

CIO Monthly Review: December 2024

After an outstanding November, December continued to new all-time highs. [Bitcoin](#) first breached 100k USD on the 5th to max out at 108k USD on the 17th. Towards the holidays, however, we saw pullbacks – small in the majors, large in the minors.

Bitcoin and Ether closed at -1% and -8% respectively, with altcoins like [DOGE](#), [SEI](#) and [Worldcoin](#) dropping -23%, -39% and -42%, respectively. Large fund position [AAVE](#) exceeded expectations with a massive +49% gain. The fund closed at -5%.



Paul Otto
Chief Investment Officer

Fund Activities

Continued profit taking: We further reduced [Ripple](#) and sold a chunk of [Tron](#) after its price nearly doubled in a single day. Proceeds were used to increase our position in [Sky \(Maker\)](#), the highly profitable stablecoin protocol.

We have not added a memecoin position next to [DOGE](#). We are currently watching the intersection of memecoins and AI agents: semi-autonomous agents that use native crypto rails are a sensible use case of open blockchains by AI. Notable new tokens are [Virtuals](#) on Base (the ETH L2) and [ai16z](#) on Solana.

Market Assessment

A new memecoin launched straight into the top60: [PENGU](#), based on the cute Pudgy Penguins NFTs that sparred merchandise sold in [Walmart](#), started their own memecoin on Solana. Tokens were airdropped far and wide, including around 90k USD worth to NFT holders. The NFT market reacted rationally: a run up in price before the airdrop, followed by a sharp drop at the snapshot cutoff time – similar to a dividend payout on a stock.

Deutsche Bank unveiled a new blockchain project. After the failed wave of “blockchain-not-bitcoin” in 2014, regulated finance is taking another shot at making open blockchains permissioned. This time the choice is an Ethereum ZK layer-2, leveraging both public blockchain security from Ethereum and zk-technology to enable private yet monitored and compliant banking services. We expect open blockchains like Bitcoin, Ethereum, Solana, and the tokens on them

to keep growing throughout the decade, while attempts at private and regulated “blockchain” will largely not achieve product-market fit.

Industry Overview

The UK regulator FCA, where our F5 Crypto Fund is registered in addition to our German registration, has issued a warning for memecoin launch platform [pump.fun](#). The website can't be accessed from UK IP ranges anymore. Clashes between open finance and regulators will only get bigger. As the US and EU are trying to put clamps on crypto, the economic epicenter is slowly shifting to the small Gulf States and South East Asia.

From January 1st, MiCAR takes effect in the EU. Notably, regulated exchanges can only offer MiCA-compliant stablecoins. The largest stablecoin USDT is not and will be delisted for Europeans. Issuer Tether has acquired a European start-up looking to reach compliance. Meanwhile Circle, issuer of the second largest dollar-token USDC, is MiCA-compliant since July.

Keeping dollars as tokens on open blockchains is massively popular world wide. Issuers profit from the spread in token yield (typically zero) and collateral yield (often sovereign bonds at 3%). Tether has the first-mover advantage, while fund position Maker is the largest decentralized issuer.

President-elect Trump has named a new SEC chair to replace crypto enemy number #2 Gary Gensler. Former Commissioner and new Chair [Paul Atkins](#) advised crypto-firms and might start a new chapter in US crypto oversight.

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.*