# F5 Crypto Fund



## CIO Monthly Review

April was a strong month. Bitcoin rose by +9 %, closing at 83,184 €, after trading as low as 67,650 € earlier in the month amid tariff discussions. ETH, on the other hand, dropped −6 %. By now, ETH, compared to BTC, is priced cheaply. The fund closed at +1 %, with currently largest fund position SOL gaining +13 %, more than Bitcoin and more than balancing below average performers.

**Paul Otto**
Chief Investment Officer

## Overview

Encouragingly, Bitcoin has once again shown signs of decoupling from traditional markets. Typically, when stocks decline, crypto tends to follow, often with amplified losses. This correlation has historically made crypto a risky addition to most investment portfolios. Of course, these downturns are outweighed by significant gains in the long run, such as the +58.1 % return the fund posted in November last year following Trump's election victory.

Now, if crypto can decouple during market downturns – meaning it loses less than equities, or, remarkably, even rises when stocks fall – it would position the asset class as truly compelling for a broader investor base.

That's exactly what we observed in April. At the beginning of the month, the 30-day Pearson correlation between the S&P 500 and Bitcoin (in USD) stood at 0.75. By the end of April, it had dropped to 0.26. While not yet negative – with one asset rising as the other falls – this marks a significant decline in correlation.

If this trend persists, crypto would be added to more and more portfolios, leading to a positive feedback loop.

## Fund Activities

One of our smaller fund positions, PYTH, sees more tokens vesting for early investors once per year. This annual unlock occurs in May and has historically predicted below-average price performance. In anticipation, we have temporarily exited the fund's entire PYTH position.

The fund is earning staking rewards – not by staking directly, but by holding tokens that capture staking yield. We added so-called liquid-staking tokens in April, as our analysis indicated decreasing liquidity risks. Marinade's liquid-staking token, mSOL, which has historically delivered a 7–+8 % premium over the base Solana position, has now been added to the fund.

The index component underwent its spring rebalancing. LTC was dropped out of the index strategy, while AVAX and BCH were added.

## Market Assessment

President Trump announced a private dinner, inviting major holders of his memecoin, TRUMP. The token's price immediately surged by +67 % intra-day. The top 220 holders shall be eligible, with the top 25 reportedly qualifying for a reception at the White House. A more cynical interpretation: after TRUMP coin lost nearly −90 % from its peak, Trump felt compelled to 'do something.'

Crypto continues to throw curveballs, especially at unsophisticated investors. Branding itself as putting real world assets ('RWA') as tokens on the blockchain, Mantra's token OM performed incredily well over the last few months, making it popular among retail investors. Now, however, it suddenly crashed by a whopping −92 % in just six hours, wiping out over 6 b USD in market value. Allegedly, liquidity was largely provided by market makers who were themselves paid in the OM token. When these tokens vested, the market makers decided to 'cash out.' Our fund conducts thorough market-structure checks on newer projects before investing, helping to shield investors from such disasters.

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The Ethereum Foundation (EF) has entered a new phase: newly appointed executive directors Hsiao-Wei Wang and Tomasz Stańczak have ambitious plans for Ethereum. After Ethereum's poor price performance over the past 12 months, this change is welcome. Ethereum remains the leader for decentralised smart-contract infrastructure despite hundreds of other blockchains trying to dethrone it. With ETH's planned May upgrade Pectra, a multi-upgrade including more blob-space for L2s and better wallet functionality, building on ETH will become even more appealing.

For the first time in the EF's history, a broad strategic document is being drafted. Among other innovations, there are plans to introduce a RISC-V–style instruction set for smart contracts, which would make development on Ethereum more accessible.

## Industry Overview

Regulatory tailwinds in the USA continue to strengthen. After Crypto Enemy Number 2, Gary Gensler, left the SEC, new chairman Paul Atkins is stepping in. He remarked that crypto innovation 'had been stifled' – as strong a statement as a new leader can utter about his predecessor without being outright disrespectful.

A further sign of change comes with the Federal Reserve rescinding its anti-crypto supervisory letters from 2022 and 2023. These letters had effectively discouraged banks from engaging with digital-asset businesses by raising concerns over safety, soundness, and compliance risks. The guidance was widely interpreted as a warning shot to financial institutions, many of which subsequently scaled back or exited their crypto-related services altogether. By formally withdrawing these letters, the Fed signals a dramatic policy shift. The regulatory environment for crypto in the US couldn't be better.

Meanwhile, another long-time Bitcoin skeptic has turned remarkably bullish. Larry Fink, CEO of the world's largest asset manager BlackRock, said in 2017 that Bitcoin was nothing more than a money-laundering tool. In this year's annual letter, however, the narrative has shifted dramatically. Fink stated that Bitcoin has the potential to replace the US dollar. While this comment primarily serves as a warning about the dollar's weakening position as the world's reserve currency, the explicit mention of Bitcoin is no accident. If, over the coming years, such a shift were to occur, Bitcoin could easily trade above 1 m USD – possibly even above 10 m USD per coin.



## Contact

F5 Crypto Management GmbH
Ritterstr. 2A, 10969 Berlin, Germany

ir@f5crypto.com
www.f5crypto.com/en/fund

Commercial register: HRB 226623 B
Registry court: Amtsgericht Berlin

BaFin-ID: 40031947

Managing directors:
Florian Döhnert-Breyer,
Prof. Dr. Hermann Elendner