

DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO
DIGITAL ASSET MARKETS

May 2023 Newsletter

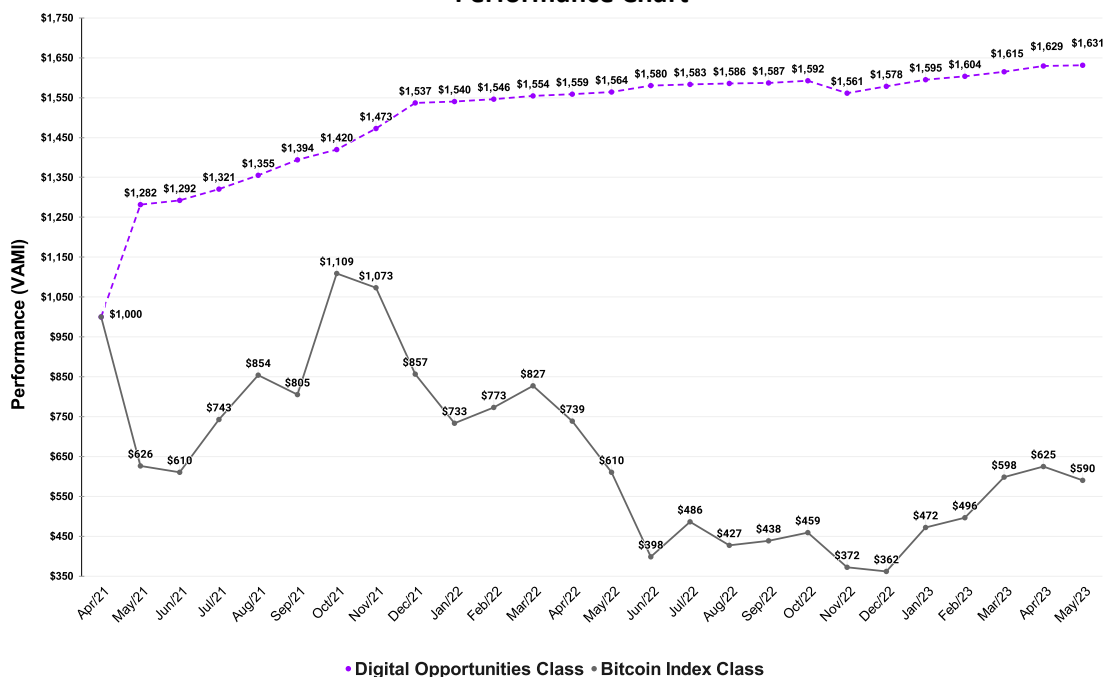
Bitcoin experienced its first monthly decline of the year, with a decrease of approximately 5%. While the month began on a positive note, sentiment deteriorated when a transaction mistakenly labeled about 9,800 BTC as Silk Road, leading to speculation of potential government selling. In addition to price movements, the number of inscriptions on the Bitcoin network surpassed 10 million. However, new inscriptions reached their peak in early May, and transaction fees returned to typical levels, albeit higher than before the introduction of Ordinals. Notably, the Bitcoin network hash rate reached a new record of approximately 375 EH/s. Tether made an announcement about its plans to mine Bitcoin in Uruguay, and the fourth halving of Bitcoin is anticipated to take place in less than 50,000 blocks, likely at the end of April 2024.

Ethereum's streak of positive monthly returns came to an end, resulting in a relatively flat performance. Onchain activity gained momentum in early May, driven by enthusiasm surrounding memecoins. The total supply of ETH decreased by nearly 144,000, surpassing the previous record reduction observed in April.

Key market observations from the trading desk

On the trading side there wasn't a lot to note. As a potential consequence of the continued SEC clampdown on crypto exchanges, the CME becomes the venue to where institutional money prefers to hold crypto exposure. With yields not insignificant, the carry cost may become a factor.

Performance Chart



• Digital Opportunities Class • Bitcoin Index Class

Performance overview

Style: Market-Neutral/Arbitrage

Funds under Management: \$21.60m

1 month	+0.11%	Ave monthly return	+2.10%
3 months	+1.73%	% positive months	96%
6 months	+4.49%	Best month	+28.16%
Since inception	+63.13%	Sharpe	1.25

	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								+3.35

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.



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





Style: Long only Bitcoin Tracker
Funds under Management: \$0.61m

1 month -5.54%
 3 months +18.89%
 6 months +58.62%
 Since inception -40.98%

	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%								+63.19

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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