

Performance	1 month	3 month	6 month	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since fund inception* p.a.
The Managed Fund	2.28%	-9.82%	-3.86%	32.06%	-17.04%	47.85%	38.15%	35.40%
S&P/ASX 200 Accumulated	-2.84%	-0.77%	0.24%	13.46%	2.34%	11.00%	6.67%	7.25%
Gold	-3.95%	-0.24%	-2.45%	10.84%	8.72%	2.68%	11.78%	10.45%

\*Inception date 01/06/2018

## Market & Portfolio Commentary

A huge month for technology which seemed to pass investors by a little because the macro environment is dominating. The multi-modal AI models released last week are astonishingly good, not just at answering questions but for more skilled tasks like creating websites, API connections and genuinely enhancing what a human can do. Human + AI is now better than human alone. I raise this only because it is increasingly the case that if your value transfer mechanism is not software enabled it will be left behind. Expect a significant acceleration in the release of Central Bank Digital Currencies because without them government money is going to look like a dinosaur. If it cannot be seamlessly integrated into software, it won't be and something else will.

The competitor to the CBDC will be stablecoins as much as it will be other digital assets. In a [fascinating talk](#) given in Singapore this week by Nic Carter of Castle Island Ventures, he explained compelling parallels to the Euro-Dollar market. Eventually the sheer scale of the stablecoins will bring the US to heel. For now, we still view them as useful to use and risky to hold.

A lot has been said over the past few years about the power consumption of bitcoin. I have made the point repeatedly that bitcoin mining cannot compete with other energy users. It can only use surplus energy at 3 cents/KWh and less. In Australia we pay 35 cents/KWh. Even so, it remains an attack vector that is preventing many funds with ESG targets from investing. However, its is now clear that AI uses far more energy than bitcoin mining, I fully expect a similar line of attack there and it will also fail. The big tech firms are getting on the front foot here, with Microsoft advertising for a "Principal Program Manager, Nuclear Technology", who will be responsible for maturing and implementing a global Small Modular Reactor (SMR) and microreactor energy strategy."

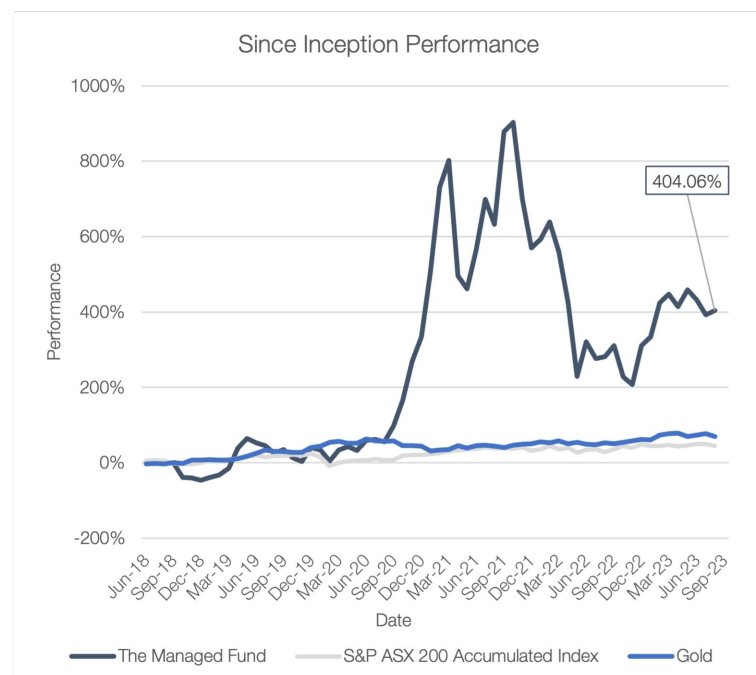
We are already aware that modular reactors are in use for mining bitcoin so it is no surprise to see the mining hash rate break new records this month in spite of relatively flat price action. These background shifts sit our allocations right at the intersection of power grids, monetary software and decentralisation.

On allocations, our slight upweight to ETH continues. Notably, VanEck received approval for their ETH Futures ETF this month, which will help.

Finally, this comment caught my eye:

*"Coinbase stock has most recently caught a bid as the custodian of choice for Blackrock's ETF application. It has outperformed even our expectations so there's the possibility that the street know something non-public."*

Coinbase has had a tough time since listing but they are clearly the chosen one when it comes to ETF back office management. With the destruction of Binance US now complete, Wall Street is buying into the upside story and knowing the way America works, somebody there knows something.



Source: ListedReserve, Investing.com

Fund Risk Measures	
Sortino (annual)	0.54
Sharpe (annual)	0.53
Daily 95% VaR (%)	5.70

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)	392.1 EH/s
Bitcoin price in Oz Gold	15.2 Oz
% of gold market cap	4.39%
% of supply in corporate treasuries	8.77%
Days Since ATH	689
Chain size	584.8 GB
Tether MCAP	USD 83.3 B
Days to next halving	204

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%	8.59%	-4.88%	-7.31%	2.28%				63.82%
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%

## Blog & Media March

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[Bitcoin news for September 2023](#)

## 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

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## 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 exahashees 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.

Disclaimer: This report sheet is not an offer or solicitation with respect to the purchase or sale of any investment. You should not rely on this document if or when deciding whether or not to make an investment in The Managed Fund. It is important that you carefully read the Information Memorandum for The Managed Fund in full and seek appropriate advice before investing. This summary sheet is for discussion purposes only and has been provided on a confidential basis to provide summary information regarding The Managed Fund. Past performance is not a reliable indicator of future performance.