

# Investor Report

March 2024

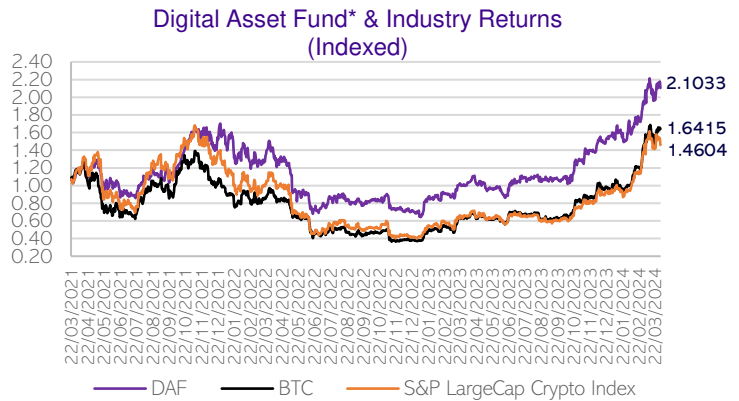
<b>Digital Asset Fund</b> Unit Price \$2.1033 (7.52%)	<b>Market Neutral Fund</b> Unit Price \$1.4624 (3.10%)
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	Since Inception	6 months	3 months	1 month
Digital Asset Fund	110.33%	92.56%	34.20%	7.52%
Market Neutral Fund	46.24%	13.61%	5.46%	3.10%
Bitcoin	64.15%	148.83%	68.31%	13.86%
S&P Large Cap Crypto Index	46.04%	133.49%	52.55%	5.46%

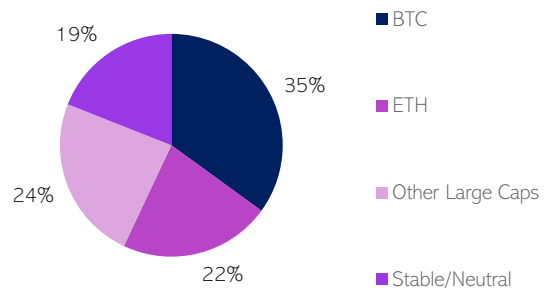
## Commentary & Performance

March was a significant month for the crypto market with Bitcoin breaking its previous all-time high of USD \$69,000, which occurred in the previous halving cycle. Its run continued up, peaking at USD \$73,500, before stabilizing around the former all-time high at the end of the month as some participants took profits. Historically, the highs of the previous cycle have not been hit until well after the halving, which is due to occur in mid-April this year - so the new high was well ahead of schedule. The single reason for Bitcoin's move to all-time highs pre-halving, is due to the success of the spot Bitcoin ETF launch in the USA, introducing a significant number of new buyers to the market. Over the month, our Digital Asset Fund and Market Neutral Fund were up 7.52% and 3.10% respectively while BTC and ETH performed 13.86% and 5.18%.

The new demand for Bitcoin coming from the ETF issuers has not diminished, as they continue to ramp up their marketing. We expect this to persist for the foreseeable future as financial advisers become more familiar with the new asset class. Many have not focused on the fact that Hong Kong will follow the USA with the launch of their own BTC ETF in April, and we expect this to further increase buying pressure. The Hong Kong authorities have gone one step further, and it seems likely an Ethereum ETF will be launched at the same time. It will be interesting to see the influence on both of the major cryptocurrencies. We expect to see Ethereum outperform as an ETF for that asset has not been approved in the USA yet, and it has been consistently underperforming Bitcoin since the approval of the spot BTC ETF in the USA.



Fund Allocations - March 2024



On the macroeconomic front, the first half of the month saw elevated inflation figures coupled with lower-than-expected retail sales in USA, a combination that posed challenges for central banks, potentially leading to a stagflation narrative. An escalation of tensions in the Middle East also contributed to keeping a cap on risk asset valuations. At the back end of the month the market responded positively to the Fed's dovish stance of plotting three rate cuts for the year instead of the expected two. This led to a rally in bonds, stocks, and cryptocurrencies. The central bank is monitoring inflation closely before considering any policy normalisation, although some economists believe it could happen sooner than expected.

The successful implementation of Ethereum's Dencun upgrade resulted in significantly reduced transaction costs on Layer-2 chains. We were positioned for this well ahead of time, however we have not yet seen the benefits to these protocols reflected in their valuations. Ethereum's price action seemed to be lagging against Bitcoin, with the ETH/BTC spread experiencing mid-2021 lows, as the associated benefits from the technical improvement in ETH have been outweighed by the spot Bitcoin ETF demand.

Altcoins performed well again this month, with hedge funds and private clients rotating profits from the majors to these assets. Solana, our largest Altcoin position, has been particularly noteworthy, experiencing significant upward momentum. Additionally, the meme-coin frenzy continued to drive interest in the ecosystem. We do not believe we can add value in the meme-coin space, due to our fundamental-first approach, and as a result, refuse to allocate significant capital to this sector. We have made some small investments where we have seen short-term price momentum, however we are not long-term holders of any meme-coins.

Various key predictions from notable financial institutions and experts have contributed to the positive sentiment surrounding Bitcoin. Standard Chartered projected a price target of \$150,000 USD by the end of 2024, while Cathie Wood forecasted that Bitcoin would trade over \$1.5m USD per coin by 2030. Such bullish forecasts have bolstered confidence in the cryptocurrency market. While we were anticipating a peak for BTC of around USD \$120K in this cycle, we believe that without the new demand coming from the ETF, BTC would be trading in the high USD \$40K's right now. If we normalise the current price at around USD \$65k we see a 25% appreciation due to its effect. Applying this premium to our prior prediction we tend to agree with Standard Chartered on the potential new peak level. We do think the timing of reaching that level may be overoptimistic and expect it to be a 2025 event.

Despite short-term uncertainties, medium to long-term expectations for Bitcoin remain bullish. ETF market makers are accumulating BTC to meet the demand from ETF inflows, and there are expectations of potential Ethereum and Solana ETF's launching this year. Additionally, anticipation surrounding the BTC halving is leading to speculative and longer-term spot buying activities. The sentiment remains overwhelmingly bullish, with rapid reversions to highs following any downturns.

Overall, the market continues to exhibit resilience and bullish sentiment despite periodic volatility driven by macroeconomic events and market dynamics. Institutional forecasts, trading activity across spot and derivatives venues, and the evolving regulatory landscape contribute to the complex dynamics shaping the cryptocurrency market, presenting lucrative opportunities for over the long term.

As always, in the instance that you have any questions about our business offerings or the wider cryptocurrency market, we would love the opportunity to speak further.

Please do not hesitate to reach out with any questions or concerns.

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