

CIO Monthly Review

July was a most exciting month. Bitcoin reached new all-time highs above 123,000 USD and 105,000 €, up +10.6 %, and Ether finally broke out to the upside to the excitement of fund investors, gaining over +52 %. The fund gained +19.8 %. The US approved the first-ever pro-crypto legislation in GENIUS. The asset class crypto is growing up, garnering increasing appetite of large institutions.



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Chief Investment Officer

Overview

The appetite for crypto assets is growing larger than ever, with large financial players looking to hold positions. As regulated entities struggle to square buying tokens on a crypto exchange with their by-laws, regulated financial products offer crypto by proxy. Most notably, the Bitcoin ETFs approved in the US in early 2024 now manage over 150bn USD worth of Bitcoin.

The most prominent player taking advantage of this time of regulatory arbitrage is MicroStrategy, who now holds over 72bn USD in Bitcoin financed by a mirage of instruments like preferred stock offerings and convertible bonds, the latter of which German Allianz has bought 322m USD of. All these inflows have helped to push Bitcoin to a new all-time high. We not only expect this trend to continue but to extend to more jurisdictions and to more assets.

In Japan, Metaplanet Inc. is buying Bitcoin at a rapid pace. Purchases of 108m USD in June and of 329m USD in July expand their holdings to over 17,000 BTC, valued at more than 2bn USD.

Meanwhile, US public company Windtree Therapeutics, focused on medical devices and drugs like therapies for heart conditions, is adding a strategic treasury in crypto. Windtree is raising 520m USD to purchase BNB, the native coin of Binance Smart Chain. Crypto Exchange Kraken will be the designated trading venue and custodian.

Fund Activities

We made one major portfolio change in July. DOGE coin, the most popular and well known memecoin, left the fund portfolio in favour of PENDLE.

The thesis for DOGE, all else being equal, was an unexpected push for the fun project by Elon Musk and/or president Trump. Elon has long been fond of the project, and the Department of Government Efficiency wasn't named that way accidentally. However, the fallout between the two megalomaniacs over the large spending bill (Elon wants to cut government spending, apparently Trump changed his mind on this), makes any such bull case less likely.

Pendle, on the other hand, is a real on-chain business producing value added to the on-chain economy and generating cashflows. We increased its position and plan to continue doing so.

The fund is now fully taking advantage of staking yields in Ethereum and Solana. While ETH was up +52.2 % on the month, our cbETH gained +52.5 %. Annualised the staking returns clock in several extra percentage points for fund investors.

Market Assessment

The memecoin launchpad pump.fun, allowing anyone to start a new Solana Memecoin in seconds, had reached 500m USD in revenue from their +1 % trading fee on all launched coins. Now, the project publicly sold their new PUMP in an ICO at a 4bn USD valuation. The third of their tokens available sold out in minutes.

On the one hand, allowing anyone to launch a token, with a bonding curve for smooth emission, a sleek trading interface for price discovery and then adding a social media platform on top apparently has product-market fit and allowed pump to flourish. On the other hand, the economic value of launching millions of coins is questionable, and the moat and stickiness of any such platform seems small.

Given these two views, analyst valuations for pump are spread far; our team is equally torn whether the PUMP token is currently cheap or overvalued.

Popular messaging app Telegram has integrated a wallet. It offers two versions: a custodial and a real crypto wallet. The custodial wallet by [Wallet.tg](#) supports sending and receiving BTC, USDT and a few other assets. The real, non-custodial wallet is currently only available in the US and runs on TON.

Importantly, neither is available in Europe. The real crypto wallet doesn't support widely popular USDT, BTC or ETH and only works in the US. The custodial wallet doesn't deliver on any of crypto's value propositions like self-custody and easy onboarding. In conclusion, a wallet launch by a major messaging app couldn't be more disappointing.

Industry Overview

The GENIUS Act was signed into law on July 18th. This marks a pivotal shift in crypto regulation: The first pro-crypto law in the US. [Unfathomably profitable Tether](#) will now face full-on competition. Many large financial institutions will apply to become so called Permitted Payment Stablecoin Issuers in the US and export a fully regulated version

of dollar-tokens on the blockchain to the world. The law will be effective some time in 2026.

Meanwhile, the CLARITY Act is still pending in the Senate. What GENIUS is for stablecoins, CLARITY is for other crypto tokens. Some on-chain tokens like memecoins and NFTs are akin to collectibles, some like PENDLE and PUMP are more similar to stocks, yet others defy classical categorisation. This act aims to define types of tokens and give clear rules to the issuance and reporting standards of each.

Much of the crypto industry had been stifled in the US under the previous administration. We had written about the heads of this systemic operation in [March of 2024 \(page 2\)](#). Now the changing wind has led the Fed to remove the subjective supervisory category of reputational risk. Previously, bank regulators could, and often have, told banks who serve crypto-business clients, that their reputational risk had increased. This effectively forced banks to stop offering banking to crypto businesses, in what has been titled [Operation Choke Point 2.0](#). This practice is now coming to an end.

We are extremely excited for the future of crypto. The positive push from the US first lifts Bitcoin to new highs, then, as we saw this month, Ethereum, and later will benefit the whole on-chain economy. Our fund holds the best on-chain business tokens and is perfectly positioned for this future.

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