

# AKJ Digital Assets FoF IC SICAV p.l.c.

## Fund Description

### Objective

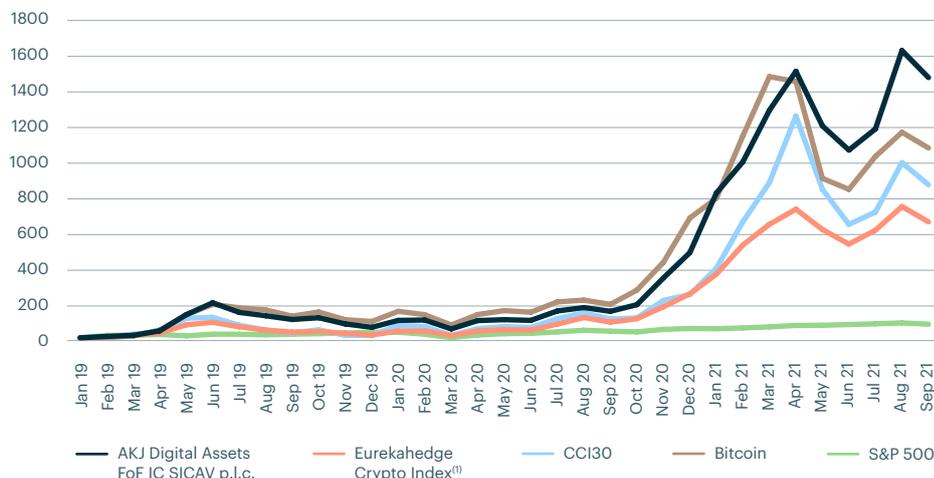
The Fund shall seek to generate returns by providing exposure to digital assets and related businesses through third-party investment vehicles.

### Investment approach

Investments are only considered when the investee sub-fund has a strategy compatible with achieving the investment objectives of the Fund:

- Focus on managed, diversified performance
- Long biased
- Liquid positions that are redeemable within 60 days

Performance Since Inception (%)



## Performance Statistics

Returns and Key Metrics	Fund	ECI <sup>(1)</sup>	CCI30	Bitcoin	S&P 500	Returns and Key Metrics	Fund	ECI <sup>(1)</sup>	CCI30	Bitcoin	S&P 500
Last month (%)	-8.9	-10.3	-11.4	-7.0	-3.8	Standard deviation (%)	78.0	55.6	85.7	75.5	19.4
Year to date (%)	169.8	116.7	179.3	50.9	15.8	Best Month (%)	65.5	36.7	55.5	60.2	14.9
Inception to date (%)	1 464.2	651.7	861.5	1 067.8	75.9	Worst Month (%)	-25.0	-18.1	-30.7	-35.6	-15.8
Annualized Return (%)	171.8	108.3	127.7	144.4	22.8	Annual Sharpe Ratio	3.1	2.4	2.4	2.7	1.2
						Annual Sortino Ratio	2.9	2.0	1.8	2.2	0.7

## Track Record (all figures in %)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2019	-10.3	20.4	5.7	22.0	65.4	29.3	-18.3	-7.8	-9.3	4.8	-16.4	-10.5	59.7%
2020	24.3	0.8	-25.0	31.3	2.9	-2.2	26.6	7.7	-7.9	15.2	52.2	32.8	263.0%
2021	57.6	19.3	26.5	15.9	-19.2	-10.5	10.3	34.6	-8.9				169.8%

## Fund Key Facts

		Class A
Fund Type	AIF	Management fee / Performance fee
Pricing	Monthly	0/0
Investment Manager	FMG (Malta) Ltd	Currency Class
Sub Manager	AK Jensen Limited	Bloomberg Ticker
Subscription Notice	3 business days preceding the Subscription Day	AKJACIA MV
Redemption Notice	60 days preceding the Redemption Day	ISIN
Minimum Invest	€100,000 or other currency equivalent	Administrator
Co-Fund Manager	Anders Kvamme Jensen	Auditor
Co-Fund Manager	Neal Mitra	Inception month
		NAV/share as at September 30 <sup>th</sup> (EUR)
		1 564.3

(1) Eurekahedge Crypto-Currency Hedge Fund Index

Q3 2021

# Fund Manager Commentary

The Fund returned 35.3% during the quarter and 169.8% for the year to date. Over the quarter the Fund outperformed the CCI30 index (by 5%), the EurekaHedge crypto index (by 15.4%), and bitcoin (by 10.4%). We continue to beat them all.

## A QUARTER MARKED BY A SPOTLIGHT ON REGULATION

At the time of this writing, we find ourselves on the cusp of a watershed moment at the intersection of crypto and regulation. After eight years and repeated rejections, a bitcoin ETF is finally about to go live in the U.S. The SEC has allowed for an approach that tracks bitcoin futures, rather than the asset itself, on the basis that this will maximize the protections available to investors. The result is a regulated pathway for a larger audience to obtain BTC exposure.

One might see these developments as the fruits of a deliberate process followed by regulators to ensure the safety of the investing public. Others might see it as the establishment finally bowing to the pressures of a new and unfamiliar, yet influential, world.

Recent months have seen an increasing share of the crypto conversation devoted to regulation. A series of prominent events have turned the industry's attention to an area that many crypto libertarians would just as soon ignore.

Most recently there was the announcement from Coinbase of its proposal for a new regulatory agency focused exclusively on digital assets. Previously we saw the FCA banning the sale of crypto derivatives to retail investors, and then doubling down by advising that consumers who invest in crypto assets have very limited regulatory protections. And all the while, in the background there has been a continuing swell of discontent and uncertainty about the role of regulations within the world of DeFi, or decentralized finance. The lack of a consistent analytical framework or regulatory harmonization across jurisdictions has left much of the industry in a lurch, unsure how to move forward or at what speed.

We take an active approach when it comes to regulation. The executive team at the Fund (and within the broader AKJ ecosystem) all have experience running regulated businesses and working in partnership with regulators. We believe that working

within the existing system, while often convoluted and distracting, is really the only way to translate innovation into lasting change. As many of you know, we worked with the FCA over a period of 18 months to refine our organizational structure and processes so as to position our crypto business for long-term success. A spirit of openness and transparency will generally yield productive dialogue – and mutual trust.

This in turn affects our investment decisions and broader views on financial industry disruption (and evolution).

DeFi teams who argue that they are simply software developers writing code and engaging in their right to free speech are not tricking anyone – not us, and certainly not the regulators. If it looks like a regulated activity and quacks like a regulated entity, well... the duck needs to be regulated. It is certainly the right of these players to continue to live in their own utopian crypto world of circa 2016. They can choose to face any consequences that may eventually come their way. We, however, vote with our feet and will continue to avoid investments in strategies that are exposed to such teams. We increased our efforts within forward-looking DeFi strategies in the third quarter, but by limiting our focus to financial industry evolution within a regulated framework.

Explained differently: On Wall Street, value flows inwards to institutions in the center. DeFi, however, redirects value flow outwards. Hence, while most new technologies seek to automate standardized peripheral jobs, we believe blockchain will automate the regulated center. Rather than automating the job of the taxi driver, blockchain will eliminate Uber and allow the taxi driver to work directly with the customer. Similarly, regulations will expand outwards and generate value for all stakeholders (not just the incumbents in the center). The AKJ ecosystem will employ such DeFi components, and the Fund will invest in these.

We will continue to favor strategies whose investments are aligned with this belief. We aim to invest in strategies that focus on long-term, viable DeFi models that expect a regulated future. We will also continue to avoid players whose margins are based on an outdated center-flowing business model, and/or who are fighting regulators.

We continue to focus on Ethereum as the main operating platform for DeFi projects and sidechains. Ethereum could really be labelled an "FOS": a financial operating system. We do recognize that other systems like Cardano and Solana will soon become competitors to Ethereum, and we believe that the future will be multichain. For the time being, however, it is hard to compete with the main FOS in the world, hence ETH remains our largest single investment as new strategies in the AKJ ecosystem start to become available.

Bitcoin is attracting liquidity and institutional attention through the new ETFs, and also from its position as the bank in "Cryptoland". As such, it has remained our second largest investment in the last quarter. We remain of the opinion that a rising tide will lift all boats. However, we believe that when Bitcoin rises to new highs, ETH and selected high quality projects will rise even higher concurrently or shortly thereafter, representing better investments all around. Bitcoin will soon face headwinds with the never-ending energy discussion, which rears its ugly head every time BTC reaches new highs. This will surely happen again, as value will be "withdrawn" from the bank and moved to less controversial crypto investments. As such, if BTC were to reach new highs in Q4, we would expect to lighten the position further and reinvest profits into the leading FOSs (Ethereum, Cardano, Solana) and related strategies for the second wave.

Lots of exciting things going on!

Regards,



**Anders Kvamme Jensen**  
Co-Fund Manager  
AKJ Digital Assets FoF



**Neal Mitra**  
Co-Fund Manager  
AKJ Digital Assets FoF

→ For more information visit: [www.akjfof.com](http://www.akjfof.com)