

# DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO  
DIGITAL ASSET MARKETS

## November 2022 Newsletter

Bitcoin fell 18% in November. It started off the month modestly higher before falling sharply as the solvency of FTX and Alameda came into question. According to The Block data, at the peak of the sell-off, more than \$1.4b of digital asset positions were liquidated. Looking beyond the market turmoil, the U.S. Attorney's Office revealed that it had seized more than 50,000 Bitcoin last year that were previously stolen from the dark web marketplace Silk Road. The pro-Bitcoin sovereign El Salvador hosted its long awaited Bitcoin conference where its president announced their implementation of a new dollar cost averaging strategy aiming to purchase one bitcoin every day.

Ethereum similarly had a rough November, falling 18% for the month. The dispersion between BTC and ETH was muted during the contagion, and ETH's correlation to BTC reached its highest level for the year. Net ETH issuance was deflationary for the second month in a row as the total outstanding supply of ETH fell by 2,100 ETH. While net issuance was positive on most days, a sharp increase in on-chain activity during the week of the FTX collapse resulted in the most significant burning of ETH since The Merge, with ETH supply falling by more than 9,000 ETH in that week alone. In addition to market action, Vitalik Buterin, founder of Ethereum, released an updated roadmap for the platform, outlining its long-term vision.

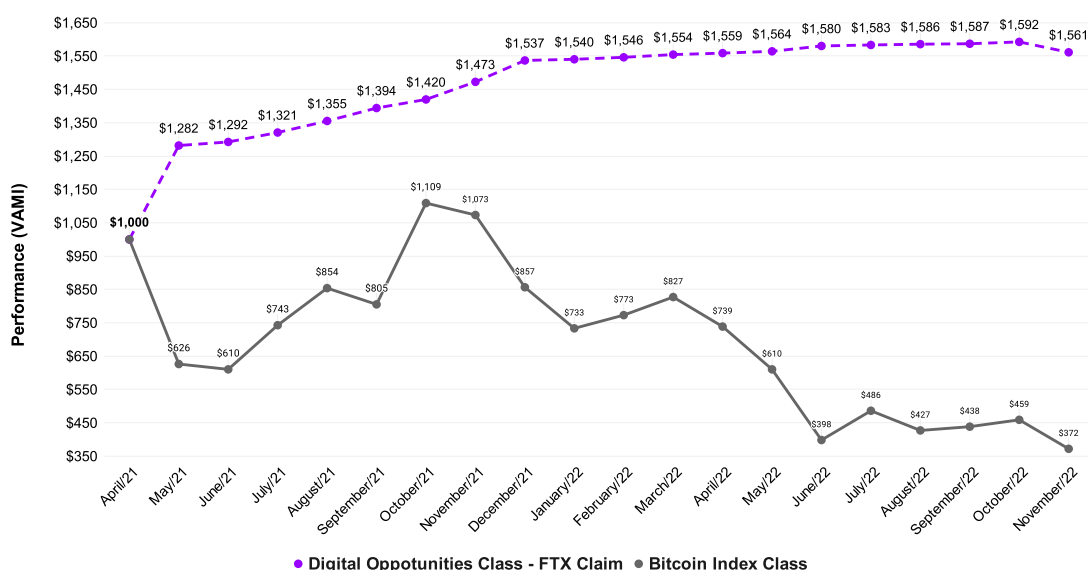
### Key market observations from the trading desk

A quiet start to the month, which was then dominated by the collapse of FTX. Unfortunately related to this was the destruction in value of exchange coins that we held in order to qualify for reduced trading fees, causing further fund underperformance.

The post FTX crypto landscape provided a fertile trading environment, with high volatility across venues. In the week after the collapse the principal driver of profitability was the large and volatile spreads between the CME and crypto native exchanges.

As the opportunities of the CME against crypto exchanges waned, we saw other opportunities between crypto native exchanges as they took turns in trading more expensively relative to each other.

### Performance Chart



### Performance overview

Style: Market-Neutral/Arbitrage

Funds under Management: \$57.41m

1 month	-1.96%
3 months	-1.54%
6 months	-0.19%
Since inception	+56.12%

	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	+1.03	+0.19	+0.15	+0.08	+0.35	-1.96		+1.59

**Please Note:** All performance figures are net of fees and relate to the Lead series. Investors who held units in the Digital Opportunities Class as at the 1st of November 2022 have exposure to FTX. As a result, approximately 12.5% of assets in the Digital Opportunities Class have been segregated and placed in a separate unit class. As these assets are frozen and their realisation is uncertain in both amount and time, no impairment is reflected in the performance figures above. This allows the Fund to remain liquid and available for both application and redemption. 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](http://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](http://www.ascentfundservices.com)





**Style: Long only Bitcoin Tracker**  
**Funds under Management: \$0.36m**

1 month -18.94%  
3 months -12.89%  
6 months -39.04%  
Since inception -62.79%

	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	-34.73	+22.04	-12.14	+2.65	+4.69	-18.94		-56.56

**APPLY**



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### **Fund Terms**

	<b>Digital Opportunities Class</b>	<b>Bitcoin Index Class</b>
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**

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