

Portfolio summary

In January, Blockchain Strategies Fund (BSF) delivered a solid performance, outperforming the broader market (CCI30), delivering +7.66 and 7.5% return for its Institutional Classes (USD & EUR).

In terms of performance contribution, most of the funds in portfolio had a positive performance in January. The Beta Passive strategy delivered the highest monthly return (+23%), thanks to our exposure to top Altcoins and in particular XRP, which outperformed the market. The second-best contributor was our PE/VC strategy (+10%), which benefited from the outperformance of their selection of Altcoins in various sectors of the Solana ecosystem. On the flip side, our trading strategy underperformed, with the long-only fundamental managers being mostly flat (+0.6%), as most lower cap Altcoins continued to underperform, therefore offering very few opportunities to generate alpha in such environment.

In terms of investment strategy, BSF is overweighted on Altcoins (all market caps), with major holdings such as Solana (L1), Near (AI, big data), Chainlink (Oracle, Interoperability), Sonic (ex-Fantom) (L1), Avax (L1), ICP (Web 3.0, Big data), Injective (DeFi), Artificial Superintelligence Alliance (AI, big data) and Grass (AI, Big data). The Fund also holds DeFi investments such as Aave (Borrowing/Lending), Raydium (Dex on Solana), Aerodrome Finance (Dex on Base) and Kamino (Borrowing/Lending).

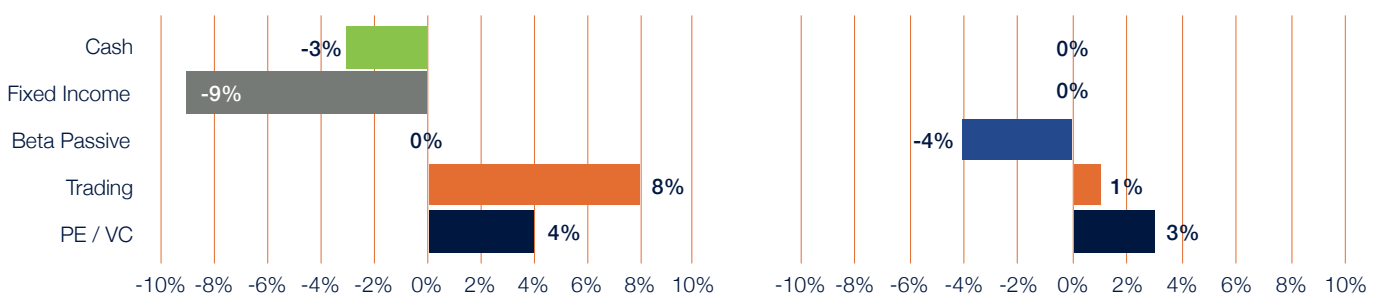
During the month, some of our funds exited their position in Bittensor (TAO) and Near (NEAR). New small positions were added in AI Rig Complex (ARC), an AI Infrastructure play, and ElizaOS (Ai16z), a project aligning with the increasing adoption of autonomous agents in social and organizational environments.

Overall, BSF's tactical allocation continues to be underweighted Cash and Fixed Income, and overweighted in higher beta strategies, such as Trading and PE/VC. The Fund bias towards mid-caps and DeFi/AI sectors is expected to pay-off this year, with a fundamental re-rating of the asset class, and a regime change due to the derisking on the regulatory side and a new wave of adoption. While volatility is expected to pick-up along the way, the primary trend remains bullish, and we are still expecting a broader expansion to push the next market wave upwards in the coming months. According to past cycles, we have now entered an exceptional window of opportunity (with the highest bull cycle gains).

Tactical asset allocation

Current Tactical Asset Allocation

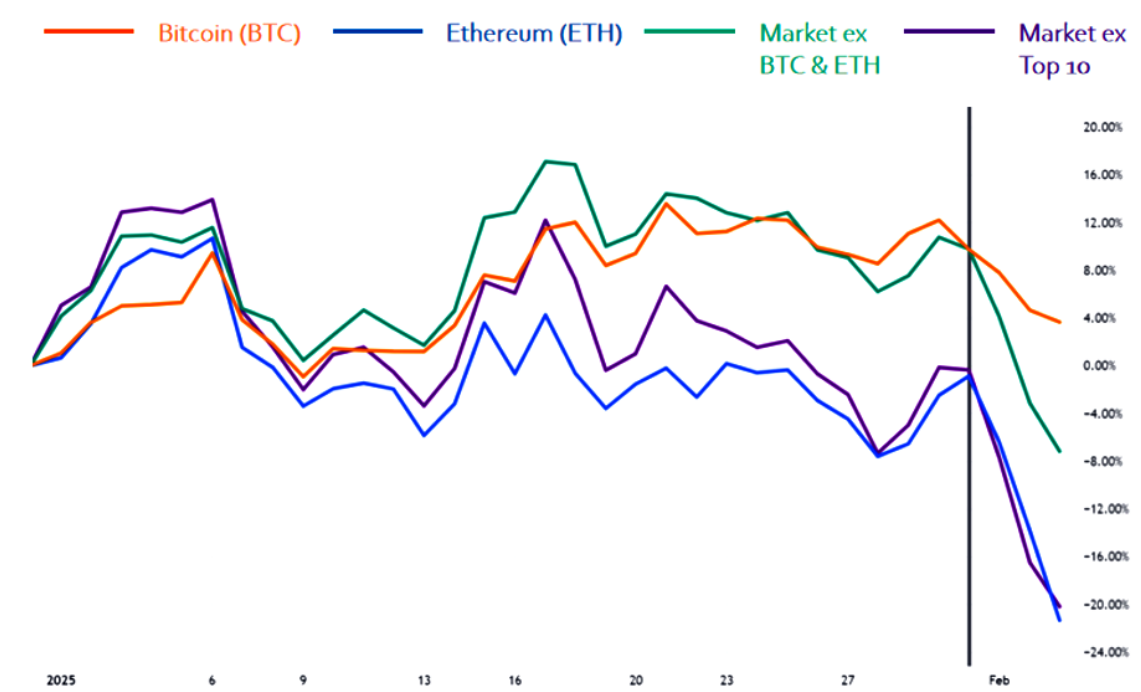
Change in Asset Allocation YTD



Market commentary

January was marked by large fluctuations within a broad trading-range. BTC rose 9.3%, outperforming the CCI30 (top 30 tokens by market cap), which was up 5.7%, and Ethereum (ETH), which declined approx. 1.3%. The total market capitalization reached \$3.51tn, with BTC's dominance rising to at 59.2% (from 58.1% a month earlier).

Digital assets' performance YTD



Note: Performance of BTC, ETH, the total market cap excluding BTC & ETH and the total market cap excluding the first 10 tokens by market cap YTD. The performance in February is shown after the vertical line to show development since January month-end.

Source: TradingView, BAM

What happened?

The month of January was marked by Donald Trump's accession to power and his many initiatives to promote growth in crypto in the US. Just days before his inauguration, Donald Trump launched his own meme coin, \$TRUMP, showing that the Trump family is going all-in on crypto, with projects such as WLFI - World Liberty Financial - (protocol owned by the Trump family) raising funds from crypto investors and investing in leading tokens in the DeFi sector as well.

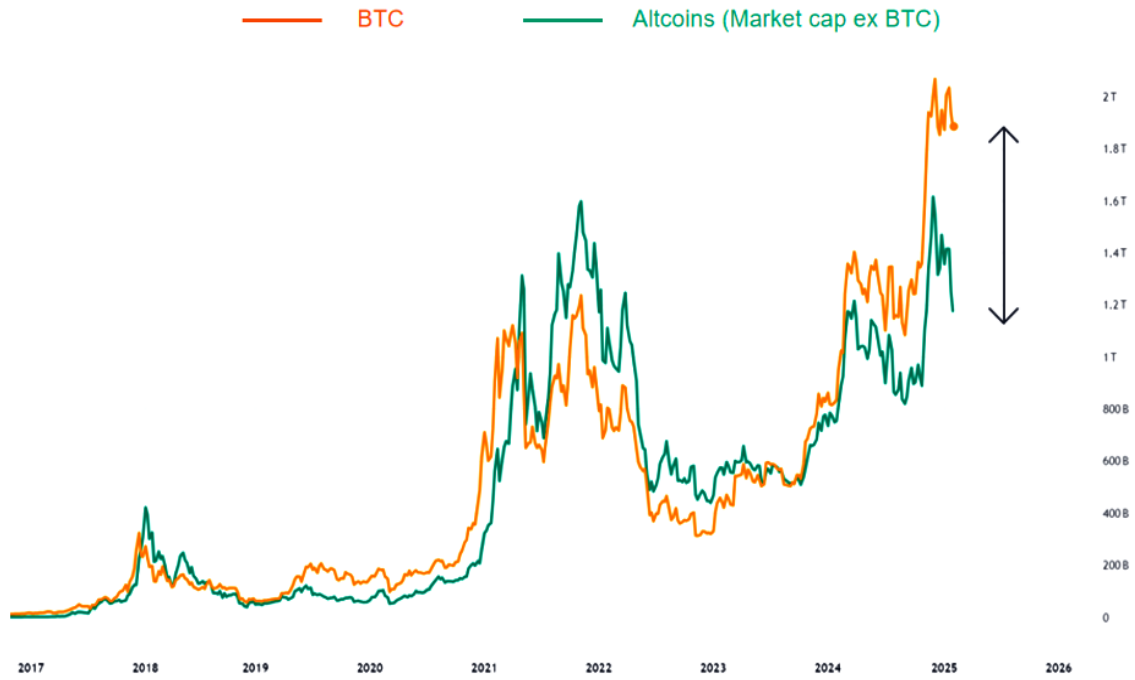
On January 23, Donald Trump also signed an executive order declaring the U.S. the “crypto capital of the planet” and pushing for new regulations (“Strengthening American Leadership in Digital Financial Technology”). The order created a working group inside the National Economic Council whose task will be to review existing crypto rules, propose new ones, and evaluate a national Bitcoin reserve (possibly with other digital assets).

As a result, Bitcoin rallied in January. However, the broader asset class was hit by the resurgence of macro concerns regarding the pace of rate cuts in the US, after the FED signalled a more cautious approach to interest rates, pushing equities and altcoins lower in the last week of the month.

- Trump reaffirms commitment to make US the ‘world capital of crypto’ at Davos
- World Liberty Financial increases crypto holdings by \$103m after Sun increases backing
- President Trump signed an executive order “Strengthening American Leadership in DA Technology.”
- Trump orders crypto working group to draft new regulations, explore national stockpile
- Fed hold rates steady, sees inflation as ‘elevated’

In this cycle, the performance of Bitcoin has increasingly been disconnected from other digital assets, with a performance gap reaching an unprecedented level, as shown by the chart below. This explains why active managers have struggled to keep pace with Bitcoin. For example, there are only 4 tokens which outperformed BTC in 2025 in the top 50 (by market cap).

BTC vs Altcoins



Note: Market cap of Bitcoin (orange line, in \$bn) compared with the Total Market cap ex Bitcoin (green line, in \$bn)
 Source: TradingView, BAM

It is fair to say that a broader market expansion has not happened yet. We believe that it has just been delayed by a few weeks to months, not cancelled. The cycle roadmap remains the same: Bitcoin’s dominance has reached a key resistance area after retracing most of its decline since 2020 and therefore, based on previous historical patterns, the next move should be a sharp decline in Bitcoin’s dominance (with altcoins massively outperforming BTC).

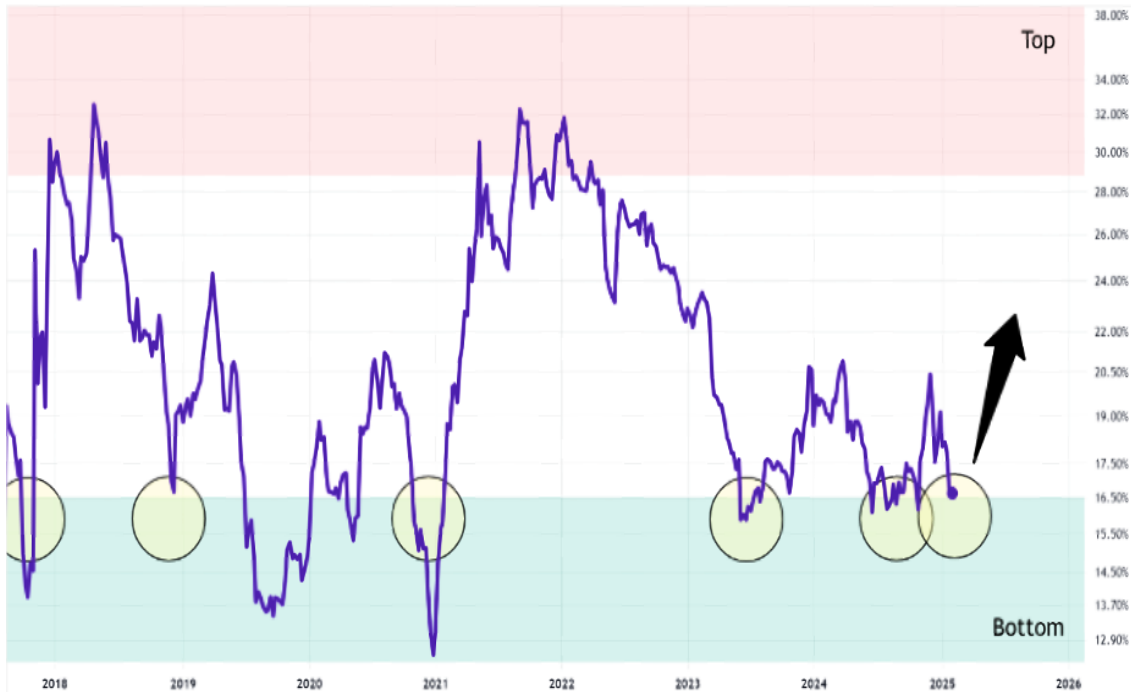
Bitcoin’s dominance projection for 2025



Note: Bitcoin dominance together with BAM’s projection in 2025.
 Source: TradingView, BAM

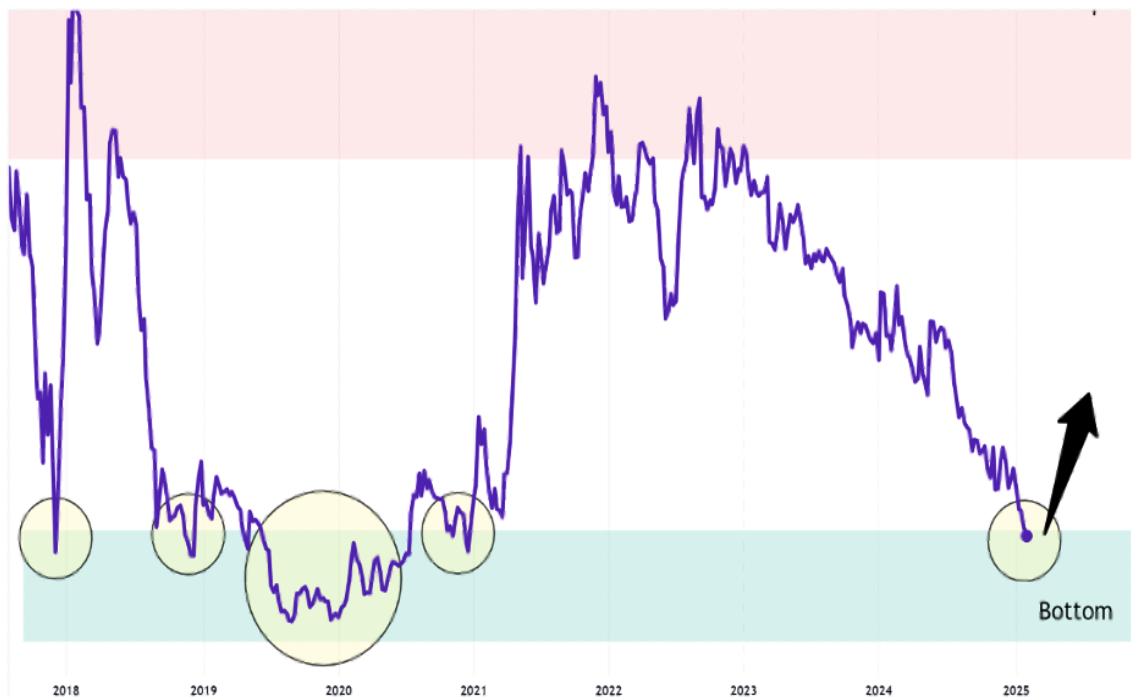
According to historical data, the broader market's weight vs BTC appears to be in its bottoming area, which suggests that Altcoins could easily double in market value without even needing BTC to move higher. This catch-up is likely to be driven by a resurgence in ETH's strength (the number 1 altcoin) as well as investors' renewed interest in DeFi/Crypto AI/RWA, particularly in a context of pro-crypto policies in the US.

Broader market weight vs Bitcoin



Note: Modified Altcoins dominance indicator (showing the total market cap dominance excluding BTC, USDT, ETH, BNB, XRP)
 Source: TradingView, BAM

Ethereum vs Bitcoin



Note: Ethereum / Bitcoin ratio
 Source: TradingView, BAM

Bitcoin news



Note: BTC price and long-term moving average (52 weeks).
Source: TradingView, BAM

Bitcoin started January around \$93,500 and rose approx. 10% to \$102,400, in anticipation of Trump's inauguration and the potential positive impact his administration's policies could have on the industry. During the month, Bitcoin continued to see signs of increased adoption, with a Swiss legislator, the head of the Czech central bank and a member of the European Parliament supporting the integration of Bitcoin as reserve asset, as well as the US states of Arizona, Oklahoma, New Hampshire, North Dakota, South Dakota, Kentucky, Texas, Illinois, Utah, Wyoming and Massachusetts.

- Trump signs executive order to establish 'strategic digital asset stockpile'
- New Hampshire bill proposes Bitcoin reserve for state treasury investments
- Oklahoma lawmaker introduces legislation to establish strategic Bitcoin reserve
- Wyoming and Massachusetts introduce legislation to allow state investments in Bitcoin
- Czech National Bank considers shifting up to 5% of reserves into Bitcoin
- BTC price tops \$101K as MicroStrategy makes first Bitcoin buy of 2025
- MicroStrategy to raise funds for Bitcoin with new perpetual preferred stock offering
- Bitcoin could top \$150K before retracing in repeat of 2017 cycle, says analyst
- StanChart recommends buying Bitcoin below \$90,000, reaffirms \$200k year-end price projection

Ethereum news



Note: ETH price and long-term moving average (52 weeks).

Source: TradingView, BAM

Unlike Bitcoin, Ethereum fell slightly in January, after starting the month at around \$3,350 and ending at \$3,300, down 1%. On the positive side, The Ethereum Foundation said it would allocate 50,000 ETH worth around \$165 million to support Ethereum's decentralized finance ecosystem. Vitalik Buterin also released a blog post outlining an Ethereum scaling roadmap, including layer-2 growth, blob scaling and ETH as a core ecosystem driver. The Pectra upgrade is expected to arrive by March, according to Ethereum co-founder Vitalik Buterin.

Interestingly, Trump's World Liberty Financial (WLF) purchased 3,247 Ethereum (ETH) at an average price of \$3,080 per token. With this purchase, WLF's Ethereum holdings have surged to 59,403 ETH, valued at approximately \$190 million at current market prices. Donald's son Eric Trump also urged cryptocurrency users to consider buying Ethereum (ETH) while prices haven't recovered significantly.

- Ether could hit \$12K on Trump pump, Pectra update: Derive researcher
- Ethereum targets March 2025 for ambitious Pectra upgrade rollout
- Trump's World Liberty Financial buys another \$10M worth of ETH
- Trump's World Liberty Fi buys more Ethereum
- 'We Are Not Selling': Trump-Linked DeFi Project Addresses \$250M in Ethereum Token Moves
- Trader says ETH bears are making a 'mistake' despite ETH/BTC 6-week slide



Note: Total market ex BTC & ETH and long-term moving average (52 weeks).
Source: TradingView, BAM

The broader market experienced a mild correction in January. The outperformers in the top 10 excl. stablecoins (by market cap) were XRP (+47.7%), Chainlink (+21.8%) and Solana (+21.3%).

January was an important month for XRP because it reached its highest closing price ever, as the anticipation of friendlier environment for cryptos encouraged investors to feel more positive about assets like XRP, which had faced legal battles with the SEC for some time. Chainlink was the 2nd top performer, as the token rallied on the back of World Liberty Financial's decision to adopt the Chainlink standard to support its use of the Aave protocol. The 3rd top performer was Solana, which benefited from the launch of the TRUMP token on the Solana blockchain, with its token hitting a new all-time high. On the flip side, the main under-performers were BNB (-3.7%), ETH (-1%) and Tron (+0.3%).

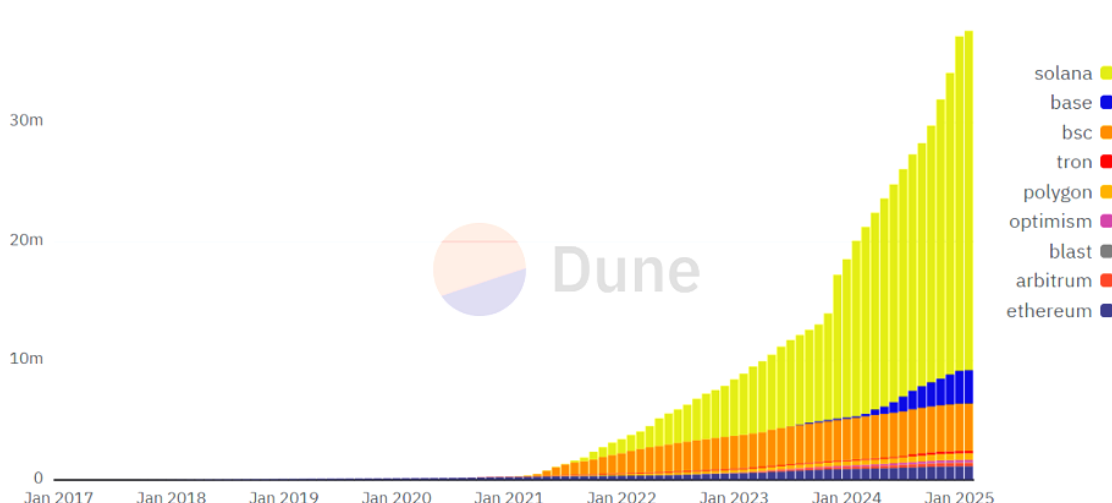
As investors recognize the importance of the Trump victory, the top US tokens have shown much greater returns than the broader market, the rationale being that they should benefit from their strong ties with the US administration and therefore grow more quickly.

Performance of the Top US tokens



Note: The top US tokens are XRP, Solana, Dogecoin, Cardano, Chainlink, Avalanche, Sui, Stellar, Hedera, Litecoin, Uniswap, Near protocol.
Source: the block

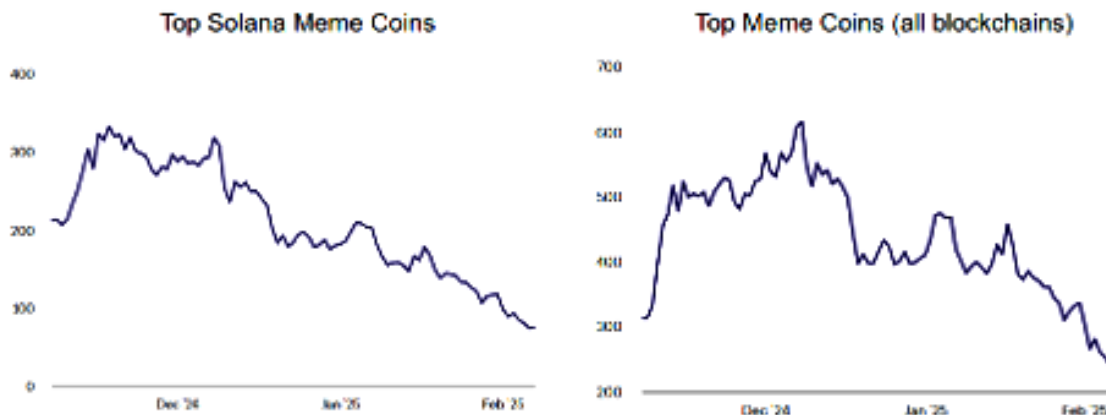
Meme tokens...too much token supply to absorb?



Note: Number of tokens created monthly on Solana and the first transfer of ERC20 tokens across Ethereum, Optimism, Base, Arbitrum, Blast, Polygon, BSC, and Tron to track blockchain growth and adoption trends.

Source: Dune

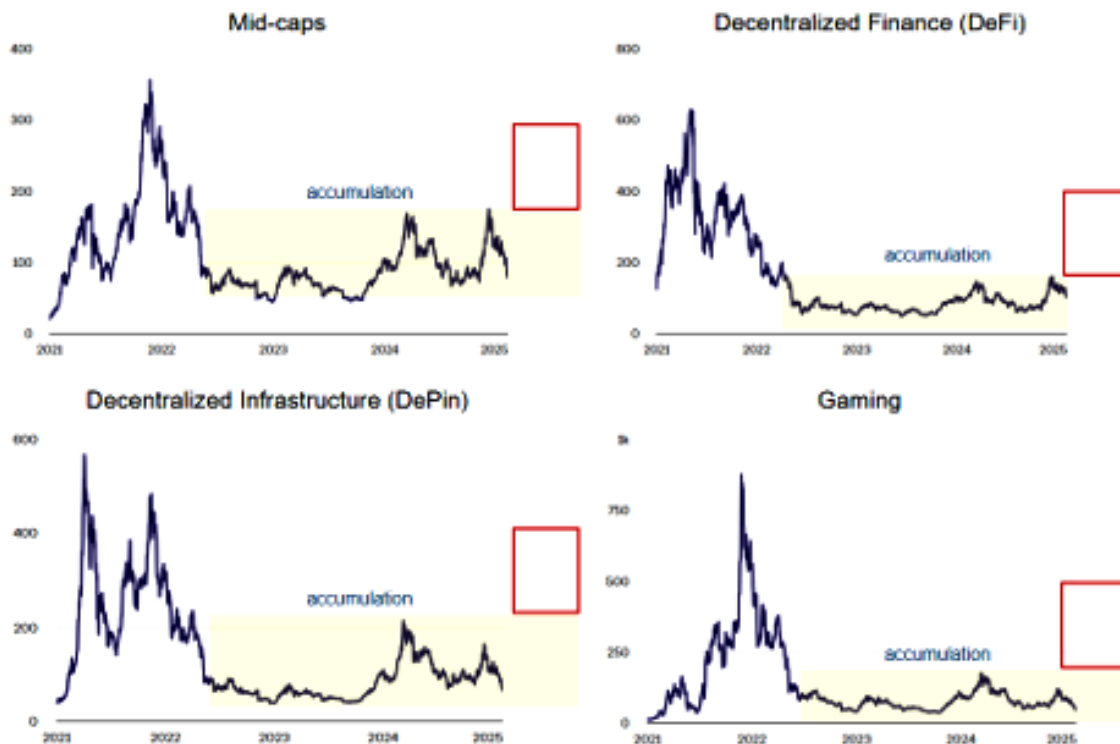
We might already see such rotation outside meme coins, which is very good news for the market, as we need the best projects to attract investor liquidity, not meme coins acting as casino bets.



Source: theblock.co

At the risk of repeating ourselves, we believe that patience is a must and that a broader market expansion is inevitable at some point this year. Many of the top 100 tokens by market cap (excluding meme coins) offer real utility and generate significant cash-flows (DeFi). Therefore, we remain confident that they're in a compelling position to attract investment flows and increase in value.

While it is true that overall, the performance of Mid-cap tokens in DeFi, DePin and Gaming sectors have continued to be very disappointing in this cycle, price action contrasts with the rise in their fundamentals such as activity and fee metrics. This increasing discrepancy between price action and relative valuations will disappear at some point. Additionally, these sectors are still way below their previous cycle peak. In our eye's, a clear signal for growth potential.



Note: Specific sectors with accumulation area highlighted (yellow) and potential target areas (red box) in a retracement scenario.
Source: theblock.co

Broader market: projections in 2025



Note: Total market ex BTC & ETH and long-term moving average (52 weeks).
Source: TradingView, BAM

- Solana stablecoin supply up 73% since TRUMP launch
- XRP's 50% rally outperforms crypto market in January — Is \$4 the next stop?
- XRP re-enters top 3 cryptocurrencies, overtakes BlackRock in market cap
- JPMorgan believes Solana, XRP ETPs could attract \$15 billion in net inflows
- Bitwise files Dogecoin ETF proposal, Cboe files Solana ETF applications for the third time
- Top five DeFi protocols record \$158 million in revenue in December
- TRON and Wintermute Further Strategic Collaboration
- Monthly crypto trading on CEXs hits all-time high in December
- Dan Tapiero predicts \$10T crypto market by 2025, driven by US pro-business policies
- Binance predicts sustained growth for crypto market in 2025 despite recent volatility
- How stablecoins are dollarizing Brazil's economy
- 56% of advisers more likely to invest in crypto after Trump win: Bitwise survey

Regulatory corner

In January, Mark Uyeda was appointed acting SEC chairman, with Gensler officially resigning. Furthermore, the SEC set-up a new crypto task force, led by Commissioner Hester Peirce, aiming to create a clear, consistent regulatory framework for digital assets. The task force will focus on key areas such as asset classification, exemptions, staking, lending, and cross-border coordination while encouraging public engagement.

- Mark Uyeda appointed acting SEC chair; Gensler officially resigns
- CFTC strengthens crypto focus with Harry Jung's digital asset appointment
- Fed Chair Jerome Powell says banks can serve crypto clients if risks are managed adequately
- China places blockchain at the core of national data strategy in new guidelines

February update - market flush

At the time of this writing, we would like to comment on the market flush of early February, which triggered at least \$2bn of liquidations on major exchanges. The digital assets market experienced significant volatility following President Donald Trump's announcement of substantial tariffs on imports from Mexico, Canada, and China on February 3, 2025. This policy shift led to a broad sell-off in riskier assets, including cryptocurrencies. It seems that most traders were positioned for a rally. As it is often the case, the market behaved the opposite of market consensus, catching most traders off guard. This sudden market retracement resulted in a cascade of liquidations and evidence why leverage is a very dangerous game in this asset class. On the bright side, market washouts typically precede major market rallies, as weak hands are forced out of the market before price rises again. Furthermore, this market flush reminds us of the 2019 Bitcoin crash, whose price structure looks very similar (see chart below). As a consequence, we expect the market to stabilize before resuming a bullish trend.

Altcoins current pattern vs Bitcoin pattern in 2020



Note: Those charts show a similar price pattern for the total market cap excl. Bitcoin (representing Altcoins) in 2025 and Bitcoin in early 2020.

Source: TradingView, BAM

Conclusion

A broader market expansion has been undeniably delayed, due to a mix of macro concerns (e.g., FED rates) and the recent market flush with liquidation of leveraged positions. This suggests that the current bull market may extend in time, as the expected broader market expansion might occur later than initially thought. The crypto market backdrop is actually more bullish now that it was 2 years ago. Indeed, Trump's election was a "game changer" for crypto in the US. BSF's portfolio remains overweighted Altcoins & DeFi so as to maximise gains in the coming rally in the broader market. We remain bullish.

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