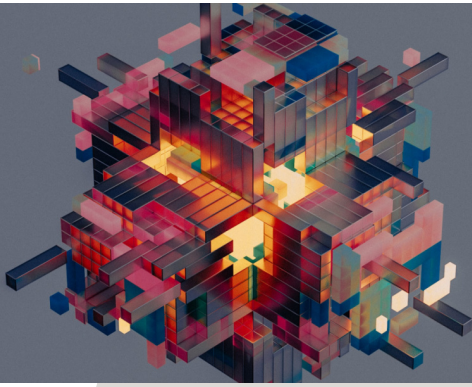




Fund update: R-co Thematic Blockchain Global Equity — February 2024



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"Stablecoins are set to change the financial system forever" - Jeremy Allaire, Circle's CEO

In January, digital assets investment products continued to receive significant inflows. Approved and launched early January, digital assets spot ETFs received record inflows in the weeks that followed their launch. Total US spot bitcoin volume of all ETFs exceeded that of SPY (S&P 500 ETF) and QQQ (Nasdaq 100 ETF) in their first days of trading. BlackRock and Fidelity got the largest inflows, with US\$2.2bn and US\$1.9bn respectively this month only. They benefitted from arbitrage flows out of Grayscale's product in addition to newly invested funds. Total bitcoin spot ETFs AUM reached US\$26bn¹, already placing them 2nd largest commodities ETFs in the US, just after gold. Bitcoin halving, coming in less than 3 months, has likely been a support for digital assets products. Blockchain equity products received US\$287m this first month of the year².

Growth equities corrected from their accelerated end-of-the year rally before stabilizing during the last week of the month. Market endured high volatility, as strong US labor market data and Fed comments tempered early rate cut expectations. Going into quarterly earnings season over the second part of the month, investors proved highly discriminating, rushing to reward best performers like portfolio companies Meta. At the opposite, negative surprises were severely sanctioned. Only five portfolio companies have so far published. Most of them will publish in February.

The portfolio corrected during the first three weeks of January before stabilizing at the end of the month. Profit taking was led by digital assets and blockchain infrastructure

buckets, which strongly outperformed at the end of last year, in anticipation of SEC approval of digital assets spot ETFs. The best contribution came from the Transportation / Logistics category, as freight prices inflated with Red Sea route disruption. In terms of companies, Nvidia and Gitlab contributed the most positively in January. Coinbase corrected from end-of-the year highs: market took profit from stellar Q4 2023 outperformance (+391%)³, when spot ETF SEC approval was yet to come. The US digital assets service provider will indeed be one of the key beneficiaries of digital assets spot ETF growth. The company was indeed appointed as service provider for 9 out of 11 successful applicants. In terms of portfolio management, we took profit ahead of market drawdown on best performing companies like Galaxy Digital and Cleanspark on the pure players side and IBM, Nvidia and Shopify on diversified players

Private investment: Circle Internet Finance

We reiterate our commitment to our investment philosophy to offer differentiated pure players' exposure. As such, we are pleased to introduce our first private investment.



We introduced privately held company Circle Internet Finance. Circle is a leader in the stablecoin industry and primary issuer of USD Coin (USDC), second largest market cap after Tether USD (USDT). Stablecoins are critical blocks of market infrastructure necessary to enable asset tokenization.

The company is engaged in an ongoing IPO process and confidentially filed an S-1 with the SEC. Circle is backed by numerous institutional investors including Goldman Sachs and BlackRock and differentiates itself by its compliant-first positioning and the quality of real-life use cases partnerships it was able to sign over the past few years, with card network Visa, South-East Asia mobility and delivery leader Grab, Japanese retailer FamilyMart or Brazilian Bank NuBank for instance.

Finally, the company benefits from a highly profitable business model, as shown by recently published earnings by Tether, who generated more profits than Goldman Sachs in Q4 2023. Stablecoin legislation is expected to be adopted this year in the US.

> Circle CEO Jeremy Allaire on the tokenization economy panel during the World Economic Forum annual meeting 2024 in Davos: [The Tokenization Economy > World Economic Forum Annual Meeting | World Economic Forum \(weforum.org\)](https://www.weforum.org/agenda/2024/01/circle-ceo-jeremy-allaire-on-the-tokenization-economy-panel-during-the-world-economic-forum-annual-meeting-2024-in-davos/).

Industry news to watch:

Announcements made this month by established companies of blockchain based innovations continued to pertain to various sectors of the economy and enterprise use-cases. Among many others:

[Deutsche Bank-backed Taurus](#) brings tokenized securities to retail customers in Switzerland.

[Moody's](#) publishes tokenization report and sees adoption of tokenized funds with “untapped market potential”.

[Visa](#) enables crypto withdrawals on debit cards in 145 countries.

[Ubisoft](#) backs Web3 gaming network Wemix.

Weitere Infos zu den Fonds

R-co Thematic Blockchain Global
Equity



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[1] Source : Bloomberg, 07/02/2024.

[2] Source : Coinshares, data as of 29/01/2024.

[3] Source : Bloomberg, 31/01/2024.

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Für weitere Informationen: www.am.eu.rothschildandco.com

(1) Quelle: Rothschild & Co Asset Management, 31/07/2026.

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