

Monthly Market Recap

September 2023

Market Performance

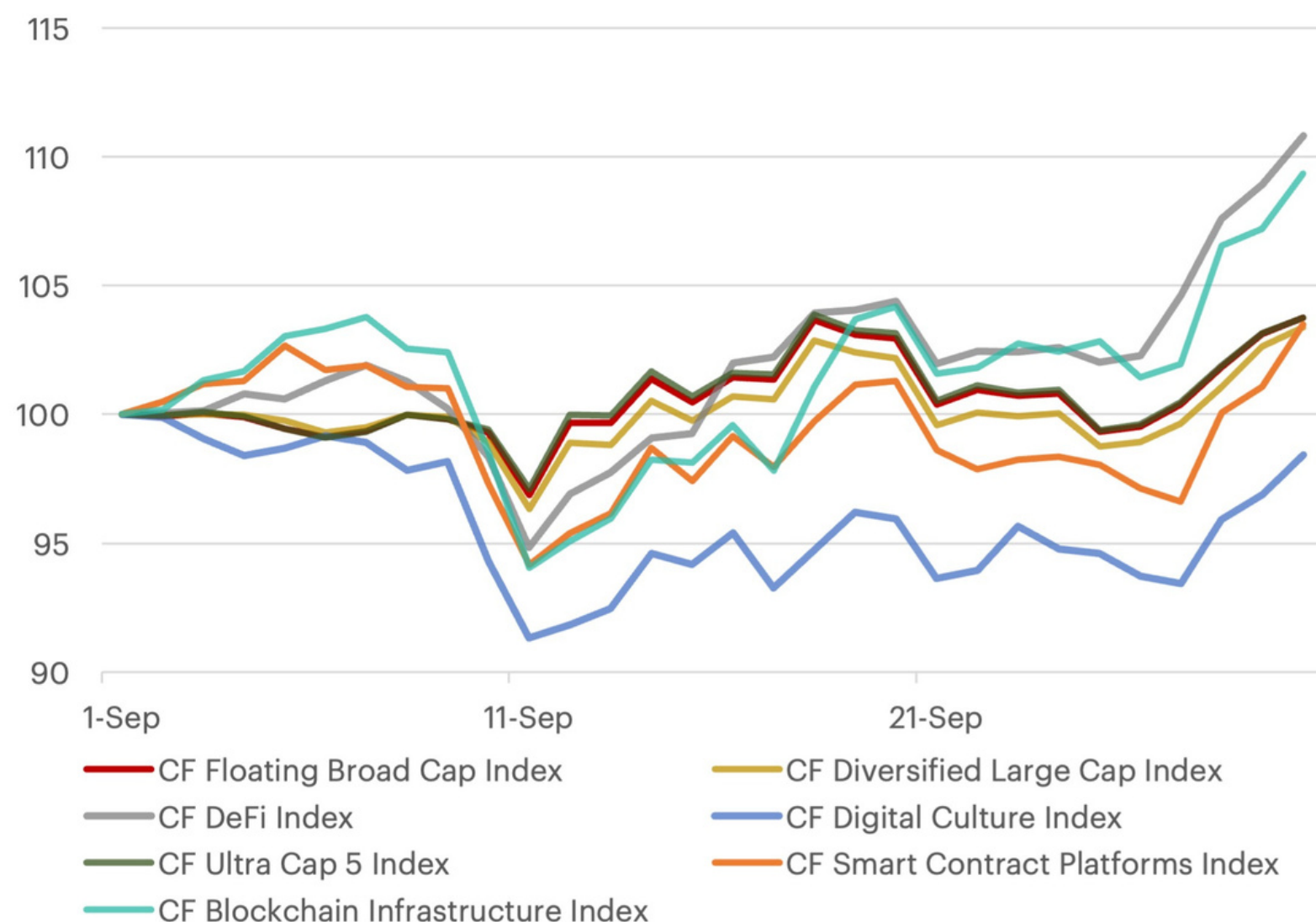


Monthly Index Performance



Crypto Breaks Negative Seasonality Dynamics

Multi-token indexes



- Overall, September was a relatively positive month for the crypto market. Bitcoin prices trended upwards, with our CME CF Bitcoin Reference Rate (BRR) briefly surpassing the \$27,000 threshold in mid-September after the news that Franklin Templeton, another premier asset manager, filed for a spot Bitcoin ETF.
- Our barometer for DeFi related tokens led the pack, rising over 10% as major constituents in the category saw a positive retracement in price action following subpar performances in the prior month. The recovery in performance coincided with a rise in Total Value Locked (TVL), a widely followed gauge used to measure the overall size of the DeFi market. This recovery dynamic also played out well for Blockchain Infrastructure tokens, with our CF Blockchain Infrastructure Index rising over 9%.
- The CF Digital Culture Index was the major laggard for the month and the only composite index to finish September in negative territory, falling almost 2%.

All index performance is rebased to 100. Source: CF Benchmarks, Bloomberg, as of September 30, 2023

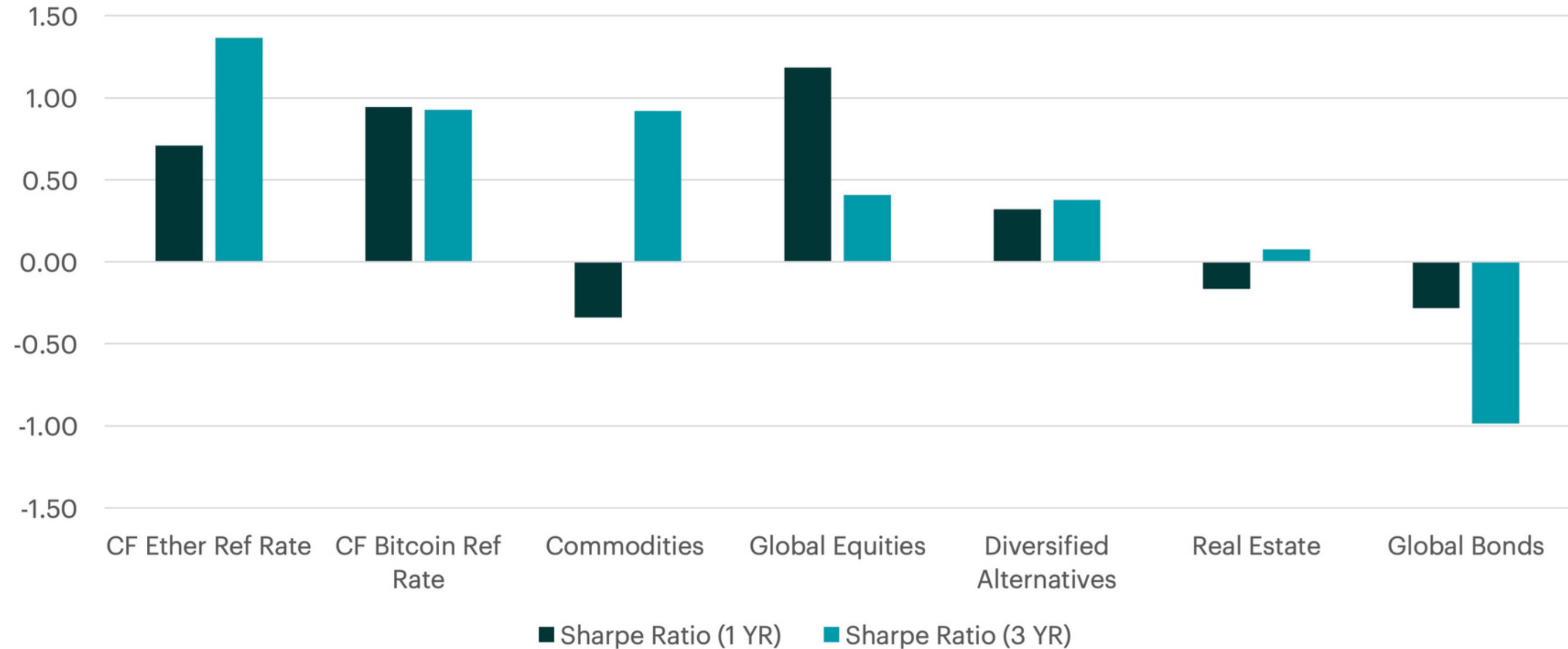
Market Recap

Name	DACS Level 1	DACS Level 2	1 Day	1 Week	1 Month	3 Month	YTD	30 D Volatility
Chainlink	Service	Information	0.0%	15.4%	30.3%	29.4%	39.5%	48.40
Aave	Sector	Finance	2.4%	7.4%	22.3%	-3.2%	29.1%	49.61
Curve DAO Token	Sector	Finance	0.1%	10.0%	17.7%	-32.4%	-0.2%	57.27
Bitcoin Cash	Settlement	Non-Prog	0.7%	13.4%	14.8%	-21.4%	143.2%	50.51
Algorand	Settlement	Programmable	1.7%	2.5%	11.3%	-14.0%	-39.8%	36.87
Solana	Settlement	Programmable	5.4%	9.8%	9.1%	11.8%	113.6%	46.83
Ethereum Classic	Settlement	Programmable	3.9%	8.3%	6.9%	-17.5%	2.8%	27.03
Decentraland	Sector	Culture	-2.0%	5.2%	5.5%	-19.3%	4.2%	37.48
Filecoin	Settlement	Non-Prog	0.7%	3.6%	5.2%	-14.4%	10.9%	32.80
Bitcoin	Settlement	Non-Prog	0.6%	1.8%	4.1%	-10.9%	63.7%	21.19
Litecoin	Settlement	Non-Prog	0.3%	2.1%	4.0%	-38.1%	-5.3%	35.69
Ether	Settlement	Programmable	0.8%	5.4%	1.9%	-12.8%	40.1%	25.14
Stellar	Settlement	Programmable	0.0%	0.8%	-3.1%	7.1%	61.5%	45.38
Cardano	Settlement	Programmable	0.0%	3.5%	-3.2%	-9.5%	1.2%	28.71
Uniswap	Sector	Finance	0.0%	4.8%	-3.6%	-10.8%	-13.4%	39.19
Matic	Service	Scaling	0.4%	1.2%	-3.8%	-20.3%	-30.6%	36.38
Tezos	Settlement	Programmable	0.0%	1.5%	-5.6%	-15.2%	-6.9%	30.31
Doge	Settlement	Non-Prog	0.0%	0.5%	-6.2%	-3.0%	-8.2%	24.91
Avalanche	Settlement	Programmable	1.0%	3.9%	-7.4%	-28.5%	-15.4%	29.47
Polkadot	Settlement	Programmable	0.0%	1.8%	-8.0%	-17.7%	-6.7%	31.84

- Chainlink’s LINK token rallied over 30% in September after a series of milestones were achieved, including the successful execution of tokenized asset transfers through public and private blockchains that involved the SWIFT financial network.
- Programmable protocols Polkadot (DOT) and Avalanche (AVAX) lagged their major token peer groups, falling 8.0% and 7.4%, respectively.

Source: CF Benchmarks, Bloomberg, as of September 30, 2023

Trailing Risk-Adjusted Returns



- When compared to traditional asset classes, Ether and Bitcoin have consistently delivered above average risk-adjusted performance over longer time horizons.

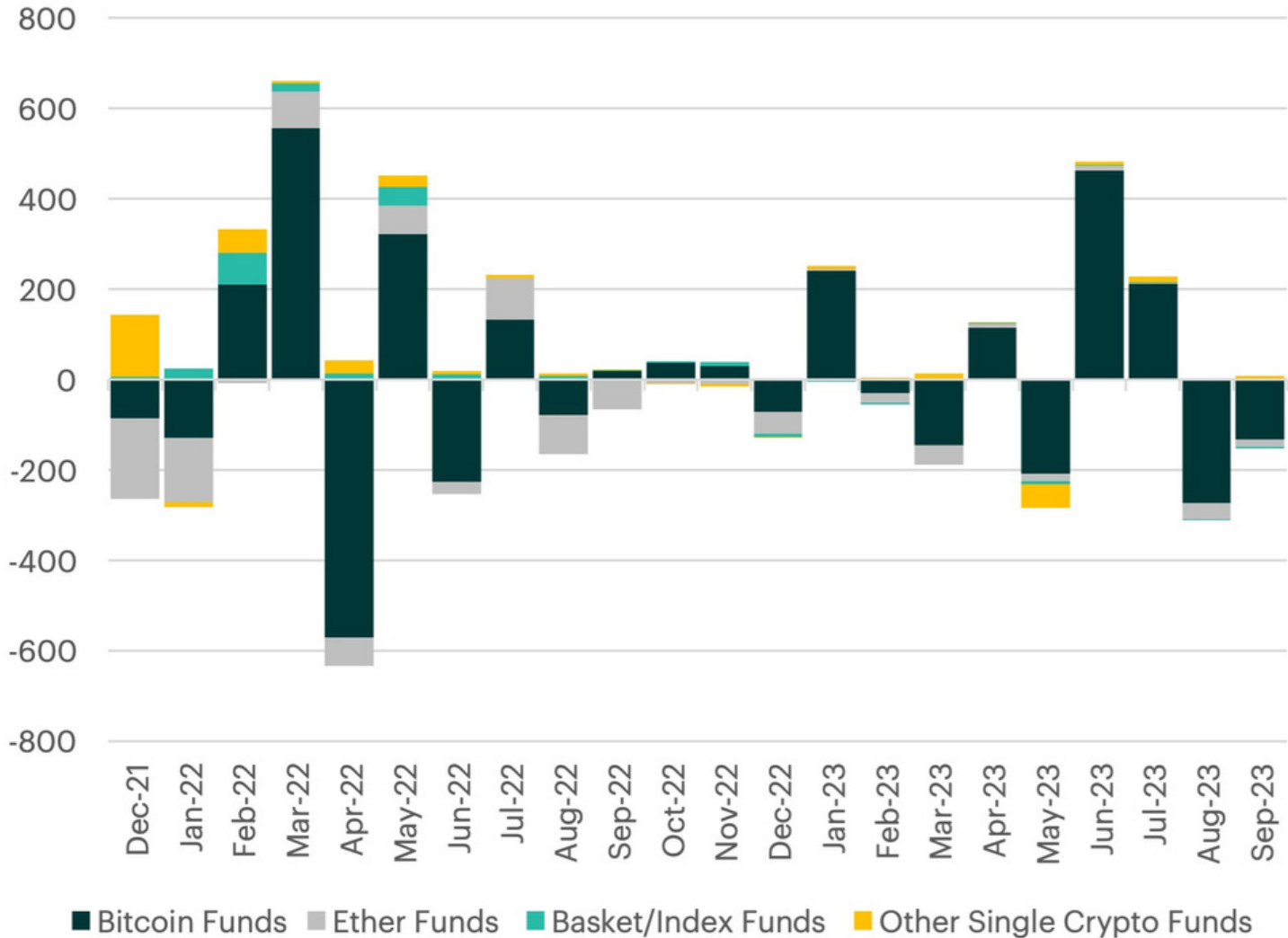
Source: CF Benchmarks, Bloomberg, total return indices are referenced in USD, as of September 30, 2023

Investor Activity & Sentiment Positioning

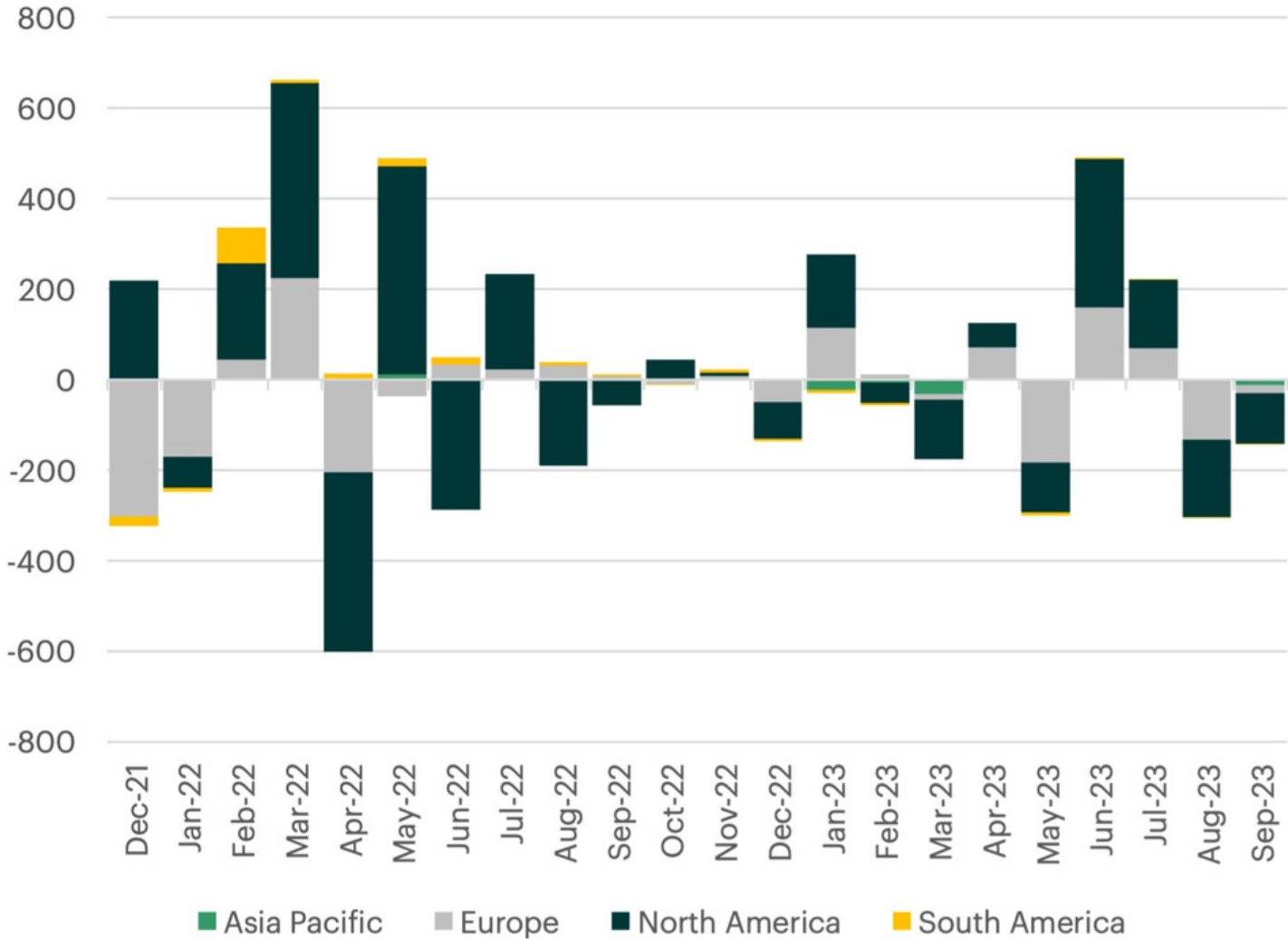
Currency of Flows



Fund Flows by Asset (\$m)



Regional Fund Flows (\$m)

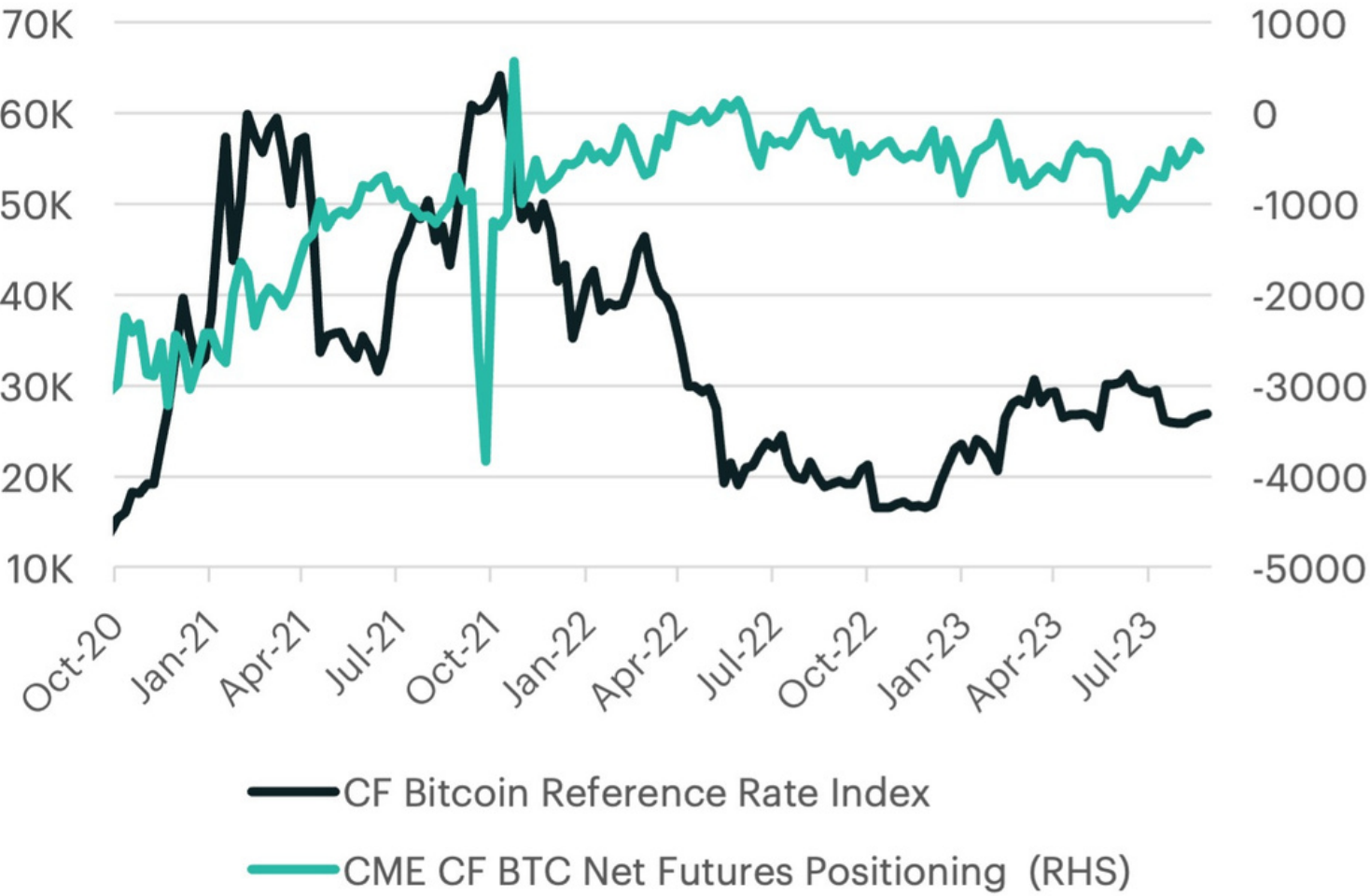


- Total fund flows continued on their negative downward trajectory in September, falling over \$144M, with Bitcoin funds seeing approximately \$132m in outflows.

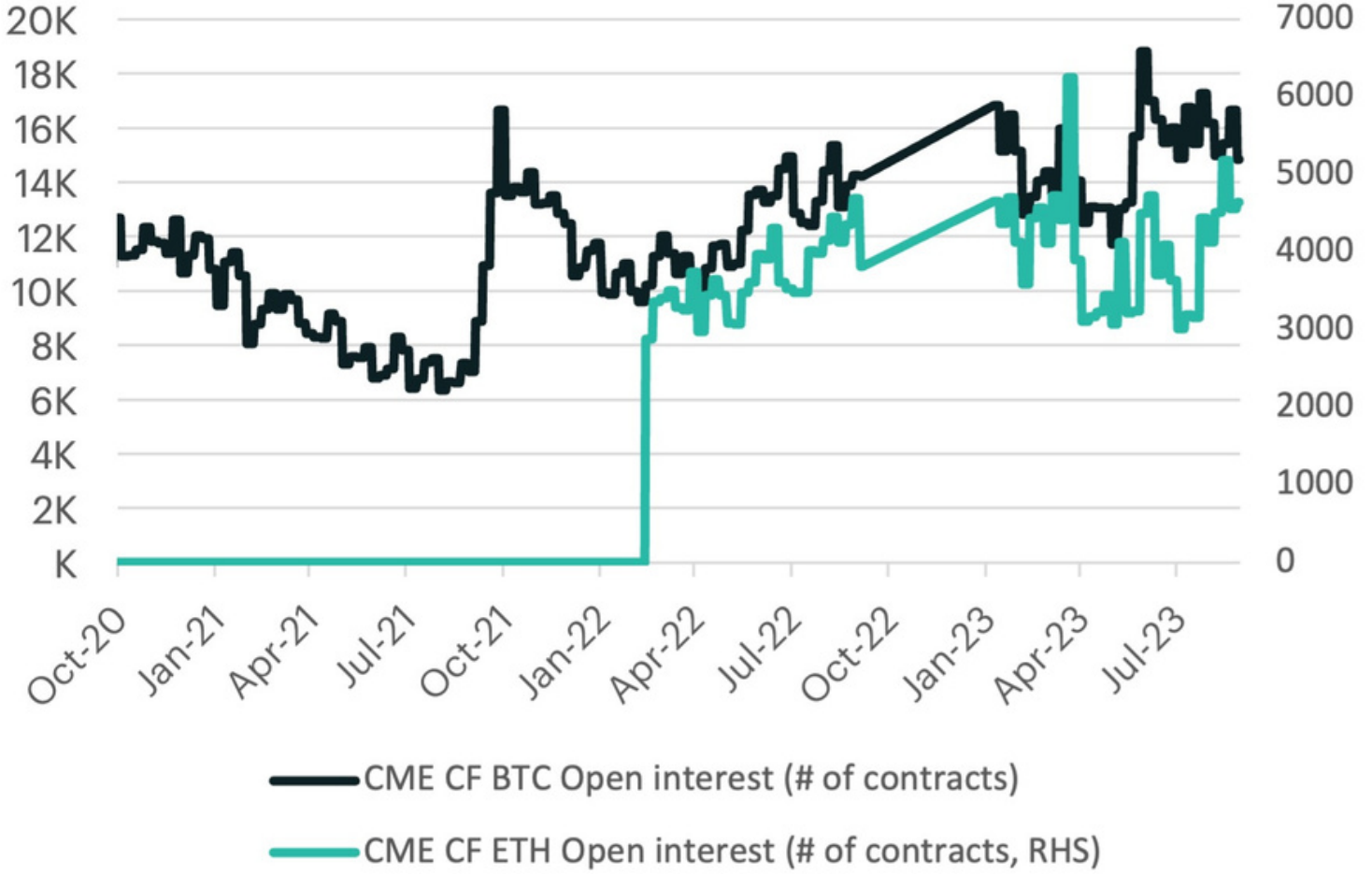
- From a regional perspective, the majority of fund outflows were concentrated in North America (-\$11M).

Source: CF Benchmarks, Bloomberg, as of September 30, 2023

Futures Positioning and Open Interest



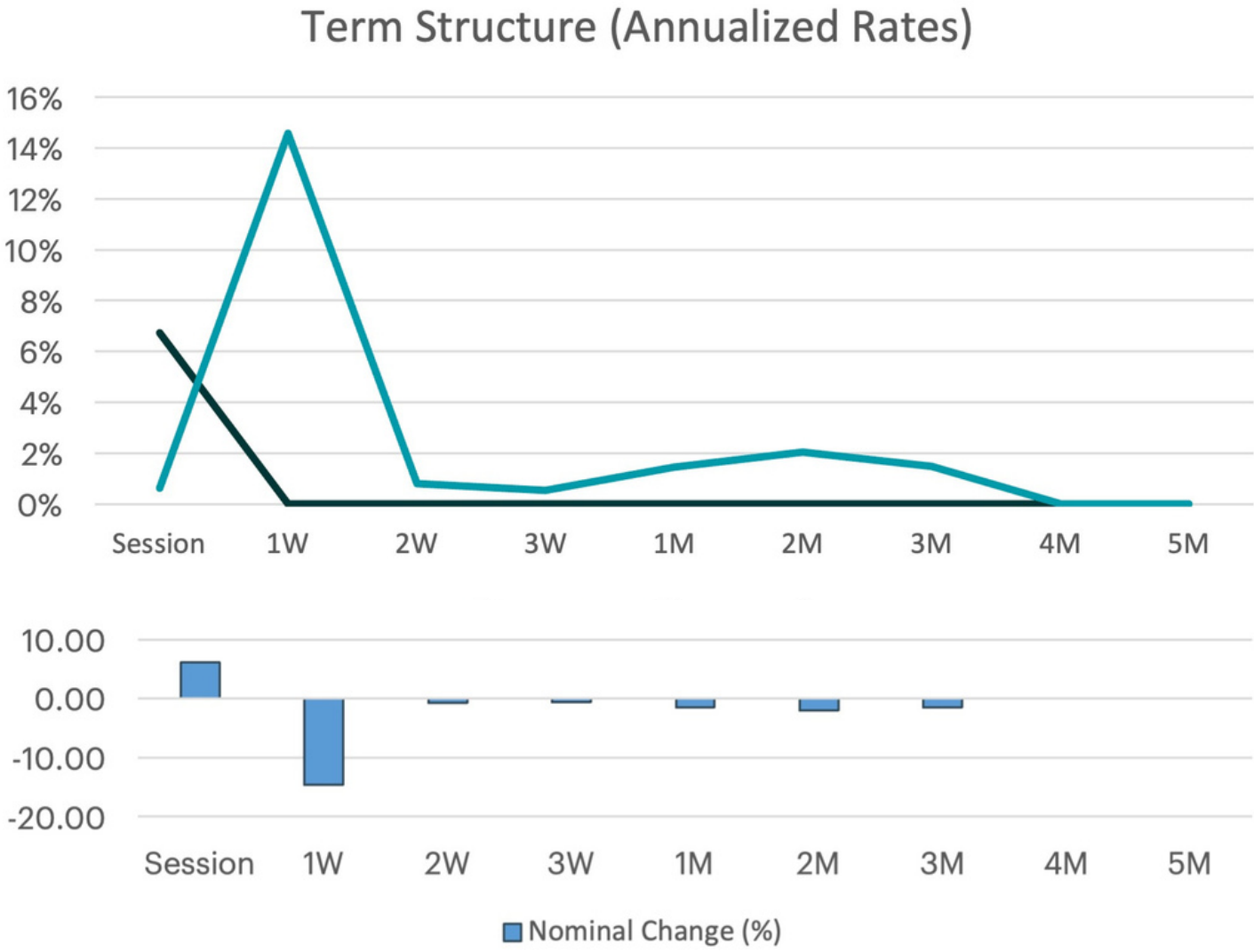
- Net sentiment positioning in Bitcoin futures continued to rise towards neutral territory, increasing from -414 to -400.



- Open interest for Ether Futures climbed almost 13% for the month as the launch of an ETH Futures ETF seems imminent.

Source: CF Benchmarks, CFTC, Bloomberg, as of September 30, 2023

CF Bitcoin Interest Rate Curve



Term structure broadly flatten

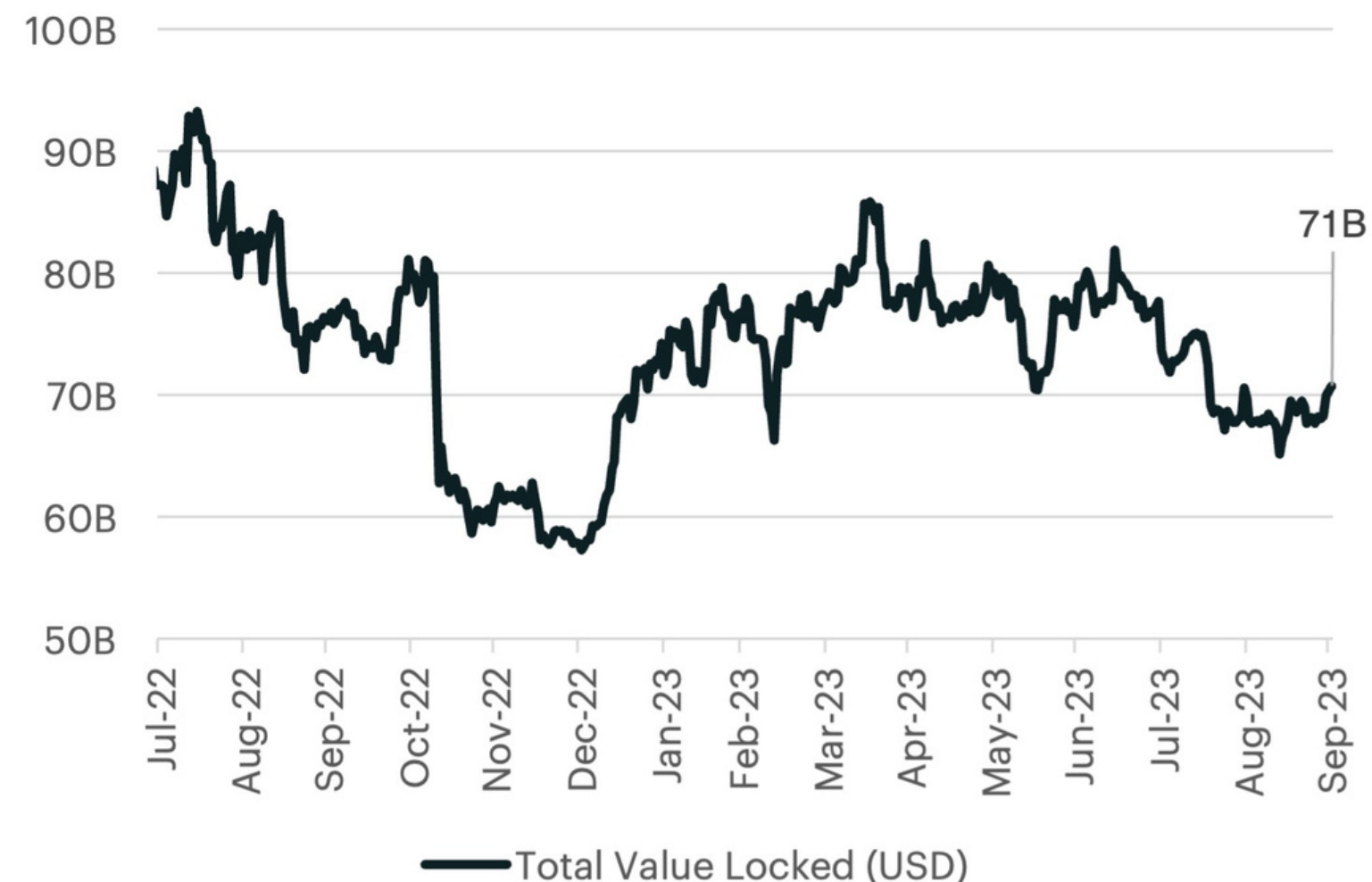
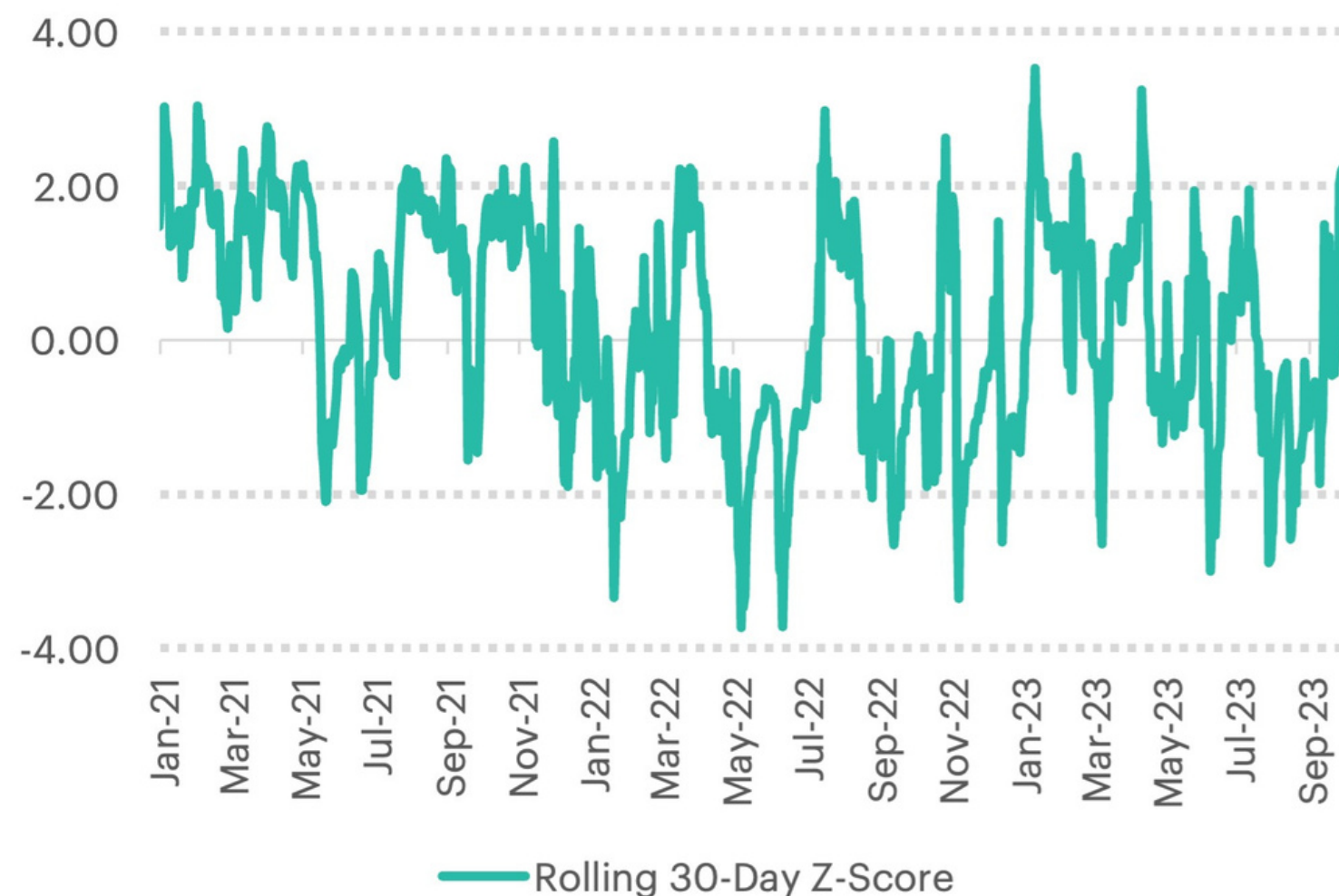
- The Bitcoin Interest Rate Curve (or BIRC) represents the profit of a static cash and carry strategy (sell the futures and buy the spot or vice-versa) from the perspective of an economic agent who owns Bitcoins and is trying to generate yield.
- Changes, or shifts, of the CF BIRC have historically been indicative of bullish or bearish sentiment.
- Sideways price action coupled with dampening hopes of a potential 2023 launch of a Spot Bitcoin ETF has likely had a flattening impact on the BIRC. Most of the decrease in basis occurred in the 1-week portion of the curve and almost all of the tenors are now completely flat.

Source: CF Benchmarks, as of September 30, 2023

On-chain Updates



Total Value Locked (TVL) in DeFi Protocols



- Total value locked (TVL) in decentralized finance (DeFi) protocols witnessed a two-sigma increase in September, rising from \$67B to \$71B as investor sentiment in the space has seemingly bottomed for now.

Source: CF Benchmarks, DeFiLlama, Kraken Intelligence, as of September 30, 2023

Appendix

CF Digital Asset Classification Structure



CF Digital Asset Classification Structure

The CF Digital Asset Classification Structure (CF DACS) classifies coins and tokens based on the services that the associated software protocol delivers to end users, grouping assets by the role they play in delivering services to end users. The CF DACS powers CF Benchmarks' sector composite and category portfolio indices and allows users to perform attribution analysis to better understand the fundamental drivers of returns within their digital asset portfolios.

CF Digital Asset Classification Structure



Additional Resources

For more information about our CF Benchmark indices and our methodologies, please visit the respective web links below:

- [CF Diversified Large Cap Index](#)
- [CF DeFi Composite Index](#)
- [CF Web 3.0 Smart Contract Platforms Index](#)
- [CF Digital Culture Composite Index](#)
- [CF Blockchain Infrastructure Index](#)
- [CF Cryptocurrency Ultra Cap 5 Index](#)
- [CF Broad Cap Index Market Cap Weight](#)
- [CF Broad Cap Index Diversified Weight](#)

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