

CIO Monthly Review: September 2024

Bitcoin and Ether close September in the green, at 56,866 € (+6.7%) and 2,337 € (+2.9%), respectively. The fund with its selected altcoin positions outperforms at +8.0%.

Top performers NEAR and PYTH gain +30.4% and +25.5%. Also AAVE, one of our major positions at 8% of AUM, shows another solid +19.7%. We affirm our highly positive outlook.



Paul Otto
Chief Investment Officer

Fund Activities

August saw us setting our active Bitcoin position to zero, based on our prediction that once Bitcoin and Ether break out, good altcoins will outperform. In September, our view played out and our choices achieved strong outperformance.

While temporary setbacks are inevitable, we remain convinced of this view and are shifting even more into smaller-cap coins and tokens.

We notched up our positions in Pyth and Lido. Pyth is a high-potential project from the Solana ecosystem; Lido is an established DeFi player within Ethereum that we deem undervalued.

We monitor the Ethereum layer-2 space particularly closely. Prices of such tokens, like Arbitrum, Optimism, Blast, Mantle, Starknet, or IMX have disappointed so far this year, despite promising progress. We are ready to shift from Ether into L2 tokens at attractive entry points.

Market Assessment

The perhaps largest crypto conference, Token2049 in Singapore, fuelled old and new narratives: RWA, DePIN, and, of course, AI. The tokenisation of real-world assets (RWA) is moving from experiment to established practice with Blackrock's money-market fund BUIDL.

Meanwhile, the first grand project of decentralised physical infrastructure (DePIN), Helium, vies for a mass consumer base with its \$20 per month mobile plan.

Regarding AI, we remain skeptical how breakthroughs in generative AI can be of relevance to decentralised blockchain technology.

Ethereum founder Vitalik Buterin, understanding his words weigh heavily, rarely opines on specific projects. Surprisingly, he commended CELO, a prior fund position. We are monitoring the stablecoin project and its switch from ETH-copy to ETH layer-2; their technology is still superior to their competitors'. However, we do not yet believe in their product-market fit.

Industry Overview

With the US presidential election drawing closer, once again crypto becomes politically relevant. Trump is aggressively promoting his son's DeFi platform, now open for sign-ups – yet not for US citizens (unless they are accredited), highlighting how difficult the US regulatory landscape for new crypto projects is. The Republican platform wants change: replace the SEC leadership and explicitly allow self-custody and DeFi.

Meanwhile, Kamala Harris recently mentioned “digital assets” and “blockchain” for the first time. Some commentators saw this as a pro-crypto pivot from the Democrats; we think it means little. The language is extremely vague, and the Democratic platform document mentions digital assets exactly once, on page 56.

The Bitcoin ETFs, launched in January, continue their success story. With over 47b USD in AUM collected in just 9 months, traditional finance is now using them as building blocks. Asset managers are starting to select Bitcoin in some standard strategies. And the first derivatives have been listed: Blackrock's ETF IBIT will be the underlying for an options market.

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.*