

# DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO  
DIGITAL ASSET MARKETS

## January 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)



In January, the crypto markets rebounded from their downward trend with Bitcoin and Ethereum experiencing a 30.5% and 28% increase, respectively. Despite the overall positive market conditions for risk assets, Bitcoin's correlation to traditional markets declined as its performance diverged significantly to the upside. In a welcome change, the positive sentiment also boosted trading volumes, although they were still far from the levels seen in 2021. According to CryptoCompare, derivative volumes surged by 75% month-on-month and now make up 70% of the crypto market. Institutional involvement also grew, as evidenced by a 27% month on month increase in contracts traded on the CME. In other news, Tesla confirmed that it has maintained its position in Bitcoin.

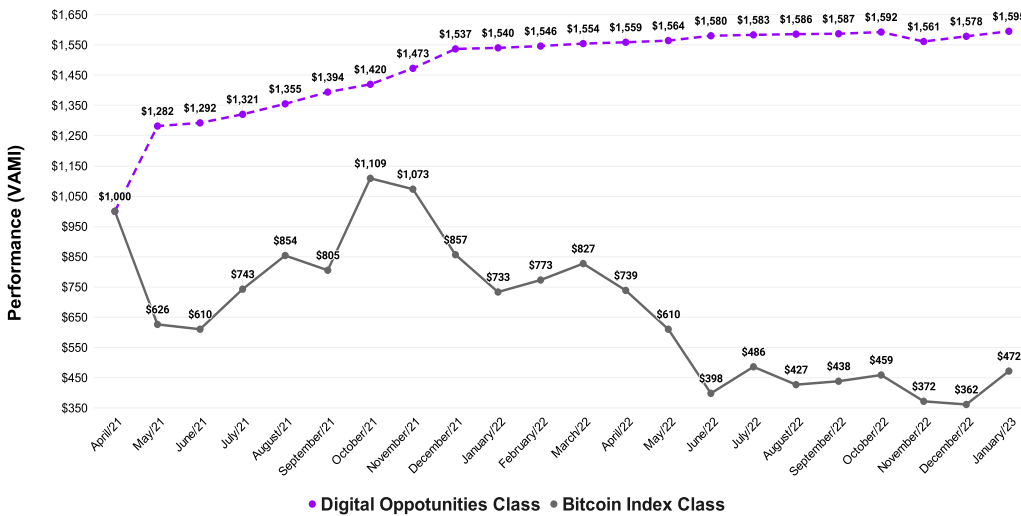
Ethereum's performance was slightly lower compared to Bitcoin, marking the first time since February 2022 that it has lagged during a positive month. After a sluggish December, on-chain activity resumed, and the total ETH supply dropped by over 10,000 ETH.

### Key market observations from the trading desk

Leverage crept back into the market with the move higher in spot. We saw this in both futures and perpetual yields across all the instruments we trade. This was coupled with wider spreads and thinner liquidity as market participants withdrew post FTX to provide the most fertile trading environment for our strategy since 2021. Notably, we saw significant interest in the CME, where we observed a marked shift in positioning from institutional money as they cut shorts and turned long for the first time since mid 2022.

We maintained tight control on individual capital quotas at exchanges, keeping no more than 10% at any exchange during the period. We note that there's been a distinct change in sentiment from crypto native exchanges post FTX, where there's a much higher degree of transparency around assets held on exchange, and also in exploring novel methods for removing counterparty exchange risk by holding client assets in third party and escrow accounts. Something we wholeheartedly embrace.

### Performance Chart



**+1.05%**

Digital Opportunities Class

**Style: Market-Neutral/Arbitrage**

**Funds under Management: \$30m**

1 month +1.05%

3 months +0.16%

6 months +0.74%

Since inception +59.50%

	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												+1.05

**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. 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.



**Style: Long only Bitcoin Tracker**  
**Funds under Management: \$0.35m**

1 month +30.49%  
 3 months +2.81%  
 6 months -2.92%  
 Since inception -52.81%

	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												+30.49

**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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