

# Investor Report

January 2025

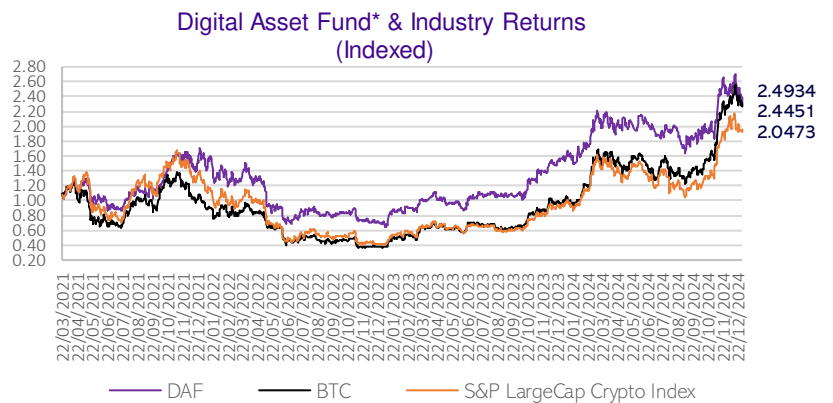
**Digital Asset Fund**  
Unit Price: \$2.4451 (1.92%)

	Since Inception	6 months	3 months	1 month
Digital Asset Fund	144.51%	23.10%	25.61%	1.92%
Bitcoin	149.34%	64.07%	53.66%	7.64%
S&P Large Cap Crypto Index	104.73%	54.11%	52.29%	4.35%

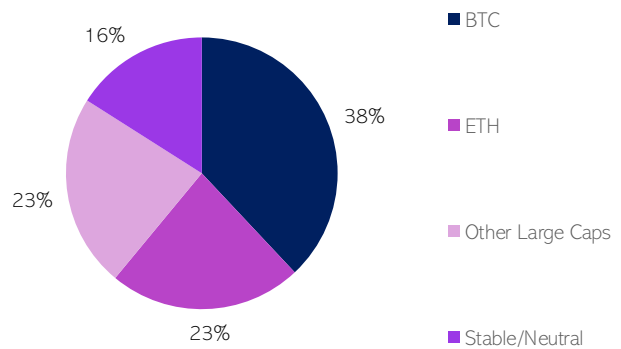
## Commentary & Performance

January was a good month for the Digital Asset Fund (up 1.92%) and the crypto market as a whole as the cryptocurrency industry entered 2025 with renewed optimism and market activity, carrying forward the momentum from a record-breaking 2024. January proved to be a month of significant institutional adoption, macroeconomic shifts, and regulatory advancements, with Bitcoin continuing to dominate market discussions. Despite traditional market volatility stemming from Federal Reserve policy signals and geopolitical tensions, crypto assets demonstrated resilience. The inauguration of Donald Trump introduced new pro-crypto initiatives – living up to some of the promises made during his campaign. Institutional investors accelerated their adoption of Bitcoin through spot ETFs and corporate treasury allocations. By the end of January, Bitcoin reclaimed its six-figure valuation, reaching \$104,000, while Ethereum remained subdued. The broader altcoin market experienced mixed performance, with Solana (our largest altcoin allocation) continuing its strength while other projects faced investor caution.

Bitcoin began January trading around \$92,000, still recovering from its December correction after reaching an all-time high of \$108,268. However, strong institutional demand and improving sentiment fuelled a fresh rally, pushing Bitcoin past the \$100,000 mark by mid-month. One of the biggest institutional moves of the month came from MicroStrategy, which announced a purchase of 10,107 BTC, bringing its total holdings to 471,107 BTC. The firm's strategy of accumulating Bitcoin as a corporate treasury asset reinforced the narrative of Bitcoin as a long-term store of value.



## Fund Allocations - January 2025



Past performance is not indicative of future performance.

Additionally, major corporations like Tesla and Apple reportedly considered minor Bitcoin allocations for their treasuries, adding credibility to the corporate adoption trend.

Much has been made of Trump's promise to add Bitcoin as a strategic reserve for the United States. Whilst we believe that this will take longer than the market is currently pricing in, progress towards its reality is a major signal for US States and other countries (which are far more nimble), to add crypto to their reserves. We have already seen 10 States make that move, with volumes involved far exceeding expectations at Federal level. We expect this momentum to shift supply and demand dynamic in Bitcoin's favour over the coming months.

Spot Bitcoin ETF's witnessed record-breaking inflows, as institutional investors increasingly sought exposure to Bitcoin without directly holding the asset. We attribute this institutional momentum to Bitcoin's growing perception as a hedge against inflation and fiat currency risks. Meanwhile, Ethereum experienced weak price action throughout January, lagging behind Bitcoin in terms of institutional interest.

Ethereum's long-term growth prospects remained heavily tied to its evolving network upgrades and DeFi ecosystem expansion. DeFi protocols saw increased activity, with total value locked (TVL) in Ethereum-based platforms rising steadily. However, despite these positive developments, the ETH/BTC pair struggled, indicating that Bitcoin remained the primary focus for institutional inflows. The altcoin market witnessed mixed performance in January, with some projects experiencing explosive growth, while others faced downward pressure due to risk-off sentiment. One of the biggest winners was Solana (SOL), which surged to an all-time high of \$295 before experiencing a correction. Solana's network activity remained strong, bolstered by high transaction speeds and increasing developer adoption.

The launch of the Official Trump (TRUMP) memecoin on Solana's blockchain also fuelled speculative trading interest. Though we have dabbled in a small way in Meme coins, we have avoided significant investment as our fundamental approach to investment analysis gives us no competitive advantage in this sector. The total crypto market capitalisation fluctuated between \$3.1 trillion and \$3.4 trillion, reflecting investor hesitation regarding altcoins outside of Bitcoin and Ethereum.

The inauguration of Donald Trump as U.S. President marked a major shift in crypto regulatory discussions. Within his first month in office, Trump's administration established a working group to evaluate the creation of a national crypto reserve, with a 180-day deadline to propose a regulatory framework for stablecoins and digital assets. In addition, Trump formally banned the creation of a U.S. central bank digital currency (CBDC), a move widely celebrated by crypto advocates as a victory for decentralisation and financial sovereignty. Regulatory clarity also improved for institutional crypto products, with the SEC showing openness to additional ETF approvals. Grayscale filed for an XRP ETF, while the CME's announcement of Solana and XRP futures suggested growing institutional appetite for altcoin-based derivatives.

## Macroeconomic Factors and Market Volatility

Macroeconomic events played a pivotal role in shaping crypto market sentiment throughout January. While traders initially expected a rate cut in early 2025, Fed Chair Jerome Powell's cautious tone signalled that cuts might not happen until March, leading to short-term corrections in both crypto and equity markets.

The U.S. dollar rallied throughout the month, driven by Trump's protectionist stance. His decision to impose new tariffs on Canada, Mexico, and China sparked concerns over inflation and global economic uncertainty, leading to a significant sell off in risk assets, including crypto after January month end.

Early indications suggest that the Trump regime is committed to follow through with the promises made during his campaign. Though the legislative process may not be as swift as some may like, all indications are that the administration has the resolve to provide the industry with the regulatory clarity needed for growth. Institutional investment in the sector has been legitimised by the USA Government, which is now pursuing Bitcoin as part of its strategic reserve. It is the opinion of the desk that the recent changes to the crypto regulatory landscape over the last month have not yet been reflected in asset values, as the geopolitical backdrop of Trump's tumultuous first few weeks in office has strengthened the dollar and undermined risk asset prices, including both equities and crypto.

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,

Andrew Palmer

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