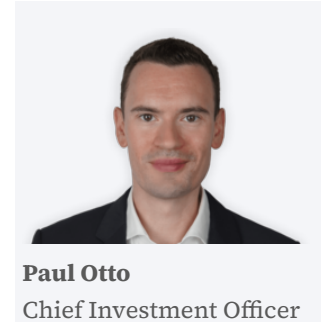


## CIO Monthly Review

December saw Bitcoin and Ether stabilise at 74,500 € and 2,500 €, down -5 % and -2 %, while most altcoins reached -5 % to -20 %. Core fund position Sky, however, managed to gain +3 %, putting the fund return at -10 %.

Onchain fundamentals keep improving. For example, stablecoin transaction volume rose from 32 tn to 46 tn USD in 2025. So is US regulation. The CLARITY Act, classifying crypto tokens and setting issuer rules, may pass into law as early as January 2026. Lower prices alongside stronger fundamentals present a great buying opportunity.



## Overview

After the strong volatility in October and November, some had hoped for a year-end rally, while others called for further corrections. Neither side was correct. The last month of 2025 was relatively calm. Few tokens saw significant price moves.

Fees generated by AAVE have come down from a record-breaking 103 m USD in October, fueled by the liquidation event on the 10<sup>th</sup>, to 87 m USD and 61 m USD in November and December, remaining at elevated levels. Fees by stablecoin protocol Sky, our second core fund position, are much more stable, between 31 m USD and 37 m USD in every month of the second half of 2025.

Privacycoin ZCash continued its upward trend. After a high of 737 USD in November and a correction to 303 USD, it closed the year at 513 USD. The all-time-high price of 955 USD from early 2018 seems within reach. Other privacy projects declined, e.g., Starknet -37 %, showing the momentum of a catch-up trade isn't a reliable signal.

## Fund Activities

Core fund position AAVE embarked on an internal conflict. AAVE is organised onchain as a DAO, both owned and controlled by token holders, similarly to a traditional company by its shareholders. In our fund we diligently analyse ownership and control structures, as a token is only investable if the DAO is strong and there is no or a largely unrelated project company.

AAVE's DAO is functioning well, and the token grants voting rights and profit participation for

token holders. The DAO earns revenue from all AAVE services on all 17 blockchains AAVE is deployed on. The DAO then allocates funds to pay a company called *AAVE Labs* to develop features. Labs also operates a frontend at [aave.com](https://aave.com) providing access to AAVE services. Until now, this access point paid all user fees into the DAO.

In this working relationship, Labs has now taken a step the DAO considered highly dishonest: Unilaterally, Labs has switched in a swap provider that accrues fees to itself instead of the DAO.

Many token holders and DAO participants responded swiftly and forcefully, proposing to seize all assets held by Labs, including the frontend. The vote falling into the holidays did not de-escalate the situation; the discussion remains ongoing and heated. Given these circumstances, the AAVE token price has held up well at -19 %.

Industry-wide integrations and large liquidity pools give AAVE a moat against all other lending competitors. It is a highly profitable business with close to 1 bn USD in annual revenue. It remains a core position of our fund.

We opened a new position in Uniswap. One of our strongest and longest-standing investment theses is that on open blockchains, 'trading is the use case'. We mean that crypto trading is so efficient, it enables new levels of trading activity compared to traditional financial markets. The effect compounds for the most capital-efficient DeFi protocols. Since Uniswap activated the so-called Fee Switch, now channelling a part of the trading fees to token holders, it has become an investable revenue generator.

## Market Assessment

The top 25 have a new member: Canton. The open blockchain offers transaction visibility akin to traditional finance: transaction data can only be viewed by authorised parties. Live as of July 2024, it distributed network tokens to early users in November: infrastructure providers and application builders received 85% of the allocation. Emissions will continue without public sale. This model yielded a record valuation above 5 bn USD.

Aztec is a fully decentralised, privacy-preserving L2 on Ethereum. The network is governed by a permissionless sequencer, the holy grail for Layer-2s, who stake the Aztec token. December's token sale received over 19,000 ETH in bids worth around 50 m USD for 15 % of its 15 tn tokens, putting the valuation at 350 m USD.

Revolut has partnered with both Uniswap and Trustwallet. This allows users of Uniswap to purchase USDC using their Revolut Dollar balance, without a bank transfer or card transaction. Dollars on Revolut can flow instantly and without fees into onchain USDC stablecoins.

## Industry Overview

The clean-up of the fallout of 2022 is largely complete. Sam Bankman-Fried, founder of fraudulent exchange FTX, is serving his 25-year term. Binance founder CZ served 4 months in prison for insufficient AML controls; he was pardoned by

Trump in October and is no longer a felon. Now Do Kwon, founder of Terraform and UST/LUNA, was sentenced to 15 years in a US prison. With these events in the rear view, the industry is ready for a new chapter.

The regulatory environment in the US is, as we keep highlighting, extremely positive. One of the hallmarks of the previous administration was that every successful crypto project, including Coinbase and Uniswap, was sued. Both lawsuits were dropped in February. Similarly, tokenisation protocol Ondo had a pending investigation. It no longer stands accused.

Meanwhile the SEC Chair Paul Atkins said something typically aired at crypto conferences: All US markets will be onchain within two years.

Crypto exchange Coinbase is scaling up its product suite rapidly to become a financial all-rounder. It already owns part of leading stablecoin issuer Circle (behind USDC), runs one of the most successful L2s with Base, and offers a crypto-backed credit card. The company now plans to offer stock and ETF trading, prediction markets and perpetual futures. So after crypto-native applications, with, stock trading Coinbase is entering traditional finance. Soon, users might not need a different bank or brokerage account.

Dollars are moving onchain in the form of stablecoins. Stocks are moving onchain in the form of stock tokens. Users and businesses are moving onchain to store wealth, trade and organise. The future for crypto is bright.

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