

Performance	1 month	3 month	6 month	1 year	2 years p.a.	3 years p.a.	4 years p.a.	Since fund inception* p.a.
The Managed Fund	-6.00%	18.75%	56.96%	-2.28%	-7.04%	53.11%	54.63%	38.75%
S&P/ASX 200 Accumulated	-2.53%	-0.89%	-0.58%	2.90%	3.87%	11.43%	8.88%	7.55%
Gold	0.57%	11.43%	16.06%	18.22%	11.05%	5.70%	17.11%	12.33%

*Inception date 01/06/2018

Market & Portfolio Commentary

Finally, a pause month after four straight months of up. The general level of activity remains muted, volatility remains low and that is reflected in options prices which hit historic lows this month. That suggests the market expects muted action for a while.

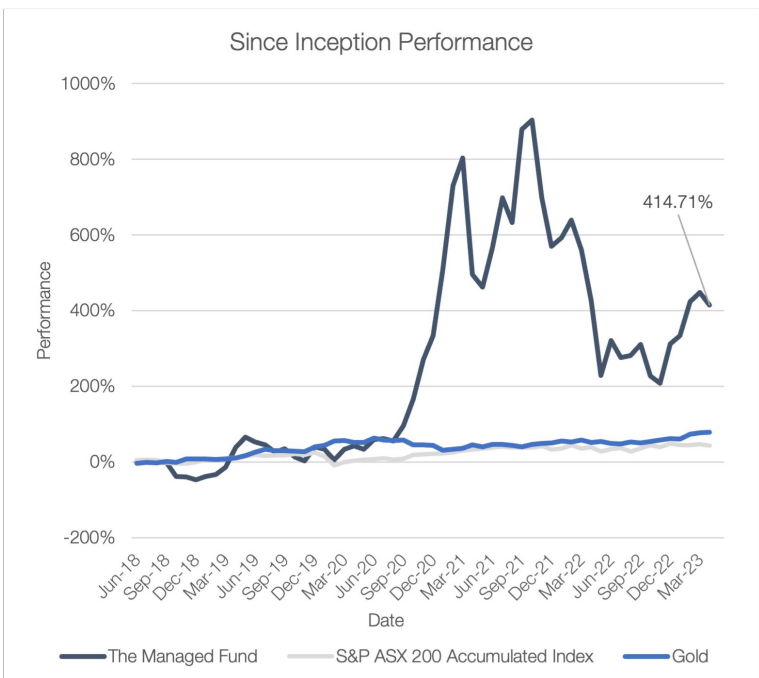
Most significant locally was the loss of bank accounts for Binance Australia. Their banking partners gave no explanation (they are not required to provide one) but the impact on their business here will be significant. From the fund's perspective, we sold our Binance position for bitcoin late in 2022 when it was clear the regulatory difficulties would take time to overcome. Since then, bitcoin's performance has been +69% and the BNB token +5% with a worsening risk profile.

The largest stablecoin Tether (market cap: US\$83 billion) revealed that 15% of their excess reserves will now be used to purchase bitcoin. At current prices, this would be about 6% of bitcoin issuance. Tether is making huge profits these days because of interest rates on their cash and bond holdings. I highlight the point only because high interest rates feed back into bitcoin prices via this loop. Tether's transparency [reports](#) continue to improve but general sentiment towards them does not. I doubt it ever will and yet they have done nothing but grow. \$4 billion in 2020; \$82 billion today and heading north again.

Despite the short term overhangs of the Mt Gox and the Silk Road coins, which will come onto the market at some point, the long-term trend is clearly to put some excess reserves into bitcoin. It started with corporates, some institutional investors, and now the largest stablecoin operator. Eventually, nation states. Indeed there are several nation states we could point to now that hold bitcoin (El Salvador and Bhutan, for example). Most people laugh when they hear those names; "not exactly America is it?". No, it isn't, but four years ago there were no countries holding bitcoin and no listed entities either. The game is about where we will be in a decade. Not where we are now.

Considering that direction of travel, two US Presidential candidates promised to protect the 'right to hold bitcoin' this month. One Democrat (Robert F Kennedy Jnr), one Republican (Ron De Santis). I don't expect either of them to win (currently \$5 and \$15, respectively) but we are firmly on the political map these days.

Ultimately, the essence of success in investing is spotting something before someone else does and going for it. The questions about will nation states put bitcoin in reserve? Will Australian super funds allocate to BTC at some point? Why are Presidential candidates talking about bitcoin? If you are even considering those questions then there must be some probability you assign to significant success and there must therefore be an appropriate allocation to the asset class. There are plenty of watchers on the sidelines at the moment and the winners will be those who swallow their pride first.



Source: ListedReserve, Investing.com

Fund Risk Measures	
Sortino (annual)	0.59
Sharpe (annual)	0.57
Daily 95% VaR (%)	5.89

Measures based upon The Managed Fund daily unit price returns and daily underlying asset returns and portfolio weightings since inception.

Bitcoin Market Data	
Bitcoin Hash Rate (90 day average)	345.3 EH/s
Bitcoin price in Oz Gold	13.5 Oz
% of gold market cap	3.91%
% of supply in corporate treasuries	8.52%
Days Since ATH	567
Chain size	550.7 GB
Tether MCAP	USD 83.3 B
Days to next halving	327

Source: Clark Moody, CoinMarketCap

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	33.77%	5.31%	20.96%	4.43%	-6.00%								67.28%
2022	-16.29%	3.56%	6.51%	-10.70%	-20.13%	-37.57%	28.15%	-10.73%	1.46%	7.63%	-20.18%	-6.17%	-61.53%
2021	17.02%	40.38%	36.43%	8.66%	-34.01%	-5.66%	18.38%	20.06%	-8.29%	33.65%	2.52%	-20.30%	115.77%
2020	35.86%	-4.71%	-21.45%	26.73%	7.36%	-7.06%	19.40%	2.00%	-3.91%	26.50%	34.52%	39.66%	257.61%
2019	-10.93%	15.66%	8.87%	27.53%	61.76%	18.75%	-7.20%	-5.05%	-13.81%	8.05%	-16.22%	-8.82%	72.25%
2018						0.00%	0.00%	-0.96%	1.14%	-0.56%	-38.04%	-2.50%	-39.83%

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Fund Information

Fund name The Managed Fund

Portfolio Manager Daniel Pickering

Investor type Wholesale investors

Minimum investment \$50,000

Outlook 5 years +

Unit pricing Daily

Redemption period Daily

Contact

Address: Suite 1, 185 Gloucester St, Sydney, NSW, Australia 2000

Phone: 1300 294 440, Daniel Pickering CIO

Email: info@listedreserve.com

Glossary

Hash: a measure of the amount of computing power currently mining bitcoin. This is critical to the security model long term and is an indicator of the willingness of participants to make long term investments in the sector. EH/s are exahashes per second. it is 10^{12} (check) calculations per second. Bitcoin is the largest single linked computation ever undertaken by humanity.

Bitcoin price in Gold: the first target for bitcoin as a store of value is to overtake gold. We consider its price in gold and its percentage of market cap to be relevant measure of progress to that goal.

% of supply in corporate treasuries: the amount held by corporates and professional managers, like ETFs. Expect to see this above 50% before the end of the decade and possibly sooner. As it rises, volatility will fall.

GBTC Premium: this is the Grayscale bitcoin trust premium (or deficit) when negative.

Chain size: we need this to grow less quickly than individual laptop hard drive capacity. Critical to the decentralised model is that an entire copy of the blockchain can be held on an individual computer.

Tether Market Cap: Tether is the digital version of the USD, growth in Tether indicates growth in trading and is a good proxy for general interest in the sector since people often transit via Tether into other assets

Days to next halving: days until the next 50% cut in the new bitcoin supply. A big driver of price in the past.

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