

# DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO  
DIGITAL ASSET MARKETS

## February 2023 Newsletter



# 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)



**The Digital Asset Fund has no exposure in regards to the recent failures of Silvergate Bank, Silicon Valley Bank and Signature Bank. At the time of release the Digital Opportunities Class return is positive month to date.**

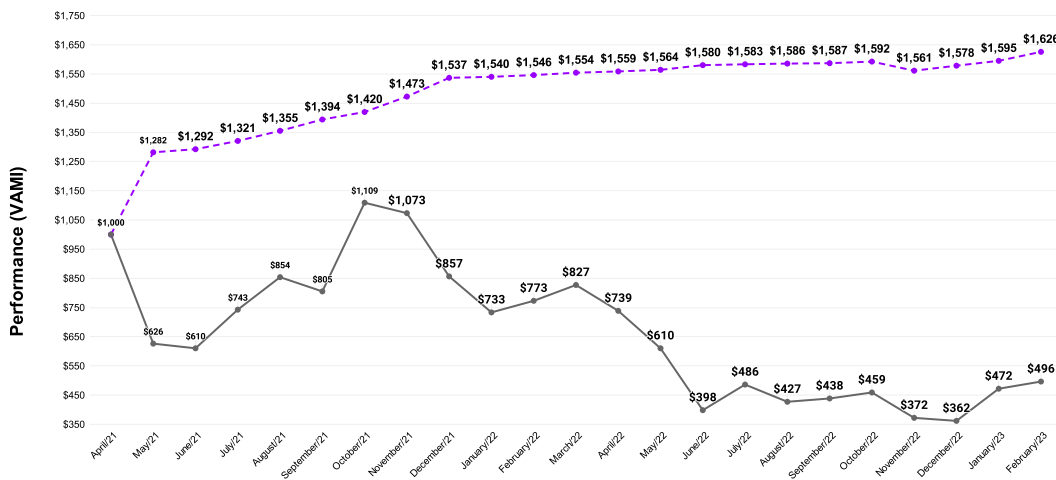
During the month of February, Bitcoin experienced significant price fluctuations and ended the month with a 5% gain. At the start of the month, risk assets were positive following the Federal Reserve's decision to increase interest rates by 25 basis points on February 1, which was widely anticipated. However, a sharp sell-off on February 9 overshadowed these gains as the market grappled with an increasingly unfavourable regulatory environment for cryptocurrencies in the United States. Nonetheless, gains were recovered later in the month as reports emerged of a more favourable regulatory climate in Hong Kong and China, temporarily restoring bullish sentiment. Additionally, reports that Mt. Gox's two largest creditors opted to receive their recovery distributions in-kind allayed fears that mass sell-offs would result from the distributions.

Ethereum's performance in February was similar, gaining 5% as it refused to generate significant divergence from Bitcoin during the month. Along with the price appreciation, on-chain activity continued to increase, and the total ETH supply declined by more than 35,000, surpassing the previous monthly record set in January.

### Key market observations from the trading desk

We saw similar market conditions to January as the fallout from the FTX implosion continues to wash through the industry. Leverage continued to return the market, observed via higher implied yields in the futures and perpetuals, as they rose to levels we hadn't seen since the middle of 2022. Higher implied yields are the best marker for profitability of our strategy. Trading spreads stayed relatively wide and liquidity still hasn't meaningfully returned. We continued to observe institutional funds coming back into the market via the CME. We maintained tight control on individual capital quotas at exchanges, keeping no more than 12.5% at any exchange during the period

### Performance Chart



• Digital Opportunities Class • Bitcoin Index Class

### Performance overview

Style: Market-Neutral/Arbitrage

Funds under Management: \$27.42m

- 1 month +1.93%
- 3 months +4.14%
- 6 months +2.54%
- Since inception +62.58%



|      | 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 | +1.10 | +2.71  |
| 2023 | +1.05 | +1.93 |       |       |        |       |       |       |       |       |       |       | +3.00  |

**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 had exposure to FTX. As a result, 12.96% of assets in the Digital Opportunities Class were 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. It should be noted that performance fees are still being charged by the manager with respect to the Digital Opportunities class. Investors will receive an emailed statement directly from Ascent Fund Services with their unit holdings and valuations.



**Style: Long only Bitcoin Tracker**  
**Funds under Management: \$0.49m**

1 month +5.19%  
 3 months +33.42%  
 6 months +16.22%  
 Since inception -50.36%

|      | 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 | -2.80  | -57.78 |
| 2023 | +30.49 | +5.19 |       |        |        |        |        |        |       |        |        |        | +37.26 |

**APPLY**



[CLICK TO APPLY](#)

**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

**Things you should know:** The information contained in this factsheet has been prepared by Digital Asset Fund Management Pty Ltd ABN 645 472 813 ('DAFM') operating under the Corporate Authorisation No. 001285765 from Quay Wholesale Fund Services Pty Ltd AFSL No.528526. This factsheet is given to only 'wholesale clients' (as defined in the Corporations Act 2001 (Cth)) or other eligible investors as defined by their relevant jurisdiction. Quay Wholesale Fund Services Ltd (ABN 55 647 044 602; AFSL No. 528526) has been authorised by DAFM under an Intermediary Authorisation Agreement pursuant to section 911A(2)(b) of the Corporations Act 2001 (Corporations Act) to arrange for the issue, variation and disposal of the Units in the Digital Asset Fund ('the Fund') by DAFM. By attending or reviewing this factsheet, you are representing that you are a 'wholesale client' or eligible investor and that you will keep this factsheet and the information therein confidential including not to provide it to retail clients. This factsheet does not take into account the objectives, financial situation or needs of any particular person. The information in this factsheet is intended only for purposes of giving you a general understanding of an investment in the Fund and is not intended to be a definitive statement on the subject matter nor should be relied upon in making a decision to invest in the Fund. Persons should rely solely upon their own investigations in respect of the subject matter discussed in this factsheet. An investment in the Fund carries potential risks and fees which are described in the applicable offering document. Any forward looking statements, opinions and estimates provided in this factsheet are based on assumptions and contingencies which are subject to change without notice. Forward looking statements including projections and estimates are provided as a general guide only and should not be relied upon as an indication of the future performance of the Fund. No representations or warranties, express or implied, are made as to the accuracy or completeness of the information, opinions and conclusions contained in this factsheet. In preparing this factsheet, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available to DAFM. To the maximum extent permitted by law, neither DAFM, or Quay nor its directors, employees or agents accept any liability for any loss arising in relation to this factsheet. Neither DAFM nor any other person guarantees the investment performance, earnings or return of capital invested in the Fund. This factsheet does not constitute an offer to sell or a solicitation of an offer to buy interests or securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation. ('the Fund') by DAFM.