

CIO Monthly Review: July 2024

Bitcoin closed the month in the green (+2.3% at 59,701 €) while Ether flashed red (-6.6% at 2,985 €) despite the Ethereum ETFs going live on July 23rd and attracting over 1.3b USD in inflows at the time of writing. The fund closed positively at +0.8%.

The fund's best performer **Ripple** (6% of AUM, up +30.1%) and worst performer **Frax** (under 1% of AUM, down -28.36%) highlight how mid-cap and small-cap tokens amplify returns.



Paul Otto
Chief Investment Officer

Fund Activity

In July, the **F5 Crypto Index** rebalanced, with **Bitcoin Cash** and **Near** replacing **ICP** and **Polygon**. Our **German blog post** explains the details.

We reduced our Bitcoin exposure further from 12% to 9%, increasing altcoin positions. As we enter the hot phase of the bull market, the target rate for BTC in the fund will approach 0%.

Solana and its ecosystem are expanding rapidly. Its oracle service **Pyth** will re-enter the fund once the price effects of the massive unlock in May have tapered off, where it will complement our Solana-centered positions of **Jupiter** and **Jito**.

Market Assessment

Stablecoins keep impressing: Giant Tether reported over 5.2b USD in profits in the first half of 2024 alone. Earning the spread between Treasuries held as collateral and billions of issued stablecoins that pay no interest is attractive with Treasury yields above 5%.

Several politicians including presidential candidate Donald Trump voiced support for USD stablecoins as they export the dollar to foreign countries. Our fund positions **Maker** and **Aave** both benefit directly and indirectly from growing stablecoin demand.

Coincidentally, two events involving large amounts of Bitcoin from more than 10 years ago concluded almost simultaneously in July. First, the liquidator of Mt. Gox distributed most of the recovered assets, around 141,000 BTC (9b €). Japan-based crypto exchange Mt. Gox had gone bankrupt in 2014 – 10 years ago!

Second, the German BKA sold its BTC stockpile. Approx. 50,000 coins of ad revenue were seized in 2014 from Movie2k, a sharing platform for pirated movies, when it was shut down by German law enforcement. The transfers for the sale of around 3b € of BTC were visible in real time on the blockchain. The BKA trusted a German trading bank which our fund also uses.

Despite the pressure of so many coins hitting the market, Bitcoin closed the month up! This shows both how difficult short-term timing is, and how resilient Bitcoin has become.

Industry Overview

Regulatory developments in the US remain in the spotlight. In **May**, we highlighted regulatory overreach targeting crypto businesses and how they are fighting back.

For better or worse, “*your bitcoin and your crypto and everything else that you’re playing with*” has become a political issue in the US presidential election. The quote is from a **speech by Donald Trump at a Bitcoin Conference in Nashville**.

The 48-minute speech is largely devoid of falsifiable statements, however, its position is strongly pro-crypto. Trump plans to fire “**Crypto Enemy #2**” SEC Chair Gensler on day one of his presidency (**summary by Balaji**). Also his running mate **James D. Vance** strongly supports crypto and has actively drafted a digital-assets bill.

With markets seeing Trump 55% likely to win the election, a seismic shift in US crypto policy may be on the horizon. If such a shift occurs, it would accelerate Bitcoin’s timeline to become a respected reserve asset.

About F5 CRYPTO

Since 2018, we have stood as Germany's foremost destination for crypto investment thanks to a team of leading industry specialists.

Invest in digital assets with F5 Crypto: *as solid as stocks, as trustworthy as government bonds and as simple as ETFs.*