Fund Report

August 2026

F5 Crypto Fund

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CIO Monthly Review

August was the best month this year by far. Our fund was up +24.9 %, now at +12.5 % year to date. Bitcoin gained +23.9 % and Ether +31.3 %; however, both are still down substantially year to date. Oil changed less than 1 %, staying below 100 USD. The S&P 500 gained +1.8 % while gold rose strongly, up +9.2 %.

Paul Otto
Chief Investment Officer

Market Assessment

In August, the spotlight moved from AI to debt markets. Many headlines read *the debasement trade is back* as bond investors viewed inflation as the more likely outcome rather than tax increases or spending cuts to service the growing government debt. Bond yields were rising across the board. To rein in yields, US Treasury Secretary Bessent announced bond buybacks. The 5 % level is an important threshold for the 30-year US bond yield.

When investors seek safety from currency debasement, they turn to gold, and, increasingly, Bitcoin. Gold was up +9 % and Bitcoin +24 %.

In June, many feared Bitcoin treasury company Strategy might go under. Strategy went on to sell BTC to meet its obligations. In August, the company issued new MSTR common shares for a total of 4 bn USD. With the cash, it bought back preferred shares, replenished its cash reserve, and, unsurprisingly, bought Bitcoin. Critics highlighted the contrast between selling Bitcoin around 60,000 USD to then buy back later at 80,000 USD. This is, however, exactly Strategy's business model. When investor appetite is low, it sells BTC, and vice versa. It is not a trading hedge fund but an indirect Bitcoin exposure vehicle.

Industry Overview

Crypto exchange Coinbase launched a tokenised stock product. In my opinion, stocks are the next financial asset to migrate onchain, after dollars in the form of stablecoins. The initial four stocks available for trading on Coinbase's Ethereum Layer-2 blockchain Base are Apple, Nvidia, Meta and Alphabet.

Robinhood, xStocks and Ondo have already put tokenised stocks onchain. But Coinbase is not merely catching up, it is innovating on the legal structure. The Coinbase stock tokens promise full economic ownership. In contrast, Robinhood and xStocks tokens are debt securities that are more akin to a tracker certificate. Coinbase, using the Abu Dhabi Global Market regulatory framework, is able to structure the token to convey ownership rights. For example, tokenholders who have completed KYC can exercise voting rights. Coinbase has designed the tokens such that corporate actions remain compatible with onchain logic: dividend payments and stock splits work even for tokens deposited in lending protocols such as Aave.

With 24/7 trading of stocks onchain spreading, traditional trading venues may soon offer increased trading hours to keep up. As onchain trading volumes rise, the DeFi protocols in which our fund invests should see their revenues grow.

Once onchain stock trading reaches scale, users will demand and regulators will likely allow that tokens *are* the shares. That future, in which tokens are themselves the currency, the share or the deed, looks probable: a digital, auditable record is ultimately cheaper, faster and more reliable than the paper-based systems it would replace. Germany has had the Kryptoaktie, a token that is itself the share, since the Zukunftsfinanzierungsgesetz of 2023, though adoption remains niche.

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With tokenised currency regulated under MiCA, Revolut has launched a euro stablecoin named *EURR*, issued by Stripe's Bridge Building S.A. The stablecoin went live in several non-eurozone countries such as Denmark and Poland, with more to follow. Eligible Revolut users can now convert euro into EURR and withdraw the tokens to a verified onchain address. The Ethereum-native token has no DeFi integrations yet, however. Whether the token can capture Europe's onchain customers remains to be seen. For now, Circle's EURC is much larger at 400 m € circulating, which itself is dwarfed by USDC with 74 bn USD circulating.

Fund Activities

At the end of August, our three largest fund positions are Hyperliquid at 25 %, Jupiter at 18 % and AAVE at 17 % fund weight. Hyperliquid was August's strongest fund token, gaining +58.4 %.

Hyperliquid is the dominant blockchain for trading. It made headlines when traders priced oil over a weekend, with traditional markets closed and military action under way in the Gulf. As I keep repeating, 24/7 global trading with instant settlement at low cost is one of blockchain's killer applications. The specific risk for Hyperliquid is regulatory. Critics, including CME, argue the venue should not be permitted to operate while users trade without KYC, among them potentially sanctioned entities. Hyperliquid geoblocks US users. It is no secret that many US traders, including professional hedge funds, circumvent the geoblock to trade freely.

Against the backdrop of regulatory uncertainty, remarks by Donald Trump moved markets. At a White House meeting on August 19th, he said CFTC Chair Michael Selig was working to bring Hyperliquid into the US in a fully compliant and legal fashion. The HYPE token price moved up almost +20 % promptly.

With the HYPE token participating directly in Hyperliquid's success through its buyback and burn scheme, I retain strong conviction in our largest position.

Our new position Morpho has reached 5 % fund weight and will be the topic of the month in our Monthly Call on Wednesday, September 16th. Morpho is a lending protocol like AAVE. Unlike AAVE, it doesn't charge fees yet. It is engaging in institutional partnerships and offers segregated lending pools with individual curators.

With August's excellent returns and the HYPE token reaching all-time highs, my assessment that the bear market may be behind us has found early support.

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