

DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO
DIGITAL ASSET MARKETS

February 2024 Newsletter



DAFM

DIGITAL ASSET
FUNDS MANAGEMENT
WWW.DAFM.IO

Market Commentary

- Another stellar month for both coins with BTC producing a 43.5% return and ETH 46.3%. This was the best monthly performance since late 2020 and carries on a run of six straight months of positive returns.
- There were strong flows into the new BTC spot ETF throughout February, somewhat offset by continued selling in Grayscale (GBTC). The GBTC sales were driven by liquidations of the FTX estate along with people rotating out to lower fee ETFs. The Grayscale ETF charges 150bps annually as opposed to 20bps - 50bps for the new ETFs, with many having initial incentives for even lower fees.
- Volumes and Open Interest in all the derivative markets were high throughout the month. Funding reached levels we haven't seen since late 2021, a sign that leverage is returning to the markets.
- We believe the popularity of the ETFs and the upcoming Halving event will be the main catalyst for BTC in the near future. ETH will be more focused on news flow around whether the spot ETFs with pending applications will get approved.

Subscribe to the market neutral Digital Opportunities fund [here](#).

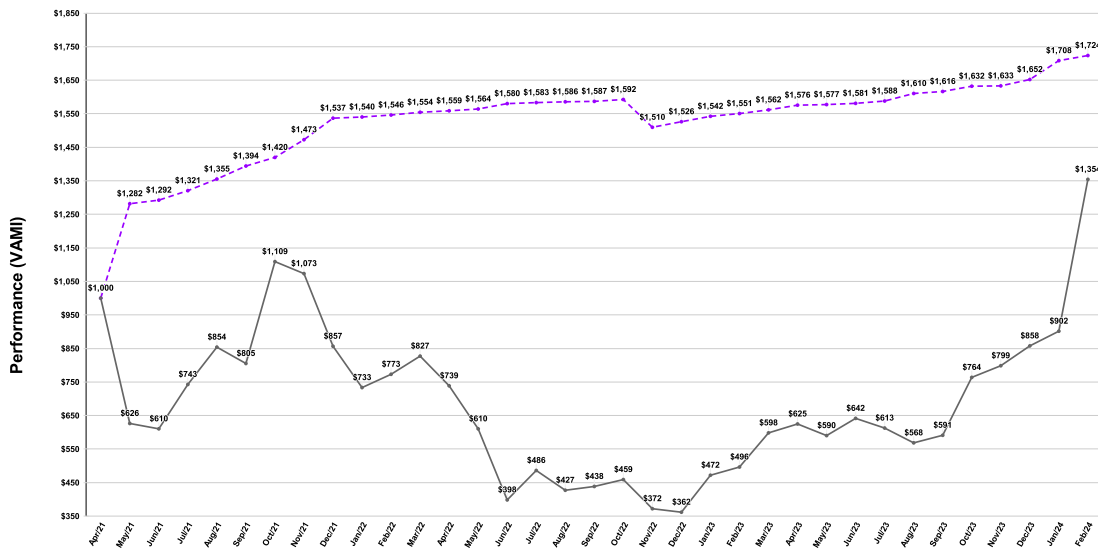
Key market observations from the trading desk

- Overall February was a good month for the strategy. Whilst the headline return was moderate, the position has a large amount of embedded carry that should be realised in the coming months.
- Volumes were good, although not to the same level as we saw in January.
- We're beginning to observe a shift in the CME landscape as traditional market participants now have access to the yield arbitrage between holding a long spot ETF position vs selling a future. This was long mooted and is now occurring. What this implies for the longer term trading of the CME futures for the strategy is still not wholly clear, but will unfold in the next few months.

Applications can be made electronically [here](#).

Performance Chart

Performance Chart



• Digital Opportunities Class • Bitcoin Index Class

Performance overview

Style: Market-Neutral/Arbitrage

Funds under Management: \$13.88m

1 month	+0.89%	Ave monthly return	+1.72%
3 months	+5.54%	% positive months	97%
6 months	+7.03%	Best month	+28.17%
Since inception	+72.36%	Sharpe Ratio(32 mths)	1.99

+0.89%

Digital Opportunities Class

	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	-5.20	+1.10	+2.71
2023	+1.05	+0.54	+0.71	+0.90	+0.11	+0.23	+0.44	+1.42	+0.37	+0.97	+0.06	+1.16	+8.24
2024	+3.41	+0.89											+4.33

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. The valuation of this unit class has now been updated and the impact on performance has been reflected in November 2022. It is based upon our best assumptions as to the current value of the position and as further information become available may be updated again in the future. Investors will receive an emailed statement directly from Ascent Fund Services with their unit holdings and valuations.

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

[CLICK TO APPLY TO EITHER CLASS](#)



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

+50.22%

Bitcoin
Index
Class

Style: Long only Bitcoin Tracker

Funds under Management: \$1.22m

1 month	+50.22%
3 months	+69.60%
6 months	+138.22%
Since inception	+35.42%

	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	+29.20	+4.55	+7.41	+137.15
2024	+5.11	+50.22											+57.90

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



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