

CIO Monthly Review: March 2025

On March 9th and 10th, prices fell sharply due to fears of large US tariffs. A recovery followed. The month ended negative, with BTC down -6.1%, ETH down -21.8%, and only a few tokens closing in the green like [Curve](#) at +7.10%. The fund closed at -19.3%.



Paul Otto
Chief Investment Officer

Fund Activities

We made two big decisions in March. First, we rotated out of one of our Ethereum LST positions into the larger, more successful one. [Rocket Pool](#) is no longer in the fund, while [LIDO](#)'s position size increased. Second – and more decisively – we increased our [THORChain](#) position significantly, following the drawdown in January.

THORChain's downturn followed an insolvency in one of the newer lending functions: Depositors were earning yield on, e.g., Bitcoin balances; those balances, however, became insufficiently backed, leading to a classical bank run. Creditors will receive new [TCY](#) tokens.

The THORChain protocol for trustless native token swaps continues working as intended. Swap volumes – generating substantial network fees – and node count – which aid in decentralisation and security – are up.

Market Assessment

The Open Network [TON](#) raised an astounding 400m USD. Investors eye Telegram's massive distribution opportunity: bringing internet finance to hundreds of millions of users.

[Hyperliquid](#) found itself in another controversy. The new, fast-execution DEX blockchain prides itself on being decentralised. Any asset can quickly be added to trading, including leveraged products. Attackers loaded up on said leverage for a new token and then manipulated the price to blow out Hyper's security fund, walking away with 12m USD in profits. The Hyperliquid nodes, who would shoulder the loss, then decided to revert these trades. They "adjusted" the oracle price feed of the involved [Jelly](#) token, leading to leverage position unwinds without the security fund being involved. Both attackers and node

operators are likely violating securities laws of most countries.

Industry Overview

While investors have seen many a red crypto price year to date, industry news could not be more positive.

The US government has decided to [establish a Strategy Bitcoin Reserve](#). After the president's social media posts indicated potential interest in other tokens, currently only Bitcoin will become a "Stockpile Asset".

Stablecoins are becoming important in geopolitics. Tether, the largest stablecoin issuer, is ranked 7th in global treasury purchases in 2024, ahead of Canada and Taiwan. The US government benefits from exporting its currency to the world. Stablecoins are a new and potentially larger-than-ever way to do that.

New US stablecoin regulation is almost here. Banks are pushing to prevent yield-bearing stablecoins – they prefer to pocket bond yields and keep consumers in low-interest checking and savings accounts.

MiCaR's Euro stablecoin framework is already in effect. However, the rules are stifling. So called "significant stablecoins" must hold at least 60% of their Euro balances in unsecured bank deposits at a minimum of six different banks. In our view, this is unworkable. A Euro powerhouse stablecoin will likely never emerge.

In 2022, OFAC imposed sanctions on the decentralised protocol Tornado Cash. Now, [OFAC removed it from their SDN list](#). This move highlights a growing awareness that actual decentralised protocols cannot be controlled and the regulator must find sensible ways to work with the technology.

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