

CIO Monthly Review: August 2024

Bitcoin closes the month at 53,316€, well in the red at -10.7%, while Ether's red candle reaches -23.9% to close at 2,272€. The fund closes at -18.1%.

Our best performer **AAVE**, 7% of AUM, is up +18.1% – one of the best results in the entire top 100. However, our altcoin portfolio exposes the fund to wider swings in both directions.



Paul Otto
Chief Investment Officer

Fund Activities

We are ready: [the fund is down to 0% Bitcoin!](#) Are we bearish on Bitcoin? Not at all: We are just *more* bullish on small-cap coins. ([Read more](#).)

Hence we have been reducing **BTC** in favour of altcoins for months. [When on August 5th markets crashed](#) due to liquidated **JPY/USD** carry trades, we used the temporary discounts to increase our positions in **Aave**, **Maker** and **Jupiter**. Once Bitcoin and Ethereum leave their current price range to the upside, many altcoins will outperform the majors throughout the latter half of the cycle.

Additionally, we re-entered **Pyth**, as price effects from token unlocks have waned.

Market Assessment

Our thesis on Ethereum layer-2 scaling is playing out. Japanese tech heavyweight **Sony** will [launch a new rollup called Soneium](#), an L2 blockchain using the EVM and the OP stack. We continue to hold our OP position.

The upcoming blockchain with its identically named token **TON** (“The Open Network”) is famous for its tight cooperation with messaging app **Telegram**. Many hope that **Telegram** will roll out wallets to its 800 million users, enabling them to receive and send funds and participate in **TON**'s ecosystem. This year, **TON** has reached the top 10 in market cap, a remarkable feat for what we consider largely still a vision.

On August 24th, **Telegram**'s founder, **Pavel Durov**, was arrested in France, where he claims he had flown to have dinner with president

Macron. **TON** quickly dropped -20%, recovering +10% upon his release on bail.

This modern battle for free speech between the platforms (mostly **X**, formerly **Twitter**, and **Telegram**) and regulators (not only in **Brazil** and **France**) generates huge attention – which could, in a **Streisand-type effect**, end up benefiting **Telegram** and **TON**.

Industry Overview

The focus remains on US politics. Battle lines regarding crypto in the upcoming US presidential election are drawn. The **Trump/Vance** campaign strongly supports **Bitcoin**. Now even **Trump's son** is [launching a DeFi platform](#).

Whether **Trump Jr.** can create a **DeFi** platform where benefits to users outweigh risks remains to be seen. However, **DeFi** is permissionless: Anyone can launch an app powered by smart contracts on the blockchain.

On the other hand, the **Harris/Walz** campaign so far defies all speculation about a pro-crypto swing and remains steadfast anti-crypto. **Bharat Ramamurti** has taken an influential role. He was an assistant to **Elizabeth Warren**, **crypto enemy #1**, and is likely a key architect of ‘**Choke Point 2.0**’, the name given to a concerted and presumably illegal government effort to make banking services difficult to obtain for crypto companies. **Ramamurti** is currently in the spotlight for wanting to tax unrealised capital gains.

Meanwhile democratic appointee **Gary Gensler**, still head of the **SEC**, has sued yet another US crypto company: **Openseas**, the leading **NFT marketplace**, stands accused of operating an unlicensed securities exchange.

About F5 CRYPTO

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