

DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO
DIGITAL ASSET MARKETS

September 2021 Newsletter

September has historically been a negative month for the digital asset markets and this year was no different. The major digital assets, bitcoin and ethereum, finished -6.0% and -11.4% respectively in AUD. The month started off strong, with prices and yields rising together. This increasing leverage was flushed out as the asset class proved it was not immune to the negative sentiment triggered by the Evergrande saga in China. Sharp drops in global equity markets were followed by the crypto space with a larger than 20% correction in the price of bitcoin and other leading cryptocurrencies.

In non-trading related news, El Salvador became the first sovereign to adopt bitcoin as legal tender. As of the 7th of September, also known as "Bitcoin day", Salvadorians can pay for goods or services with bitcoin. According to Nayib Bukele, the Salvadoran president, 46% of the population have already downloaded the Chivo bitcoin wallet. By contrast, 70% of Salvadorans do not have bank accounts. The nation-state was the first to buy and hold bitcoin, buying 700 bitcoin through the month.

Please see page 2 for a list of interesting articles we read in September

Key market observations from the trading desk

Yields continue to climb to levels not seen since May 2021. We'd like to remind investors that despite being market neutral it is possible for DAF to have negative returns in the short term as spreads move against us, greater than the profit from active trading, before they revert to fair value prior to expiration.

Performance overview

Style: Market-Neutral/Arbitrage

+2.86%

Digital
Opportunities
Class

1 month +2.86%
3 months +7.87%
6 months
Since inception +39.40%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-	-	-	-	+28.16	+0.83	+2.19	+2.62	+2.86				+39.40

Style: Long only Bitcoin Tracker

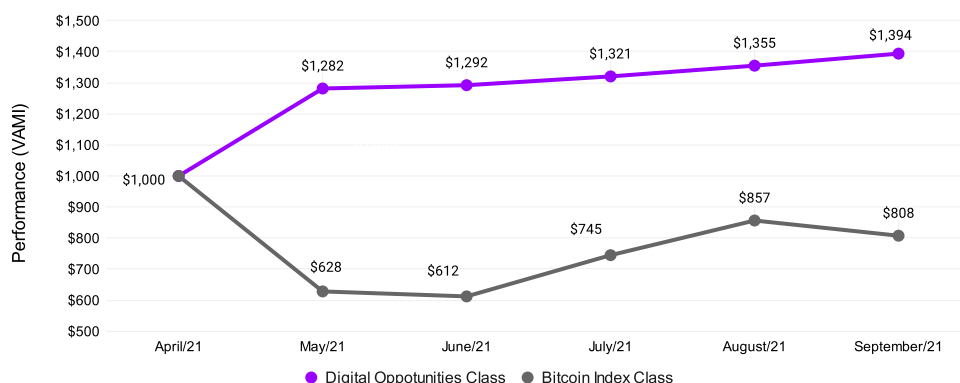
-5.71%

Bitcoin
Index
Class

1 month -5.71%
3 months +31.93%
6 months
Since inception -19.24%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-	-	-	-	-37.18	-2.55	+21.69	+14.98	-5.71				-19.24

Performance Chart



All performance figures are net of fees and relate to the Lead series. Investors will receive an emailed statement directly from Ascent Fund Services with their unit holdings and valuations

Trustee



DAFM

DIGITAL ASSET
FUNDS MANAGEMENT

WWW.DAFM.IO

Fund Characteristics

- Australian based Investment manager
- Australian unit trust
- Australian Dollar denominated units
- Three separate unit classes

Digital Opportunities Class

- > Uncorrelated to traditional markets
- > Market neutral approach
- > Absolute return focused

Bitcoin Index Class

- > Bitcoin tracker
- > Enhanced yield
- > Directional, long only exposure

Digital Index Class

- > Digital Index tracker
- > Enhanced yield
- > Directional, long only exposure

Investment Manager and Trustee

Digital Asset Funds Management Pty Ltd
Corporate Authorised Representative
(No. 001285765) of Quay Wholesale Fund
Services Pty Ltd (AFSL No. 528526)

Fund Administrator and Registry

Ascent Fund Services (Singapore) Pte. Ltd
www.ascentfundservices.com



Articles we found interesting

- > [Citigroup Gearing up to Trade CME Bitcoin Futures](#)
- > [Robinhood doubles down on cryptocurrency with new wallet offering](#)
- > [Mastercard makes a big bet on crypto, buying blockchain analytics start-up](#)
- > [Twitter rolls out bitcoin tipping for iOS users](#)
- > [Fidelity Digital Assets finds 90% of surveyed investors find digital assets appealing](#)

APPLY



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Fund Terms

	Digital Opportunities Class	Bitcoin Index Class	Digital Index Class
Minimum	AUD 100,000	AUD 100,000	AUD 100,000
Applications	Monthly	Monthly	Monthly
Redemptions	Monthly (45 days notice)	Monthly	Monthly
Lock up period	90 Days	None	None
Management Fee	2% plus GST	2% plus GST	2% plus GST
Performance Fee	25% plus GST	None	None
Highwater mark	Yes	N/A	N/A

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