



518am
Reliable yield

**MONTHLY LETTER TO THE SHAREHOLDERS
OF 518AM DELTA-NEUTRAL STRATEGIES SP**

September 2024



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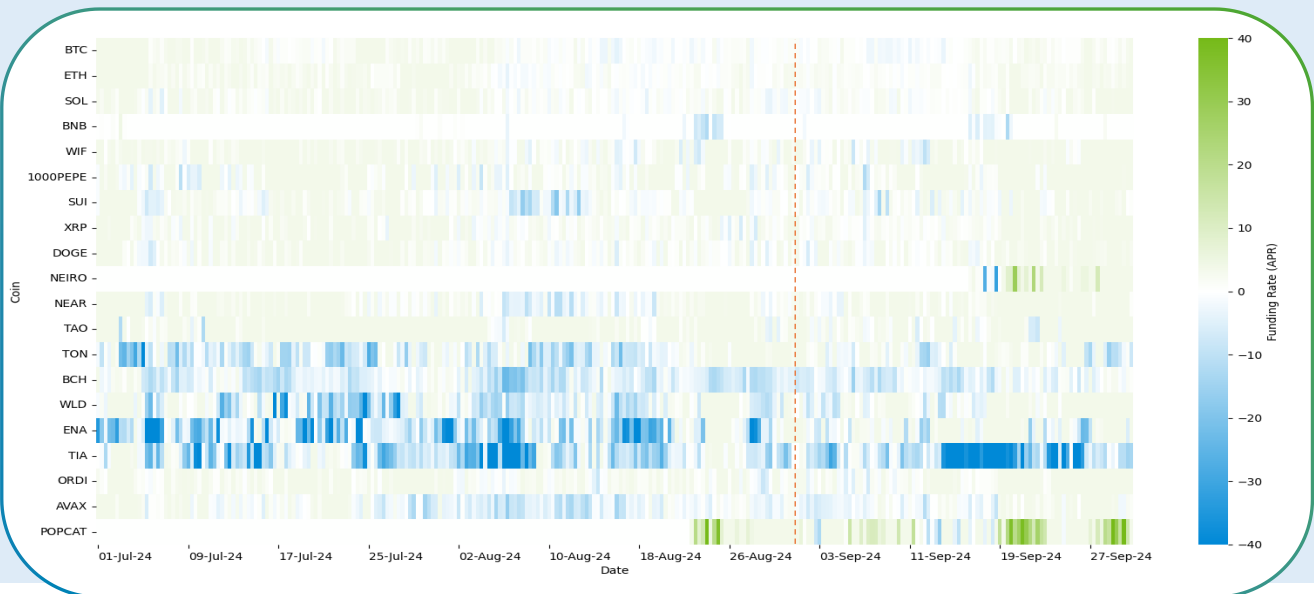
September saw performance return to our target range for the fund, which is to deliver at least 1.1% per month net to investors. Furthermore, we successfully completed a comprehensive "[Well-Architected Review](#)" of our entire cloud infrastructure, essential to our 24/7/365 trading.



Printer go brrrr!

In the first move of its kind in the last four years, the Federal Open Market Committee (FOMC) slashed rates by 0.50% on September 18th. Less than a week later, China announced its own stimulus package which, amongst many other things, also included rate cuts. Concerted easing by both countries produced the backdrop for an impressive rally in risk assets late into the month. The optimism spilled over into digital assets as well, with BTC nearly trading at 66,500 on the 26th.

Some of the initial optimism surrounding the Chinese stimulus has subsided, with local equities having retraced part of their gains as at the time of writing this letter. Nonetheless, we believe further rate cuts in the US might be possible depending on the data over the next few months. These conditions should prove supportive of digital assets in general and hopefully provide for sustained wider rates in the space going forward.

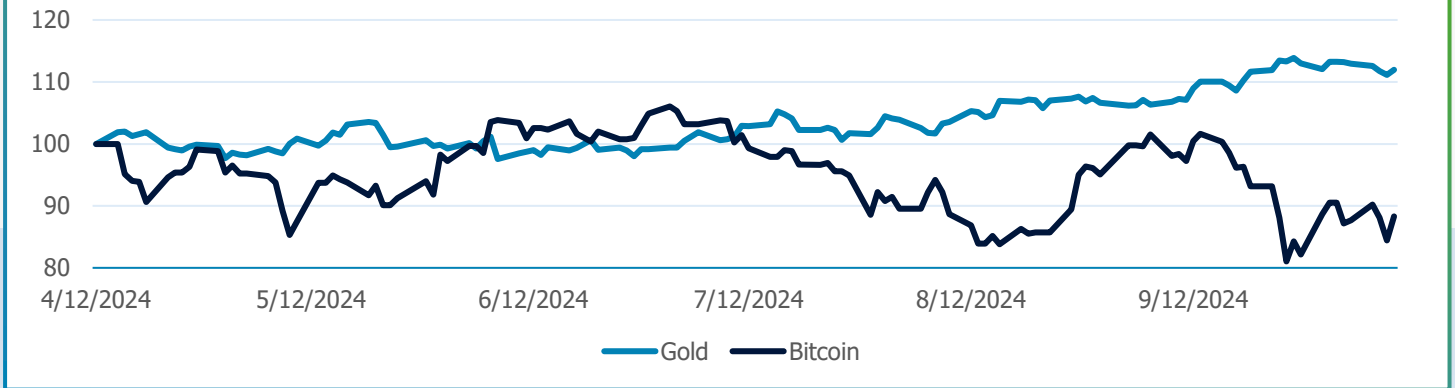


The heatmap above lists the 20 largest digital assets by market capitalization on the Y axis (excluding stablecoins). On the X axis are the dates for each observation. Note that the colors on the map indicate which currencies paid out positive yields and which paid out negative ones on a particular date. Dark green represents the largest and most positive yields, dark blue represents the largest and most negative yields and white represents a 0.00% yield for that day. The dotted orange line indicates the start of September.

The heatmap clearly indicates that the yields paid out in the second half of the month of September were larger than those paid out in the first half. This can be seen by the lighter shades of blue for assets with negative yields, and a much more pervasive darker green for assets with positive yields. Perhaps most importantly, the fund was well positioned to capture these larger and more positive yields available towards the end of the month.

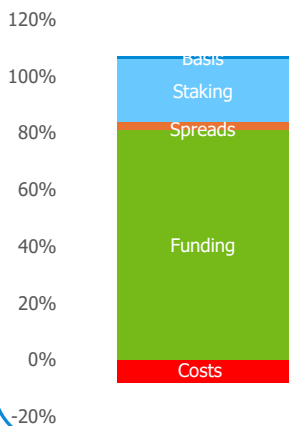


Gold and BTC divergence



Recently, prices of gold and Bitcoin (BTC) have shown significant divergence. Gold has surged to record highs, reaching around \$2,564 per ounce, driven by increased accumulation by central banks and favorable macroeconomic conditions. In contrast, Bitcoin has struggled, experiencing a 7% quarterly loss and trading near \$58,000 as of the time of writing this letter. Some argue that this divergence challenges the narrative that Bitcoin is a store of value comparable to gold. Gold's performance is often linked to its historical role as a safe-haven asset, especially during economic uncertainty. Central banks' accumulation of gold underscores its enduring value and stability. Bitcoin, while often dubbed "digital gold," has shown higher volatility and a stronger correlation with riskier assets like technology stocks. This volatility undermines its reliability as a store of value. While not directly related to DNS's strategy, this narrative has recently picked up steam and indicates shifting market perceptions about digital assets. We believe it is important to monitor these trends as they may influence broader market dynamics.

Performance attribution July



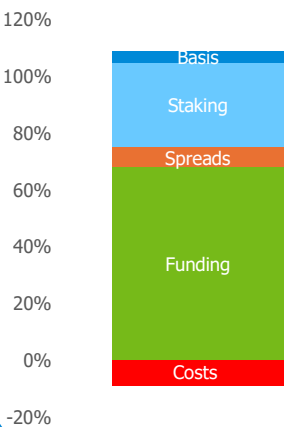
September saw performance return to our target range for the fund. Bitcoin printed a low of around \$52k and a high of approximately \$65k. Despite this 25% range, trading opportunities remained muted, continuing the trend we've seen over the summer months. This is encouraging, and we look forward to any breakout from this range that has held for the past 6 months.

We successfully completed a comprehensive "Well-Architected Review" of our entire cloud infrastructure, which is essential to our 24/7/365 trading operation. Carried out by an AWS certified partner, we are pleased to report high scores for our priority areas: security, performance and cost efficiency. We intend to conduct similar reviews every 6 months going forward.

The digital asset space has never been short on innovation and during this month we have started building positions in a new Liquid Staking Derivative ("LSD") that has been launched by several of the exchanges that we operate on. LSD's are issued to users as receipt tokens when their original tokens are staked. What makes them particularly useful is that they can be re-hypothecated and used elsewhere enhancing both capital efficiency and yield.

The crypto community have renamed October to 'Uptober'. From a seasonal perspective, we are entering the most bullish quarter of the year. Conveniently, we view the current general macro environment to support this narrative. We remain fully optimistic for the months ahead.

Performance attribution Year-to-date



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Schedule a meeting with your investment manager



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