

DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO
DIGITAL ASSET MARKETS

May 2022 Newsletter

Important notice regarding events that occurred after May 31st. The Digital Asset Fund is unaffected by the solvency concerns of Celcius and Three Arrows Capital, as at publication of this newsletter the Digital Opportunities Class return is positive month to date.

Bitcoin continued on its downwards trend, falling ~17.6% in May and set a record losing streak of nine consecutive down weeks. The majority of the move came during the first two weeks for several reasons. First, there remains a very tough backdrop for risk markets amidst worse than expected inflation and continued worries around central bank tightening. Second, the collapse of Terra (LUNA) and its UST stablecoin weighed on crypto more generally. The back half of the month saw Bitcoin trade in a tight range between US\$28,655 and US\$31,500. The most notable price-related news during the month included: the Luna Foundation Guard liquidated more than 80k Bitcoin in an attempt to defend the UST peg, El Salvador bought the dip and hosted a forty four-nation meeting to discuss Bitcoin, the Financial Accounting Standards Board (FASB) unanimously voted to review the accounting procedures for digital assets, Nubank invested 1% of its cash in bitcoin, and Valkyrie Funds received SEC approval for a Bitcoin futures ETF while Ark and 21 Shares re-filed their application for a spot Bitcoin ETF.

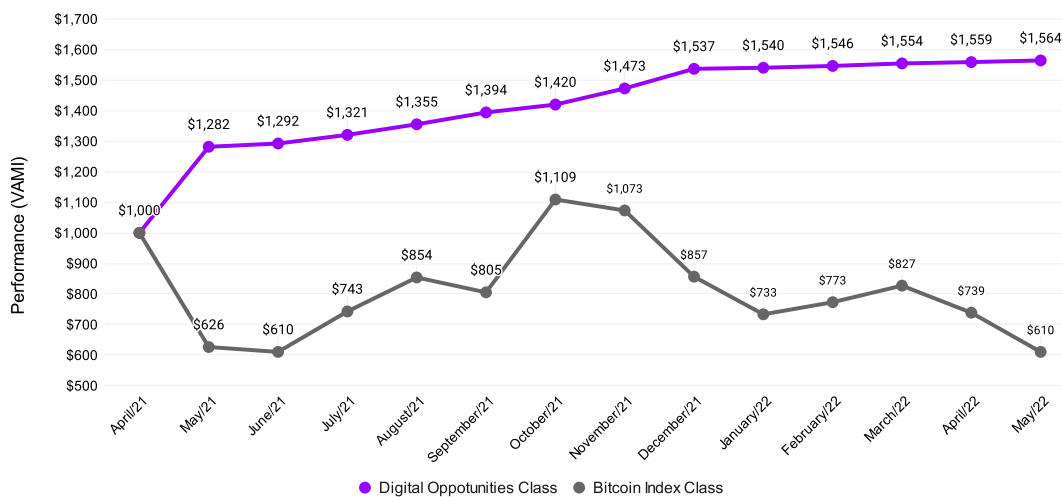
Ethereum performed worse than Bitcoin during the month, declining ~29%. All the same drivers caused the weakness. A highlight of the month was the continued progress towards Proof-of-Stake, as Ethereum co-founder Vitalik Buterin confirmed mainnet's merge would occur in August if no unforeseen issues develop. Lido increased staked ETH (stETH) liquidity incentives as it began trading at a discount, Buterin proposed soulbound tokens (SBTs) as the web3 credentials of the future.

According to data from The Block, both Bitcoin and Ethereum futures volumes were up 30% from April but still lower than the first three months of the year.

Key market observations from the trading desk

With the collapse of Terra and the extreme volatility we took an even more cautious approach to our risk parameters. Whilst the magnitude of opportunities of previous corrections didn't eventuate we were able to trade 24/7 without incident and record 13 straight months of positive results.

Performance Chart

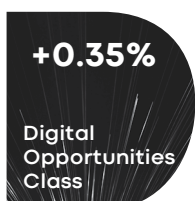


Performance overview

Style: Market-Neutral/Arbitrage

Funds under Management: \$72m

1 month +0.35%
3 months +1.16%
6 months +6.22%
Since inception +56.41%



	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	+0.53	+0.28	+0.35								+1.78

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

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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

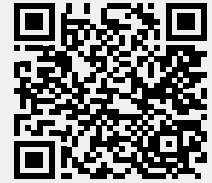




Style: Long only Bitcoin Tracker
Funds under Management: \$0.60m
 1 month -17.37%
 3 months -21.04%
 6 months -43.13%
 Since inception -38.97%

	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	+7.02	-10.71	-17.37								-28.75

APPLY



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Articles we found interesting

- > [Terra’s Crypto Meltdown Was Inevitable](#)
- > [Amid crypto market turmoil, Andreessen Horowitz announces \\$4.5 billion web3 fund](#)
- > [ECB Survey Finds 10% of Eurozone Households Own Crypto Assets](#)

Fund Terms

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

CONTACT

Clint Maddock
 info@dafm.io

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