

DIGITAL ASSET FUND

AN INSTITUTIONAL APPROACH TO
DIGITAL ASSET MARKETS

April 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 delivered its fourth consecutive positive month in April, with an increase of 4%. The first half of the month saw a strong rally, which was halted by long liquidations across derivative exchanges. However, this sell-off was short-lived and the rally continued when further issues in the US banking sector became the focus. Another bout of volatility hit the crypto markets on the 24th, triggered by a tweet claiming that Mt Gox and other US government wallets were selling bitcoin, sourced from Arkham data. However, on-chain data quickly revealed that this was not the case. From a macro perspective, the USD was weaker for the month, which generally provides a tailwind for risk assets. Additionally, Bitcoin dominance, which measures the ratio between the market capitalisation of Bitcoin to the entire cryptocurrency market, reached a new high of 45.2%, surpassing the levels seen in April 2021.

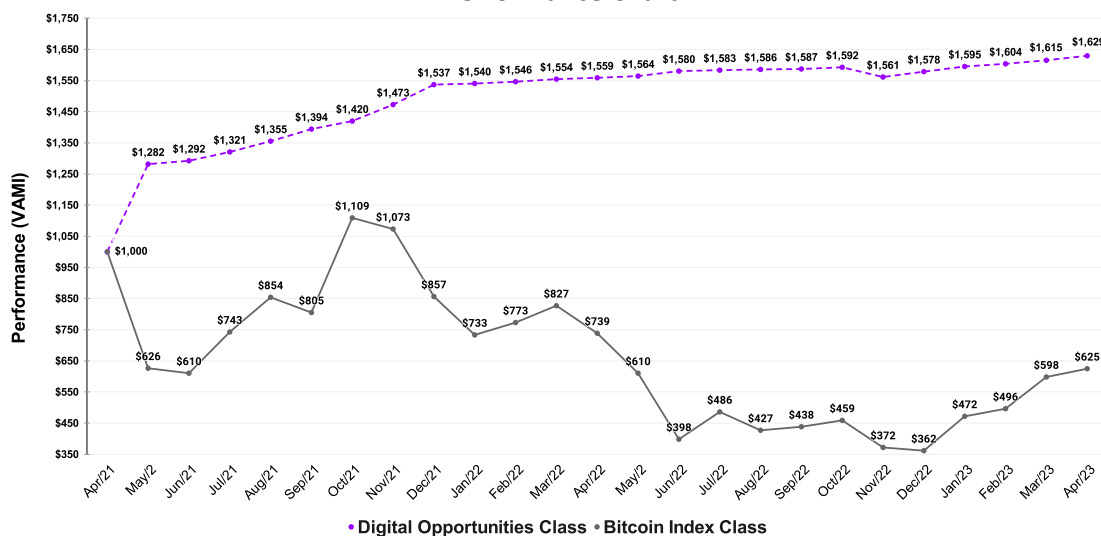
Ethereum also ended the month up 4%. On-chain activity continued to accelerate, with the total ETH supply decreasing by more than 50,000, setting a fourth consecutive monthly supply reduction record. On the development side, the Shapella upgrade was completed without any issues.

Key market observations from the trading desk

April marked continued favourable trading conditions for the DAFM strategy with yield dislocations persisting between crypto native exchanges. CME continues to attract institutional interest. A majority of the opportunities have been seen in BTC, with ETH mostly a sideshow.

We continue to work on deploying stablecoin denominated futures into the broader DAFM strategy in addition to exploring custody solutions that mitigate counterparty credit risk. The team adhered to collateral quotas, having no more than 12.5% of funds on deposit per crypto native exchange.

Performance Chart



Performance overview

Style: Market-Neutral/Arbitrage

Funds under Management: \$22.62m

| | | | |
|-----------------|---------|--------------------|---------|
| 1 month | +0.90% | Ave monthly return | +2.19% |
| 3 months | +2.16% | % positive months | 96% |
| 6 months | +3.12% | Best month | +28.16% |
| Since inception | +62.94% | Sharpe | 1.29 |

| | 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 | | | | | | | | | +3.23 |

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.

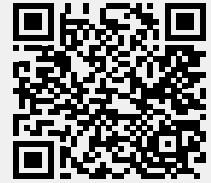


Style: Long only Bitcoin Tracker
Funds under Management: \$0.61m

1 month +4.44%
3 months +32.39%
6 months +36.12%
Since inception -37.52%

| | 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 | | | | | | | | | +72.76 |

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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