

# DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO  
DIGITAL ASSET MARKETS

November 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)

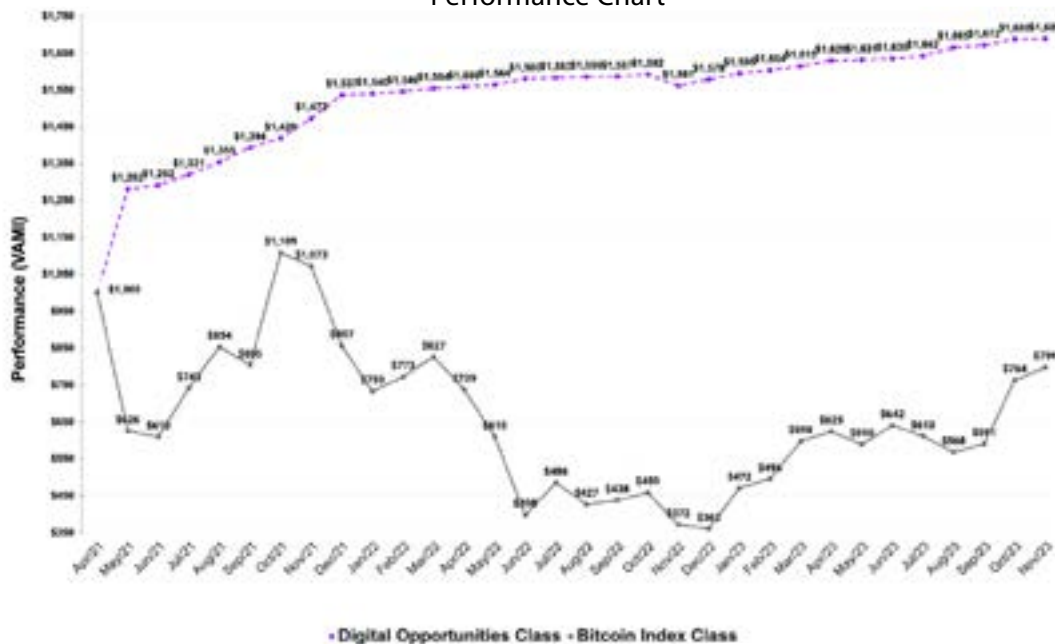
Bitcoin continues to rally, returning 9% in November and in excess of 130% YTD at time of publication. DAFMs BTC Tracker unit class offers an easy pathway to invest in this asset class without the hassle of losing your secret phrase or USB stick. Ethereum outperformed even Bitcoin returning 13%. A familiar narrative generated the strong performance; the excitement of a Bitcoin spot ETF and the implication that Ethereum will follow, as numerous spot ETF applications have now been submitted.

Microstrategy continues to buy Bitcoin in industrial quantities, issuing equity to do so, thus remaining largely unleveraged. This adds to the positive demand side story whilst the next halving draws nearer which will impact the supply side. Ordinals on the Bitcoin blockchain remain an interesting side topic but judging the market impact on those is harder to quantify, although it clearly has an impact on miner performance, and thus hash rate..

## Key market observations from the trading desk

The unidirectional move provided less trading opportunities than we'd hoped. Coupled with the increasing futures yields (12% in March 2024 for example) that we continue to sell into meant the overall performance was modest. We expect that this yield environment will be conducive to a more profitable future return profile. The last time yields were at these levels the return of the Digital Opportunities unit class was consistently in the range of 120-200bps a month, with the increased potential of significant liquidation events where outsized returns can occur. On the strategy side we expect to go live with a suite of new instruments added into the system in the New Year.

## Performance Chart



## Performance overview

Style: Market-Neutral/Arbitrage

Funds under Management: \$16.38m

|                 |         |                    |         |
|-----------------|---------|--------------------|---------|
| 1 month         | +0.06%  | Ave monthly return | +1.81%  |
| 3 months        | +1.41%  | % positive months  | 97%     |
| 6 months        | +3.53%  | Best month         | +28.16% |
| Since inception | +68.89% | Sharpe             | 1.15    |

|      | 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 | +1.42 | +0.37 | +0.97 | +0.06 |       | +6.94  |

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.



+0.06%

Digital  
Opportunities  
Class



Style: Long only Bitcoin Tracker  
 Funds under Management: \$0.78m

1 month +4.55%  
 3 months +40.46%  
 6 months +35.30%  
 Since inception -20.15%

|      | 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  |        | +111.18 |

APPLY



CLICK TO APPLY

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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Things you should know:

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