

CIO Monthly Review: January 2024

The first month of 2024 ended almost flat with the total crypto market cap slightly down from \$1.66 trillion to \$1.63. The fund ended at -1.0%.

The eagerly anticipated approval of Bitcoin spot-ETFs on January 10th garnered substantial media coverage, even making its way into the spot-light on prime time German television, as seen on [Tagesschau](#).

After the approval, Bitcoin's price surged to almost \$49,000, only to decline in subsequent days to a low of \$38,500. This "sell-the-news" pattern confirmed our expectations regarding market volatility.



Paul Otto
Chief Investment Officer

Industry Overview

In addition to the ETF approvals, January saw Jamie Dimon, CEO of JPMorgan Chase, and Larry Fink, CEO of BlackRock, discuss cryptocurrency on air. Furthermore, X (formerly Twitter) discontinued support for NFTs, while Solana made waves by announcing the release of its second crypto phone.

Jamie Dimon, billionaire CEO of JPMorgan Chase since 2005, who has grown the bank to US's biggest, [opined on Bitcoin at CNBC](#). He expressed concerns about Satoshi erasing Bitcoin and doubted the 21 million coin limit. Such uninformed statements bolster our view that Bitcoin has a lot of growth ahead.

Larry Fink, billionaire co-founder of BlackRock, who built the world's largest asset manager, also [opined on CNBC](#) about the ETH ETF, but swiftly shifted to tokenisation. He envisions a future where identity and financial assets are tokens on the blockchain. We share this vision. Our society's information, from driver's licenses to real estate ownership and corporate registrations, is natively digital and will transition from paper-based records to tokens on blockchains.

The social network X trailblazed in 2022 by enabling premium-service subscribers to set eligible NFTs ("blockchain images") as their profile picture, highlighted with a coveted hexagonal frame. Unexpectedly, X has now *removed* support for these NFTs.

Solana surprised many in 2022 by launching a custom phone featuring an app store with blockchain-connected apps. The phone flopped – until late in 2023 a wave of buyers rushed in to secure airdrops of free tokens exclusively available to smartphone holders. This demand spike saw the Saga phone selling out. Now Solana announced a second phone [available for preorder](#).

Fund Activities

On the day of the Bitcoin-ETF approval, the fund made strategic adjustments to its portfolio: It reduced its BTC position and liquidated Stacks (STX), the Bitcoin L2, allocating more to the Ethereum Layer-2 thesis. The most significant purchase was Optimism (OP).

Given the anticipation of the forthcoming restaking on ETH, which involves the use of liquid staking tokens (akin to securitised staking receipts) to secure other systems through an additional staking process, the fund has increased its allocation to the leading liquid staking service, Lido, from 4% to 6% of the fund.

Last month's addition, PYTH, has exceeded expectations at +26.7%. Given the small token's high volatility, the allocation is limited to currently 1.6%.

Market Assessment

The Bitcoin spot-ETF saga has concluded: 10 liquid ETFs trade on major US stock exchanges, ending Bitcoin's status as a niche, grassroots asset. Seamlessly integrated into the traditional financial system and easily accessible to a wide range of investors, Bitcoin is poised for growing demand. The maximum supply of BTC, however, remains fixed at 21 million units.

While Bitcoin gains mainstream adoption, the broader crypto ecosystem remains largely distinct from the traditional financial sector. Growth is driven by entrepreneurs striving to blockchainise everything. For instance, social media is explored through [friend.tech](#), open map technology via [hivemappers](#), and AI technologies like [fetch.ai](#). Some, like the latter, we view as overhyped. The areas which excite us most in 2024 are crypto gaming, restaking as well as yet-faster execution blockchains.

About F5 CRYPTO

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