

DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO
DIGITAL ASSET MARKETS

July 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



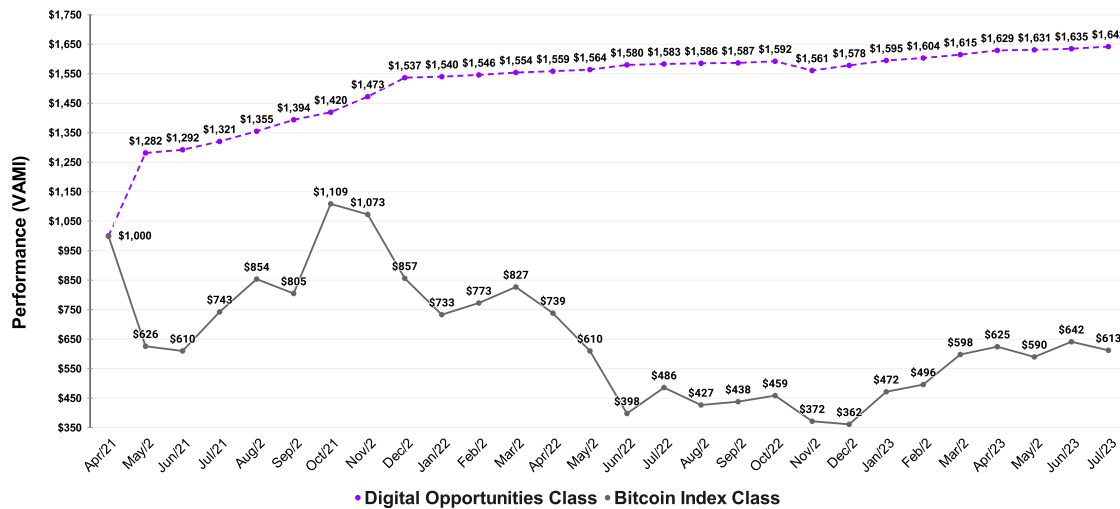
Bitcoin experienced a modest decline of 4% in July. Softer prices early in the month were attributed to concerns about potential restrictive monetary policies prompted by the Fed minutes and ADP jobs data. On July 13, a significant reversal occurred as a pro-crypto ruling in the SEC vs. Ripple case led to the liquidation of shorts, benefiting coins facing stricter regulation than bitcoin. However, this gain was short-lived, and bitcoin's price retreated due to market fluctuations and long positions being liquidated. The latter half of the month saw a consistent downward trend with historically low volatility. The options market also indicated low anticipation of volatility, with Deribit's Bitcoin Volatility Index (DVOL) reaching a record low of below 35, implying limited volatility over the next month. In other developments, Ordinals saw a surge in popularity, setting a daily record with over 420k inscriptions on July 30. Amazon's blockchain-as-a-service platform incorporated Bitcoin querying services, and BlackRock CEO Larry Fink remarked on crypto's global impact.

Ethereum mirrored Bitcoin's 4% decline in July. Ethereum initially lagged behind Bitcoin but gained momentum after the Ripple ruling. Despite its weak performance, staking demand remained strong, with Ethereum's validator count surpassing 700k and more waiting in the queue. On-chain activity slightly increased from June, and ETH supply decreased by about 19k ETH, marking the seventh consecutive monthly decline. The month featured multiple announcements within the ecosystem, spanning L2s, bridges, and other applications. Volatility Shares, known for the 2x Leveraged Bitcoin Futures ETF, applied for an Ethereum Futures ETF, following similar filings that resurfaced after withdrawal. In a noteworthy move, an early ETH ICO wallet holding approximately 61k ETH was transferred to Kraken after eight dormant years.

Key market observations from the trading desk

July continues on from prior months with CME yields remaining bid over centralised exchanges. The suite of support services continues to expand in the crypto space. We've had tentative discussions with providers that aim to provide prime brokerage or trading bridge support to help streamline our capital efficiency and market access.

Performance Chart



• Digital Opportunities Class • Bitcoin Index Class

Performance overview

Style: Market-Neutral/Arbitrage

Funds under Management: \$19m

- 1 month +0.44%
- 3 months +0.78%
- 6 months +2.96%
- Since inception +64.22%

+0.44%

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	-1.96	+1.10	+2.71
2023	+1.05	+0.54	+0.71	+0.90	+0.11	+0.23	+0.44						+4.04

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.

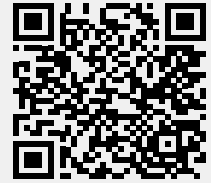


Style: Long only Bitcoin Tracker
Funds under Management: \$0.59m

1 month -4.51%
 3 months -1.95%
 6 months +29.81%
 Since inception -38.74%

	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						+69.39

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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