Fund Report
July 2026

F5 Crypto Fund

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CIO Monthly Review

Our fund returned −7.2 % in July, in contrast to the majors: BTC stands at +6.4 %, ETH at +17.6 %. After the first seven months, our fund remains significantly better at −11.7 %, while BTC and ETH are at −26.6 % and −35.9 % respectively. The S&P500 and gold barely moved in July at −1.1 % and −0.1 %, while oil surged back to 90 USD, up +22.4 %.

Paul Otto
Chief Investment Officer

Market Assessment

AI remains the big story in the capital markets. SpaceX, after its debut at 135 USD per share in June, peaked soon after at over 200 USD, but closed in July at just 108 USD. SpaceX includes AI-firm xAI. The Korean market index Kospi, driven by retail speculation using newly approved single-stock leveraged ETFs, fell −22.0 % in July. A big part is Korean chipmaker SK Hynix, a supplier of NVIDIA, which lost −35.0 % in July. Like many chipmakers, they are still up around +1,000.0 % since the beginning of 2025.

Meanwhile in the US, Leopold Aschenbrenner's *Situational Awareness* fund, up +439 % YTD mid-July, dropped two thirds in value when its concentrated AI long positions, including in SK Hynix, were liquidated. Citadel bought up large distressed positions in a rescue deal. The fund still sits around +80 % YTD July-end, on the back of private positions in e.g. Anthropic. The company behind Claude aims to go public soon. Polymarket prices the probability of an Anthropic IPO this year around 75.0 %.

These could be temporary hiccups in an otherwise intact AI-stock runup. Or they could mark the beginning of a turnaround. The chart of Micron remains illustrative. I retain my view shared in June's extra market view that crypto tokens trade cheaply while AI valuations are based on optimistic narratives. Last month, stock markets (S&P500 −3.0 %) outperformed crypto (BTC −19.0 %); this month, the tables have turned (S&P500 −1.1 %, BTC +6.0 %).

Last month's fear that Bitcoin holding-company Strategy might implode proved overblown, as I had predicted. The company sold 5,000 BTC to meet their bond obligations, roughly half a percent of their total holdings of around 850,000 BTC. The proceeds were partly used to pay preferred dividends and partly to buy back shares. Saylor, to retain some consistency with his never-sell mantra, commented that he had not sold any personal bitcoin.

Industry Overview

Three nine-figure developments coloured July: The AuM figure of 700 m USD for JPMorgan's on-chain money-market fund, the TVL metric of 600 m USD for Robinhood's L2, and the 400 m USD investment by Citadel Securities.

The JLTXX fund, after launching with 100 m USD in May, already reached seven times its initial AuM. The tokenised shares of the Ethereum-based money-market fund, operated by JPMorgan, are available for qualified investors only. It attracts stablecoin issuers, who use it for GENIUS Act compliant stablecoin backing.

Neobroker Robinhood, which offers crypto alongside stock trading in its app, publicly launched its own Ethereum L2 in July. The Arbitrum-based layer-2 blockchain has no token of its own, similar to Coinbase's Base. Besides typical trading, including memecoins, the chain aims to be a launch point for regulated tokenised stocks. Total assets held on the chain have reached 600 m USD in one month – a successful launch.

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Crypto exchange Crypto.com caters to VIP traders, has a top-50 exchange token named CRO, and offers popular high-cashback crypto-linked credit cards, in addition to typical crypto-exchange services. Citadel Securities, not to be confused with Ken Griffin's Citadel hedge fund that bought Aschenbrenner's book to keep his fund afloat, invested 400 m USD in the exchange. They completed a 200 m USD investment in crypto exchange Kraken last November. Both Crypto.com and Kraken are valued at 20 bn USD in their respective last rounds. This investment happening against a backdrop of Coinbase stock being down −60 % over the last 12 months is a notable vote of confidence.

Fund Activities

We have completed our rotation out of ThorChain and built a position in Morpho. Morpho is a lending protocol like AAVE, with strong business development. For example, users on Coinbase can take a loan against their BTC or ETH balance. The loan provider, however, is not Coinbase, but the DeFi protocol Morpho in the background.

The protocol is still in an earlier development phase than AAVE. Morpho tokens issued to team members are still vesting, and revenues, although already up to nine-figures annually, are not yet flowing to token holders. Despite these hurdles, we are impressed with the token-first design philosophy. TradFi investors in the completed 4 investment rounds have acquired tokens rather than equity, highlighting the claim on cashflows the token will hold in the future.

We believe that after putting dollars onchain (and, to some extent, Euros) as stablecoins, the next big tokenisation wave will be traditional stocks. There are several projects aiming to put regulated stock tokens onchain. One of the leaders is Ondo, which we have analysed in detail. Unfortunately, we found their project token uninvestable. The other leading tokenisers, Securitize and xStocks, have no token of their own. Centrifuge is soon taking their token private. We keep looking for a fund token investment to express our tokenisation thesis.

In terms of returns, July proved rather disappointing. Our largest fund position, Hyperliquid, fell −19.7 % at 23.0 % fund weight. Among the other large positions, only Sky closed in the green at +8.0 %. Overall the fund closed at −7.2 %, against a backdrop of both BTC and ETH being up – not a satisfactory result. For our portfolio of smaller tokens, it is expected to move opposite the general market occasionally. It is useful to look at the larger picture. YTD we have outperformed both BTC and ETH significantly and remain confident in our positioning toward proven protocol tokens.

I believe the market's low point is quite possibly already behind us and we are looking at strong crypto returns ahead.

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