

PORTAL

ASSET MANAGEMENT

April Insights: Strategic Moves and Resilient Growth Amid Crypto Volatility

Market Update

April saw significant volatility in the cryptocurrency markets. Bitcoin experienced a 15% decline, its largest monthly drop since late 2022, after reaching a new all-time high of US\$73,777 in mid-March. This sell-off was influenced by geopolitical uncertainty and a cautious market sentiment ahead of the US Federal Reserve meeting. The downturn was echoed across the broader market, with Ethereum dropping over 17% and the CCI30 Index down by 23%. This led to Bitcoin's dominance increasing, peaking at 57% during the month.

Fund Performance Analysis

The Radiance Fund's relative underperformance this month was primarily due to two factors:

1. **AI Sector Volatility:** After strong performance in prior months, our key AI-focused investments such as Fetch.ai, SingularityNET, and NEAR Protocol saw significant profit-taking.
2. **Pendle Finance Pressure:** Our holdings in Pendle Finance faced challenges following disappointing results from the EigenLayer airdrop and ensuing concerns about potential drops in TVL. Confidence began to recover after the EigenLayer team increased the airdrop post-criticism.

Strategic Response

Despite the short-term market downturn, we maintain a positive outlook on the AI narrative and our portfolio's long-term potential. We are currently assessing positions with limited upside to implement short strategies that will provide downside protection and balance our exposure.

Key Developments

- **Regulatory Challenges for Uniswap:** Uniswap Labs received a Wells Notice from the US SEC, indicating a potentially prolonged legal battle that could affect the entire DeFi sector.

- **Bitcoin Halving:** The recent Bitcoin halving smoothly reduced block rewards to 3.125 BTC, a change that was well-received by the network, evidenced by \$62.4 million in fees generated on the day itself.
- **ETF Performance:** The initial trading volumes for Hong Kong's six spot Bitcoin and Ethereum ETFs were notably low at \$11 million, contrasting sharply with the US's first-day volumes in January, which reached \$4.6 billion.
- **FTX Asset Sales:** The estate of FTX continued selling locked Solana tokens, with this month's sales totaling \$232 million.

Innovations and Market Movements

- **Base Chain Achievements :** Base, an Ethereum layer 2 solution, set a new record for monthly volume on Uniswap and is rapidly approaching 9 million users.
- **Blackrock's Digital Fund Growth:** Blackrock's USD Institutional Digital Liquidity Fund surpassed \$375 million in AUM, becoming the largest on-chain money market fund.
- **Eigen Layer Mainnet Launch :** Despite initial setbacks, EigenLayer's launch promises to enhance Ethereum's scalability and security.
- **Innovative Proposals for Bitcoin :** A new Bitcoin improvement proposal, OP_CAT, aims to introduce capabilities such as smart contracts and secure bridges to the Bitcoin network.

Legal and Regulatory Movements

- **Regulatory Challenges for Uniswap:** Uniswap Labs received a Wells Notice from the US SEC, indicating a potentially prolonged legal battle that could affect the entire DeFi sector.
- **ConsenSys vs. SEC:** In response to receiving a Wells Notice, ConsenSys has sued the SEC to affirm that ETH is not a security, a case that could have significant implications for the industry.

NFT and Crypto Culture

- **High- Value NFT Sale :** Crypto Punk 635 was sold for 4,000 ETH (\$12.4 million), highlighting the ongoing interest and investment in high-value digital collectibles.

Outlook for May

As we look to May, we anticipate significant developments that could influence the market, including the US CPI report, the Hong Kong Bitcoin Asia Conference, and a pivotal SEC decision regarding the ETH spot ETF.

Feel free to contact me should you have any enquiries.

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