

Investor Report

April 2025

Digital Asset Fund

Unit Price: \$1.9548 (5.56%)

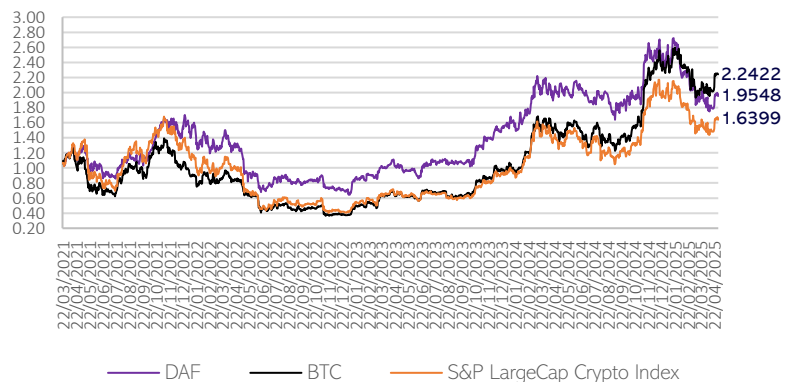
	Since Inception	6 months	3 months	1 month
Digital Asset Fund	95.48%	0.42%	(20.05%)	5.56%
Bitcoin	124.22%	38.18%	(10.08%)	11.30%
Ethereum	29.03%	(26.73%)	(47.63%)	(4.53%)

Commentary & Performance

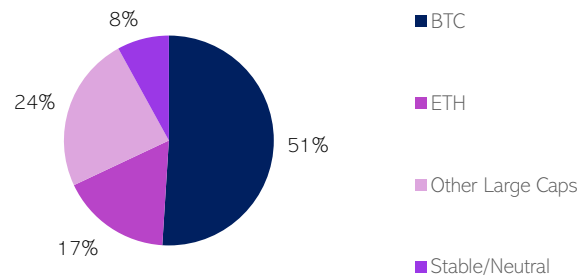
April was a tumultuous month for all risk assets with President Trump imposing massive Tariffs on the world on “Liberation-day”, the 7th of the month. This sent equity markets into a tailspin with all risk assets following, including crypto. Bond markets saw a dramatic sell off on the 9th which forced Trump to backtrack and allow 90 days for negotiation. As we have said before, markets don’t like bad news, but they really hate uncertainty, and that is what Trump has handed out in spades. Bitcoin sold off to USD 77k with the news but recouped with Gold in the back half of the month and clearly outperformed equities for the month as a whole. It ended the month gaining to USD 94K which is up 11.30% over the period. Other crypto assets remained more closely linked to Nasdaq and did not recover to the levels of the previous month end. The fund was well positioned for this dynamic with a large concentration in Bitcoin. It was up 5.56% over the month. We will maintain that concentration until we see a recovery in equities and a significant de-escalation in geopolitical tensions, especially between USA and China.

Again, we must emphasize the differing market dynamics affecting Bitcoin and the rest of the crypto market. From a broad-brush point of view, we see Bitcoin as purely digital gold, with its only justification for existence as a store of value. It will outperform other risk assets in times of stress, whereas other cryptos, including Ethereum, behave more like early-stage tech stock investing and will outperform in bull markets.

Digital Asset Fund* & Industry Returns (Indexed)



Fund Allocations - April 2025



Past performance is not indicative of future performance.

We will reduce our exposure to Bitcoin compared to the rest of the market as we see that risk appetite has bottomed out. We do see Liberation Day as a short-term panic point and, until the next black swan event, will be shifting our over concentration in Bitcoin to more responsive assets like Ethereum and Solana, as well as other outperforming large cap cryptos, while avoiding small cap alternatives.

Our outlook for Bitcoin remains very bullish, and it will remain our largest position as it has once again demonstrated its defensive properties through another equity market correction. We note that historically it has displayed a very tight correlation to the global M2 money supply with a 100-day lag. We are currently sitting at 100 days since the M2 indicator moved strongly positive, with large injections from China USA and Europe. The global money supply is expected to continue to expand for the foreseeable future as the USA injects liquidity to re-finance the huge amounts of debt maturing in the back half of the year. With traditional large-scale offshore buyers pulling back on their treasury purchases, the only large-scale buyers left to purchase the needed new issuance is either US Banks or the Treasury itself. Either alternative is expansionary for the overall money supply and equivalent to printing new dollars, which is bullish for Bitcoin if the relationship with M2 holds.

The supply demand dynamic for Bitcoin is also shifting, not only with new buyers coming through the ETFs but also with over 100 listed companies around the world now holding Bitcoin in their treasuries rather than cash, copying the very successful MicroStrategy playbook. One company in Europe alone, TBG, has stated their intention to accumulate 1% of the total supply of Bitcoin. Added to that, state governments in USA are now approving Bitcoin to be held in their strategic reserves. We know the Federal Reserve is looking to find ways to accumulate Bitcoin in a “tax neutral” way. What that definition means remains unclear, but we know they will find ways to game the system to accumulate the asset. We do know that other governments around the world are already accumulating Bitcoin before announcing they are doing so, to ensure they are frontrunning the news event. A comprehensive look at treasury data revealed a 3.15% increase in assets under management (AUM) across governments, funds, corporates, and crypto-native treasuries in the past month, further validating the notion that Bitcoin’s utility as a long-term store of value is gaining traction. Game theory tells us we are in a race to accumulate and the first to do so will be the winners. Alliance Bernstein estimates that treasuries around the world will accumulate \$US 330bn over the next four years, so we are only just getting started.

As for the rest of the crypto market – we believe that asset prices are much more responsive to regulatory change and risk sentiment. Regulators around the world have made a complete 180 in the last 12 months, led by the USA. During the Biden Administration, we saw policies described as “choke point” to actively stifle the development of the market. This month Scott Bessent, the Treasury Secretary, said that the current administration believes that “The United States should be the premier destination for Digital Assets”.

The difference over one year could not be starker. As for risk sentiment, we believe that it could not be lower than the aftermath of Liberation Day. The USA cannot survive without a recession under the current levels of tariffs. Trump cannot retain the senate at the midterm elections in 18 months (having driven the economy downwards), so we believe an agreement will be reached, and the tariff regime will look very different in six months’ time. Risk sentiment will return, and digital assets other than Bitcoin will outperform. Central to this thesis is that China and USA are able to come to agreement on a tariff level that facilitates continued trade between the two countries. This is not in doubt as both countries are worse off under the status quo.

I have to say that I have not been more bullish on the market in a very long time and see the geopolitical environment we sit in right now as an opportunity. It is self-inflicted and will be self-corrected, but it gives us great entry levels into crypto at a time with very attractive risk return profile both relative to historical levels and compared to other risk assets. We are positioning aggressively to take advantage. If you are thinking of entering the market or adding to your position, we feel that now is an attractive time and we are still very early.

Regards,

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