

## Portfolio summary

March was another great month for the crypto market and particularly Altcoins. As a result, Blockchain Strategies Fund (BSF) outperformed both Bitcoin (BTC) and Ethereum (ETH), posting net monthly returns of +19.4% and +19.5% for its USD and EUR Institutional share classes. This brings the Fund's YTD performance to a cumulated +53.9% and +56.8% net return for these classes.

All of our selected funds had a positive return for March. Our top performing fund was again a PE/VC fund, which delivered an impressive +48.7% monthly return. Overall, our PE/VC funds, which account for roughly 30% of our current portfolio - delivered a 43.1% return. Our positioning on this strategy has been the most profitable historically at this stage of the cycle, as those funds can capitalize on higher prices on the secondary market to do exits at higher valuation multiples. They also benefit from the strong performance of early-stage or seed investment in well researched tokens, often at discount entry. Whilst they underperformed BTC in the last couple of years, we expect them to outperform over the next couple. It is our allocation to these institutional funds, with high barrier to entry, that drive BSF's expected outperformance of BTC over the remainder of the current bull market.

The Systematic/Quantitative funds achieved a 12.1% return, underperforming the market this month again. We are currently underweighted on this sub-strategy, so our tactical positioning has been correct so far. Funds performances ranged from +11.6% to +14.7%

Our Long-Only fundamental funds delivered a 15.1% monthly return, with fund performances ranging from +2.5% to +20.0%. Despite a high dispersion of returns this month, the overall performance was generally aligned with the market's performance, showing the benefits of diversifying funds across the same strategy. The Fund is positioned on Altcoins such as Solana (L1), Avalanche (L1), Chainlink (Web3 services Infrastructure), Optimism (ETH L2), Arbitrum (ETH L2), Stacks (BTC L2), Filecoin (data storage), Render (data storage), Synapse (interoperable messaging protocol and liquidity hub). Arweave (data storage) was another recent addition. Some profits were taken on Maker (DeFi) and The Graph (Core DeFi/NFT Infrastructure). These Altcoins, as well as the others in portfolio, are expected to deliver strong returns after BTC's halving next month. Indeed, BTC's post-halving period has been historically the best moment to invest in the broader market (x3 over BTC's return) and we expect the current cycle to follow a similar roadmap.

The Beta Passive strategy achieved a 13.9% return. Overall, the performance was robust with a double-digit return. This strategy is currently underweighted in our tactical asset allocation, as the Fund is focused on higher beta strategies and actively managed funds focusing on Altcoins, whose expected return is much higher.

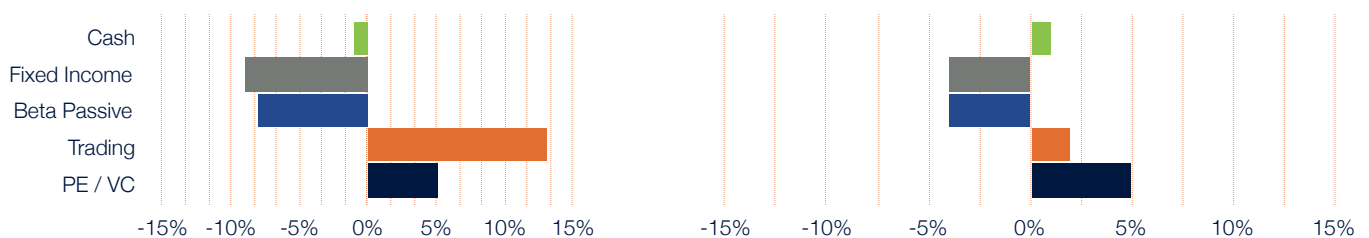
Finally, the Fixed Income strategy delivered an absolute monthly return (+0.3%), as expected. This strategy is currently massively underweighted and represents now a marginal allocation of less than 1% within the portfolio as the Fund is focused on more profitable growth strategies.

The Fund is currently under-weighted Cash, Fixed Income and Beta strategies, and overweighted Trading and PE/VC strategies (no change). We plan to remain fully invested to capitalize on the developing bull market and coming 'Altcoin season', expected to occur this year.

## Tactical asset allocation

Current Tactical Asset Allocation

Change in Asset Allocation YTD



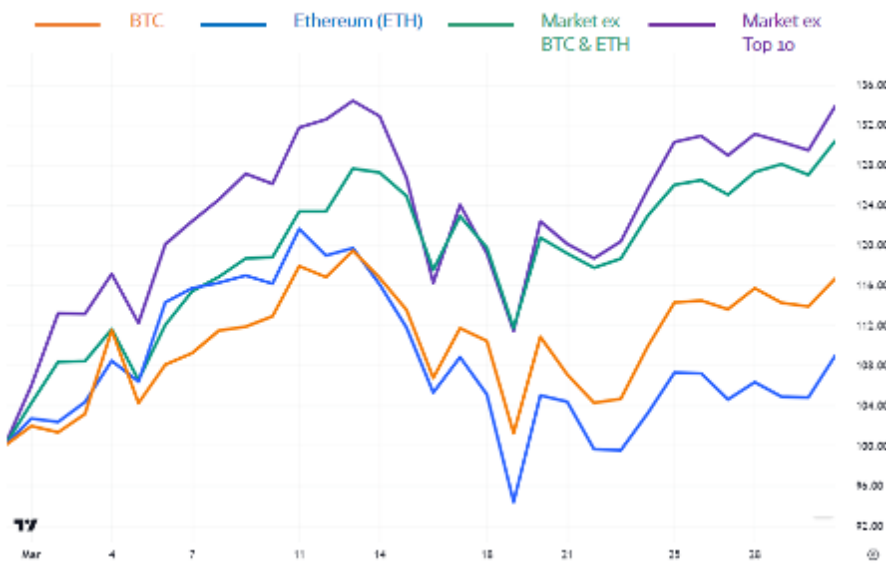
## Market commentary

In March, Bitcoin (BTC) and Ethereum (ETH) rose 16.8% and 9.3%, respectively. The total crypto market capitalization increased by 16.4%, raising from \$2.2tn to \$2.56tn. BTC's market dominance remained above 50% threshold (ending the month at 53.7%). In this context, BSF managed to deliver another strong month, with a solid double-digit return in March.

The main driver of March's price action was Altcoins' general outperformance, when BTC broke to the upside its previous all-time high during the first half of the month. Meme coins were particularly buoyant during the month. For example, Dogecoin, Shiba Inu and Pepe each returned approx. 90%+ in March.

Interestingly, trading activity on the major exchanges was largely driven by Asian investors (exchange volumes driven by Asian investors have doubled in March), showing that digital assets are becoming a mainstream investment, globally.

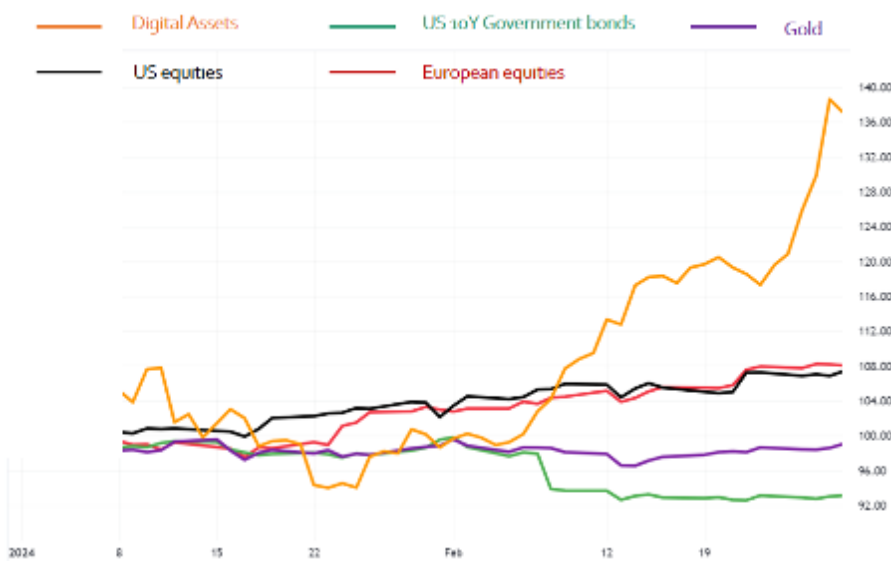
### Digital assets' performance in March



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.

Source: TradingView, BAM

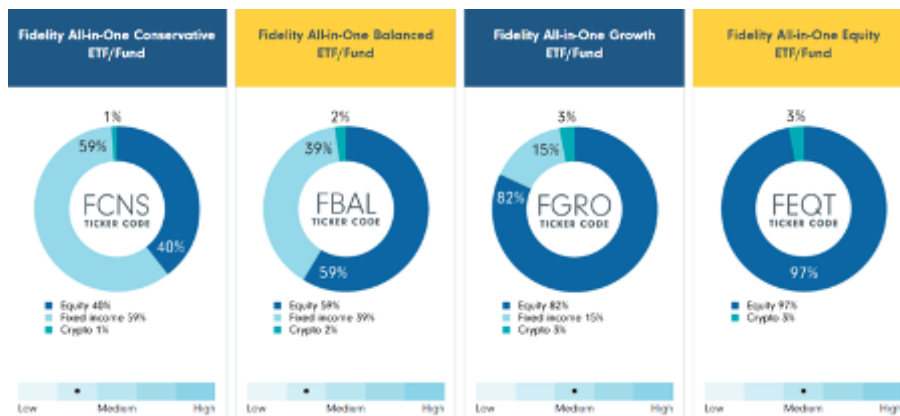
As the digital asset class continues to grow and mature, we believe that it will continue outperforming other asset classes. This year is no exception, with digital assets having significantly outperformed all other asset classes by a substantial margin.



Note: the total market cap of digital assets (orange line), the S&P 500 (black line), the DJ Eurostoxx 50 (red line), the Gold price (purple line) and US 10Y Government bonds (green line) are used as a proxy for the performance of digital assets, US equities, European equities, Gold and US government bond markets.

Source: TradingView, BAM

As a result, it comes as no surprise that digital assets have become a must for a diversified portfolio. Digital assets beat other alternative investments not only in terms of performance but also in terms of liquidity. It is interesting to note that Fidelity Canada has been advising a 1-3% allocation to digital assets for example, even in their "conservative" portfolio allocation.



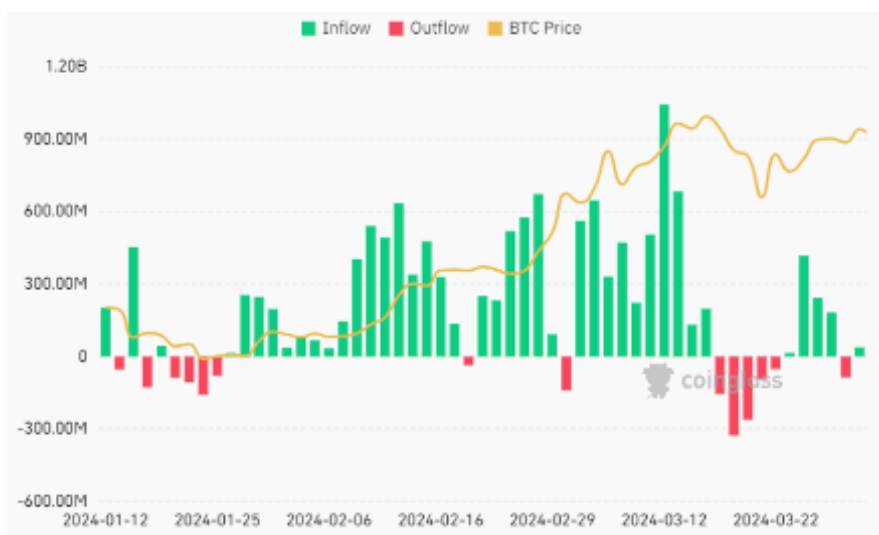
Note: Fidelity Canada recommends an allocation to digital assets in a 60/40 portfolio.

Source: Fidelity Canada ([www.fidelity.ca/en/investments/solutions-portfolios/all-in-one](http://www.fidelity.ca/en/investments/solutions-portfolios/all-in-one)).

### Bitcoin news

In March, BTC experienced a new all-time high, climbing above \$73,000. January's BTC spot ETF approvals in the US has led to record inflows, with a massive \$1bn inflow recorded in one day (March 12<sup>th</sup>). BTC then suffered a sharp retracement, likely due to short term profit-taking after higher-than-expected inflation readings pushed out Fed rate cut expectations and market liquidations (of leveraged positions).

US BTC spot ETFs inflows, outflows and BTC price



Note: daily net inflows in US BTC spot ETFs (green positive, red negative) and BTC price (orange line).

Source: Coinglass

BTC and other digital assets are closely following the path of the two last bull cycles (something expected but never guaranteed). We are currently in the middle of a confirmed bull cycle. Therefore, we expect to see a continuation of the general trend upwards, with Altcoins taking the lead from now on.

Bitcoin's price performance from cycle low



Note: BTC price (pink) shows the evolution of BTC price from cycle lows for the current cycle, showing how it compares with other BTC cycles.

Source: Glassnode, BAM

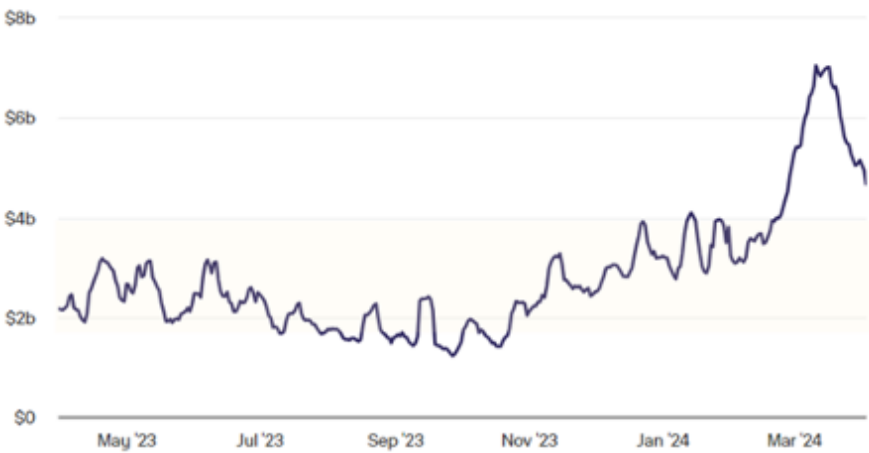
- [World's largest pension fund is considering investing in bitcoin](#)
- [Standard Chartered Raises Year-End BTC Forecast to \\$150K, Sees 2025 High of \\$250K](#)
- [Bitwise CIO expects institutions to inject over \\$1 trillion into Bitcoin via ETFs](#)
- [Sell-side risk ratio hit 3-year high as Bitcoin broke above \\$73k](#)
- [Wealth market eyeing 3% allocation to bitcoin, says Bitwise CIO](#)
- [Hong Kong finance firm VSFG aims to launch spot bitcoin ETF as early as May](#)
- [BlackRock's spot Bitcoin ETF amasses 250,000 BTC as Fidelity's crosses \\$10 billion AUM](#)
- [Bitcoin and Ethereum ETNs to debut on London Stock Exchange in May](#)
- [Bitcoin Virtual Machine Will Soon Let Users Create AI Models on Bitcoin Network](#)
- [Bifrost and Stacks collaboration unlocks Bitcoin-based yield and stablecoin usage](#)

### Ethereum news

ETH's successful Dencun upgrade boosted ETH's Layers 2 adoption, with active addresses and transaction volumes increasing following the upgrade (approx. +75%, see chart below). As a reminder, the Dencun upgrade will reduce the cost of transactions for layer-2 blockchains (L2) as well as make data availability cheaper, which is a very positive development for ETH's ecosystem.

Another important milestone was also reached during the month: the number of validators for ETH surpassed 1m and the number of ETH staked surpassed 32m (26% of supply).

Ethereum on-chain volume (Daily, 7D MA)



Note: The chart shows the 7 day moving average of daily onchain volumes transacted on Ethereum. The month of March saw a significant spike of ETH onchain activity.

Source: the block, BAM

Last but not least, investors' next focus is likely to be the approval of a ETH spot ETF by the SEC, as we are now getting closer to the first approval deadlines (see timetable below). In the same way as for the BTC spot ETF, we can expect market participants to position themselves ahead of any approval by SEC, which would push not only ETH's price much higher but would also drive up the whole Altcoin market.



Timetable for SEC approval deadlines:

- VanEck's application by May 23
- ARK 21Shares by May 24
- Hashdex by May 30
- Grayscale by June 18
- Invesco by July 5
- Fidelity by Aug. 3
- BlackRock by Aug. 7

- [Fidelity registers for spot Ethereum ETF](#)
- [BlackRock's Larry Fink confident about a spot Ether ETF — even if the crypto is deemed a security](#)
- [SEC is attempting to classify Ether as a security: Report](#)
- [Ethereum Finalizes 'Dencun' Upgrade, in Landmark Move to Reduce Data Fees](#)
- [Ethereum's 13,900 nodes are running 1 million validators, with 26% of the supply staked](#)
- [3 Reasons Why Layer 2 Network Base Has More Than Doubled Its Total Value Locked This Year](#)
- [Ethereum Layer 2 Adoption Trends High After Dencun Upgrade](#)
- [BlackRock debuts BUIDL, its first tokenized fund on Ethereum](#)

### Altcoins

The main outperformers from the large cap Altcoins were Dogecoin, Solana and BNB, rising respectively +89%, +71% and +46%. However, March was the month of Meme coins, with Dogecoin, Shiba Inu and Pepe delivering stellar returns. Several L1 protocols such as Fantom, Near and ICP did very well too, rising respectively +111%, +87% and +49%. In the DeFi sector, Maker outperformed with a +81% monthly return. Finally, AI related tokens performed particularly well in March, helped by the proposal to merge from Fetch.ai (+124%), SingularityNET (+71%) and Ocean Protocol into a vertically integrated AI Alliance.

In March, we saw the 'Altcoin season' indicator experiencing a new cycle high, reaching the 41% level. This indicates that the recovery in Altcoins is becoming broader. We are still in the early stages of the market shift into Altcoins as we expect this indicator to climb above 90% at some point. This is a very positive development for Altcoins and their ability to outperform BTC over the next few quarters.



Note: The black line shows the % of top 50 Altcoins outperforming BTC YoY. The blue line shows the evolution of the total market cap excluding BTC. The green area shows an Altcoin season, when the top 50 Altcoins outperform BTC.

Source: Blockchaincenter, BAM

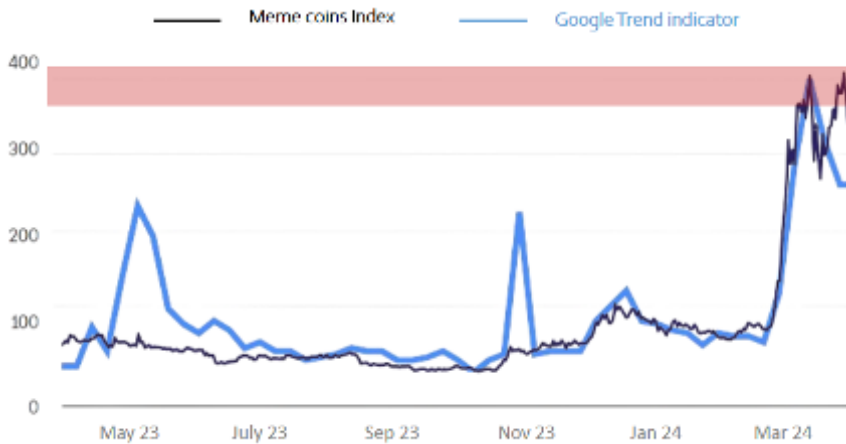
Another indicator (Google's trend score) shows that interest in Ethereum (ETH) and Altcoins has increased but remains still a long way from euphoria.



Note: the black line represents the price evolution of the total market cap ex BTC (source: Coinglass) and the blue line represents the relative score of the Google trend indicator for Altcoins, the red area showing when interest for Altcoins reaches its maximal intensity during the period (100).

Source: BAM, Google Trends, interest over time for Altcoins (US) in the past 12 months, Coinglass.

The only pocket of exuberance we see are Meme coins, for which we can observe that interest has peaked, suggesting that too much enthusiasm might have been built in current prices.



Note: the black line represents the price evolution of the Meme coins index (source: Coinglass) and the blue line represents the relative score of the Google trend indicator for «Meme coin», the red area showing when interest for Meme coins reaches its maximal intensity during the period (100).

Source: BAM, Google Trends, interest over time for «Meme coins» (US) in the past 12 months, Coinglass.

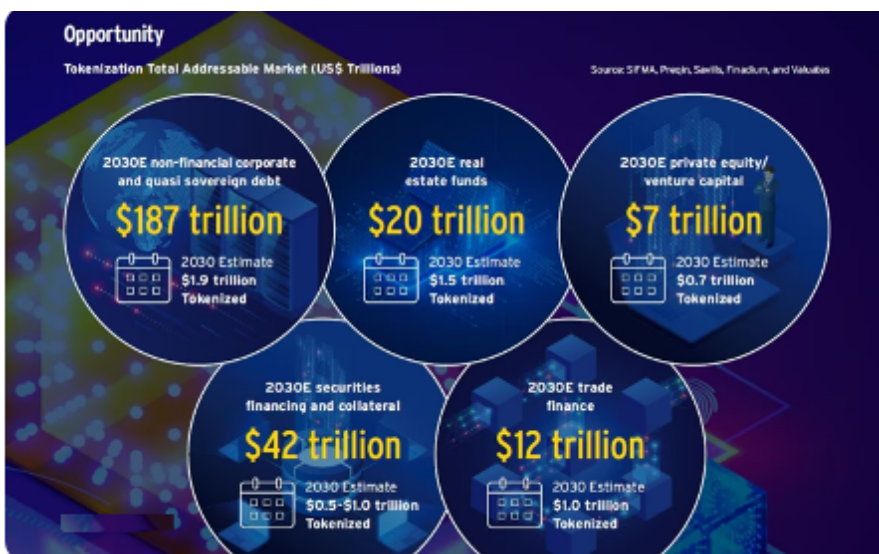
To conclude, it is reassuring to see that Altcoins have recovered but have still not entered their euphoric phase. We now expect market exuberance to spread from meme coins to all digital asset sectors and an Altcoin season to develop accordingly.

### Tokenization corner - Real World Assets

Asset tokenization is a process that converts real-world assets into digital tokens on a blockchain. It greatly simplifies the transfer process, allows asset ownership mobility and enhances payment and distribution efficiency, providing diverse financial benefits throughout the transaction's lifecycle.

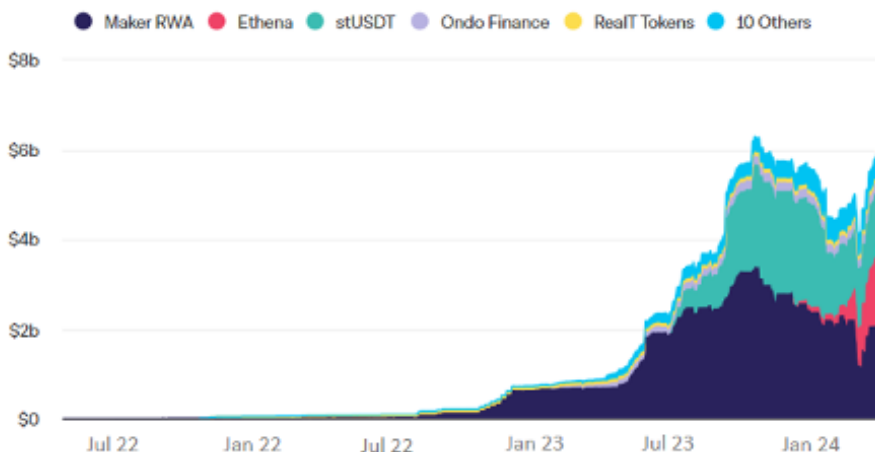
“As almost anything of value can be tokenized and tokenization of financial and real-world assets could be the “killer use-case” blockchain needs to drive a breakthrough. We forecast \$4 trillion to \$5 trillion of tokenized digital securities and \$1 trillion of distributed ledger technology (DLT)-based trade finance volumes by 2030” (source: Citigroup)

Indeed, as asset tokenization use cases can be applied across various categories including real estate, private capital markets, asset-backed securities, money market funds, ETFs, intellectual property, and fixed income, to name a few, one could even say that the Total Available Market (TAM) for tokenization is potentially limitless.



Source: Citigroup

Last month, the Total Value locked (TVL) in RWA protocols increased significantly thanks to the Ethena and Ondo tokens. Ethena launched a synthetic stablecoin USDE, which skyrocketed to become the fifth most valuable stablecoin (and 23rd largest DeFi application by TVL), collecting an impressive \$1.5 bn TVL in only 2 months.



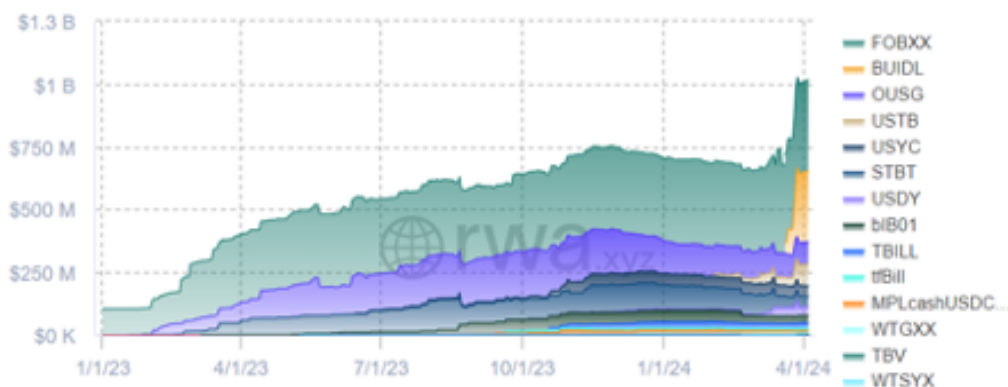
Note: the chart shows the evolution of the total value locked for tokens used for RWA use cases.  
Source: Theblock

The market cap of on-chain U.S. treasuries funds experienced new all-time highs amid BlackRock’s Tokenized Treasuries Fund BUIDL’s success. BUIDL is the ticket of the tokenized U.S. treasuries fund from BlackRock, the world’s largest asset manager. The tokenized fund facilitates instantaneous and transparent settlements by leveraging the Ethereum blockchain. The fund holds U.S. Treasury bills and repurchase agreements.

Interestingly, BlackRock also invested in Securitize (securitize.io) as part of their partnership, which shows a strong commitment from BlackRock to drive transformation for digital assets infrastructure.

“Tokenization of securities could fundamentally transform capital markets. Today’s news demonstrates that traditional financial products are being made more accessible through digitization. Securitize is proud to be BlackRock’s transfer agent, tokenization platform and placement agent of choice in digitizing and expanding access to its investment products,” said Securitize co-founder and CEO Carlos Domingo.

### Value Tokenized treasuries



### TOP 5 Tokenized treasuries

Name	Ticker	Networks	Market Cap
Franklin OnChain U.S. Government Money Fund <small>Franklin Templeton Berj Investments</small>	\$FOBXX		\$363,355,117 ▲
BlackRock USD Institutional Digital Liquidity Fund <small>Securitize</small>	\$BUIDL	Ethereum	\$286,346,990 ▲
Ondo Short-Term US Government Bond Fund <small>Ondo</small>	\$OUSG		\$88,380,753 ▲
Superstate Short Duration US Government Securit <small>Superstate</small>	\$USTB	Ethereum	\$85,478,485
Ondo U.S. Dollar Yield <small>Ondo</small>	\$USDY		\$73,918,958 ▲

Note: total market value of all tokens for treasury products.  
Source: rwa.xyz

- [Ondo Finance To Deploy OUSG Assets In Blackrock's BUIDL Fund](#)
- [RWA Tokens Rally 81% In One Week As Institutions Dive Deeper Into On-Chain Finance](#)
- [Tokenized US Treasuries on public blockchains surpass \\$1 billion in AUM](#)
- [Singapore's DigiFT launches US T-Bill RWA tokens](#)
- [FetchAI, SingularityNet and Ocean Protocol Propose Merger to Build Largest Decentralized AI Ecosystem](#)

## Conclusion

We are expecting to see the broader market outperform significantly BTC and diversification to pay-off substantially in 2024 and beyond. BTC had a great year in 2023 but upside potential is now more limited as the positive impact of the BTC spot ETF and BTC's halving have been largely priced in. While we do see BTC experiencing new all-time highs this year, we need to acknowledge that BTC is no longer in deep value territory, and that after roughly tripling in price from its cycle low, percentage gains will be much lower going forward.

On the other hand, the broader market (aka Altcoins) is still way below its previous all-time high, with many Altcoins having the potential to x5 or x10 over this new cycle. New use cases and narratives such as the tokenization of real world assets are starting to gain traction. And with the new ETH spot ETF in the US expected to be launched sometime this year, investment inflows will be increasingly redirected not only to ETH but also to other major Altcoins. Likewise, BTC profit taking is expected to flow into Altcoins at this stage of the cycle. Therefore, we remain confident that the best strategy remains to invest in the whole digital asset class and not only BTC, for the remainder of this bull cycle.

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