

Investor Report

May 2025

Digital Asset Fund

Unit Price: \$2.1549 (10.24%)

	Since Inception	6 months	3 months	1 month
Digital Asset Fund	115.49%	(11.95%)	5.99%	10.24%
Bitcoin	146.06%	8.05%	18.36%	9.73%
Ethereum	81.61%	(28.44%)	9.14%	40.74%

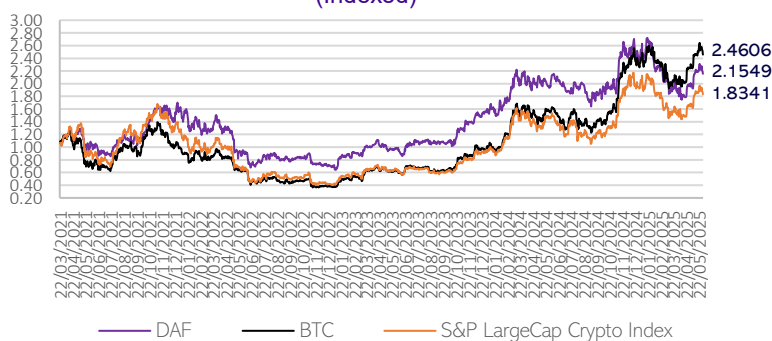
Commentary & Performance

May 2025 was a landmark month for cryptocurrency markets, characterised by Bitcoin's breakout to new all-time highs and its evolving recognition as a macro hedge amid heightened global uncertainty. The interplay of geopolitical risks, shifting monetary policies, and institutional integration fostered a complex yet supportive environment for digital assets. Ethereum and select altcoins outperformed Bitcoin on the month reflecting the fact that they were oversold but also supported by technological progress and investor diversification. The fund was up 10.24% on the month while Bitcoin was up 9.73% having reached a new all-time high of US\$112,000 mid-month.

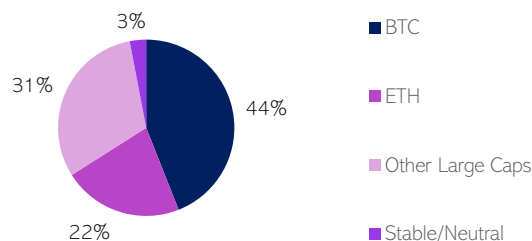
The strong upward move was underpinned by rising concerns over stagflation in the United States. Inflation expectations surged, and consumer sentiment fell. This environment was compounded by Moody's historic downgrade of the U.S. sovereign credit rating from AAA, prompted by elevated federal debt and interest payments. The downgrade triggered a sharp spike in long-term U.S. Treasury yields, with the 30-year yield climbing above 5%. Such yield levels signaled investor apprehension about the long-term fiscal outlook and pushed market participants toward alternative assets perceived as stores of value.

Traditionally, gold has served as the quintessential safe haven during times of macro uncertainty. However, Bitcoin increasingly emerged as a digital analogue, benefitting from its qualities of scarcity, decentralised issuance, and resistance to monetary debasement.

Digital Asset Fund* & Industry Returns (Indexed)



Fund Allocations - May 2025



Past performance is not indicative of future performance.

The high correlation of gold and Bitcoin in May suggested that investors were increasingly seeing the latter as a store of value rather than a risk asset. Three main drivers of the market are expected to persist through the northern summer months

Geopolitical uncertainty – With Trump’s actions always keeping the markets on tender hooks we expect to see significant volatility in all risk asset markets through the coming months. We are hedged against significant downside moves while capturing the upside by holding a portion of our Bitcoin and Ethereum exposure in the form of call options. We have seen Bitcoin outperform other risk assets through the recent turmoil as price action continues to legitimise its status as digital gold during times of stress supporting our overweight position in the asset.

Accelerating purchasing of digital assets by Corporate, Pension and Government, both federal and state, Treasuries. - The volumes of predominantly Bitcoin purchases by institutional investors over the last few months have been nothing short of staggering. There is no sign of this trend abating and we believe it is only just getting started. One company alone, Micro Strategy, has purchased 5 years’ worth of new Bitcoin supply this year, and Blackrock’s ETF has purchased 6 years of supply. We are seeing new corporations adding crypto to their treasuries every day, and as other players join this activity, we see a significant supply and demand imbalance evolving. Other treasuries are purchasing Ethereum and Solana and we expect market activity to continue to broaden over time. We note that institutional activity now dominates retail volumes with the latter still on the sidelines. We expect this trend to change as retail FOMO develops but it is yet to materialise.

Global money supply increasing – Government spending has been increasing across the globe to counter the stress created by increased tariffs. Trump is pushing his “Big Beautiful Bill” through congress which will increase spending in the USA while reducing taxes, thus increasing the already significant budget deficit. Crypto valuations closely follow Global M2 money supply with an approximate 90-day lag and have done so for the last 10 years. The speed at which liquidity is being injected into the system across the globe should lead to significant upside in the short term if history is any indication of future price movements. Altcoins tend to be the major beneficiaries of such actions and tend to outperform bitcoin in these scenarios.

To summarise, we feel that the risk return in crypto is the most favourable as we have seen it in a very long time. The asset class is being legitimised at an accelerating pace by institutional involvement, regulatory reform and observed price action, particularly that of Bitcoin, during times of stress. Only 12 months ago, regulators around the world were trying to debank crypto activities. Today we are seeing a race between nations to attract crypto activity with not only more favourable regulations but also nation-state investments. The speed of that about turn has been driven by USA. There is no doubt that Trump has created a much more uncertain world for all risk assets, but he has also been vocal and aggressive in his support for crypto. This has forced the hands of other nations wanting to attract the new rails of finance and the digital nomads that are the center of its development. Exciting times ahead!

Regards,

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