Fund Report
May 2026

F5 Crypto Fund

F5 CRYPTO

CIO Monthly Review

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Price action in May was muted. The CCI30 index closed at +2.3 %, BTC is down −3.1 %. The S&P500 gained +4.5 % while gold fell −2.5 %. Our fund is up +10.6 %, outperforming all of those significantly. The other notable mover was oil, closing at 92 USD down −20 %, far below the 100 USD threshold. We are content with our outperformance.

Market Assessment

The S&P 500 hit another all-time high, foreshadowing potentially strong first-day performances by three massive IPOs: Anthropic ('Claude'), OpenAI ('ChatGPT') and SpaceX (Starlink and space exploration). The latter will be the largest IPO in history, raising 75 bn USD, three times the previous record held by Saudi Aramco, at a valuation north of 1,750 bn USD.

Meanwhile, AI stocks are going parabolic. A glance at e.g., the price chart of Micron should make any value investor skeptical as to whether the price action is justified by fundamentals. In a special market-view piece, I outlined my view on the frenzy: the AI narrative has led to valuations that invite profit-taking; meanwhile, the crypto narrative has run cold, presenting very attractive valuations right now. Rotating capital might therefore be a good choice.

Despite Bitcoin going down slightly, our largest fund position Hyperliquid hit a new all-time high at almost 73 USD, up +82.0 %. We see fundamentals slowly being reflected in crypto-market prices. Zombie projects, i.e. projects that have been around for many years without real traction, keep bleeding (e.g., Cardano and Polkadot). Projects with users and revenues, those we invest in, see markedly better performance, as reflected in our outperformance of the CCI30 index.

Industry Overview

Stablecoins are the success story in crypto of the last years. With the GENIUS Act in the US, the legal framework has enabled regulated financial firms to engage with dollars on the blockchain, contributing to immense growth in the sector.

In the EU, MiCAR aimed to do the same. However, the framework has not led to much €-stablecoin activity. 98 % of all stablecoins are USD-stablecoins. In my opinion, this is due to excessive regulatory burden.

European stablecoin issuers must be regulated credit or e-money institutions, effectively prohibiting (crypto-)startups from competing. Additionally, reserve requirements force issuers to hold 30–60 % as bank deposits across different banks. This is in stark contrast to the short-dated bonds permitted in the US. Bank deposits pay less yield, and setting up with several banks requires complex partnership management, making the business cumbersome.

Disappointingly, a meeting of EU finance ministers in Cyprus rejected a proposal to significantly loosen the rules for €-stablecoin issuers. The ECB's preferred way forward remains tokenised bank deposits and the digital euro with a possible launch in 2029.

Tackling this complexity, Qivalis, a joint venture comprising many of Europe's leading banks, is looking to launch a MiCAR-compliant €-stablecoin in the second half of 2026. The stablecoin won't pay interest to holders. Whether incumbent banks will give onchain Euros the push they need remains to be seen.

From building on crypto rails back to crypto itself: The Ethereum Foundation (EF) saw an exodus of high-profile people in May. The EF is a non-profit organisation that currently spends around 100 m USD per year from its treasury on salaries and grants. Tomasz Stańczak, who took over EF leadership only last year, stepped down in February. Tomasz's aim was to turn the EF from a theory-focused research institution into a business-development initiative. This has not happened.

Tomasz's departure has now culminated in five other senior members leaving the foundation, among them Tim Beiko, who coordinated many major ETH upgrades. Vitalik hinted that a smaller EF is the goal, as it leads to being a more decentralised protocol.

We have seen other projects, such as Solana and Hyperliquid, accept much less decentralisation and instead use their foundations to help their protocols succeed by actively engaging lawmakers and financial-firm partners.

Fund Activities

HYPE is now our largest fund position: during the impressive +82 % return in May, we did not take any profits. This enabled our investors to fully benefit from the gains, and has grown the position's weight above 22 %. The second-best performer was Jito, up +47 %, now making up 9 % of the fund. After its great performance earlier this year, Sky had a disappointing month, down −14 %, making it the fund's worst performer. Compared to Ethereum's −11.0 %, our fund performed very well at +10.6 %.

Looking at the longer timeframe: Since the end of October, when Bitcoin was close to its all-time high, Bitcoin is down from 109,500 USD to 73,600 USD, or −33 % (also −33 % in €). Over the same timeframe, our F5 Crypto fund stands at −13 % after all costs and fees, delivering significant outperformance.

We fully exited Solana this month. Now, our fund no longer holds any Bitcoin, Ether or Solana, but is fully invested in smaller protocols. We believe this positioning, with a focus on revenue-generating protocols, is the best strategy for a market that rewards fundamentals over narrative.

We increased both Marinade and AAVE in favour of our last 5 % fund weight in Solana. AAVE is trading cheaply at the moment following its rsETH incident.

The market has clearly begun to treat fundamentally sound crypto projects very differently from promise-and-underdeliver ones. The latter keep going lower, while those with users and revenues are holding up well, if not moving contrary to the general market, as HYPE and Jito did. It is a good time for a fundamentals-driven fund like our F5 Crypto Fund.

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