

CIO Monthly Review

June had a few scary days, followed by a recovery, closing slightly in the red. Bitcoin closed at 91,412 € down -1 %, Ethereum down -5 %. Outside the top 2 prices dropped 10%-20% for many tokens. Our fund did well in that environment by holding winners like Jito (+30 %), closing at -4 %, better than ETH.



Paul Otto

Chief Investment Officer

Overview

The middle of the month was dominated by fears incited by escalations leading to full-out war in the Middle East into which also the US entered. Markets quickly priced in the global economic risks, and Bitcoin dropped to a low of 85,700 €. Once tensions abated when the US president thanked Iran for giving notice before their retribution on a US air base and announced a ceasefire, Bitcoin recovered quickly to over 90,000 €.

The volatility was higher for small-cap tokens: This year's top performer in our fund, Maker, is up +90 % from its yearly low in early February, but had dropped as low as 1,434 € before bouncing back to 1,723 €, a 20% drop and recovery.

In the midst of bombs and missiles flying, Iranian crypto exchange Nobitex was hacked, with 90m USD worth of crypto assets stolen. The hackers acted atypically: Instead of moving or converting the stolen funds, they destroyed them. For instance, they burned 49 m USD worth of Tron by sending it to a provably dead address. Instead of seemingly random characters, the address contained insults to the Iranian Armed Forces. It appears the cyber attack had a political motive and was possibly state sponsored.

In any case, crypto assets have grown up: These days, Bitcoin reacts to macro threats and trends in financial markets. In its dual role both as a long-run hedge against inflation as well as a risk-on asset, these reactions will be different from both those of gold and of the stock markets, but for sure crypto markets are no longer segregated from traditional financial markets.

We have arrived in a world where crypto exchanges are woven into the world financial infrastructure, and state actors – as diverse as the

United States building a Strategic Bitcoin Reserve and North Korea stealing funds to gain foreign reserves – now understand that a crypto strategy is not a question of *if*, but of *how*.

Fund Activities

In April we exited PYTH due to large pending unlocks. As predicted, it has been underperforming since then. A re-entry in July is being considered.

We keep shifting our position from SOL to mSOL in order to reap the staking reward with our fund's Solana exposure.

Excellent performers this month were our DeFi positions Maker and Aave, gaining +19 % and +7 % respectively. Both are powerhouses with large user bases, a lot of assets managed by their protocols, and substantial revenues. We see a strong future for both. We are looking to increase our position in Pendle as the third large, successful DeFi player. As a newer protocol, Pendle has both more risk and more upside potential.

The top performer, outstripping both Maker and Aave, was fund position Jito, the multi-functional Solana toolkit, gaining +30 %. We see Jito as strongly correlated with Solana while generating revenue, making it a great addition to a core Solana position.

Market Assessment

Last month, stablecoin behemoth Circle rejected Ripple's takeover offer of 5 b USD and promptly decided to go public. We predicted their market capitalisation would eclipse the offer price – and it did.

The IPO price was set at 31 USD. When markets opened, the price quickly skyrocketed to 100 USD. It stabilised at 100 USD for a few days, until it rallied again, reaching 250 USD. Currently it ranges at 180 USD a share, giving Circle a valuation of 43 b USD, which is not necessarily easy to justify.

Investors' appetite for crypto businesses seems unsatiable. We expect more IPOs to come to market. A hot candidate is the US crypto exchange Kraken, who is building out their business at a rapid pace. Kraken recently achieved MiCAR compliance in Europe, runs its own Optimism-based ETH Layer-2 blockchain called INK (with an equally named token launching soon) and is planning to add stock trading to its platform.

Until now, stock brokers like Interactive Brokers and RobinHood as well as Fintechs like Revolut and N26 have slowly added crypto trading. Kraken is now going the other way: a crypto exchange adding stock trading. In a similar trend, Coinbase

is looking to issue credit cards to customers. The future is clear: crypto exchanges are on their way to becoming the new financial powerhouses.

Industry Overview

The first US state has a Strategic Bitcoin Reserve: Texas has earmarked 10 m USD to purchase crypto assets with a market cap above 500 b USD – which means only Bitcoin for now, as Ethereum is currently valued at half of that amount.

The GENIUS Act passed the US Senate last month. This piece of legislation regulates how stablecoins can be issued in the US. Once approved by the House and signed by the president, the stablecoin market will be wide open. Donald Trump urged the second chamber to enact the bill as quickly as possible, showing his continued strong support for the industry.

Disclaimer

www.f5crypto.com/disclaimer

This promotional communication is neither investment advice, nor brokerage service, nor any other form of advice, and may not be suitable for the recipient. It serves solely informational purposes.

The offer is based solely on the articles of association, the investment conditions, the key information document for semi-professional investors, and the subscription documents (including "Tax Brief" and "Key Risk Factors") of F5 Crypto Fonds 1 InvAG m.v.K. and TGV. Before acquiring investment shares, potential investors should consult their bank, legal advisor, tax advisor, and/or financial advisor, and carefully consider the investment decision in light of these risk factors and their personal situation.

The information contained in this document is selective and does not claim to be comprehensive. This presentation does not provide a complete description of crypto assets, the tax consequences of an investment, or the risks associated with an investment.

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