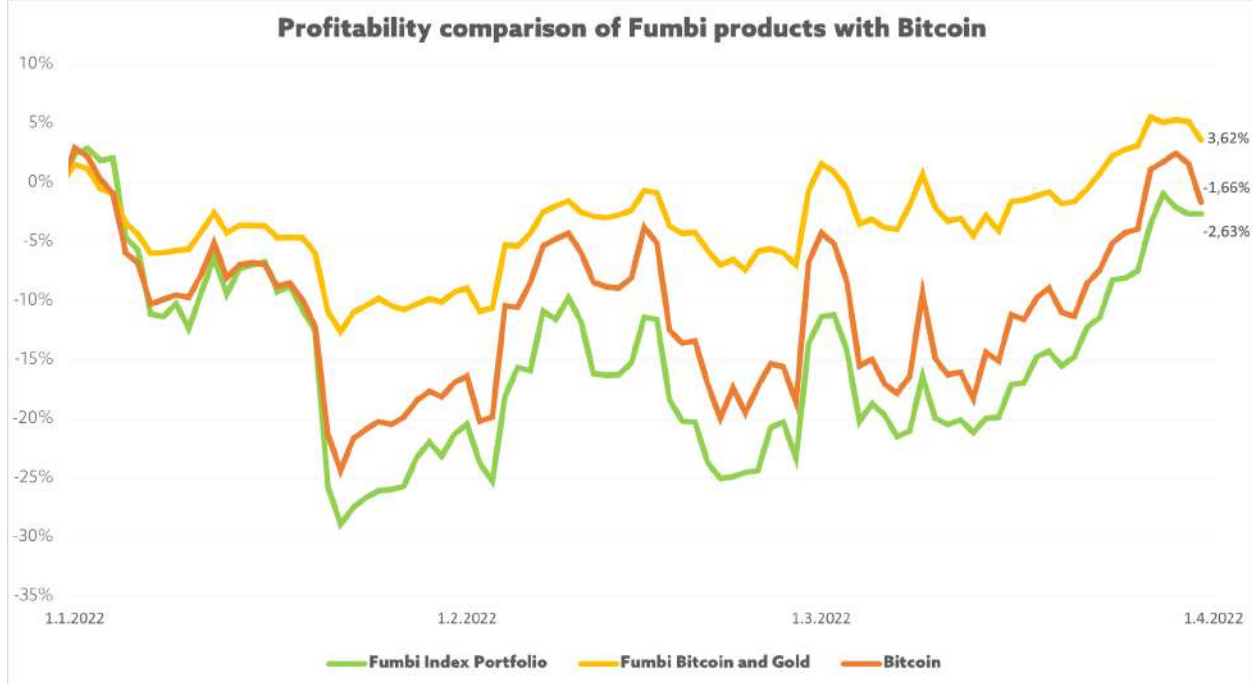
Metaverse is nothing new, especially in the world of games. The word has been used for a long time, and players have the opportunity to experience different levels of virtual reality. However, as Facebook rebranded to Meta and presented the world with its vision for the future of Metaverse, technology giants Google, Apple, Microsoft, and Meta competed to be the first to make virtual reality accessible to users from the comfort of their homes, using VR headsets such as Oculus from Meta or HoloLens from Microsoft. Google has already made one failed attempt, namely the Google Glass smart glasses, which left the market a few

months after the launch in 2014. There is currently speculation about a secret project called Project Iris, which should result in the introduction of AR headsets sometime at the beginning of 2024. We definitely have a lot to look forward to in the coming months and years. It will be interesting to see which technical giants will finally present virtual reality for us, ordinary users.

FUMBI

Fumbi Product Performance - Q1/2022

Product	Return (%)
Fumbi Index Portfolio	-2,63 %
Fumbi Bitcoin & Gold Index	+3,62 %



Source: Fumbi Research

Bitcoin and most altcoins closed the first quarter in the red. While Bitcoin's price only dropped by less than -1.7%, Ethereum closed the quarter with a loss of up to -10%. Our Fumbi Index Portfolio, consisting of Bitcoin and 23 altcoins, saw a loss of -2.63% during the first three months.

Despite the downturn in the cryptocurrency market, the Fumbi Bitcoin & Gold Index achieved a positive return. Although Bitcoin itself was in the red, the downturn perfectly demonstrated the strength and stability of real gold, which kept the index's performance in positive territory.

Fumbi Received the Prestigious Superbrands Slovakia 2022 Award

We are the first crypto-investment company in Slovakia to be crowned one of the top brands on the market by the independent Superbrands program.

The International Superbrands program is the most prestigious independent global authority evaluating business brands. Each year, they select the top brands on the market based on business performance and public opinion research. Those are then evaluated by the Brand Council, made up of experts on business, communication, marketing, and media.

Our Fumbi has joined the club of strongest brands. We've been on the market since 2018. Since then, we've acquired over 100,000 users and expanded into neighbours' markets. In 2021 we underwent a rebranding and managed to release the first crypto-investment TV advertisement in Europe.

„We are thrilled to join the prominent and respected companies that have already received this award, such as Kaufland, dm-drogerie markt, Mecom, and JOJ Group. In 2021 we substantially increased our staff and the number of communication activities. I am glad that it also shows in the form of this award,“ said about the success Boris Haško, our Chief Marketing Officer.

Plans for 2022 - New Products and Even More Possibilities

As the platform that brought innovative, simple, and safe cryptocurrency investing to Slovakia, we have decided to take another step forward in our series of innovations in 2022.

This year, we plan to expand our cryptocurrency investing services even further. This means more freedom, more products, flexibility, and, most importantly, a wider choice of cryptocurrencies. Keeping up with the latest trends from the world of cryptocurrencies is the most important innovation driver for us.

Our team is already working on developing products that will allow our clients to invest simply and safely in a broader range of cryptocurrencies. The more adventurous investors will have more flexibility in how they want to invest their funds, while our products will

continue to assist in eliminating decision paralysis or overly risky strategies. The various thematic investment templates we will be introducing soon should serve this purpose. The most adventurous investors will even be able to construct an investment portfolio based on their own preferences.

In addition, we are also developing passive income products, a new mobile app, a payment card that would allow you to use your cryptocurrencies to pay for goods and services, and we will even be expanding our products for corporate customers. So there is really a lot for our clients to look forward to!

INVEST IN CRYPTOCURRENCIES WITH FUMBI

Capitalize on the potential of cryptocurrencies and invest with us easily, safely, and in a few clicks. We bring crypto to the general public with the possibility of small deposits and minimization of all possible risks. Since 2018, more than 100,000 users have relied on us.

At Fumbi, you can invest in a dynamic portfolio or in selected cryptocurrencies with deposits starting from € 50.

Fumbi Product Portfolio

- **Fumbi Index Portfolio** - Our most popular Fumbi Index Portfolio product currently consists of more than 20 top proven cryptocurrencies. The sophisticated Fumbi Algorithm copies the growth of the entire cryptocurrency market.
- **Fumbi Custom** - With Fumbi Custom, we bring everyone the opportunity to invest in a cryptocurrency of their choice. Choose your preferred cryptocurrency and invest in it easily, comfortably, and safely.
- **Fumbi Bitcoin and Gold** - The world-unique product Fumbi Bitcoin and Gold monitors the value of Bitcoin and cryptocurrency PAX Gold, backed by real gold. The algorithm divides your finances in a 50:50 ratio. It intelligently buys the cryptocurrency that has fallen and sells the one that has risen. Thanks to this combination, you can save for your future easily and stress-free.
- **Fumbi Business Choice** - Evaluate your company's assets safely with the first company in Slovakia that also brings a sophisticated tool for investing in cryptocurrencies to legal entities.

- **Fumbi Custody** - Have you purchased cryptocurrencies, and are you thinking about how to store them as safely as possible? Take advantage of the first-class cryptocurrency storage with Fumbi. We work with market leaders to keep your crypto safe at all times.

www.fumbi.network