

DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO
DIGITAL ASSET MARKETS

February 2022 Newsletter

Bitcoin broke its losing run of consecutive down months, returning +5%. As in January, Bitcoin displayed a high correlation with the Nasdaq and other traditional risk markets for the majority of the month and was impacted by many of the same economic and geopolitical factors, such as rising inflation and the war in Ukraine. On the last day of the month the apparent Russian demand for a non-sovereign currency in the wake of monetary restrictions and a falling ruble, Bitcoin rallied 14% and decoupled from traditional risk assets.

Similarly, Ethereum broke its losing streak, gaining 5% after having fallen 47% over the prior two months. It was impacted by the same macroeconomic and geopolitical items as Bitcoin and despite the price gain had a relatively subdued month. In the Ethereum DeFi space, over \$320m of wrapped Ethereum on Solana was hacked after the Wormhole bridge was exploited. Incredibly the entire loss was covered by Jump Trading.

Outside of the macro, we continue to see traditional financial institutions move into the digital asset space. Both State Street and BNY Melon announced that they will provide Crypto custody. Blackrock, the world's largest asset manager, laid down plans to allow its clients to trade cryptocurrency through Aladdin (short for "Asset, Liability, Debt and Derivative Investment Network"), the asset manager's integrated investment management platform.

Key market observations from the trading desk

Unchanged conditions to January, where we wait for volume and yields to pick up in order to provide us with a few more opportunities.

Performance overview

+0.38%

Digital
Opportunities
Class

Style: Market-Neutral/Arbitrage

Funds under Management: \$69.5m

1 month	+0.38%
3 months	+5.00%
6 months	+14.09%
Since inception	+54.62%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-	-	-	-	+28.16	+0.83	+2.19	+2.62	+2.86	+1.85	+3.72	+4.36	+53.68
2022	+0.23	+0.38											+0.61

+5.41%

Bitcoin
Index
Class

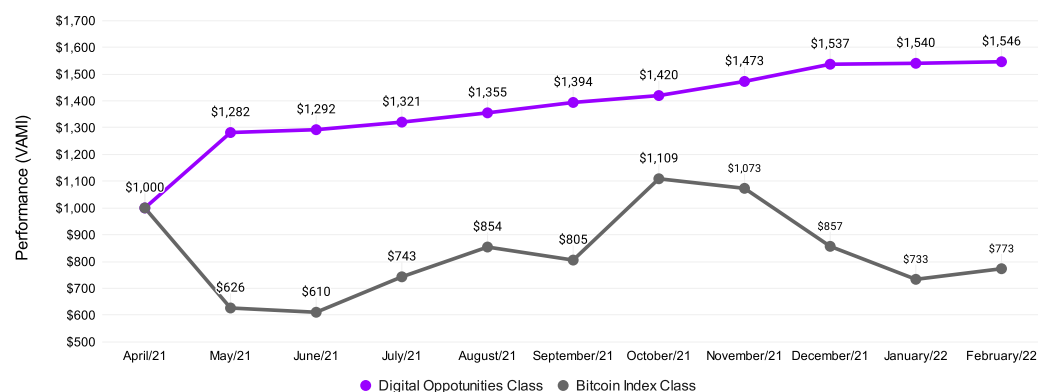
Style: Long only Bitcoin Tracker

Funds under Management: \$0.7m

1 month	+5.41%
3 months	-27.98%
6 months	-9.48%
Since inception	-22.70%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-	-	-	-	-37.37	-2.55	+21.69	+14.98	-5.71	+37.73	-3.23	-20.19	-14.34
2022	-14.39	+5.41											-9.76

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



DAFM

DIGITAL ASSET
FUNDS MANAGEMENT

WWW.DAFM.IO

Fund Characteristics

- > Australian based Investment manager
- > Australian unit trust
- > Australian Dollar denominated units
- > Two 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

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)

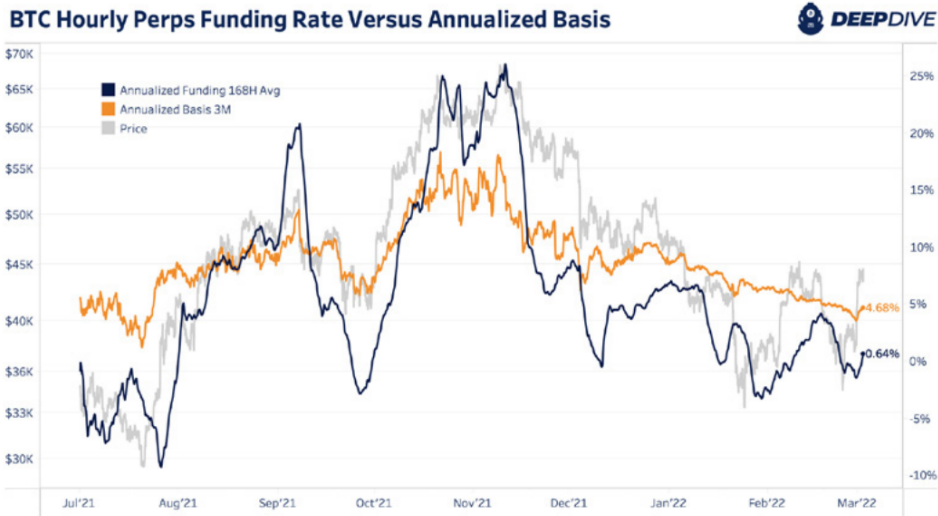
Fund Administrator and Registry

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



Key Chart

There has historically been a very strong correlation between the basis (the difference of the spot and futures price) present in the futures market and the price of Bitcoin. This is driven by the level of speculation and long-biased leverage in the crypto markets. The chart below shows the weekly funding rates of the Bitcoin perpetual contracts and the 3 month forward Bitcoin futures basis. It is clear that the long-biased derivatives positioning is very low at this point in time and unlike last year, the current moves are driven by spot markets.

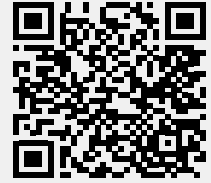


source: The Deep Dive, Glassnode

Fund Terms

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

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