

PORTAL

ASSET MANAGEMENT

Portal Market Commentary – March 2024

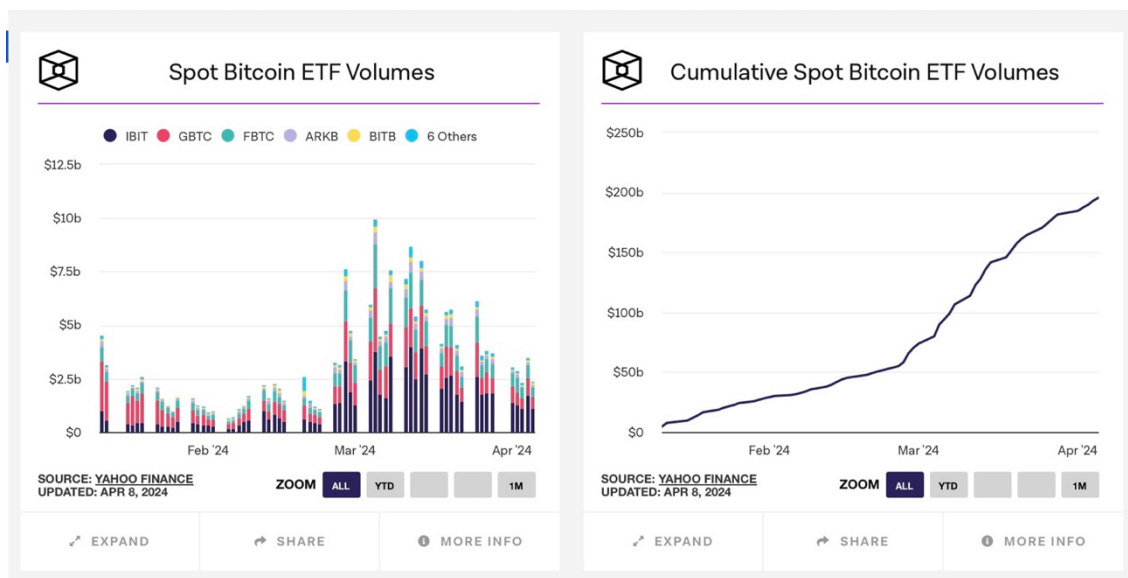
Market Update

Cryptocurrency and Digital Assets (“Crypto Assets”) markets had a volatile month in March. The market as measured by the CCI30 Index rallied 28% in the first half of the month before falling 17% over the third week. Despite this decline, the market made a resilient recovery, climbing 19% as the month drew to a close, ultimately culminating in a 27% increase for the month of March.

Contrary to last month, BTC and ETH underperformed the market with performances of 13.3% and 5.2% respectively. However, market volatility continued to pick up with BTC’s past 6M realised volatility ending at 49%. The Portal Digital Fund finished February up +9% with the Radiance Multi-Strategy Fund up +23%.

Macro Outlook and Portfolio Positioning

ETF trading volumes have continued to increase with over \$100bn traded through March. Similar to last month, the rotation out of Grayscale continued with \$15bn of total outflows since the ETF approvals. This is offset by inflows to the 10 other providers totalling \$27bn, with BlackRock (\$13.5bn) and Fidelity (\$7.5bn) leading the pack. All ETFs combined currently hold over 500,000 BTC! As stated last month this is a shift UP in the Demand Curve!



Technically, Bitcoin reached a new all-time high of \$73,700 on March 14th with a market cap totalling over 1.4 trillion. Looking at past cycles, the previous Bitcoin Halving's (due later this month) have supported price increases over a prolonged period. This deflationary supply dynamic will be supported by the recent ETF driven demand. BTC needs to break \$74,000 and close above it in order to re-establish the previous long-term bull channel that the 2022 bear market overshot to the downside.

BTC Spot Price



Other notable events in March included:

Ethereum finalizes the Dencun Upgrade

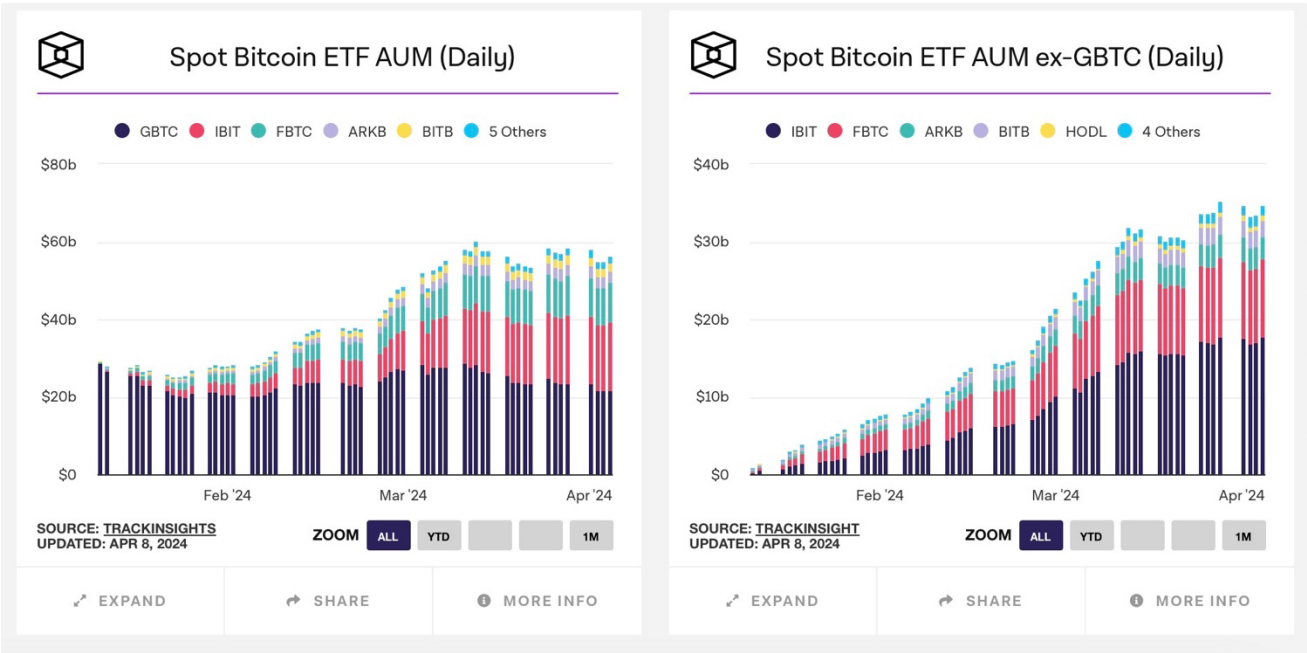
On March 13th Ethereum developers successfully deployed the Dencun upgrade, introducing a new transaction type to the blockchain designed to expand on-chain data availability and reduce costs. This upgrade reduced transaction costs on some L2 networks by as much as 95%, which should support its continued dominance as the leading smart contract platform.

Bitcoin and Ethereum Exchange Traded Notes

The London Stock Exchange Group plans to list Bitcoin and Ethereum exchange-traded notes (ETNs) for professional investors after achieving FCA approval. The exchange will review applications for trading crypto ETNs starting April 8th, and expects to start trading on May 28th.

Ethereum ETF Approval

Bloomberg analyst Eric Balchunas has lowered his May approval odds from 70% in January to 30%. This is largely due to a lack of positive signs that were noted at this point with the spot Bitcoin ETF, while the SEC does not look to be actively engaging with issuers in any meaningful way. However, we still believe that this just a question of when and not if, we expect the ETH ETF's to be approved by the end of Q3 2024. We expect a similar uptake in ETH ETF demand as we have seen in the BTC ETF's growth in AUM as per charts below:



Portfolio Positioning

Both funds remain strategically positioned to maximize returns ahead of the upcoming halving event and rotation from BTC to other high-quality alts. The risk remains firmly to the upside for the foreseeable future. Given the high reflexivity of this market, it will overshoot to the upside.

We remain extremely bullish on the current market setup overall and strongly believe that we are facing the start of this industry's third multi-year bull run. The fundamental difference in this cycle is that the institutions will continue to increase exposure.

Conclusion: The Investment Case for Crypto

We reiterate our view from mid-2023 that this is the beginning of a multi-year secular bull market. This is **not** a cyclical bull market driven by changing interest rate expectations and sector rotation, but rather a secular bull market.

Declining supply, rising demand, political support, regulatory approval and the inevitable Fed pivot are all coinciding in 2024. Not to mention tail risks like multiple global wars and runaway national debt driving demand for the stability BTC represents (billionaire Larry Fink called Bitcoin a “[flight to safety](#)”).

We further believe we are at the tipping point of a very rapid surge in the adoption of Crypto Assets which is now underpinned by institutions and investors using and investing in this new asset class. With the private sector seeking independent alternatives for everything from money transfers to loans enabled by DeFi and the potential provided by Web3.0 is forming a perfect storm for exponential growth.

Importantly we believe that from a regulatory perspective and investment diversification strategy, the safest way to invest is through a dedicated, regulated fund with independent administrators and a fully audited track record such as the Portal Digital Fund or the Radiance Multi-Strategy Fund.

Feel free to contact me should you have any enquiries.

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