DAFM
DIGITAL ASSET FUNDS MANAGEMENT

Monthly Performance Report | February 2025
Digital Income Fund

March 31, 2025
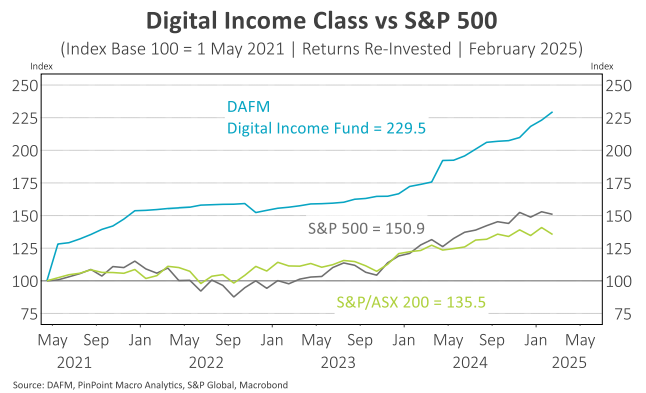
Digital Income Class

Fund Performance

- **The Digital Income Class** rose 2.86% net of fees over the month of February, to lift the return over the last 12-months to 31.96% net of fees.

- Monthly performance in the Digital Income Class fund benefited from the net trend lower in BTC and ETH over the month. Profits were taken in the carry trade part of the net trading strategy.

- The Digital Income Class had a positive net monthly return of 2.86% despite a -1.3% fall in the S&P 500 total return index over February.

- Over the first two months of this year, the Digital Income Class has outperformed its benchmark of the RBA cash rate.

- Since inception in May 2021, the Digital Income Class is up 129.46% net of fees.

- February's performance lifts the annualized performance in the Digital Income Class since inception to 24.79%.

- February 2025 marked 45 months of positive monthly returns in the Digital Income Class's 46-month history.

Digital Income Class vs S&P 500
(Index Base 100 = 1 May 2021 | Returns Re-Invested | February 2025)

DAFM Digital Income Fund = 229.5
S&P 500 = 150.9
S&P/ASX 200 = 135.5

Source: DAFM, PinPoint Macro Analytics, S&P Global, Macrobond

Digital Income Class - Net Performance	
1 Month	2.86%
3 Months	9.37%
6 Months	11.35%
Year to Date	5.11%
12 Months	31.96%
Annualised Return Since May 2021	**24.79%**
Total Return Since Inception in May 2021	**129.46%**

Disclaimer - Past performance is not an indicator of future performance.

Market Commentary

There were two notable events in February. First, a liquidation event in early February, which caused Ethereum to fall some -15% within 1 minute.

The second event was news that the Bybit crypto exchange had been hacked in late February for some US$1.5bn worth of Ethereum. Despite the immediate fall in ETH and BTC, it was not as large a fall as that following the November 2022 FTX fraud.
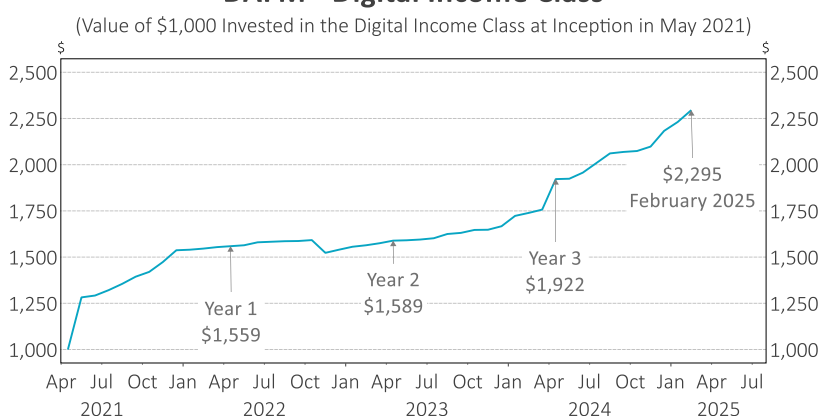
Helping the market to stabilize and recover was the very quick and open communication by Bybit's CEO.

Key Observations from the Trading Desk

Despite a sharp drop in Ethereum in early February, futures yields have had a relatively orderly move lower. The desk was able to take profit on some of the carry sooner than expected.

Cross exchange dislocations were relatively muted. Of note, the CME remained excessively bid relative to the native crypto exchanges.

DAFM - Digital Income Class
(Value of $1,000 Invested in the Digital Income Class at Inception in May 2021)

$2,295 February 2025
Year 3 $1,922
Year 2 $1,589
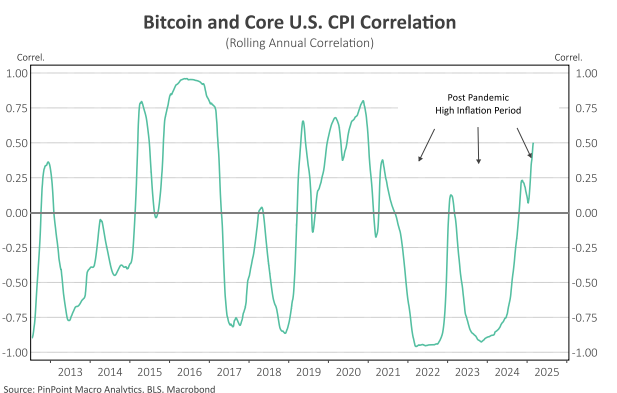Year 1 $1,559

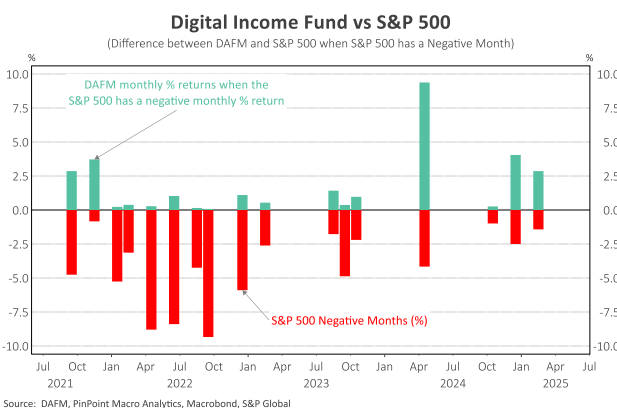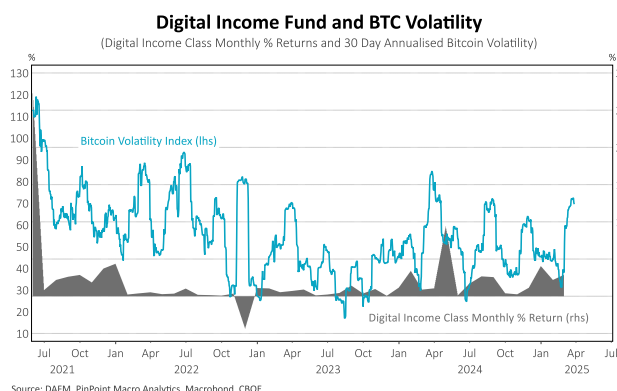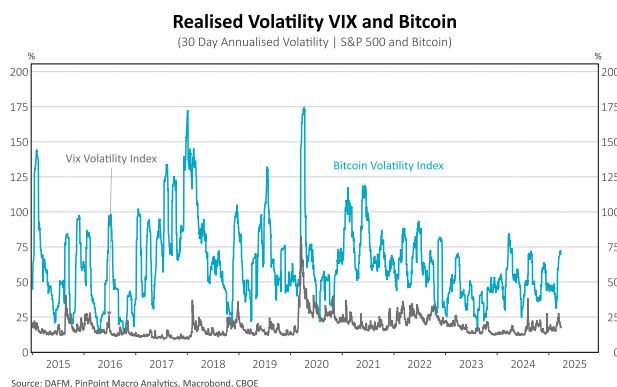Source: DAFM, PinPoint Macro Analytics, Macrobond

Key Advantages of the Digital Income Class

The Digital Income Class fund is a market neutral fund. Every single transaction aims to be fully hedged.

- Bitcoin (BTC) and Ethereum (ETH) are held as collateral. Income returns are generated from volatility in the BTC and ETH futures markets.

- Over the last 10-years volatility in Bitcoin has consistently exceeded volatility in the S&P 500.

- The greater the market volatility, the higher the ability to generate potential returns.

- Income distributions when available, are delivered quarterly with the option of reinvestment.

- Since inception in May 2021, the Digital Income Class has generated a positive monthly return whenever the S&P 500 has had a negative monthly return. This presents the Digital Income Class as an attractive uncorrelated hedge in investor's portfolios.

- Since inception in May 2021, the Digital Income Class has outperformed the S&P 500 total return index as well as the S&P/ASX 200 total return index, and every single major fixed income benchmark index.

- Performance in the Digital Income Class is uncorrelated to interest rate cycles or central bank decisions.

- U.S. inflation outcomes may generate market volatility in U.S. treasuries, the S&P 500, and by extension, in crypto markets.

- The Digital Income Class is a market-neutral investment in the category of Alternative Assets.

- The trustee of the Digital Income Fund, Quay Wholesale Fund Services Pty Ltd, operates under an Australian Financial Services License (AFSL), and is regulated by the Australian Securities & Investments Commission (ASIC).

- The Digital Income Class is available via investing in the Digital Income Fund, an Australian Unit investment structure, or via investing in Lime Street Capital SPC, a USD based Cayman Islands Segregated Portfolio Company (SPC), also managed by DAFM.

Realised Volatility VIX and Bitcoin
(30 Day Annualised Volatility | S&P 500 and Bitcoin)

Source: DAFM, PinPoint Macro Analytics, Macrobond, CBOE

Digital Income Fund and BTC Volatility
(Digital Income Class Monthly % Returns and 30 Day Annualised Bitcoin Volatility)

Source: DAFM, PinPoint Macro Analytics, Macrobond, CBOE

Digital Income Fund vs S&P 500
(Difference between DAFM and S&P 500 when S&P 500 has a Negative Month)

Source: DAFM, PinPoint Macro Analytics, Macrobond, S&P Global

Bitcoin and Core U.S. CPI Correlation
(Rolling Annual Correlation)

Source: PinPoint Macro Analytics, BLS, Macrobond

Monthly Performance (%) – Digital Income Class

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2021	-	-	-	-	28.17	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	-4.36*	1.10	**0.19**
2023	1.05	0.54	0.71	0.90	0.11	0.23	0.44	1.42	0.37	0.97	0.06	1.16	**8.24**
2024	3.41	0.89	1.06	9.38	0.12	1.69	2.67	2.57	0.40	0.26	1.14	4.05	**30.98**
2025	2.19	2.86											**5.11**

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Bitcoin Index Class

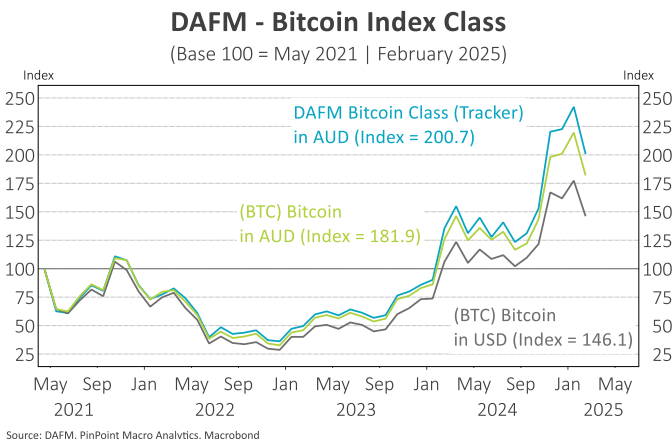## Fund Performance (Bitcoin Index Class)

- **The Bitcoin Index Class** (Bitcoin Tracker Fund) fell -17.17% in February, ending five consecutive months of positive returns.

- Over the last 12-months, the Bitcoin Index Class is up 48.17% net of fees.

- The negative monthly performance in the Bitcoin Index Class was driven by two major events in February. An Ethereum liquidation event early in the month, and the news that the Bybit crypto exchange had been hacked for some US$1.5 billion in Ethereum, late in the month.

- The Bitcoin Index Class aims to deliver returns averaging 3% (after fees) above the actual BTC monthly price change.

- Since Inception in May 2021, the Bitcoin Index Class is +100.66% net of fees.

Key Advantages of the Bitcoin Index Class

- Tracks the path of Bitcoin (BTC).

- Aims to deliver an additional 3% yield (after fees) on top of standard Bitcoin returns.

- Appeals to investors seeking direct exposure to Bitcoin without having to open accounts, set up digital wallets, worry about cold storage, or have their assets sitting in custody at an unregulated crypto exchange.

- Over the late 2021 to 2024 high inflation period, BTC has largely had a negative correlation to the lift in U.S. inflation (see chart 4 on page 2). This suggests BTC can spend periods of time acting as a hedge against inflation.

- The fund contains an option to "average in' via additional investments on a monthly basis.

Market Commentary

Bitcoin fell over the month courtesy of two major events affecting Ethereum (see page 1).

However, there was notable strong support for BTC on the dips.

DAFM - Bitcoin Index Class
(Base 100 = May 2021 | February 2025)

DAFM Bitcoin Class (Tracker) in AUD (Index = 200.7)
(BTC) Bitcoin in AUD (Index = 181.9)
(BTC) Bitcoin in USD (Index = 146.1)

Source: DAFM, PinPoint Macro Analytics, Macrobond

Bitcoin Index Class - Net Performance

1 Month	-17.17%
3 Months	-8.90%
6 Months	62.56%
Year to Date	-9.86%
12 Months	48.17%
Annualised Return Since May 2021	**20.41%**
Total Return Since Inception in May 2021	**100.66%**

Disclaimer - Past performance is not an indicator of future performance.

Bitcoin and CME Open Interest
(Open Interest in the 1st Position in CME Bitcoin Futures)

BTC (rhs)
CME Bitcoin Futures Open Interest in 1st Position (lhs)

Source: PinPoint Macro Analytics, Macrobond, CME Group

Monthly Performance (%) – Bitcoin Index Class (Tracker Fund)

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2021	-	-	-	-	-37.37	-2.55	21.69	14.98	-5.71	37.73	-3.23	-20.19	**-14.39**
2022	-14.39	5.41	7.02	-10.7	-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	7.41	**137.15**
2024	5.11	50.22	14.38	-15.35	10.50	-11.81	10.14	-12.29	6.21	16.58	44.12	1.07	**159.56**
2025	8.81	-17.17											**-9.86**

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* Digital Income Class Note:
All performance figures are net of fees and relate to the Lead series. Investors who held units in the Digital Income Class on 1st of November 2022 had exposure to FTX. As a result, 12.96% of assets in the Digital Income Class were segregated and placed in a separate unit class. The valuation of this unit class has now been updated and the impact on performance has been reflected in November 2022. It is based upon our best assumptions as to the current value of the position and as further information becomes available may be updated again in the future. Investors will receive an emailed statement directly from Ascent Fund Services with their unit holdings and valuations.

Digital Asset Security

▲ **Fireblocks**

Over US$4 trillion Securely Transferred

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