

DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO
DIGITAL ASSET MARKETS

September 2023 Newsletter



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



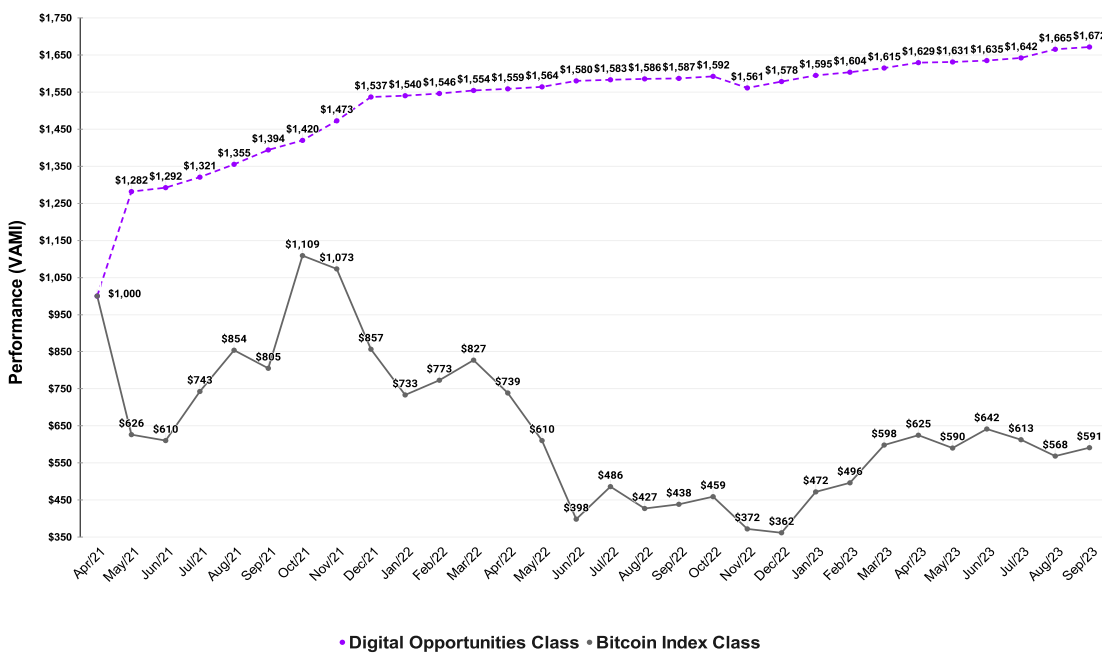
The value of a Bitcoin increased by 4% in September. It was a steady start to the month for the preeminent cryptocurrency. The Federal Reserve's announcement of a "hawkish pause" and lower-than-expected jobless claim, on the 20th and 21st, had a dampening effect on risk appetite, briefly interrupting the positive momentum. Nevertheless, the month concluded on a positive note, driven by favourable inflation data and the approval of several Ethereum Futures ETFs. In other noteworthy developments, Microstrategy expanded its Bitcoin holdings, adding 5,445 BTC to its balance sheet during both August and September. Furthermore, the Mt. Gox trustee extended the repayment deadline to October 2024, though it was mentioned that certain creditors might begin receiving payments before the end of the year.

Ethereum, in contrast, experienced only a modest gain of approximately 1.5%. The highlight of the month was the one-year anniversary of "The Merge" – the upgrade that altered Ethereum's consensus mechanism and inflation schedule significantly. As a result of this upgrade, Ethereum's total supply has decreased by approximately 300,000 ETH. However, there was a recent shift in Ethereum's short-term supply dynamics resulting in higher gross issuance and reduced fee burn. This led to an increase in supply of approximately 23,000 ETH during September, marking the first monthly supply increase in 2023.

Key market observations from the trading desk

A relatively dull month on the trading side with limited volatility in either token. CME is becoming an ever more influential venue for price discovery, evidenced by their increasing share of the derivatives market.

Performance Chart



Performance overview

Style: Market-Neutral/Arbitrage

Funds under Management: \$18.78m

1 month	+0.37%	Ave monthly return	+1.90%
3 months	+2.24%	% positive months	97%
6 months	+3.51%	Best month	+28.16%
Since inception	+67.16%	Sharpe	1.18

	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	+0.54	+0.71	+0.90	+0.11	+0.23	+0.44	+1.42	+0.37				+5.91

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: \$0.58m

1 month +3.98%
 3 months -7.86%
 6 months -1.19%
 Since inception -40.89%

	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	+20.51	+4.44	-5.54%	+8.70	-4.51	-7.20	+3.98				+63.44

APPLY



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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

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Things you should know:

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