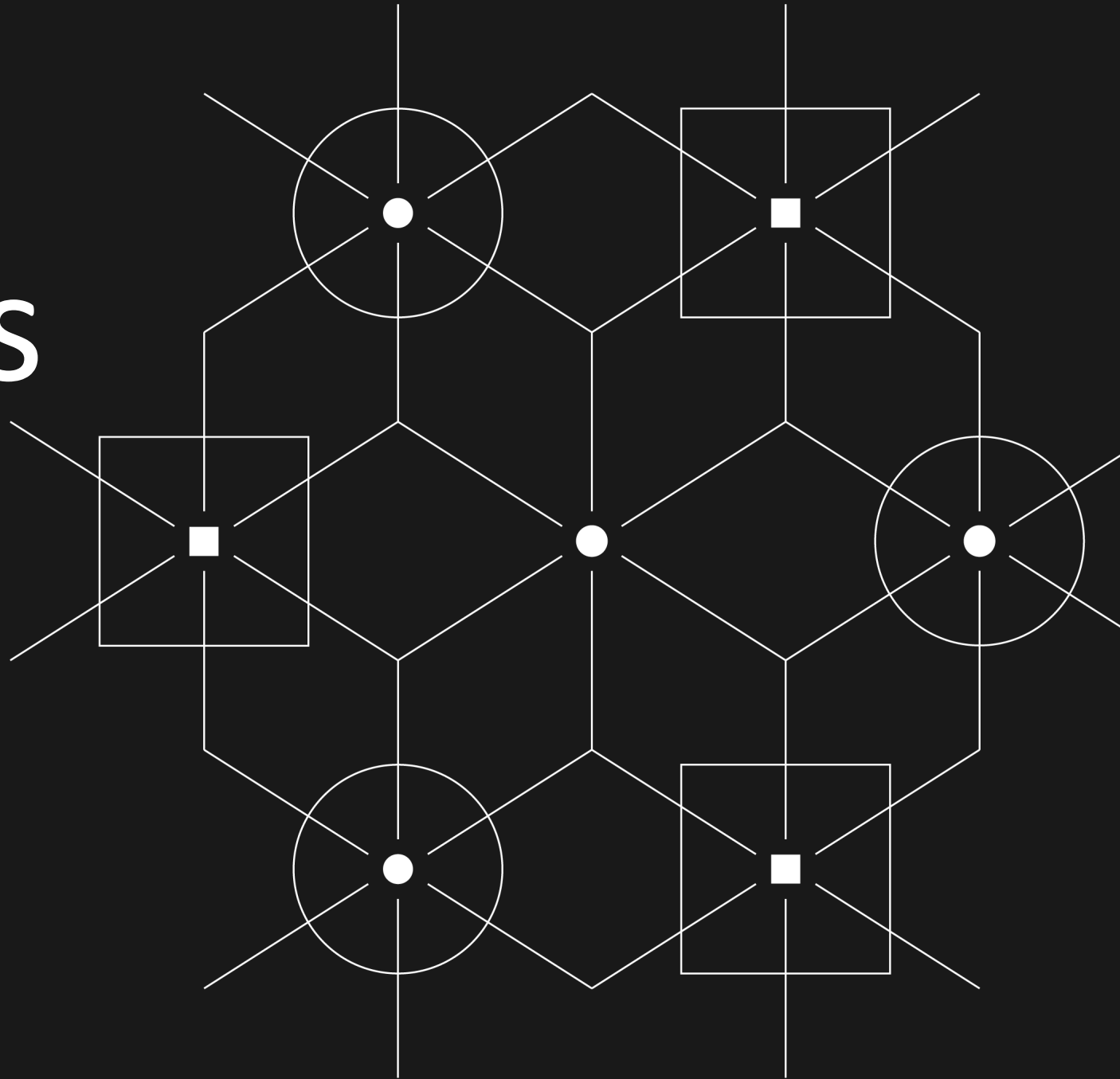


Digital Assets

Jordan Rosenberg
VP, Business Development





■ Overview of Digital Asset Landscape

001

Increasing digitalization has made access to crypto more widespread, boosting economic mobility.

002

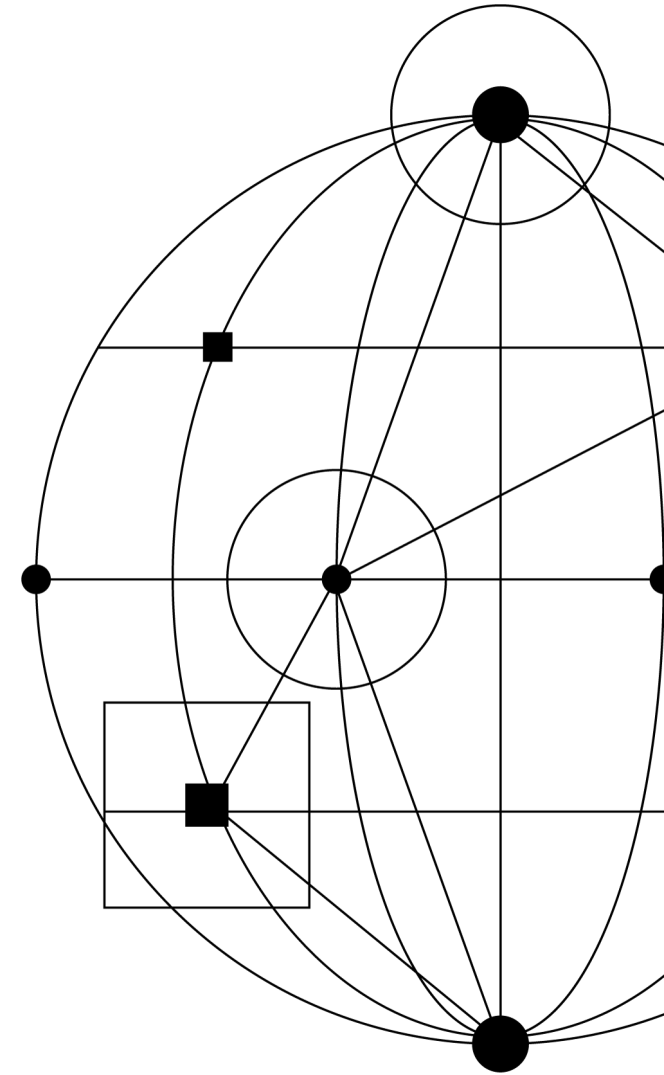
Younger individuals, especially historically underrepresented groups, have led crypto adoption.

003

Bitcoin and other digital assets provide significant utility today, particularly for the unbanked or underbanked segments of the population.

004

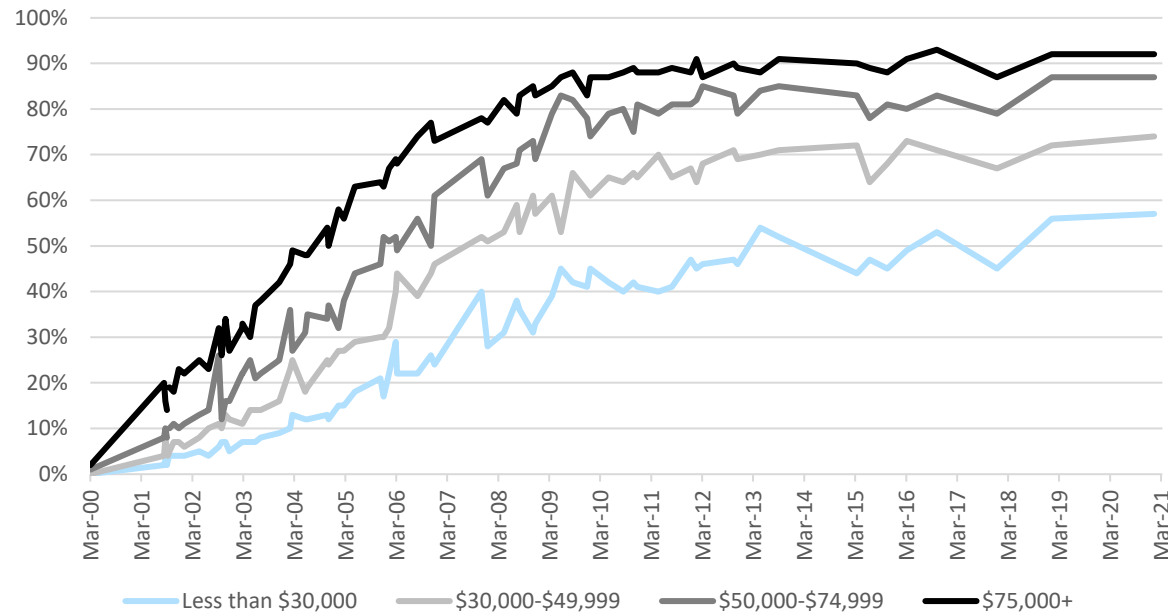
Crypto adoption resembles the early stages of internet growth.





Internet Adoption: Growing Digitization

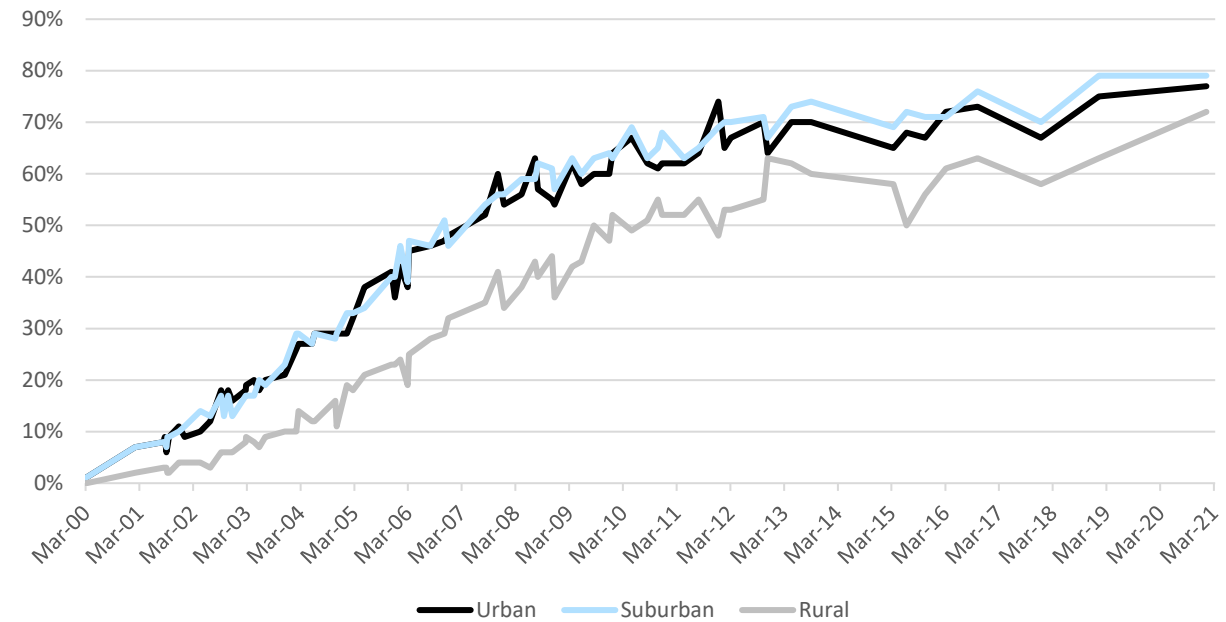
% of U.S. adults with a broadband connection at home,
by annual household income



Data: Pew Research Center.

- The internet adoption gap between urban, suburban, and rural communities is diminishing
- Access to high-speed broadband in rural areas is a catalyst for population and economic growth in these communities, as well as growing digital transformation

% of US adults with a broadband connection at home



Data: Pew Research Center.

- Household incomes below \$30,000 are severely disadvantaged
- Affordable broadband services can stimulate job growth for underrepresented communities while granting access to the digital ecosystem



Significant Portions of Americans are Unbanked

While interest in decentralized & “trust-minimized” technologies like crypto is growing

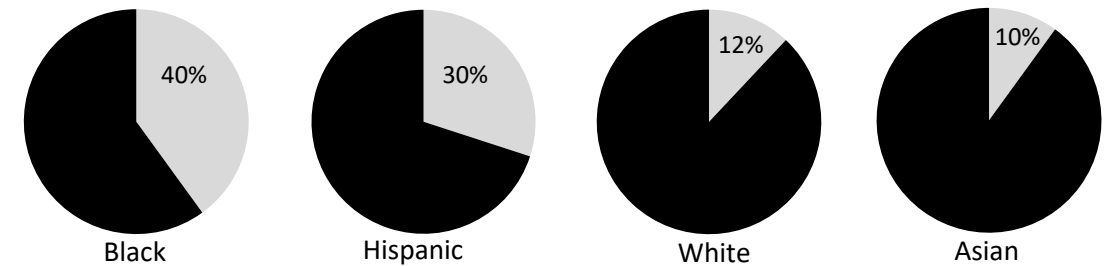
6% of Americans are unbanked and 13% are underbanked.

- Black, Latino, and low-income groups are most underserved by the banking sector
- Most common reasons for being unbanked/underbanked were:
 - Unable to meet minimum balance requirements set by banks (49%)
 - Lack of trust in banks (36%)

Crypto provides low-income individuals easier and cheaper access to financial services:

- Access only requires internet and a device
- Crypto offers faster, cheaper payments, benefitting remittance senders and those who live paycheck to paycheck
- No overdraft and maintenance fees, or predatory loans

Unbanked/Underbanked Rates by Race

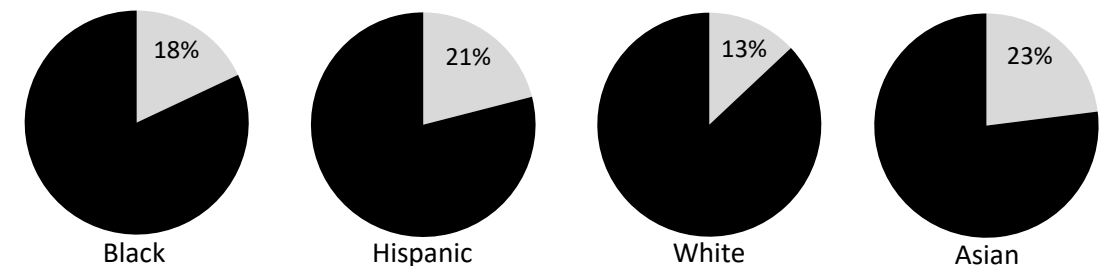


Source: Federal Reserve: Report on the Economic Well-Being of U.S. Households in 2020

Unbanked = No one in the household has a checking or savings account.

Underbanked = While they have a bank account, these households have used an “alternative financial service” like a check casher, non-bank money order, or payday loan in the last year.

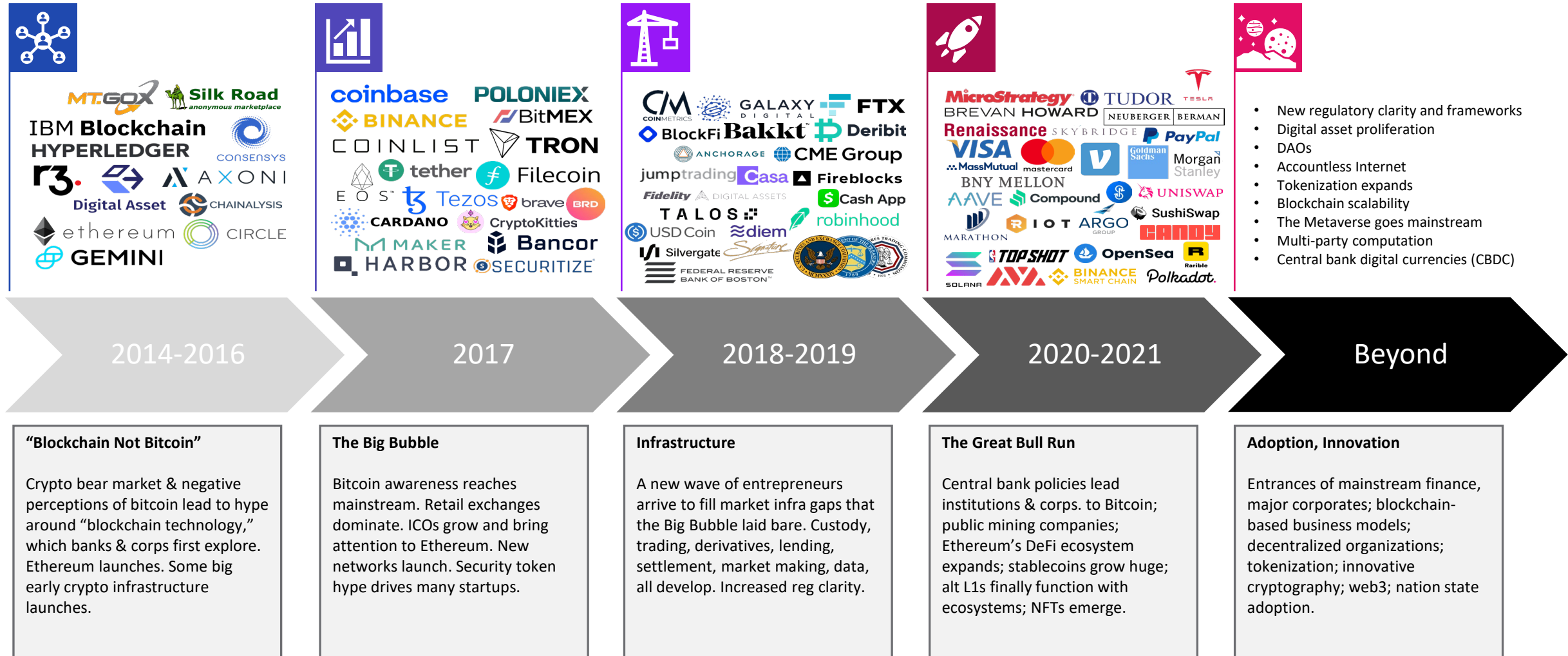
Invested Interest in Cryptocurrency by Race, Males 18-29 (2021)



Source: Pew Research Center 2021



Onwards & Upwards: A short history of the crypto industry





Bitcoin: A Major Macro Asset

Bitcoin's fixed monetary policy means it can't be debased by central banks, leading some to call it "Digital Gold," a narrative that permeated widely over the last 2 years.

Growing institutional ownership includes HNW, endowments, and corporates.

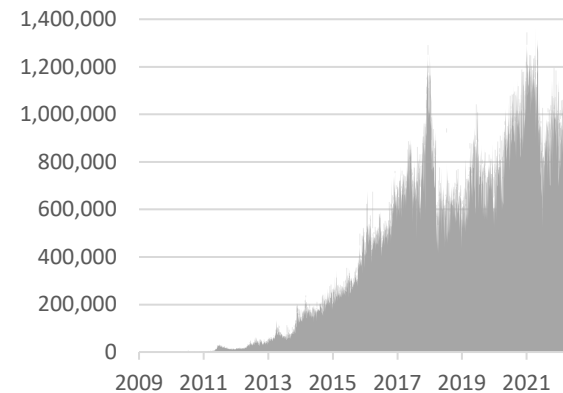
All-time highs for bitcoin adoption and fundamental network usage:

- More than \$13tn transferred via Bitcoin network in 2021
- Estimated 150m people worldwide use Bitcoin

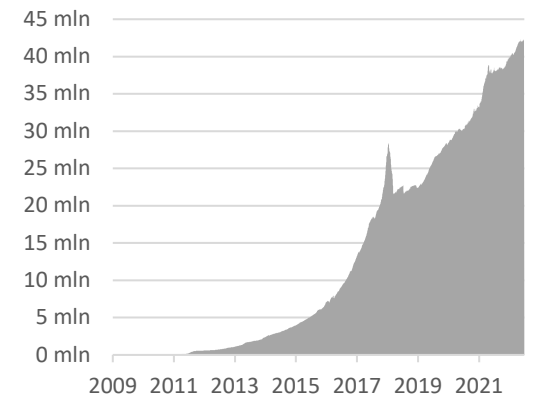
Bitcoin is scaling:

- Lightning Network enables instant, near-free payments worldwide
- Adoption by large fintech players such as PayPal and Block

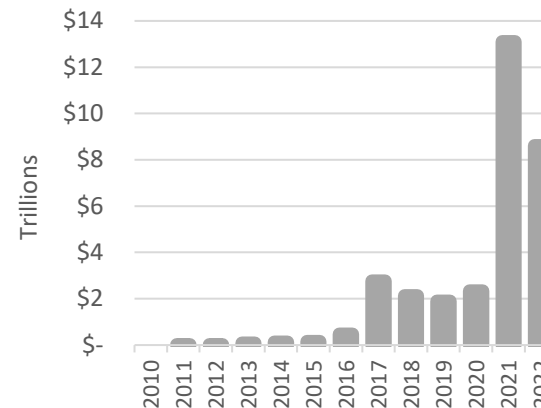
BTC / Daily Active Addresses



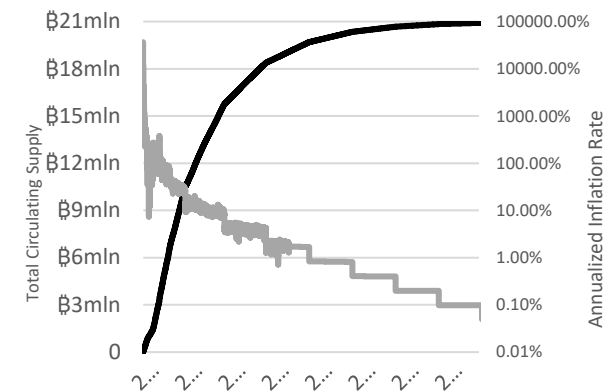
BTC / Address with Balance > 0



\$ Value Transferred by Bitcoin Network



Bitcoin Monetary Policy Tracks Model



Data: Coin Metrics, June 2022.

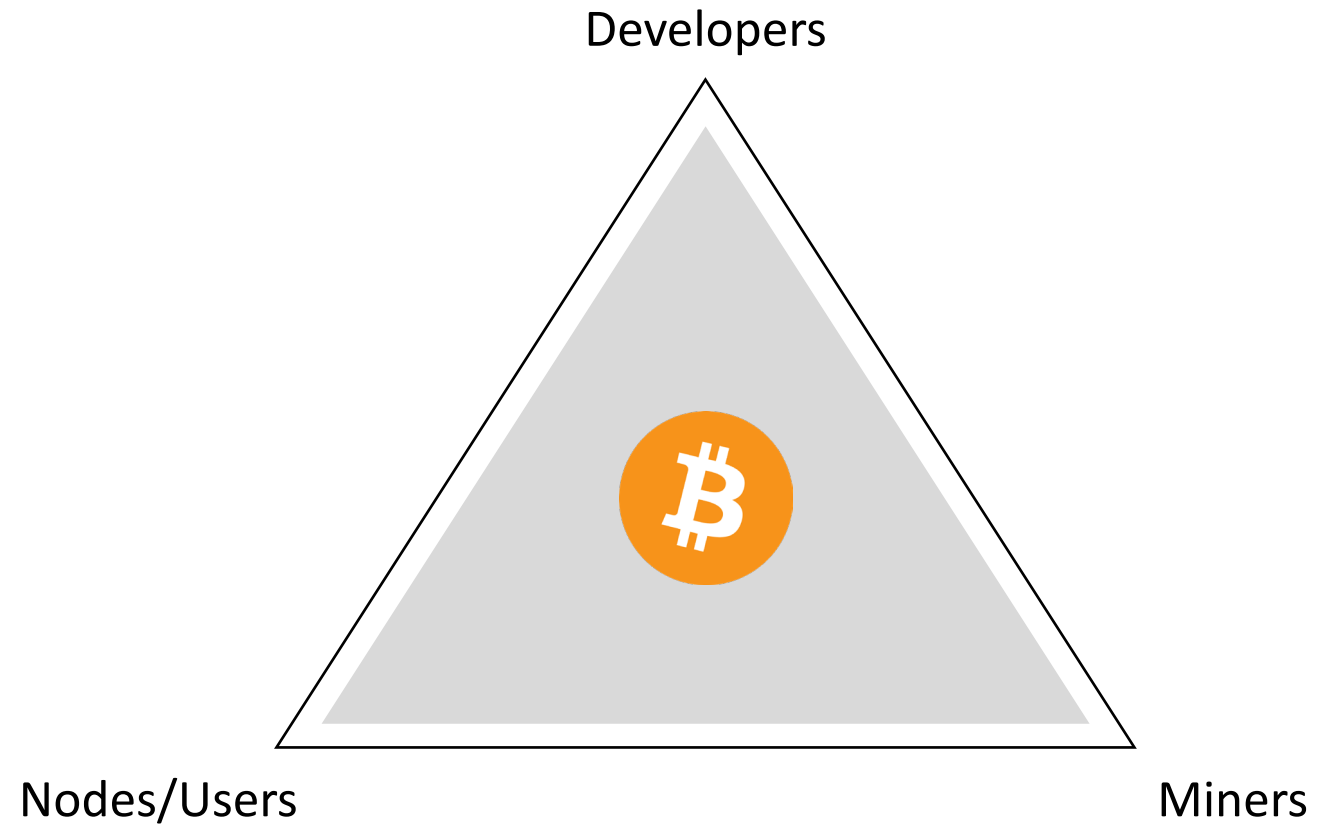


Bitcoin's decentralized governance

Miners create blocks, and confirm transactions, but don't write code and must adhere to rules set by nodes.

Developers write code but can't deploy code or force upgrades.

Nodes/Users validate blocks and ensure rules are followed but can't write code or create blocks.



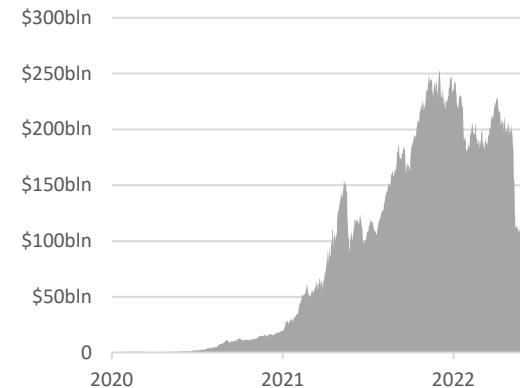


Ethereum and Decentralized Finance

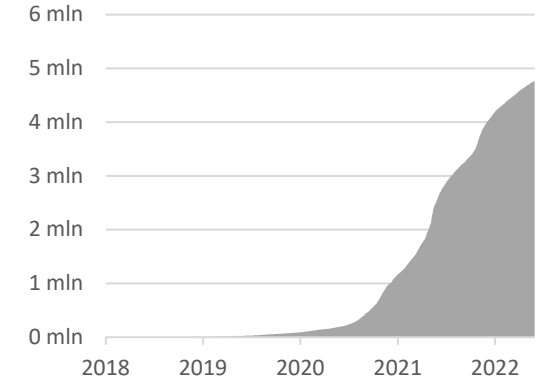
Ethereum and DeFi are making financial services available to anyone with an internet connection or smart phone.

- Value-locked grew 300x since Jan 2020
 - \$686m to \$240bn+
 - This growth exhibits the increasing use of these services by people all over the world
- DeFi protocols generate cashflow, volumes have been soaring
- Permissionless finance enabled by DeFi cannot discriminate, such as by “redlining”
- While risks exist, the transparency and auditability of DeFi means that finance can happen in the open, making situations like the Great Financial Crisis less likely
- Decentralized web prevents control by a handful of large companies of all data and applications

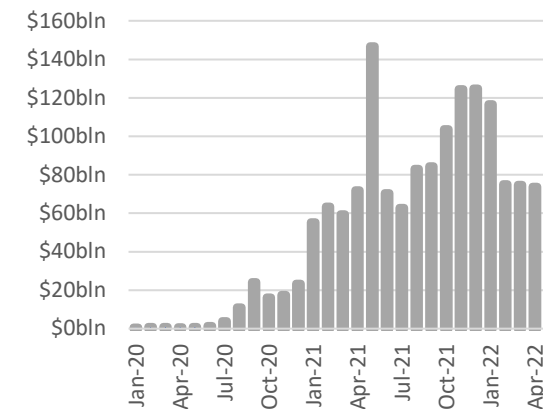
TVL (USD) in x-Chain DeFi Apps



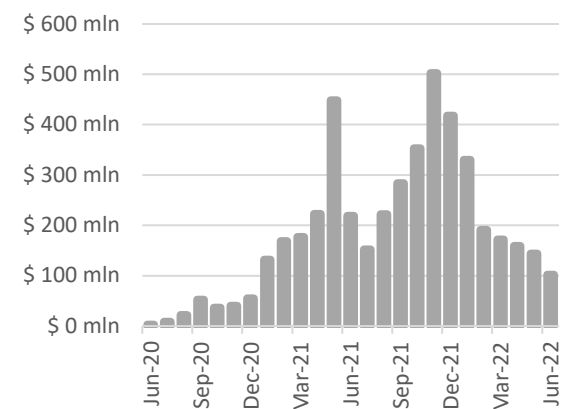
ETH DeFi Address Count



Monthly ETH DEX Volume



DeFi Protocol Revenues (USD)



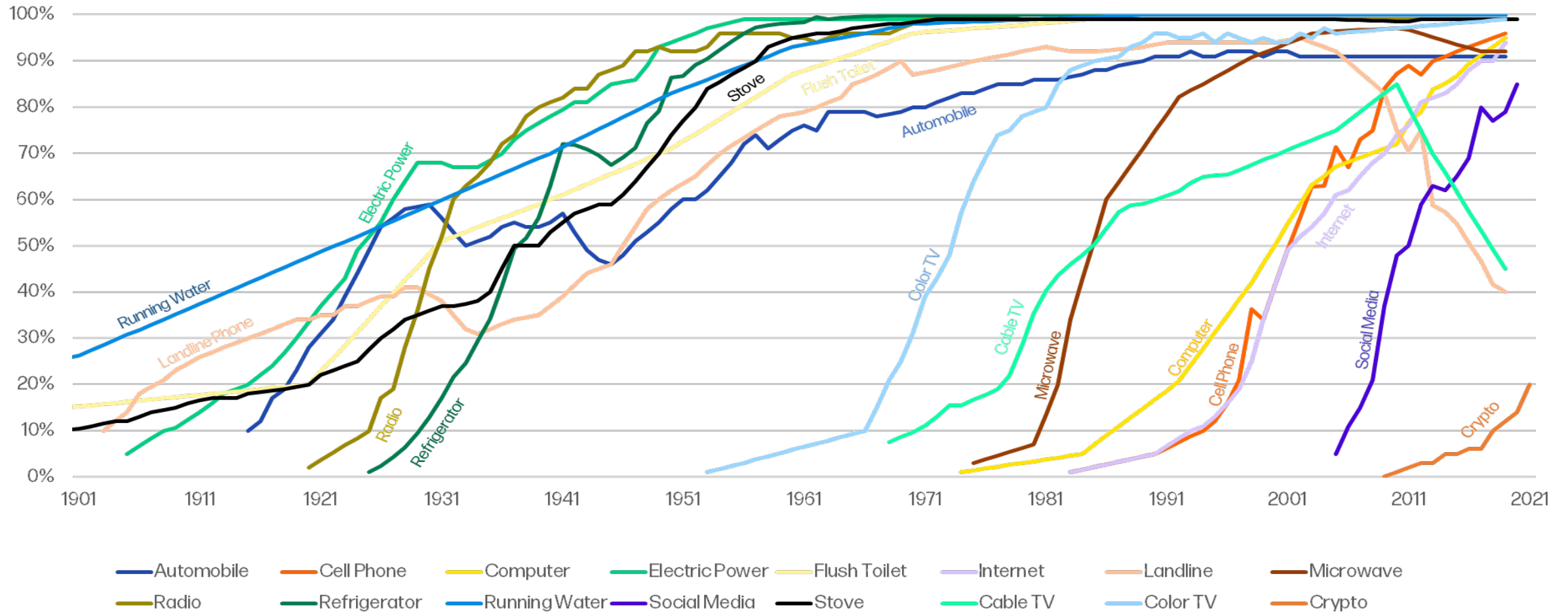
Data: Dune Analytics, DeFi Llama, The Block. All data through June 2022.



Crypto Adoption Resembles Other Major Technologies

Technology Adoption by US Consumers (1900-2021)

Source: Galaxy Digital Research

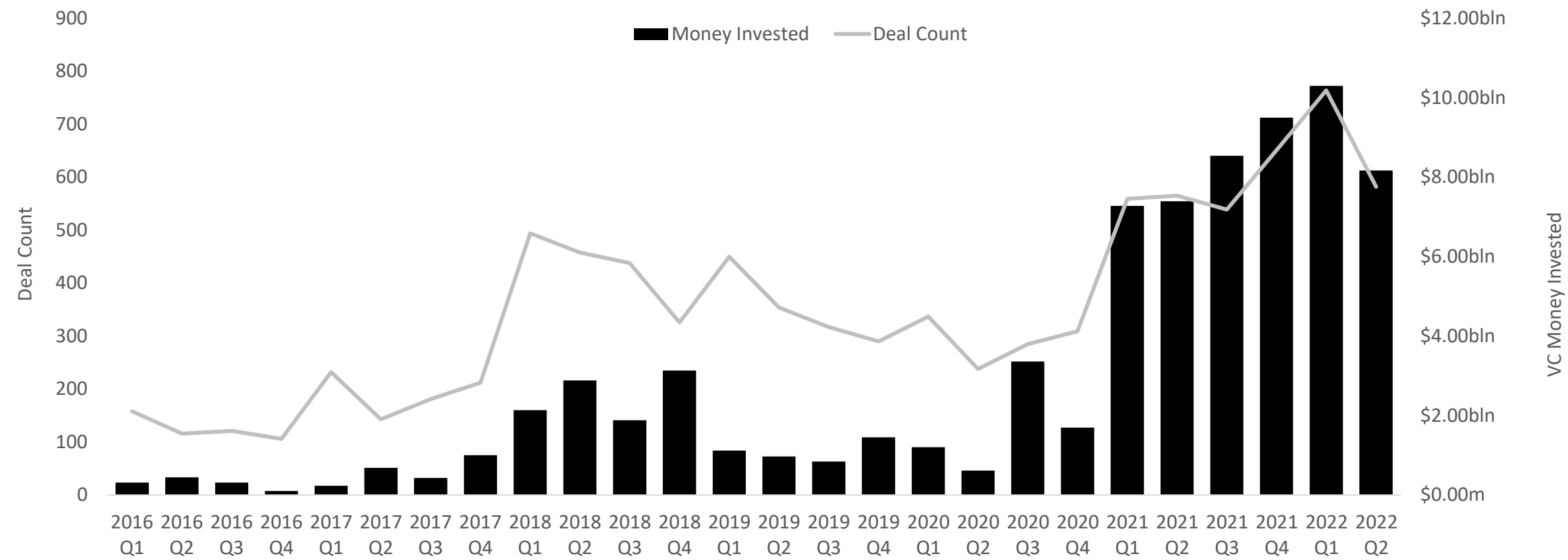




Investors are backing crypto startups

Crypto/Blockchain VC Deals: Capital Invested & Deal Count

Source: Galaxy Digital Research





How are investors accessing digital assets?



Passive

Blue-chip, large-cap exposure

- Thematically play the growth of the asset class through indexing strategies
- Invest in passive fund structures providing exposure to blue-chip or large-cap digital assets (e.g., BTC, ETH, DeFi)
- Target simple, low fee regulated products that replicate index performance



Hedge Funds

Liquid markets active management

- Generate alpha through:
 - High conviction bets on small- and mid-cap digital asset selection; or
 - Exploit market inefficiencies nascent in this new asset class using various forms of sophisticated trading strategies
- Diversifying across multiple strategies and investment theses, including:
 - Fundamental, Quant Directional, Market-Neutral, Long/Short



Venture

Early-stage, illiquid investing

- Private markets offer the opportunity to invest at the earliest stages of cutting edge blockchain innovation
- Invest in illiquid tokens and/or private equity
- Potential for outsized returns along the path to maturity, irrespective of market cycles
- While difficult to access, many believe private digital asset markets will continue to drive value creation and asymmetric return opportunities similar to traditional early-stage illiquid markets



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