

KCCAPITAL

At the Intersection of Technology Capital and Real World Operations

A Founding Letter from KC Capital

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ENGLISH

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Founder

To Our Readers,

I founded KC Capital to build an investment firm capable of studying long-term technological change, understanding real-world operations, and allocating capital with discipline.

Blockchain, artificial intelligence, computing infrastructure, and global supply chains are often presented as separate investment themes. In practice, they are closely connected. Technological progress changes how economic activity is organized. Chips and computing power support new digital infrastructure. Cross-border trade and supply chains determine how technology moves from an idea into a real product and reaches global markets.

Based on our experience and the boundaries of our competence, KC Capital will maintain three areas of long-term research:

- blockchain and digital assets
- U.S.–China cross-border technology and trade
- computing and artificial-intelligence infrastructure

These areas define KC Capital's broader research focus. They do not mean that every fund will invest across all three. Different strategies require clear mandates, independent risk controls, appropriate operating capabilities, and corresponding legal documentation.

KC Bitcoin Fund I, L.P. is KC Capital's first specialized strategy and will retain a clear, Bitcoin-focused mandate.

Why KC Capital

Long-term investing requires more than selecting a popular industry and waiting for the market to deliver a return.

It requires understanding how technology creates value, how businesses operate, how capital moves through cycles, and what facts could invalidate an investment thesis. It also requires restraint when enthusiasm is strongest and clarity when uncertainty increases.

KC Capital seeks to combine operating experience, industry research, and disciplined capital allocation.

We do not assume that we can predict every market change. Nor do we assume that the long-term potential of an industry eliminates valuation, competition, policy, liquidity, or operating risk.

Our objective is to establish an investment framework that can be applied consistently and improved over time: conduct deep research within our circle of competence, act when supported by evidence, and revise our views when the facts no longer support them.

Our Long-Term Circle of Competence

Blockchain and Digital Assets

Bitcoin and blockchain technology are exploring new forms of digital ownership, value storage, and value transfer.

We study Bitcoin's monetary characteristics, network security, mining economics, liquidity, custody arrangements, and regulatory environment. We also follow developments in blockchain infrastructure, but we do not assume that a technology has investment value merely because it uses blockchain.

This remains a young field exposed to severe volatility, technological failure, regulatory change, illiquidity, and permanent capital loss.

Long-term interest does not mean unconditional optimism. It means continuously testing the investment thesis and examining the risks that could invalidate it.

U.S.–China Cross-Border Technology and Trade

Technology products are not created or sold in a vacuum.

Supply chains, manufacturing capacity, tariffs, logistics, payments, customer demand, and policy changes all affect whether technology can become a sustainable business. Technology and trade between the United States and China are particularly complex and are influenced by economics, regulation, industrial policy, and geopolitics.

Through experience associated with BT-Miners and Lizheng Coils, I have gained continuing exposure to products, supply chains, and commercial activity connecting the United States and China. These experiences have reinforced the importance of execution, counterparties, working capital, compliance costs, and policy risk—not merely market size or growth narratives.

We do not view cross-border complexity itself as an investment advantage. An opportunity warrants further research only when its risks can be understood, its commercial structure can be evaluated, and its potential return reasonably compensates for those risks.

Computing and Artificial-Intelligence Infrastructure

Artificial intelligence depends on more than algorithms. It also depends on chips, computing power, energy, data, and physical infrastructure.

BT-Miners' operating experience and selected industry investments in chip and computing-infrastructure businesses have allowed me to follow developments in ASIC design, computing hardware, energy efficiency, and supply chains. These experiences have also informed our research into how specialized computing capabilities may extend into broader AI-infrastructure applications.

Mining ASICs and AI computing systems are not the same. Both, however, require investors to understand chip design, hardware cycles, energy efficiency, supply chains, and capital intensity.

Our interest in AI will not be based on short-term market enthusiasm. We are more interested in which technologies can support durable demand, which businesses possess sustainable product capabilities, and how changes in computing costs may reshape industries.

KC Capital has not established a separate AI or cross-border technology fund. Research in these areas is part of the firm's long-term capability development. Any future strategy would require a distinct and appropriately structured investment vehicle, risk framework, and governing documentation.

An Operator's Perspective

I am the founder of KC Capital and the founder and principal operator of BT-Miners, a cryptocurrency mining business that began operating in 2020.

Participation in the mining industry has provided direct exposure to hardware efficiency, energy costs, network difficulty, inventory cycles, supply chains, market liquidity, and price volatility. My experience through BT-Miners and Lizheng Coils has also provided continuing exposure to U.S.–China cross-border trade and the process through which technology products enter commercial markets.

Operating experience has taught me that a meaningful gap often exists between a promising technology and a successful commercial outcome.

A technology may be valuable while a particular product fails. A market may continue to grow while an individual business struggles because of costs, inventory, financing, supply-chain constraints, or execution.

These experiences have shaped several principles at KC Capital:

- understand the real economics beneath a technological thesis
- study supply chains and operations, not only market narratives
- avoid dependence on a single forecast
- maintain a margin for uncertainty
- respect position, liquidity, and risk constraints in every strategy
- revise our conclusions when the underlying facts change

This operating and industry experience informs KC Capital’s research framework. It is not a fund performance record and does not guarantee future investment results.

KC Bitcoin Fund I, L.P.

KC Bitcoin Fund I, L.P. is KC Capital’s first specialized investment strategy.

Although KC Capital maintains three areas of long-term research, Fund I remains a Bitcoin-focused private investment fund. It is not a diversified technology fund, an AI fund, or a cross-border trade fund. It will not depart from the strategy established in its definitive Fund documents merely because an opportunity relates to one of KC Capital’s other research interests.

Our long-term interest in Bitcoin is based on its scarcity, open network, independently verifiable supply rules, and potential role as a digitally native system for storing and transferring value.

These characteristics do not guarantee continued adoption or investment returns. Bitcoin may experience extreme volatility, prolonged drawdowns, technological risks, custody failures, counterparty losses, financing risks, and regulatory change.

Fund I’s investment activities, permitted instruments, risk limitations, and other terms are governed exclusively by its definitive offering and governing documents.

Our Investment Principles

Across every area of research, KC Capital seeks to allocate capital according to a consistent, explainable, and continuously testable set of principles.

Circle of Competence and Strategy Boundaries

We allocate capital only where we can explain the technology, business model, sources of value, and principal risks. Each fund and investment vehicle must remain within its formal mandate rather than changing direction in response to a new market theme or short-term opportunity.

Research from First Principles

We seek to understand why an asset or business may create and retain value rather than relying solely on market narratives, historical correlations, or price movements. When evaluating technology, we examine real demand, network or product usage, cost structures, competitive advantages, and long-term economics.

Keep the Thesis Simple and Explainable

If an investment thesis cannot be explained clearly, tested independently, and monitored consistently, its complexity may itself become a source of risk. More models, more trading activity, or more complex instruments do not necessarily produce better investment outcomes.

Distinguish Price from Value

An exceptional technology or asset is not necessarily an exceptional investment. Expected returns depend on the price paid, the extent to which future value can be realized, and how much optimism is already reflected in the market. We seek to maintain discipline between long-term potential and current price.

Study the Downside First

Before evaluating potential returns, we first consider how capital could be permanently impaired. Technological failure, competition, regulatory change, custody arrangements, financing, counterparties, liquidity, and operational disruption can all invalidate an otherwise reasonable investment thesis.

Risk is not limited to price volatility. Volatility may sometimes be tolerable, but permanent capital loss must be treated seriously.

Conviction Must Be Matched by Position Discipline

Deep research can increase conviction, but it cannot eliminate uncertainty. Position size should reflect the strength of the thesis, potential downside, liquidity, and the portfolio's overall capacity to bear risk. Concentration does not justify ignoring risk, and diversification cannot replace an understanding of the underlying assets.

Patience over Constant Activity

The frequency of investment activity is not a measure of the quality of an investment process. We are willing to remain patient when sufficiently attractive opportunities are unavailable. We will not add trading activity or strategic complexity merely to appear active. Our time horizon should be determined by the investment thesis and the characteristics of the asset—not by short-term market sentiment.

Actively Seek Disconfirming Evidence

An investment view is not an identity. We seek information that could disprove our conclusions and document the investment thesis, key assumptions, and principal risks. When the facts change, we should reevaluate our views rather than disregard new evidence to defend a prior conclusion.

These principles cannot prevent investment losses. They do not imply that any strategy will preserve capital or outperform a market benchmark. Their purpose is to help us make decisions under uncertainty with greater clarity, consistency, and discipline.

The Partnership We Hope to Build

KC Capital hopes to build relationships with partners who maintain a long-term perspective, understand investment risk, and value candid communication.

As of the publication date of this letter, KC Bitcoin Fund I, L.P. has not admitted outside investors and is operating with sponsor capital. We therefore do not present a fund track record, outside-investor history, assets under management, or investor count.

If outside investors are admitted in the future, prospective investors must complete the eligibility review, required independent verification, documentation, and General Partner acceptance described in the Fund's definitive documents.

Self-identification through a public website does not constitute accredited-investor verification, approval to invest, or acceptance into the Fund.

We do not promise smooth returns, preservation of capital, market outperformance, or any particular investment result.

How We Will Communicate

KC Capital intends to publish periodic letters and research in English and Simplified Chinese. Topics may include:

- Bitcoin and blockchain infrastructure
- mining economics, chips, and computing power
- U.S.–China cross-border technology and trade
- AI infrastructure and long-term industrial change
- investment philosophy, risk, and capital allocation

This Founding Letter is KC Capital's first formal letter. Because Fund I has not admitted outside investors, we do not present it as a quarterly investor letter.

After the Fund admits outside investors and completes its first full reporting quarter, we intend to establish a regular investor-letter schedule. Admitted investors may receive a confidential full version, while an appropriately edited version may be made available publicly.

Through a consistent written record, we hope readers will be able to understand how our views are formed, which views have changed, and how we respond to mistakes and uncertainty.

Looking Ahead

KC Capital remains at an early stage.

We do not want to expand our narrative to appear more established than we are. At the same time, we do not want our first specialized fund to define the permanent limits of the firm.

We will therefore maintain two principles.

First, KC Capital will continue to research blockchain and digital assets, U.S.–China cross-border technology and trade, and computing and artificial-intelligence infrastructure.

Second, each investment strategy must retain a clear mandate. KC Bitcoin Fund I, L.P. will remain a Bitcoin-focused specialized strategy in accordance with its definitive Fund documents.

We intend to build KC Capital’s capabilities and credibility gradually through operating experience, sustained research, accurate records, and candid communication.

Thank you for taking the time to understand how we think.

Kechen Tang

Founder
KC Capital

Important Disclosure

This letter is provided for informational and educational purposes only. It does not constitute an offer to sell, a solicitation of an offer to purchase, or a recommendation regarding any security, fund, or investment strategy.

Discussion of KC Capital's future research areas or potential strategies does not mean that any related fund, product, or investment opportunity has been established or is available for investment.

Any offering of interests in KC Bitcoin Fund I, L.P. may be made only through the applicable definitive offering and governing documents, subject to their terms, investor eligibility requirements, verification procedures, and acceptance by the General Partner.

An investment in KC Bitcoin Fund I, L.P. involves substantial risk, including the possible loss of principal. Bitcoin and related markets may experience extreme volatility, illiquidity, custody failures, counterparty losses, financing risks, technological change, and regulatory change. No investment result, preservation of capital, or liquidity is guaranteed.