

Investor Report

February 2025

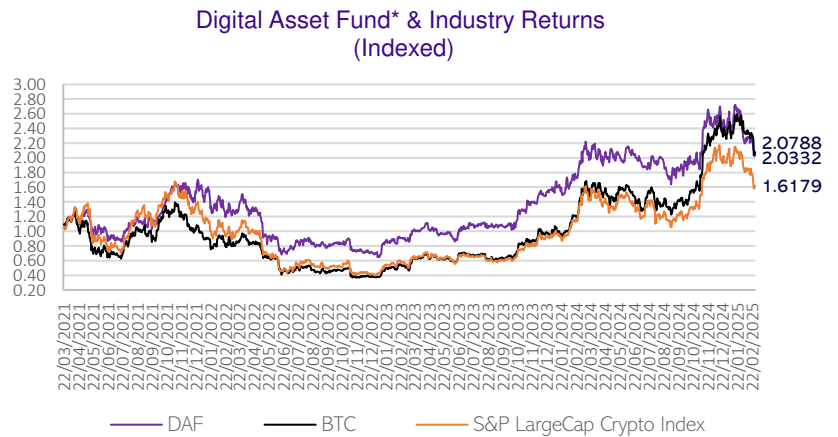
Digital Asset Fund
Unit Price: \$2.0332 (-16.85%)

	Since Inception	6 months	3 months	1 month
Digital Asset Fund	103.32%	16.70%	(16.92%)	(16.85%)
Bitcoin	107.88%	56.76%	(8.71%)	(16.63%)
S&P Large Cap Crypto Index	61.79%	40.30%	(16.76%)	(20.97%)

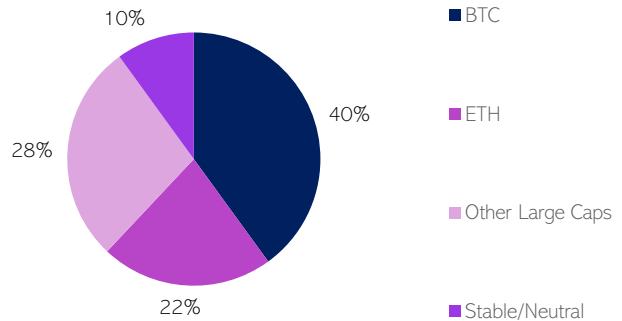
Commentary & Performance

February 2025 was marked by a dramatic sell off in all risk markets and crypto was no exception. The sell off was largely influenced by geopolitical tensions and macroeconomic uncertainty. Trump has aggressively pursued his election promises at a pace that has destabilised markets across the globe and though his crypto specific actions have been very positive for the industry, his stances on Tariffs and the Ukraine have made markets very nervous. Even the Magnificent seven (Amazon, Apple, Nvidia, Google, Microsoft, Meta and Tesla) are down 15% from their January highs. In this scenario one has to expect the crypto market to amplify the losses in the stock market however the tailwinds of Government support for the industry should not be underestimated once we zoom out from a timeline perspective. Our Digital Asset Fund was down 16.85% over the month.

The month began with sharp declines in the cryptocurrency market with Trump announcing large tariffs against Mexico, Canada and China which led to a surge in the US Dollar (USD) and increased concerns over inflationary pressures. Bitcoin immediately fell 6% while Ethereum experienced a dramatic 24% drop, and Solana (SOL) also faced a 14% pullback. The U.S. Dollar Index (DXY) continued to climb, driven by safe-haven demand, while gold also saw inflows as investors sought protection from potential global instability. This environment further exacerbated volatility in crypto, as market sentiment became increasingly influenced by Trump's rhetoric and his policy announcements.



Fund Allocations - February 2024



Past performance is not indicative of future performance.

To add to this market softness, mid-February saw Bybit, a large crypto exchange, hit the headlines following a major hack, attributed to North Korea's Lazarus Group, which saw \$1.5 billion in Ethereum stolen. This event was exacerbated by a wave of withdrawals from the exchange similar to what we saw with FTX. We are, once again, significant users of the exchange but our policy to withdraw assets into cold wallets once traded meant that investors were not exposed to the risk of the exchange going the same way as FTX. Even though the exchange was able to cover the losses and returned to normal business relatively quickly, the event demonstrates the continued value we provide to investors by managing our assets and their storage diligently and having 24/7 vigilance on the market. We have now gone through Luna, FTX and Bybit traumas with our investors insulated from any losses.

Solana, our largest Altcoin holding had a particularly bad month. The blockchain has been heavily used to launch and trade meme coins. Coins that have no intrinsic value and where price is purely determined by the size of the community it develops. Regular readers of this report will note that we have long said that we do not see any long-term value creation in these coins and have only invested a small amount of capital in them for short term trading purposes. During February it was revealed that many meme coins were just get rich quick schemes for those who launched them (including the Argentine Prime Minister), and they quickly lost favour. As most of the activity in meme coins were on the Solana chain, its coin took a big hit as the volume of activity on the chain diminished. We are glad to see that the meme coin frenzy was based on Solana as the huge volumes on chain were a great test of its resilience and it passed with flying colors. We are also glad to see the meme coin frenzy abate as it was absorbing investment from legitimate projects that deserved the investment for development of productive projects. In summary Solana is better off having gone through the test of meme coin mania but the market and Solana itself is better off focused on the productive development of the ecosystem. Though Solana's position in the portfolio contributed negatively to returns in February we are more bullish Solana than ever and have been adding to the position with the sell off.

On the regulatory front, the conversation around digital assets continued to evolve. Trump's proposal to include Bitcoin in the Strategic reserve continues to percolate through the market. Our view is that it will take longer than the market anticipates to get this passed through both houses so there may well be some frustration but the fact that it is going through that process will give the green light to a much larger and more nimble pool of money – that being State Government and Foreign Government Reserves as well as pension funds and institutional money – to approve investment in the asset class.

Crypto specific news has been very positive this month, but all risk assets have had a tough time. Crypto and traditional markets have retraced the gains from the Trump victory but Crypto has received very positive developments over that time through:

- Legal cases being dropped by the SEC,
- Stable Coin and general Crypto regulatory clarity being pushed from the top,
- a USA strategic reserve looking on the cards,
- Blackrock recommending a 1-2% allocation in its model portfolio.

Once the Macro and geopolitical tide turns, we expect the crypto market to significantly outperform other risk assets with the newfound tailwinds at its back.

As always, in the instance that you have any questions or would like to better understand our business offerings, please do not hesitate to reach out.

Regards,

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