

Fund Objective

The fund’s objective is to provide investors with an investment return that tracks the price of bitcoin in Australian dollars (before fees and costs).

Performance

| Returns (%) as of 31 March 24 ¹ | Monochrome Bitcoin Trust (IBTC) ¹ | BRR/WMR ² |
|--|--|----------------------|
| 1 Month | 12.95% | 13.02% |
| 3 Months | 74.62% | 74.72% |
| 6 Months | 162.77% | 162.49% |
| 1 Year | 154.85% | 157.03% |
| Since inception p.a. | 237.55% | 239.35% |

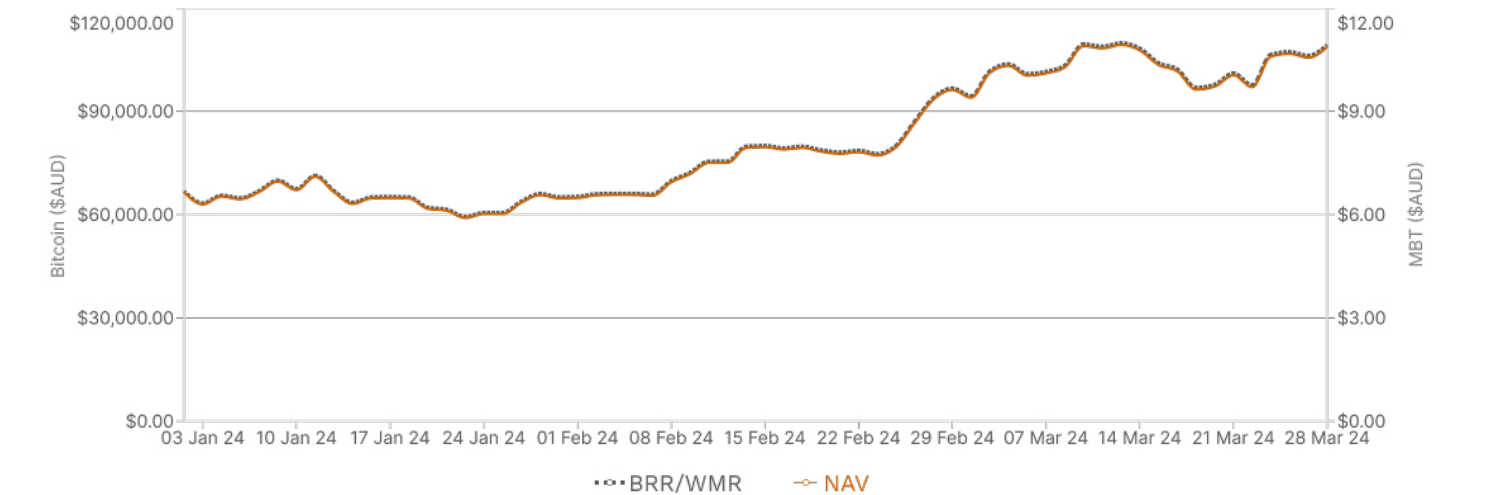
¹Returns are net of fees and costs before tax. Past performance is not indicative of future performance.

² CME Bitcoin Reference Rate as supplied by CF Benchmarks Ltd, AUD:USD World Market Reuters FX rate as supplied by State Street Australia Ltd.

Fund Details

| | |
|-------------------------------|---|
| Investment Manager | Monochrome Asset Management Pty Ltd |
| Fund Inception | 10 March 2023 |
| Management Fee | 1.35% p.a. |
| Buy/Sell Spread | 0.25% |
| Unit Pricing | Daily |
| Bitcoin Interests | Investors in the fund hold Bitcoin Interests, conferring an absolute entitlement to their underlying bitcoin. |
| Minimum Investment | \$5,000 |
| Minimum Additional Investment | \$1,000 |
| Applications | Daily |
| Redemptions | Daily (cash or in-specie) |
| Redemption Fee | Cash: Nil / In-specie: \$500 |
| Benchmark | CME CF Bitcoin Reference Rate |

Daily IBTC NAV vs CME CF BRR Benchmark



Fund Performance

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-------|--------|--------|-------|--------|-------|--------|--------|--------|--------|-------|--------|
| 2023 | - | - | 42.05% | 3.68% | -5.65% | 8.38% | -4.01% | -3.91% | -0.82% | 30.13% | 5.00% | 10.13% |
| 2024 | 4.09% | 48.52% | 12.95% | - | - | - | - | - | - | - | - | - |

Service Providers

| | | | | |
|---|---|--|---|---|
| <div>Monochrome</div> <div>INVESTMENT MANAGER</div> | <div>STATE STREET</div> <div>ADMINISTRATOR & CASH CUSTODIAN</div> | <div>AUTOMIC GROUP</div> <div>REGISTRY</div> | <div>cfbenchmarks</div> <div>BENCHMARKING⁴</div> | <div>GEMINI</div> <div>CRYPTO CUSTODIAN</div> |
|---|---|--|---|---|

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Market Commentary

Navigating Bitcoin's Volatility & Upcoming Halving

The crypto-asset market, often akin to a rollercoaster ride, has recently witnessed heightened anticipation surrounding Bitcoin's upcoming halving event, coupled with a surge in volatility. The Bitcoin halving, an event programmed into Bitcoin's underlying protocol, occurs approximately every four years or after every 210,000 blocks mined. This mechanism effectively reduces the rate at which new Bitcoin is created, cutting the rewards miners receive in half. Historically, these halving events have been accompanied by heightened market activity, often leading to increased volatility.¹

The 30-day historical or realised volatility of Bitcoin surged to almost 60% towards the end of March, exceeding ether's 30-day realised volatility by almost 10 percentage points.² This marks the widest gap observed in at least a year, according to data compiled by Paris-based Kaiko.³ Historical volatility serves as a measure of the extent of price fluctuations observed within a defined timeframe.

Weeks after the U.S. Securities and Exchange Commission (SEC) approved nearly a dozen spot bitcoin exchange-traded funds (ETFs); it enabled traders to gain exposure to bitcoin, turning the volatility spread between bitcoin and ether positive. Since then, market participants are closely monitoring Bitcoin futures, where open interest has exceeded a staggering \$36 billion.⁴ This influx of interest from institutional investors and traders reflects the anticipation of increased price fluctuations surrounding the halving event.

Following the halving, the reduced influx of new bitcoins contributes to scarcity,⁵ typically resulting in price appreciation. However, scarcity isn't the sole factor influencing prices; investor sentiment and broader market dynamics also exert significant influence. In financial markets, scarcity frequently stimulates demand, and Bitcoin's finite supply amplifies this effect with each halving event.

Bitcoin, post-halving, has shown resilience and growth, sometimes outperforming traditional assets. Its decentralised nature, coupled with scarcity, makes it a unique asset class.⁶ An article by CoinTelegraph⁷ outlines forecasts suggesting that Bitcoin's growth rate between 2023 and 2024 could surpass that of major assets like Microsoft and gold.

In conclusion, Bitcoin's volatility has surged in anticipation of its upcoming halving event. As investors brace themselves for potential market fluctuations, it's crucial to rely on factual data and informed analysis to make any investment decisions - always remembering that past performance is no guarantee of future performance.

Argentiniens shift away from US Dollar to Bitcoin Amidst Inflation

In the midst of economic uncertainty and soaring inflation, Argentiniens are taking matters into their own hands in embracing Bitcoin as a hedge against the devaluation of their local currency, the Argentine Peso.

According to recent reports, Argentina's annual inflation rate ended at 211.4% in 2023,⁸ prompting widespread concern among citizens about the stability of the Peso. In response, it appears Argentiniens are taking matters into their own hands by looking for alternative stores of value, with Bitcoin emerging as a popular alternative - reaching 34,700 bitcoin transactions in the first week of March, the country's highest volume of Bitcoin trading in 20 months.⁹

Although the country's new President, Javier Milei, ran on a policy to make the US dollar the country's reserve currency, this strategy was tried in the 1990s and failed miserably resulting in a deep recession and violent protests.¹⁰ However, since taking office in December 2023, he has only devalued the official peso-to-dollar rate, and has suggested that dollarization will remain unapproachable in the near future.¹¹

But it appears a growing trend of individuals and businesses in Argentina are opting to conduct transactions in Bitcoin rather than in fiat currencies.

It also appears the country's newly elected government is attempting to get ahead of the curve by implementing a mandatory registry for Bitcoin and crypto-asset platforms highlighting its support of the crypto asset industry but within regulated rails.¹² It also shows the increasing role of crypto assets within Argentina's financial landscape as a means of exchange and store of value.

UK Court rules Australian Computer Scientist Craig Wright not Satoshi

After a lengthy two month trial in London, a High Court judge has ruled that Australian computer scientist Craig Wright is not the pseudonymous creator of bitcoin, Satoshi Nakamoto. The ruling comes after years of speculation and legal battles surrounding Wright's claims to be the mysterious figure behind Bitcoin.

The UK court's ruling casts doubt on Wright's claim of being Satoshi Nakamoto, a claim he has maintained since 2016. The court's decision is based on evidence presented during the trial in which Wright faced accusations of fraud and misrepresentation regarding his alleged pseudonym as Satoshi.

In 2021, a consortium of crypto businesses known as COPA (Crypto Open Patent Alliance) mounted a case in the British High Court against Wright, which sought to prevent him from continuing to claim he had invented the cryptocurrency and from using this to expand his influence over the sector. Some of the case's

Market Commentary

high-profile backers included Twitter founder Jack Dorsey, who heads Block (a company that launched a bitcoin cryptocurrency hardware wallet), and the crypto exchange giant Coinbase.

According to ABC News,¹³ Paul Grewal, Coinbase's legal counsel, who was formerly vice-president of Facebook, said that COPA's main goal had been to stop Dr Wright from suing individuals and companies in the crypto industry.

"This has not just been a campaign of litigation, it's been a campaign of intimidation, bullying, and threats that have worked to discourage good faith actors who support Bitcoin and all the principles underneath it," Mr Grewal said.

U.S. Bitcoin ETFs hold 4% of total Bitcoin supply as demand continues to surge

In the midst of growing institutional interest for Bitcoin, U.S. based Bitcoin exchange-traded-funds (ETFs) now collectively hold approximately 4% of the total Bitcoin supply and this is continuing to increase.¹⁴ The emergence of Bitcoin ETFs in the U.S. has been met with considerable demand from institutional and retail investors for the past months since trading started, with BlackRock's Bitcoin ETF holding more Bitcoin than major cryptocurrency exchanges OKX and Kraken combined.¹⁵

A considerable portion of Bitcoin has also left cryptocurrency exchanges, with nearly USD\$10 billion worth of Bitcoin being withdrawn from major trading platforms since the spot ETFs have launched.¹⁶ Glassnode data reflect that Bitcoin holdings on exchanges are down since January 11 this year and are continuing to decline, with 22,000 BTC (USD\$1.46 billion at time of writing) withdrawn on March 27 alone.¹⁷

In an interview with Fox Business, BlackRock CEO Larry Fink said the firm's spot Bitcoin ETF has become "the fastest-growing ETF in history" and that he is "very bullish on the long-term viability" of the leading cryptocurrency asset.¹⁸

"We're creating a market that has more liquidity, more transparency," Fink states in the interview. "I'm pleasantly surprised and would have never predicted before we filed it that it would see [this]."

However, JP Morgan has recently stated that Bitcoin is still overbought despite the ongoing correction, and that the asset could see profit-taking continue into the Bitcoin Halving Event.¹⁹

"There remains considerable optimism in the market over the prospect for prices rising significantly by year-end," JPMorgan analysts wrote. "with a significant component of that optimism arising from a view that bitcoin demand via spot exchange-traded funds would continue at the same pace even as the supply of bitcoin diminishes after the halving event,"²⁰

^{1, 5, 6} [What is the Bitcoin Halving and why does it matter?](#)

^{2, 4} [Bitcoin Becomes More Volatile Than Ether as Halving Approaches](#)

³ [Bitcoin's 30-Day Volatility Surpasses Ether's Volatility Rate: Kaiko](#)

⁷ [Bitcoin's 2023–2024 growth rate has it on track to surpass Microsoft within a year](#)

⁸ [Argentina annual inflation tops 211%, highest since early 90s](#)

⁹ [Argentines are buying bitcoin instead of US dollars to fight runaway inflation](#)

¹⁰ [Does Javier Milei's dollarisation plan for Argentina make any economic sense?](#)

¹¹ [Argentina devalues the peso by 54% as it kicks off radical economic reform plan](#)

¹² [Argentina Unveiled Mandatory Registry For Bitcoin And Crypto Platforms](#)

¹³ [Craig Wright claimed to be the brains behind cryptocurrency bitcoin, then Britain's High Court called him a liar](#)

¹⁴ [Bitcoin ETFs now hold nearly 4% of all bitcoin — and they're not slowing down](#)

¹⁵ [BlackRock Bitcoin ETF Holdings Surpass OKX & Kraken Combined](#)

¹⁶ [Bitcoin exchanges' BTC balances have dropped almost \\$10B in 2024](#)

¹⁷ [Glassnode, Bitcoin: Balance on Exchanges \(Total\) \[BTC\] - All Exchanges](#)

¹⁸ [BlackRock CEO Says Their Bitcoin ETF Is Fastest Growing In History](#)

¹⁹ [JP Morgan Says Bitcoin is Still Overbought Amid Correction](#)

²⁰ [JPMorgan analysts warn that bitcoin looks 'overbought' despite correction](#)