

DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO
DIGITAL ASSET MARKETS

December 2021 Newsletter

Bitcoin fell 20% in December. The decline occurred primarily on the first weekend of the month, possibly due to fears around central bank tightening and the Omicron Covid variant. Interesting Bitcoin related developments during the month were: the number of Bitcoin addresses with a non-zero balance reached an all-time high of nearly 40m, Bitcoin in circulation passed 18.899m meaning that over 90% of the total maximum supply, 21m, has now been mined, and Bitcoin dominance continued to fall, hitting 40% by the end of the month.

Ethereum generally followed Bitcoin's path and fell 20% during the month. Similar to Bitcoin, the number of Ethereum addresses with a non-zero balance reached an all-time high of 72m, helped in part by the rising popularity of NFTs. Also during the month the CME launched a micro ETH futures contract and various research reports came out in support of Ethereum over Bitcoin.

Please see page 2 for a chart showing a few of the major events that took place in 2021 vs the price of Bitcoin.

Key market observations from the trading desk

The December DAF returns were dominated by the sharp sell off at the start of the month, with liquidations pushing yields lower. There was little to note otherwise with a surprisingly subdued market. Prices are pursuing a gradual but consistent decline across the spectrum of digital assets; no one wins this game. It will be very interesting to observe how the market reacts to the flagged interest rate rises of 2022.

Performance overview

Style: Market-Neutral/Arbitrage

Funds under Management: \$60.5m

1 month	+4.36%
3 months	+10.24%
6 months	+18.92%
Since inception	+53.68%



	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

Style: Long only Bitcoin Tracker

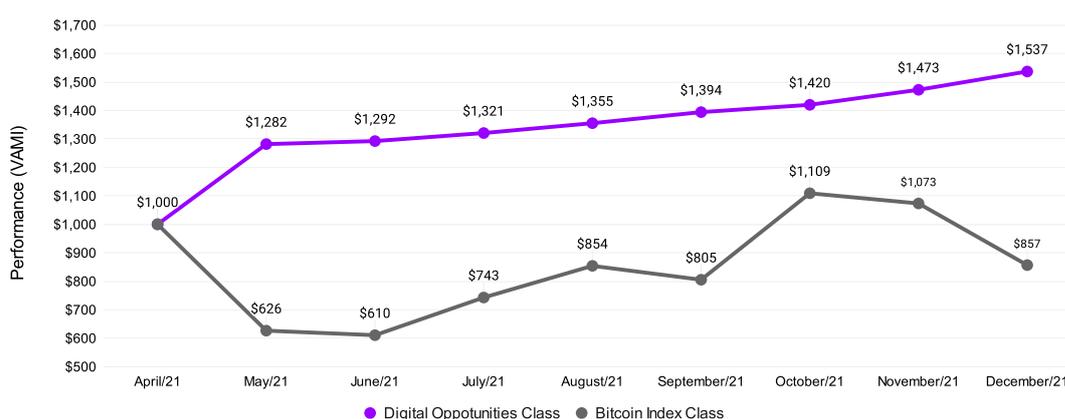
Funds under Management: \$0.76m

1 month	-20.19%
3 months	+6.38%
6 months	+40.34%
Since inception	-14.34%



	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

Performance Chart



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

WWW.DAFM.IO

Fund Characteristics

- > Australian based Investment manager
- > Australian unit trust
- > Australian Dollar denominated units
- > Three 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

Digital Index Class (not open)

- > Digital Index 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



2021 - A year in review

With institutional and corporate adoption, the resilience of Bitcoin after China's mining exit, record crypto trading volumes, NFT sales and DeFi TVL growth, 2021 will be remembered as the year where Crypto became hard to ignore. A few of the key moments are highlighted in the following chart of the Bitcoin price during 2021.



[CLICK TO APPLY](#)

Fund Terms

	Digital Opportunities Class	Bitcoin Index Class	Digital Index Class (Not Open)
Minimum	AUD 100,000	AUD 100,000	AUD 100,000
Applications	Monthly	Monthly	Monthly
Redemptions	Monthly (45 days notice)	Monthly	Monthly
Lock up period	90 Days	None	None
Management Fee	2% plus GST	2% plus GST	2% plus GST
Performance Fee	25% plus GST	None	None
Highwater mark	Yes	N/A	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.