

Liechtenstein boutique gears up to launch crypto fund



The Liechtenstein Financial Market Authority (FMA) has given the go-ahead for Schaan boutique Incrementum to launch a cryptocurrency fund called Crypto One.

Incrementum junior fund manager and research analyst Demelza Hays, who is in charge of Crypto One alongside firm partner Mark Valek, told *Citywire Switzerland* that getting approval was not easy. The alternative investment fund is one of only two approved in Liechtenstein, and the only one based in the country.

Hays said: 'It was difficult. Normally it takes regulators one month to respond to your application. We were the first to submit an application for a cryptocurrency fund to the FMA, and ended up hearing back six months later. However, the FMA was very open. They saw the disruptive potential of this technology.'

'It required a political decision. They had to get permission from higher levels of government to allow an AIF structured product to directly invest in cryptocurrencies. It was a very complicated procedure.'

The fund, which is set to be launched in January 2019, is designed to allocate at least 51% of its holding to cryptocurrencies, with a maximum cash buffer of 20%.

The cryptocurrency exposure will be split into two strategies: a long position in liquid coins that have been on the market for at least a year, such as Bitcoin, Ethereum and Qtum, along with a 30% active position that will increase or decrease based on signals.

According to Hays, all the regulatory red tape was worth it, as their clients are keen to hop on the cryptocurrency bandwagon. She said: 'We think the concept of blockchain is here to stay. We think it's definitely worth a 1% or 2% bet of your entire net worth that this will exist in the future. The technology will change the way we trade and store financial assets, and cryptocurrencies are uncorrelated to traditional asset classes.'