

DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO
DIGITAL ASSET MARKETS

December 2022 Newsletter

In December, the value of Bitcoin fell by 3%, largely due to global inflation releases and central bank policy decisions. Despite an initial rally following a better-than-expected U.S. CPI print, it soon reversed as fears of a recession due to a higher-for-longer interest rate policy regime heightened. There was limited news specific to Bitcoin, but mining difficulty had its largest downward adjustment since China's crackdown on mining in 2021. Some major Bitcoin miners, such as Core Scientific and Greenidge Generation, have filed for bankruptcy or noted that their continued viability is in doubt.

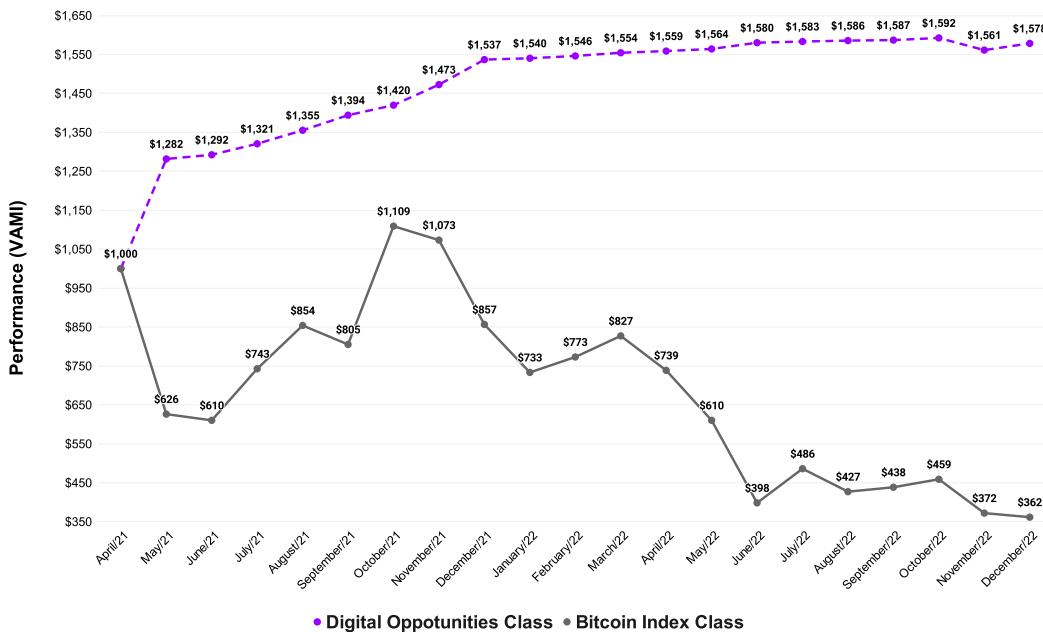
Ethereum performed worse than Bitcoin, falling by 7% and showing muted on-chain activity. The Ethereum's All Core Devs call established the scope for the Shanghai hard fork in March 2023, which aims to enable withdrawals of staked ETH. Vitalik Buterin also published a blog post discussing what excites him in Ethereum's application ecosystem

Key market observations from the trading desk

The FTX bankruptcy created the most illiquid market environment we've seen all year, as market makers stepped back from derivative markets and counterparty credit risk was at the front of everyone's mind. The paradox was that volatility remained relatively muted.

DAFM implemented tight controls on outright exposure that we'd run in crypto native exchanges as we monitored the observable inflows/outflows. This inhibited our trading activity at times, particularly in Binance, but we were still able to take advantage of opportunities that these markets presented to post a solid monthly return.

Performance Chart



• Digital Opportunities Class • Bitcoin Index Class

Style: Market-Neutral/Arbitrage

Funds under Management: \$47.45m

1 month +1.10%
3 months -0.54%
6 months -0.12%
Since inception +57.84%

	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

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.



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: \$0.35m

1 month -2.80%
 3 months -17.51%
 6 months -9.21%
 Since inception -63.83%

	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

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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