

Silicon, Satoshi, and Superpowers

INVESTMENT THEMES FOR THE NEXT DECADE

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With increasing media attention on digital assets and related technologies, many of the concepts associated therewith (and the terms used to encapsulate them) are more likely to be encountered outside of the digital space. Although a term may become relatively well-known and in a relatively short timeframe, there is a danger that misunderstandings and misconceptions can take root relating to precisely what the concept behind the given term is.

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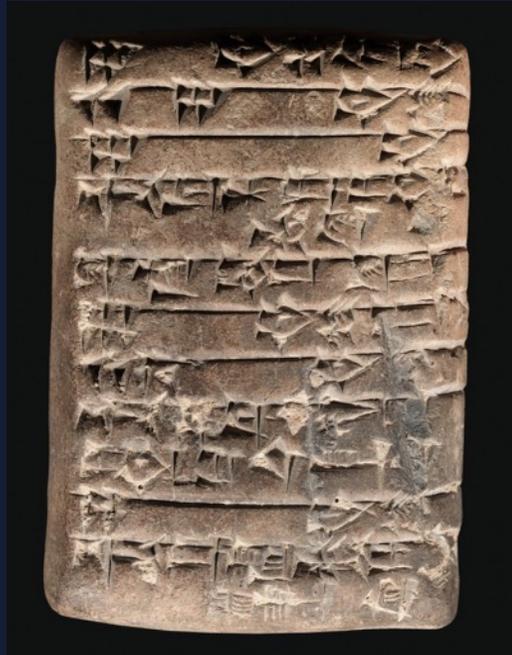
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A Brief Introduction

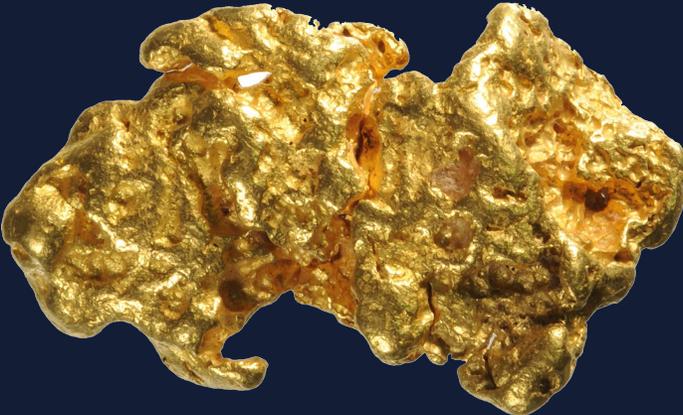
UNDERSTANDING THE STATE OF THE CRYPTO INDUSTRY

MONEY IS MEMORY

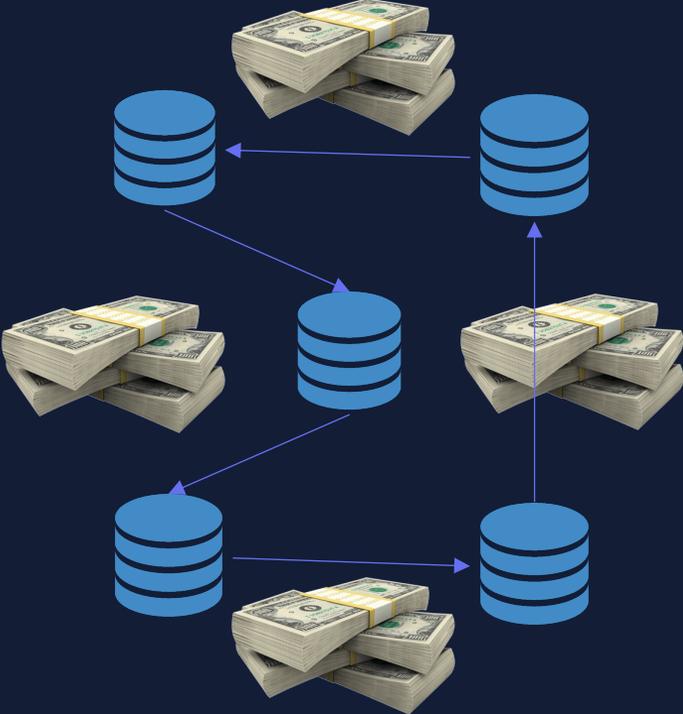


Money is a technology that enables us to preserve information about ownership with permanence

BITCOIN TURNS COMPUTATION INTO MONEY



shiny rock

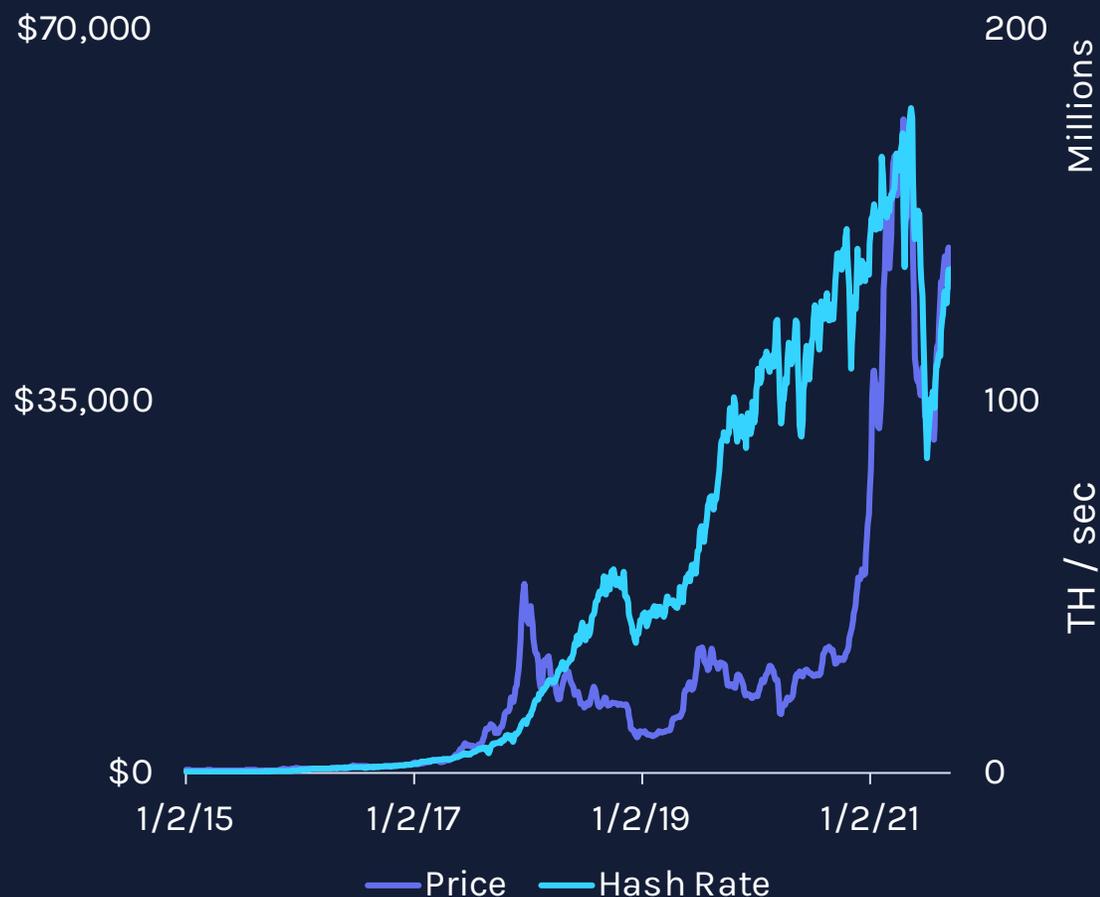


“banks”



not a shiny rock
not a bank

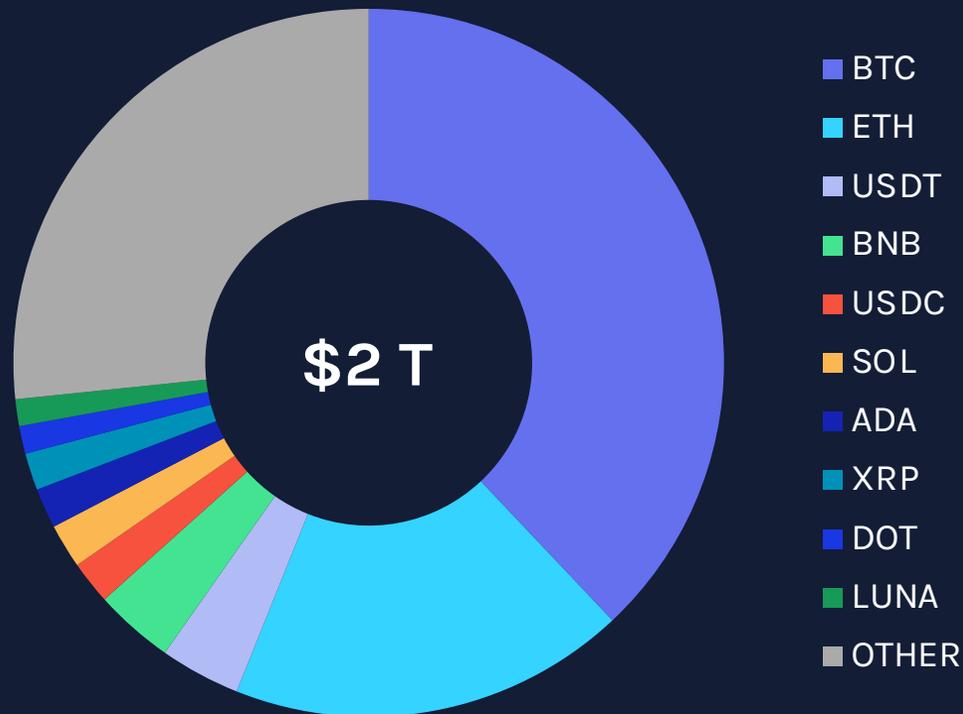
AND PUTS A PRICE ON IT



- The bitcoin network is the world's most secure, independent financial network
- The demand for block space is a function of the demand for secure financial transactions
- Ethereum extended this concept by introducing financial computation, in the form of smart contracts
- Newer, emerging L1 protocols are introducing different models for pricing network computation by offering different security guarantees or opting for certain measures of centralization

CRYPTOCURRENCY IS AN INDUSTRY

THE COMPOSITION OF CRYPTO MARKETS



INDUSTRY INSIGHTS

- The aggregate market cap of all cryptocurrencies is now over \$2T, having more than doubled over the last 14 months
- Bitcoin dominance is 40%, reflecting the growing diversification within the industry – assets no longer have a beta of one to bitcoin
- Daily transactions volumes on public blockchain networks and decentralized applications exceeds \$100B per day
- Stablecoins now comprise over \$200B or 10% of crypto's market cap

WAVES OF CRYPTO INNOVATION

2013 - 2017

 BitMEX

2015, \$5M

 Bitnet

2014, \$40M

 coinbase

2015, \$500M

 Ledger

2017, \$200M

 BLOCKCHAIN

2018, \$200M

CONSUMER CRYPTO

- Exchanges & Wallets
- Payment Processors
- Self-custody solutions

2017 - 2022

 BitMEX

2022, \$5B

coinbase

2022, \$51B

 LEDGER

2022, \$2B



BINANCE

2022, \$80B

 FTX

2022, \$22B

INSTITUTIONAL CRYPTO

- Institutional exchanges
- Institutional custodians
- Lending markets
- Derivatives & options

2022 AND BEYOND

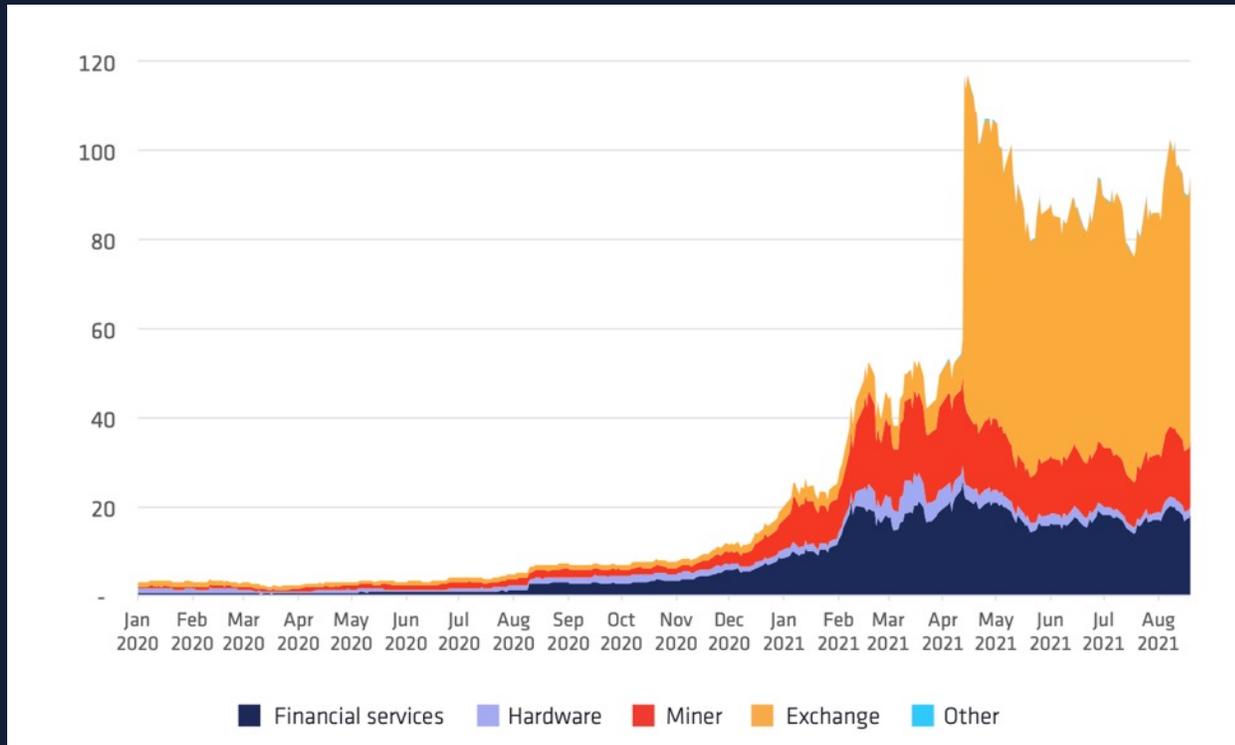
?

CRYPTO EATS EVERYTHING

- Banking deposits
- Insurance
- Investment products
- Cross-border payments
- Sovereign currency
- And so much more...

IT'S IMPACTING PUBLIC MARKETS

AGGREGATE CRYPTO EQUITIES MARKET



- While cryptocurrencies themselves are a \$2T asset class, crypto equities are also becoming a prominent asset class
- There are nearly 100 companies worth over \$100B who are considered “pure play” crypto companies
- These companies are facilitating trillions of dollars in regulated economic activity and billions of dollars in shareholder value
- In H1 2021 alone, over **\$32B** of SPAC capital was raised to fund crypto pure play IPOs

AND THE POLITICAL LANDSCAPE

BITCOIN OWNERSHIP IS GROWING



- **4.4%** of the adult population owns Bitcoin
- In the EU, London has the **highest concentration** of crypto holders



- **46 million** Americans own Bitcoin
- **22%** of the adult population



- **300 million** people around the world own bitcoin

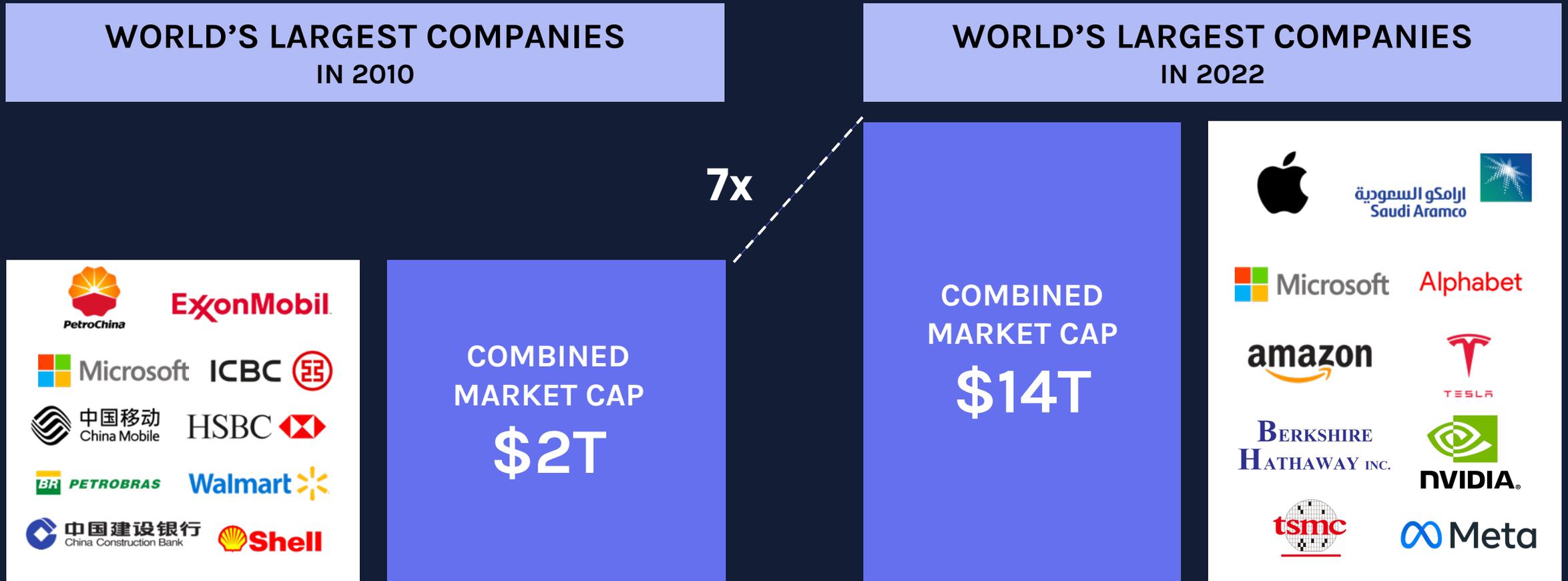
AND IMPACTING VOTERS AND POLICY

- Crypto and related businesses generate hundreds of millions in tax revenues every year and employ tens of thousands of people in high-paying jobs
- Many crypto industry members are moving to jurisdictions with favorable regulation
- In the US, political action committees have been funded with tens of millions of dollars to back pro-crypto candidates
- Cryptocurrency related lobbying is on track to pass \$50M in the US

An Investor's Perspective

RETHINKING GLOBAL INFRASTRUCTURE IN A DIGITAL WORLD

POWER IN OUR WORLD IS CHANGING



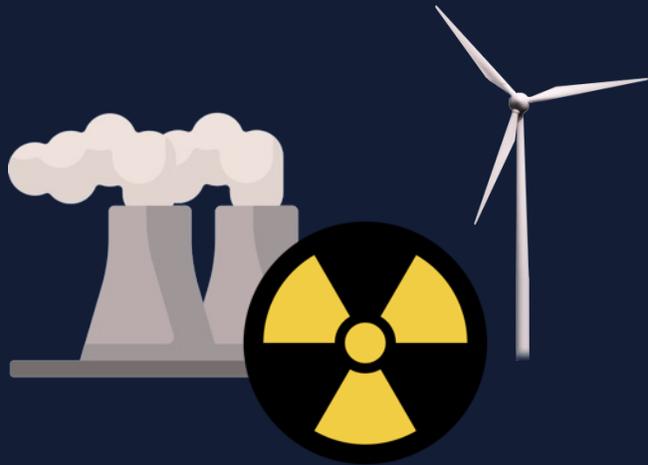
Technology has radically reshaped the allocation of capital and distribution of wealth

THE DIGITAL WORLD IS THE NEXT FRONTIER



THE DIGITAL WORLD HAS THREE KEY INPUTS

ENERGY



COMPUTE
(CONNECTIVITY & STORAGE)

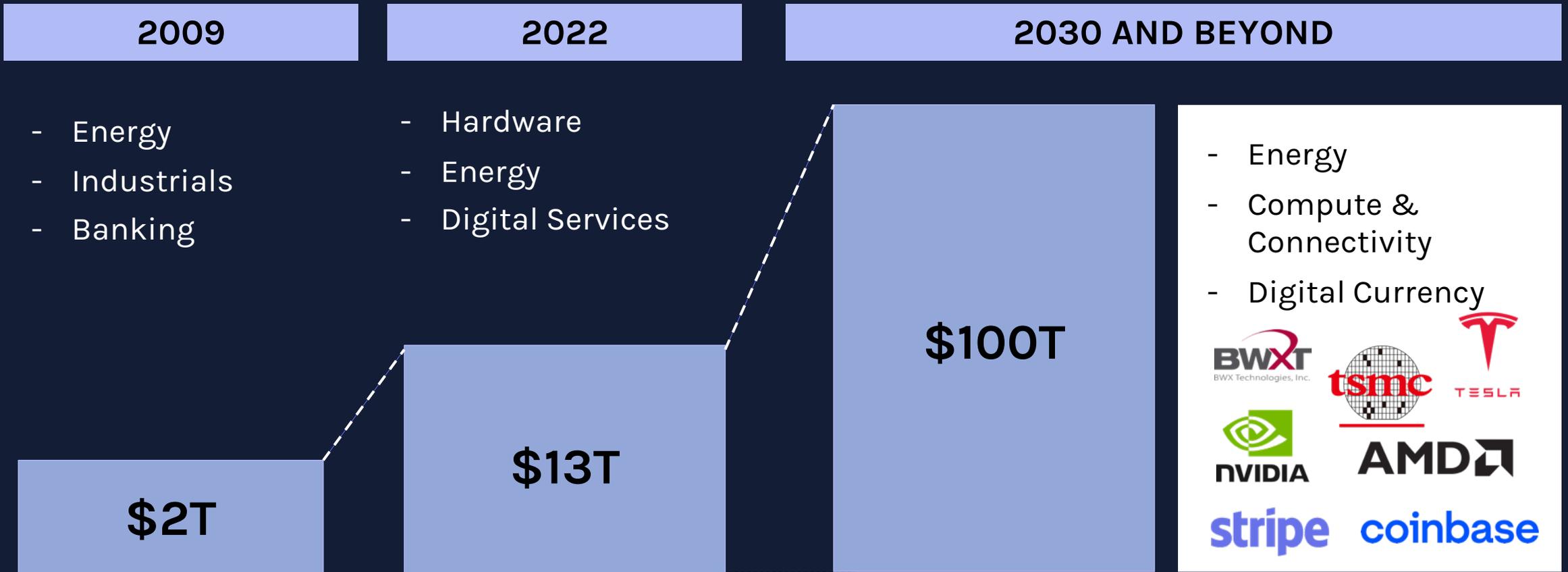


DIGITAL CURRENCY



These vital resources that fuel the digital economy will all be secured using strong cryptography

THESE THEMES WILL DEFINE OUR WORLD



Companies and nations alike will spend trillions on R&D, IP, and physical infrastructure needed to secure their data and access to global blockchain networks

WE LIVE IN A MULTI-POLAR WORLD



BUT THE PLAYERS ARE CHANGING



amazon

CORPORATION STATES

Alphabet

facebook

BITCOIN & PUBLIC BLOCKCHAIN PROTOCOLS

DECENTRALIZED DIGITAL STATE

ROBLOX

FORTNITE

METAVERSES



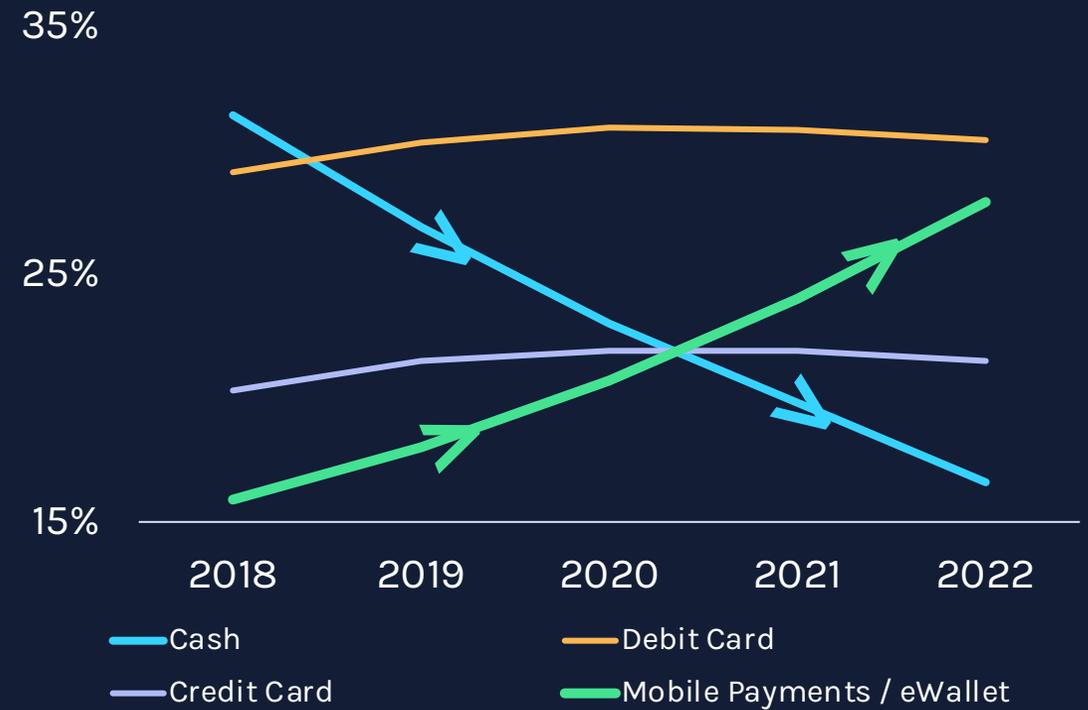
EVE
ONLINE

EVERY COMPANY WILL BE A FINANCIAL SERVICES COMPANY

WORLD'S LARGEST DIGITAL PLATFORMS

Company	Active Users	Jurisdiction
Facebook	2.9 billion+	US
WeChat	1 billion+	China
Alipay	1 billion+	China
Samsung Pay	1 billion+	Korea
Apple Pay	400 million	US
PayPal	250 million	US
Amazon Pay	50 million	US

GLOBAL SHARE OF PAYMENTS



A BROADER REVOLUTION IN CAPITAL MARKETS

DIGITISATION

- All assets will be digitally represented
- Digitisation enables information to transcend physical borders
- Markets will be global, interconnected, and operate 24/7/365

DISINTERMEDIATION

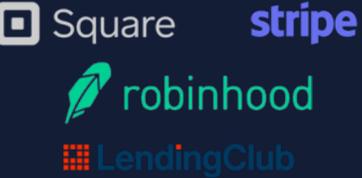
- On-chain financial products enable speed, cost efficiency, and broader access
- Users can access a wide range of financial products and services with or without a bank

DISTRIBUTION

- Digital, blockchain-based financial products can be distributed directly to end consumers
- While banks have tens of millions of customers, digital platforms have much wider reach, with billions of users

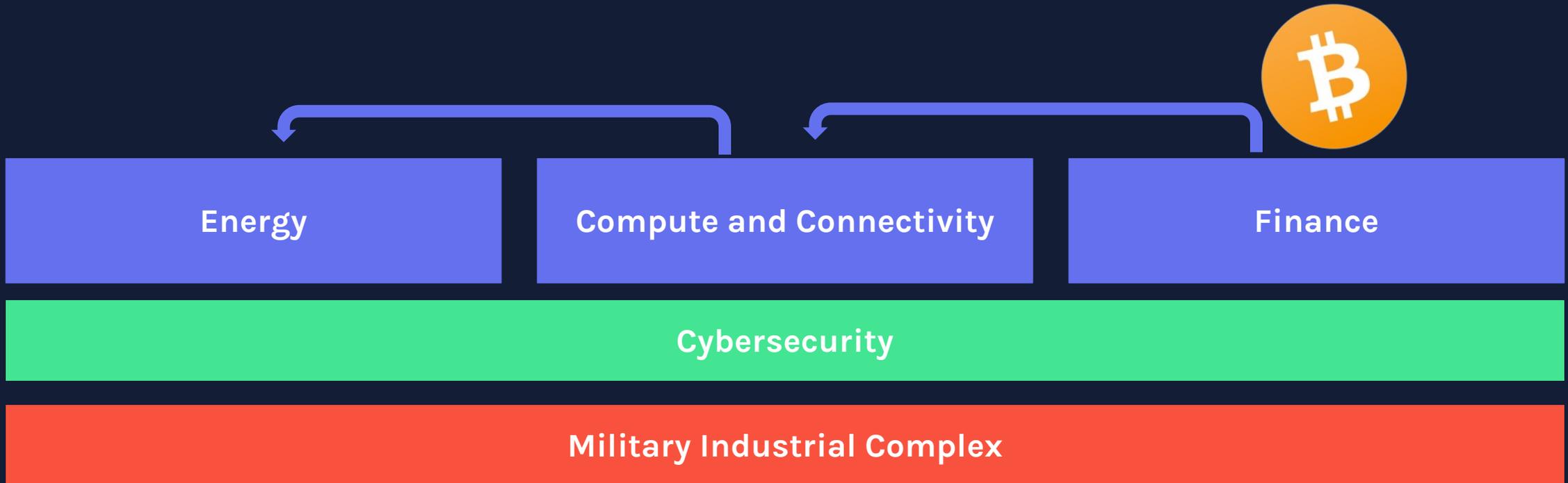
Companies and nations alike will spend trillions on R&D, IP, and physical infrastructure needed to secure their data and access to global blockchain networks

POWERED BY PUBLIC BLOCKCHAIN INFRASTRUCTURE

FinTech	Social Finance	Open Banking	Permissioned Blockchains	Open Finance
2009 -	2011 -	2016 -	2017 -	2019 -
<p>Start-ups building new financial services applications, often targeting a slice of the value chain</p>	<p>Digital platforms and ecosystems leveraging consumer data to offer or distribute financial services products</p>	<p>Enabling 3rd party developers to either co-create new offerings, or improve customer experience</p>	<p>Consortia-led efforts to re-platform existing FS “plumbing” onto distributed ledger technology (DLT) and use smart contracts</p>	<p>Using open financial protocols like bitcoin, value can be transmitted in new ways not constrained by physical borders</p>
				

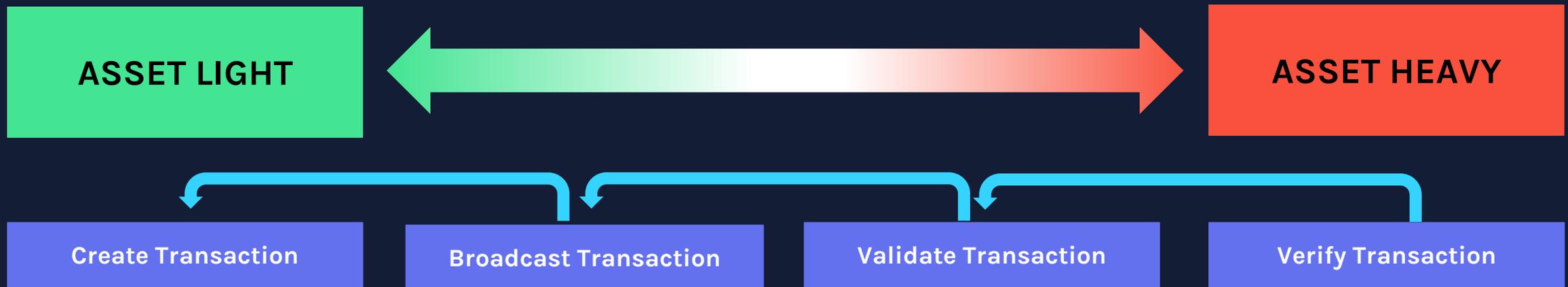
CRYPTO IS SO MUCH MORE THAN MONEY

Bitcoin is not only a way of moving monetary value across space and time, it's a secure, telecommunications network and database that can help fuel a renewable energy revolution.



Bitcoin is a paradigm shift, but few are looking beyond bitcoin as an asset class

CRYPTO INFRASTRUCTURE WILL BE A MASSIVE CATEGORY



As we begin to refine the relationship between physical assets and the maintenance and management of blockchain networks as *secure communication protocols...*

Firms, Nation States, and communities will compete to secure access to public blockchain networks

OUR NEW DIGITAL WORLD HAS NEW THREATS

ENERGY

Inside the Cunning, Unprecedented Hack of Ukraine's Power Grid

The hack on Ukraine's power grid was a first-of-its-kind attack that sets an ominous precedent for the security of power grids everywhere.

Pipeline Hack Points to Growing Cybersecurity Risk for Energy System

Energy infrastructure has increasingly come under assault, and analysts said the attack that cut off fuel supplies this week should be a "wake-up call."

COMPUTE (CONNECTIVITY & STORAGE)

UK military chief warns of Russian threat to vital undersea cables

Adm Tony Radakin says any attempt by submarines at damage would be treated as 'act of war'

NETWORKS / CYBER, SPACE

US needs to temper reliance on at-risk undersea internet cables, satellites can help: Aerospace

"Undersea cable infrastructure is ripe for sabotage," said Karen Jones, one of the authors of the study.

CAPITAL MARKETS

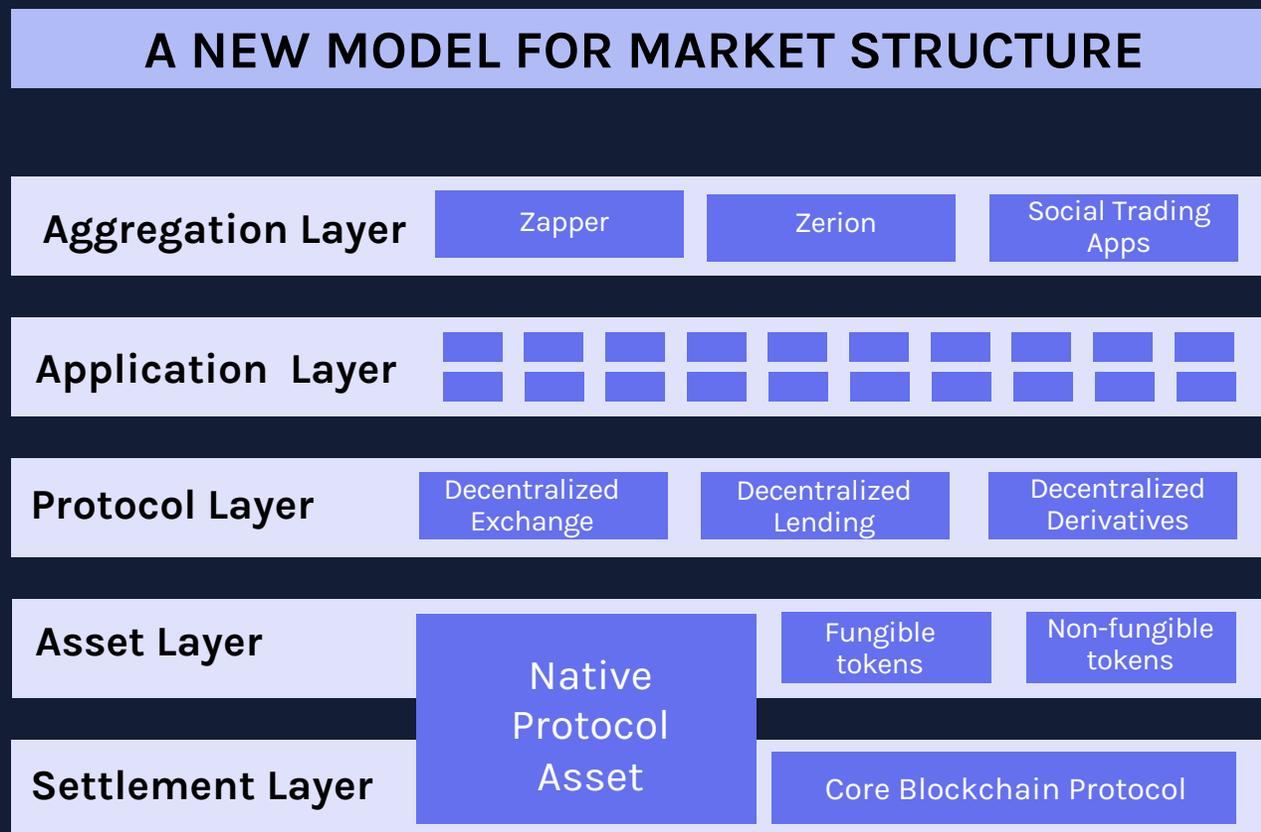
Explained: The story of how North Korea hackers stole \$81 million from Bangladesh Bank

Trucker protests: Freezing bank accounts is fundamentally against Canadian Charter of Rights and Freedoms, MP argues

A NEW ERA OF GEOPOLITICS

Start	End	Scarce Resource	Resulting Global Landscape
1945	2011	Oil	<ul style="list-style-type: none">• Wars to secure access to oil, conflict in oil-rich regions• Shift off Gold Standard, Dominance of the Petrodollars• OPEC cartel• Oil supermajors rule the world
2020	?	Semiconductors	<ul style="list-style-type: none">• Wars to secure access to rare earth metals, semiconductor fab• Shift away from Petrodollar to Multi-polar currency world• Rise of FAAMG and Tech Overlords• Semiconductor fabs rule the world

THE NEW FINANCE STACK



- Much of traditional FinTech has innovated around the edges of the banking system without addressing core infrastructure
- Crypto applications are utilizing public blockchain protocols as new banking infrastructure and enabling the creation of new financial primitives
- The crypto ecosystem includes decentralised platforms as well as traditional companies

CRYPTO IS JUST THE BEGINNING



THANK YOU

APPENDIX: MARKET CAPITALIZATIONS

	Company	Market Cap, \$T as of 3/7/22	Sector	Cult Status?
	Apple	2.64	Hardware	High
	Saudi Aramco	2.37	Energy	Low
	Microsoft	2.11	Digital	Low
	Alphabet	1.69	Digital	Medium
	Amazon	1.43	Digital	Medium
	Tesla	0.86	Energy	High
	Berkshire Hathaway <small>48% of portfolio is AAPL</small>	0.71	Finance	High
	NVIDIA	0.55	Hardware	Low
	Meta	0.54	Digital	Medium
	TSMC	0.53	Hardware	Low