



INSIGHT

DIGITAL ASSETS

a fundstrat company

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Digital Assets Weekly

August 25, 2020

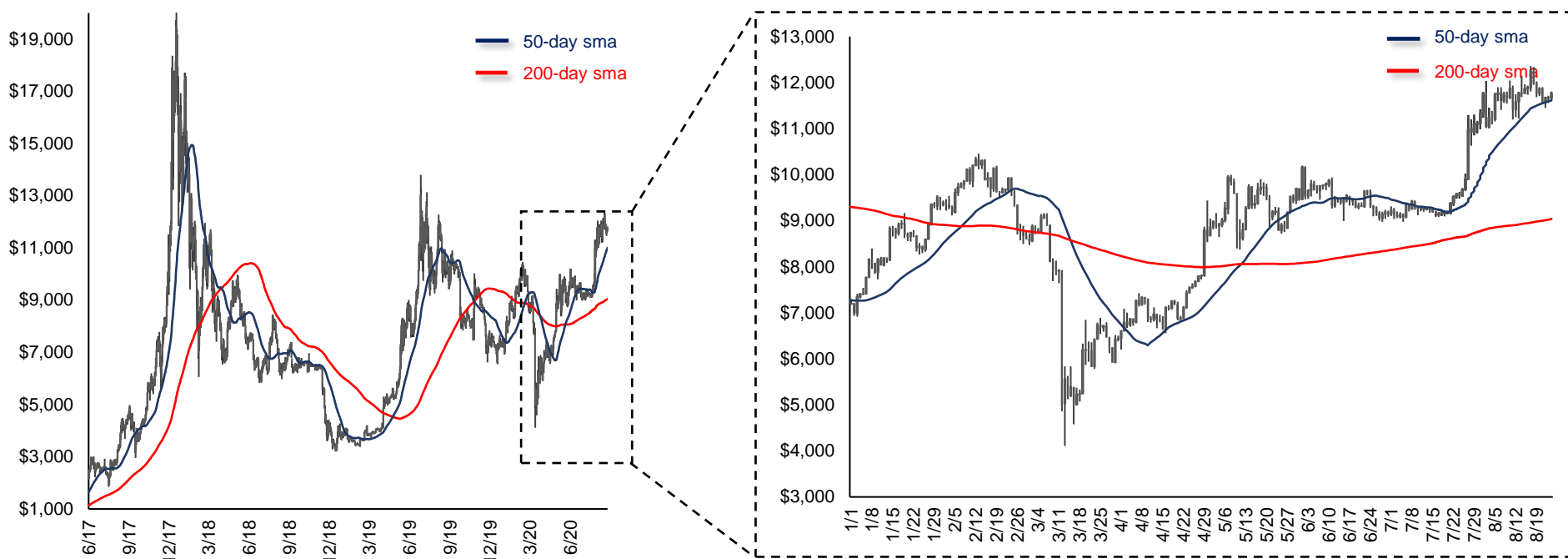
Bitcoin Performance

After breaking above \$12,000 resistance, Bitcoin quickly fell below that level and is consolidating in the mid-\$11,000 range. Bitcoin ended the week down 4% at \$11,771.

- CME's 6-month Bitcoin futures contracts expire at the end of the month, which may lead to greater volatility this upcoming week.

Figure: Bitcoin Price Performance

Date: 8/24/20



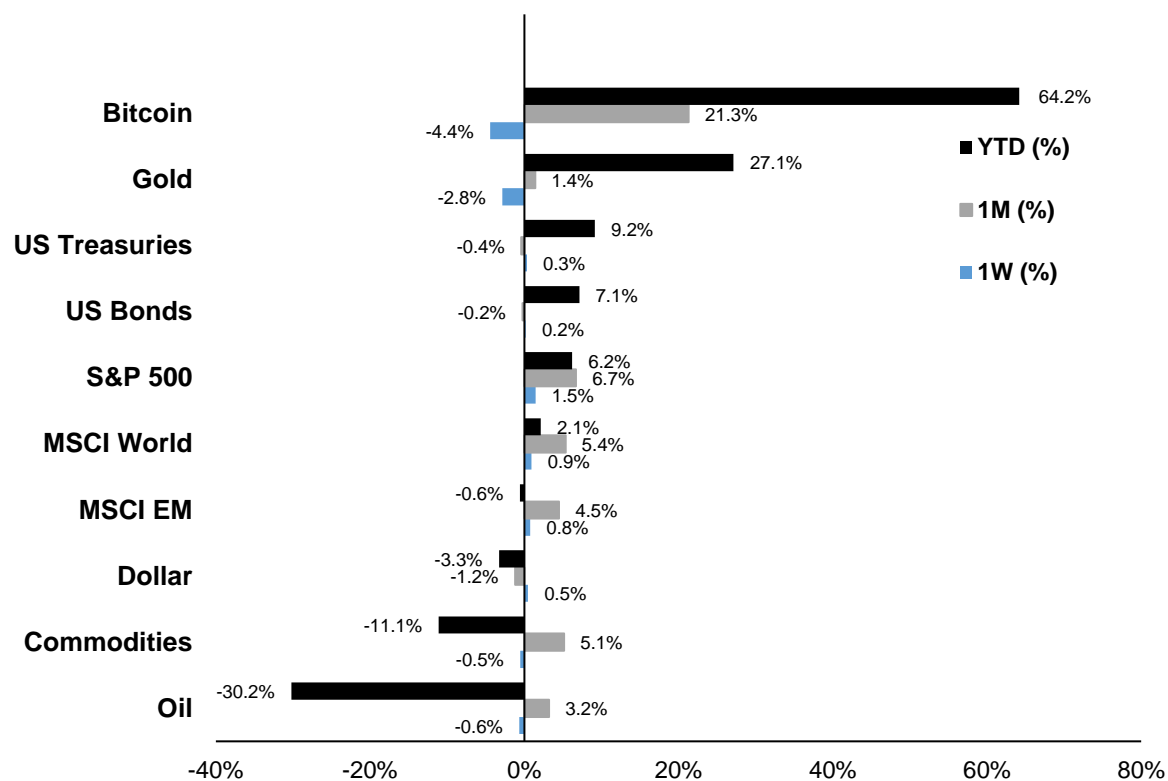
Source: FSInsight, CoinMarketcap

Performance across asset classes

Despite the pullback this week, Bitcoin remains firmly in front of all other major asset classes in terms of YTD performance. This week, the Dollar has rebounded slightly, and equities markets have reached new all-time highs.

Figure: Performance across major asset classes

Date: 8/17/20



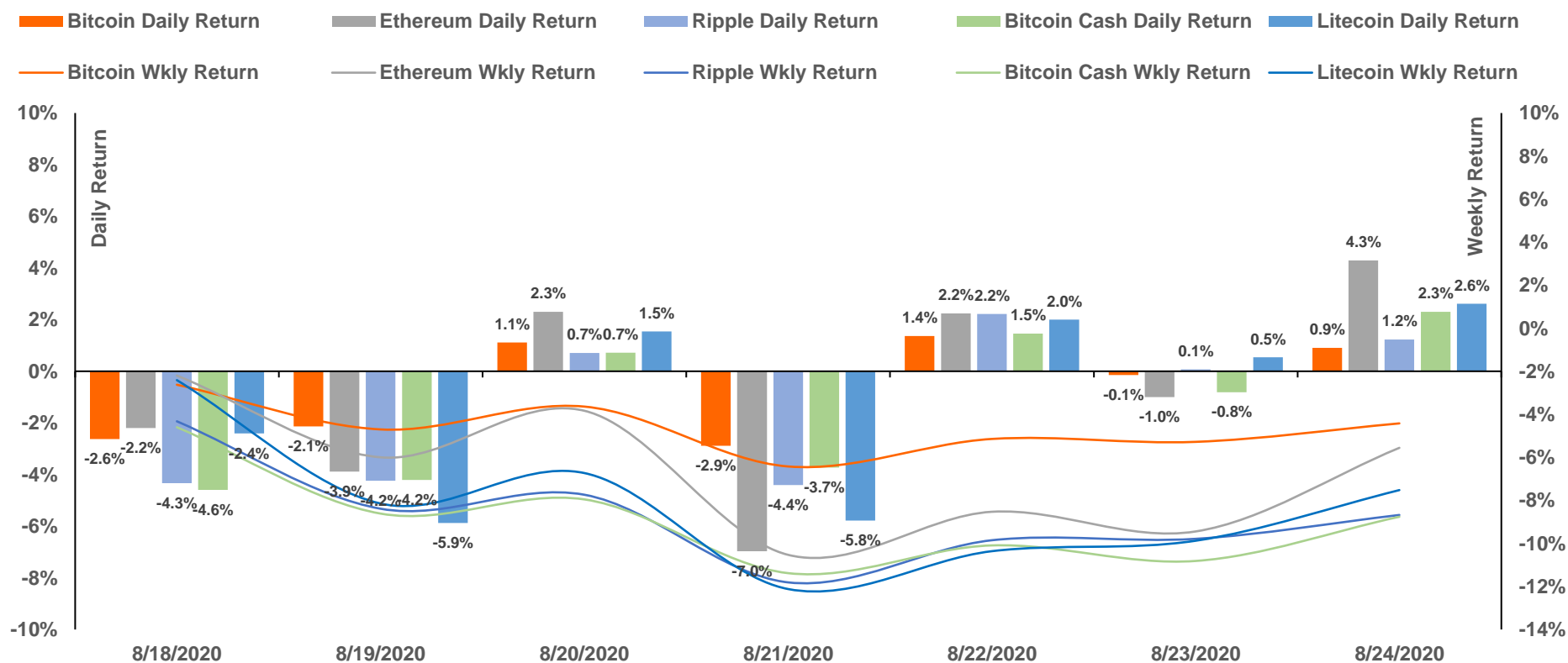
Source: FSInsight, CoinMarketcap

Major Crypto Asset Performance

Bitcoin's dip this week set the tone for the rest of the market, leading to slightly stronger dips among the other majors.

Figure: Top Crypto Asset Daily performance

Date: 8/24/20



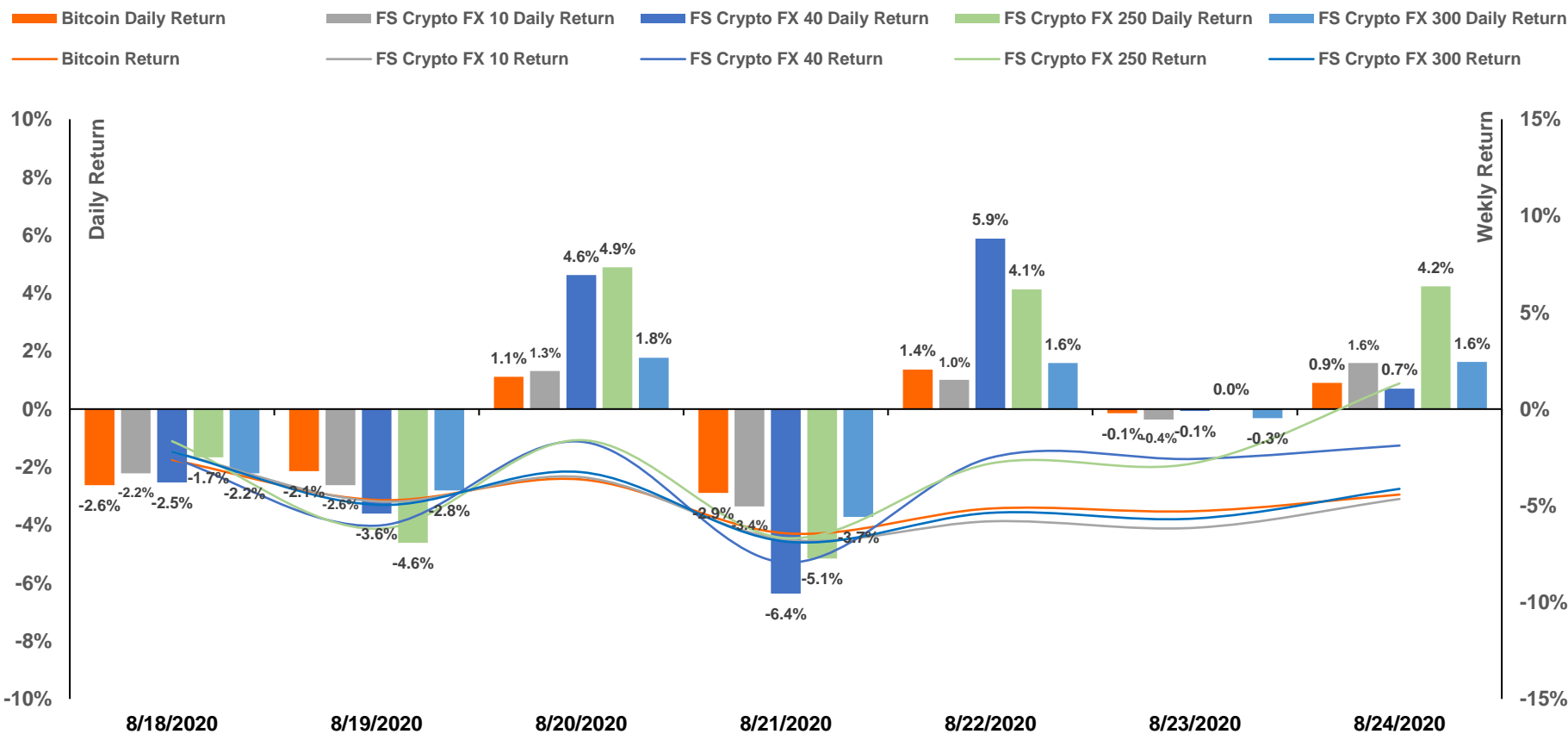
Source: FSInsight, CoinMarketcap

FS Crypto Indices Weekly Performance

FS Crypto FX 250 is the only index that finished the week in positive territory (+1.3%). The crypto majors (FS Crypto FX 10) declined the most of all the FS indices (-4.7%).

Figure: FS Crypto Indices Weekly Performance

Date: 8/24/20



Source: FSInsight, CoinMarketcap

Major Crypto Asset and FS Crypto Indices Perf.

Figure: Top Crypto & FS Crypto Indices Performance

Date: 8/24/20

	January 1/31/2020	February 2/29/2020	March 3/31/2020	April 4/30/2020	May 5/31/2020	June 6/30/2020	July 7/31/2020	WTD 8/3/2020	WTD 8/10/2020	WTD 8/17/2020	WTD 8/24/2020	YTD 8/24/2020
Largest Assets												
Bitcoin	30.6%	-8.3%	-25.0%	34.5%	9.0%	-3.1%	24.0%	1.7%	5.6%	3.8%	-4.4%	64.2%
Ethereum	40.2%	22.2%	-39.3%	55.0%	11.9%	-2.5%	53.4%	19.3%	2.6%	9.5%	-5.6%	218.1%
Ripple	24.2%	-3.3%	-24.4%	21.5%	-4.7%	-13.3%	48.0%	37.5%	-4.8%	7.5%	-8.7%	50.3%
Bitcoin Cash	84.6%	-17.9%	-28.8%	13.9%	-4.8%	-6.7%	35.2%	9.8%	2.0%	5.8%	-8.8%	43.1%
Litecoin	65.3%	-13.9%	-32.9%	18.2%	-2.0%	-9.5%	41.0%	9.0%	-0.2%	15.5%	-7.5%	51.5%
FS Size Indexes												
FS Crypto 10	34.3%	-5.8%	-27.3%	35.0%	7.7%	-4.2%	29.1%	6.6%	4.3%	4.6%	-4.7%	75.6%
FS Crypto 40	45.5%	-0.1%	-31.8%	32.7%	13.7%	3.4%	33.2%	7.4%	16.4%	6.4%	-1.9%	160.1%
FS Crypto 250	20.2%	0.9%	-28.9%	24.8%	13.8%	3.3%	26.1%	9.1%	15.6%	9.7%	1.3%	113.3%
FS Crypto 300	34.6%	-5.2%	-27.6%	34.4%	8.4%	-3.3%	29.3%	6.8%	5.8%	5.0%	-4.1%	82.8%
FS Crypto Agg.	34.4%	-5.2%	-27.6%	34.3%	8.5%	-3.2%	29.1%	6.7%	5.8%	5.0%	-4.1%	82.9%

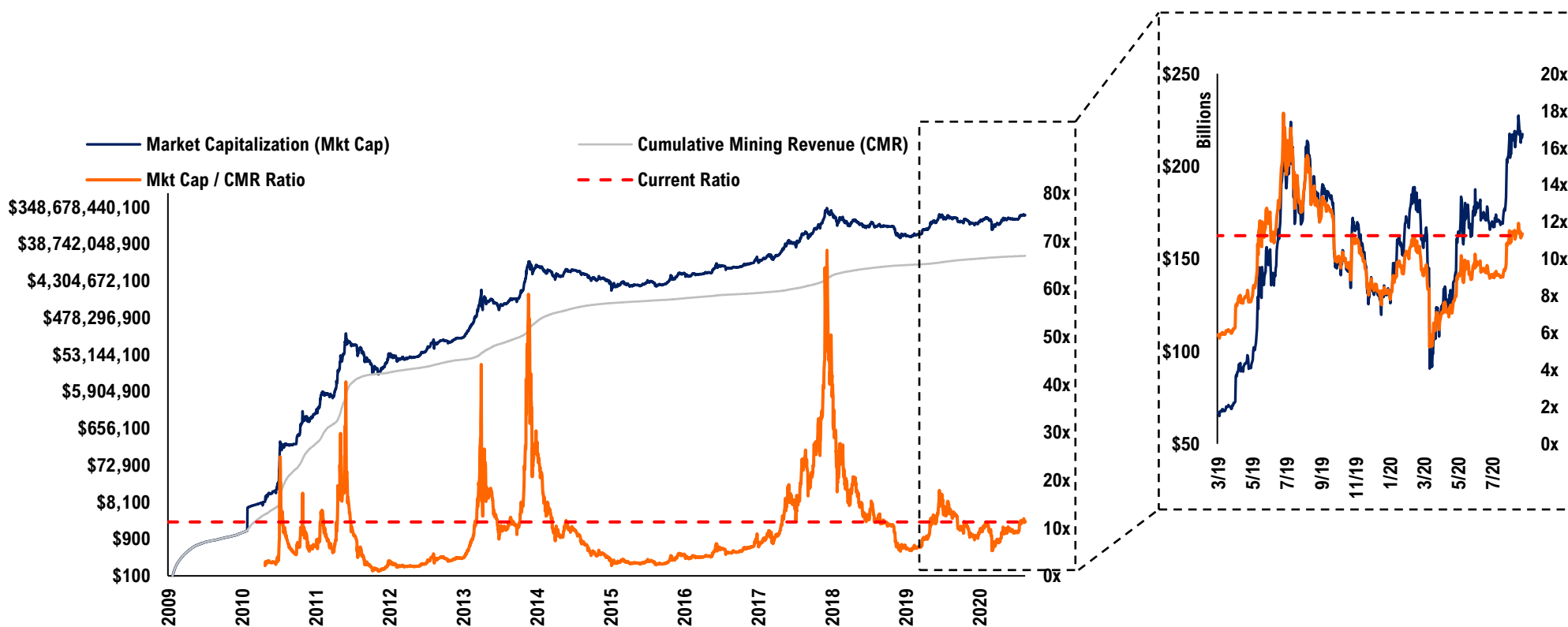
Source: FSInsight, CoinMarketcap

Market Cap to Cumulative Mining Rewards (CMR)

Bitcoin's Mkt Cap/CMR ratio decreased 4.8% week over week from 11.9x to 11.3x.

Figure: Bitcoin Market Cap to Cumulative Mining Rewards

Date: 8/24/20



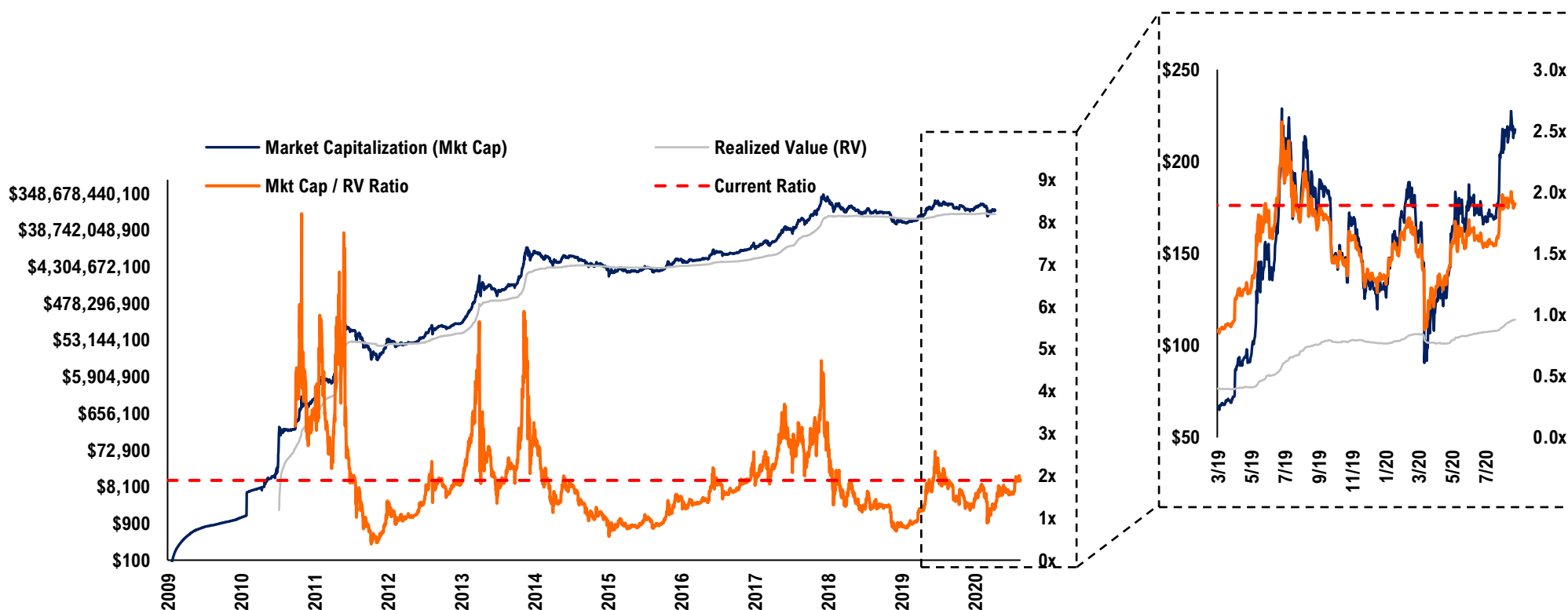
Source: FSInsight, CoinMarketca; A full description of the Price/CMR valuation methodology can be found [here](#).

Market Cap to Realized Value

Bitcoin's Mkt Cap/RV ratio decreased 4.9% week over week from 2.0x to 1.9x.

Figure: Bitcoin Market Cap to Realized Value

Date: 8/24/20



Source: FSInsight, CoinMarketcap; A full description of realized value can be found [here](#).

Public Comparable Valuations

Figure: Top Crypto Asset Valuation Table

Date: 8/24/20

		Market Data						Network Metrics						Valuation Multiples					
		Price (\$)			Market Cap (\$B)			Cumulative Mining Revenue (CMR)			Realized Value (RV)			Mkt Cap / CMR			Mkt Cap / RV		
		Current	Prior	Chg%	Current	Prior	Chg%	Current	Prior	Chg%	Current	Prior	Chg%	Current	Prior	Chg%	Current	Prior	Chg%
Bitcoin	BTC	\$11,771	\$12,316	-4.4%	\$217.4	\$227.4	-4.4%	\$19.2	\$19.1	0.4%	\$114.1	\$113.4	0.5%	11.3x	11.9x	-4.8%	1.9x	2.0x	-4.9%
Ethereum	ETH	\$409	\$432.8	-5.6%	\$45.9	\$48.6	-5.5%	\$7.5	\$7.5	0.9%	\$32.2	\$32.3	-0.3%	6.1x	6.5x	-6.3%	1.4x	1.5x	-5.2%
Ripple	XRP	\$0.29	\$0.32	-8.7%	\$28.9	\$31.7	-8.7%	n/a	n/a	n/a	\$43.5	\$43.6	-0.3%	n/a	n/a	n/a	0.7x	0.7x	-8.4%
Bitcoin Cash	BCH	\$292	\$320	-8.8%	\$5.4	\$5.9	-8.7%	\$1.5	\$1.5	0.1%	\$4.9	\$4.9	0.0%	3.6x	3.9x	-8.8%	1.1x	1.2x	-8.8%
Litecoin	LTC	\$62	\$67	-7.5%	\$4.1	\$4.4	-7.5%	\$1.4	\$1.4	0.2%	\$4.4	\$4.5	-0.8%	2.9x	3.1x	-7.6%	0.9x	1.0x	-6.7%
Median				-7.5%			-7.5%			0.3%			-0.3%	4.8x	5.2x	-7.0%	1.1x	1.2x	-6.7%
Mean				1.6%			1.6%			0.2%			0.4%	6.0x	6.4x	1.3%	1.2x	1.3x	1.4%

Source: FSInsight, CoinMarketcap

Digital Asset Investment Vehicles & Stocks

Figure: Digital Asset Investment Vehicles & Stocks Weekly Performance

Date: 8/24/20

Name	Ticker	Price	Market Cap	52W Range (High - Low)	Avg. Daily Volume (10 day)	7D Return	P/B Ratio
Investment Vehicles							
Grayscale Bitcoin Trust	GBTC	\$ 13.7	\$ 5,672,247,070	\$14.8 - \$5	\$ 83,055,786	-7.0%	1.2x
Grayscale Bitcoin Cash Trust	BCHG	\$ 12.3	\$ 125,613,602	\$34 - \$9	\$ 1,866,803	-	4.5x
Grayscale Digital Large Cap Fund	GDLC	\$ 27.9	\$ 166,481,857	\$37.6 - \$3.5	\$ 2,555,313	2.3%	3.8x
Grayscale Ethereum Trust	ETHE	\$ 65.0	\$ 1,408,342,163	\$259.5 - \$21.5	\$ 15,468,225	-22.6%	1.8x
Grayscale Ethereum Classic Trust	ETCG	\$ 9.1	\$ 116,315,430	\$23.8 - \$6.2	\$ 1,961,790	-22.3%	1.5x
Grayscale Litecoin Trust	LTCN	\$ 47.3	\$ 147,634,857	\$99 - \$23	\$ 793,103	-	8.2x
The Bitcoin Fund	QBTC.U	\$ 15.6	\$ 97,818,726	\$18.5 - \$10	\$ 1,891,040	-15.4%	1.2x
Mining Companies							
Canaan	CAN	\$ 1.9	\$ 311,551,852	\$13 - \$1.8	\$ 4,153,529	-9.0%	46.2x
Ebang International Holdings	EBON	\$ 5.8	\$ 783,945,708	\$8 - \$3.8	\$ 16,993,720	-7.8%	37.2x
Marathon Patent Group	MARA	\$ 2.3	\$ 78,428,842	\$5.3 - \$0.4	\$ 45,393,594	-37.9%	6.2x
Hive Blockchain	HVBTF	\$ 0.3	\$ 105,225,935	\$0.4 - \$0.1	\$ 437,316	-12.2%	-
Hut8 Mining	HUT	\$ 1.1	\$ 100,601,097	\$2.5 - \$0.5	\$ 549,428	-9.6%	2.4x
Riot Blockchain	RIOT	\$ 3.6	\$ 169,697,273	\$4.6 - \$0.5	\$ 34,496,195	-12.5%	4.7x
TAAL Distributed Information Technologies	TAAL	\$ 2.1	\$ 49,852,284	\$3.7 - \$1	\$ 41,764	16.2%	1.2x
Financial Services							
Galaxy Digital	BRPHF	\$ 3.0	\$ 867,724,355	\$3.9 - \$0.4	\$ 1,860,532	6.9%	-
Overstock.com	OSTK	\$ 116.2	\$ 4,828,172,854	\$128.5 - \$2.5	\$ 824,730,143	-1.6%	32.6x
Silvergate Capital	SI	\$ 14.9	\$ 279,776,547	\$17 - \$7.6	\$ 1,985,964	-0.8%	1.0x
Square	SQ	\$ 151.8	\$ 68,747,420,940	\$159.5 - \$32.3	\$ 1,370,623,124	-0.5%	35.6x

Source: FSInsight, CoinMarketcap

Digital Asset Investment Vehicles & Stocks

Noteworthy this week:

Galaxy Digital Holdings Ltd. (TSX: GLXY): Galaxy reported its AUM on Monday which totaled \$390.5 million as of July 31st, 2020. This compares with \$389.6 million recorded in the same period last year. The unit's AUM includes committed capital in a closed-end vehicle and seed investments by affiliates. Changes in AUM are generally the result of performance, contributions, withdrawals and, through July 2019, capital commitments funded from one vehicle to another.

Grayscale Investments: Grayscale released a report this week ([Valuing Bitcoin](#)) exploring several methodologies for valuing the first and largest digital asset, which underlies its GBTC Bitcoin trust. This past Monday saw the launch of OTC trading on its Litecoin (LTCN) and Bitcoin Cash (BCHG) trusts (see Fundstrat stock list). LTCN shares have been trading at a 753% premium while BCHG shares have traded at a 351% premium to their Net Asset Value (NAV), giving early trust investors a nice added return over the underlying assets.

Market demand for these types of products creates similar premium potential for other new crypto exposure vehicles that are yet to be listed. The Horizen (ZEN) Trust, Bitwise Bitcoin Trust, and Bitwise 10 Crypto Index Fund are three others that may be able to capture similar NAV premium benefits. Investors seeking to better understand listed crypto trusts products can refer to our recently [published report](#) on Bitwise for more detail.

Marathon Patent Group (NASDAQ: MARA): The Company said Monday it has installed 1,360 cryptocurrency miners at its hosting facility with Compute North, boosting its total mining capacity by 130/Ph to 186/Ph. The new units consist of 700 WhatsMiner M31S+ from MicroBT and 600 S19 Pro Antminers from Bitmain. The Company now has 2,060 miners in operation.

Canaan (NASDAQ: CAN): Canaan Inc., a leading high-performance computing solutions provider, today announced that it plans to release its second quarter 2020 financial results before the market opens on Monday, August 31, 2020.

Source: FSInsight, CoinMarketcap

Winners & Losers

Winner

Aave (LEND) – This Monday, Aave's U.K. business entity, Aave Limited, announced it was issued an Electronic Money Institution (EMI) license in July. The authorization allows the decentralized lending protocol to offer services such as issuing digital cash alternatives and providing payment services.

Aave CEO Stani Kulechov said, "The objective was to help Aave Ecosystem to access payment accounts and on-board users into DeFi. Electronic Money Institution is the same authorization that Coinbase and Revolut has in Europe. It will mostly support on-boarding new users into the Aave Ecosystem and to the decentralized protocol over time. Aave will pilot in the U.K., before rolling out to cover the whole EEA and expanding globally. Specifically, the service will allow users to go from Fiat to stablecoins and other assets natively in the Aave Ecosystem and then use these assets in the Aave Protocol."

Loser

Ethereum Classic (ETC) – Earlier this month, Ethereum Classic saw two 51% attacks wherein a miner amasses sufficient hash power to amend the network's transaction history and reward themselves tokens. The issue stems from the fact that Ethereum Classic's hash rate remains very low – the cost to carry out the attack is about \$5,300 per hour.

Notably, Ethereum Classic Labs proposed a multi-stage strategy last week to combat the risk of 51% attacks including closer coordination with exchanges, beefed-up network monitoring, and implementing a finality arbitration system to inhibit chain reorganizations while maintaining consensus among nodes.

Source: FSInsight, CoinMarketcap

Financing & M&A Activity

Noteworthy this week:

Bella – Beijing-based decentralized finance aggregator Bella Protocol announced Tuesday it has raised \$4 million in a funding round led by Arrington XRP Capital. Marketed as a one-stop shop for DeFi assets, the firm's asset management platform is currently under development. The firm said its platform aims to fix the complex user experience issues related to DeFi assets, such as the need to hop among different protocols and platforms in pursuit of high yields.

BlockFi – The centralized crypto lending platform raised \$50 million in a Series C round, led by Anthony Pompliano's Morgan Creek Digital. The Company has now raised nearly \$100 million in the past 12 months. BlockFi has \$1.5 billion in crypto assets on its lending platform and is producing a little less than \$10 million a month in revenue.

<u>Announced Date (Link)</u>	<u>Company Name</u>	<u>Financing Round</u>	<u>Financing Amount</u>	<u>Investors (Lead)</u>
8/25/20	Bella	Seed	\$4,000,000	Arrington XRP Capital, Alphabit, Consensus Labs, Force Partners, CGS Dubai
8/20/20	BlockFi	Series C	\$50,000,000	Morgan Creek Digital, Valar Ventures, CMT Digital, Castle Island Ventures, Winklevoss Capital, Avon Ventures, Kenetic Capital
8/19/20	VCCE	Seed	\$1,500,000	BitMEX investment arm 100x Ventures, Signum Capital, Axiom Associates

Source: FSInsight, CoinMarketcap

Recent Reports & Events

Access Fundstrat's recent crypto insights if you missed them by clicking below or visiting FS Insight:

- Tom Lee & David Grider: [Register](#) for the upcoming Business Use Cases of the BSV Blockchain Webinar
- FS Digital Strategy Team: [Bitwise: Leading Crypto Index Funds & New Alpha Opportunity](#)
- David Grider: [Digital Assets Weekly: August 18th](#)

Source: FSInsight

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