



April 13, 2026

88 Public Index Investors,

In light of recent events, I am writing a second letter, one week apart from the first. Hedge funds in TradFi normally provide the industry-standard quarterly reports. However, circumstances in the fast-moving crypto world warrant another quick update.

As you are aware of, on April 9, around 7pm Eastern, Covenant AI and their three top subnets abruptly exited Bittensor. This triggered a steep decline of roughly 13% in SOS (the dTao market benchmark) within an hour. As a result, the 88 Public Index AUM (excluding SN88) also saw a sharp drawdown of under 10%, mitigated by diversified allocation weights. Our quant model had already started account rebalancing in the hours leading up to the event; Pace was accelerated during the decline. The three affected subnets were immediately removed from the index. By 8:30pm, all accounts were fully rebalanced. Special thanks go to the always excellent TrustedStake team and their execution layer.

As of this writing, index AUM has recovered over 6%. The progress is expected to continue. Most investors in the community are affected by this unfortunate event, SN88 team members included. \$TAO itself has declined over 20% in the past few days. Some investors who allocated heavily into the three “blue chip” subnets suffered losses of 50% or more. We feel the anguish from those who lost funds.

During the event and immediate aftermath, investors faced an uncertain path. Many advocated moving Tao into root as a defensive measure, which is a valid option. We took a different path. Based on signals and outputs from our miners and our quant model, we expected a high probability of a V-shaped recovery. Results from the market have so far confirmed Subnet 88’s strength under stress.

Events like this raise important questions. We have no doubt Bittensor will improve and come out stronger. Nonetheless, despite the decentralization ethos and the permissionless, trustless nature of Bittensor and crypto in general, it’s the people that make or break a project. Trust remains a central question. What and who can we trust? This means not only trust in the technical layer that’s supposed to work, but also the people behind the project. The 88 team came to Bittensor to build, because more than the technical potential, we saw the incredible people Bittensor brought together from around the globe. This has not changed.

When it comes to Subnet 88, the same question applies. Investing carries inherent risks. Past performance is no guarantee of future results. Nonetheless, our miners and our quant model have demonstrated with results. In addition, Subnet 88 is backed by an RIA – a Registered Investment Adviser firm in the US. While guaranteeing future results would violate SEC rules, what we can guarantee is that the Covenant incident will not happen in Subnet 88. We operate under the fiduciary standard of the RIA, even though crypto is not considered security. It’s the highest standard a Bittensor subnet can provide.

Sincerely,

Jake Fan  
Founder & CEO  
Investing88