



INSIGHT

DIGITAL ASSETS

a fundstrat company

150 East 52nd St, 3rd floor | New York, NY 10022

For inquiries, contact Sales at 212-293-7140 or via email inquiry@fsinsight.com.

Digital Assets Weekly

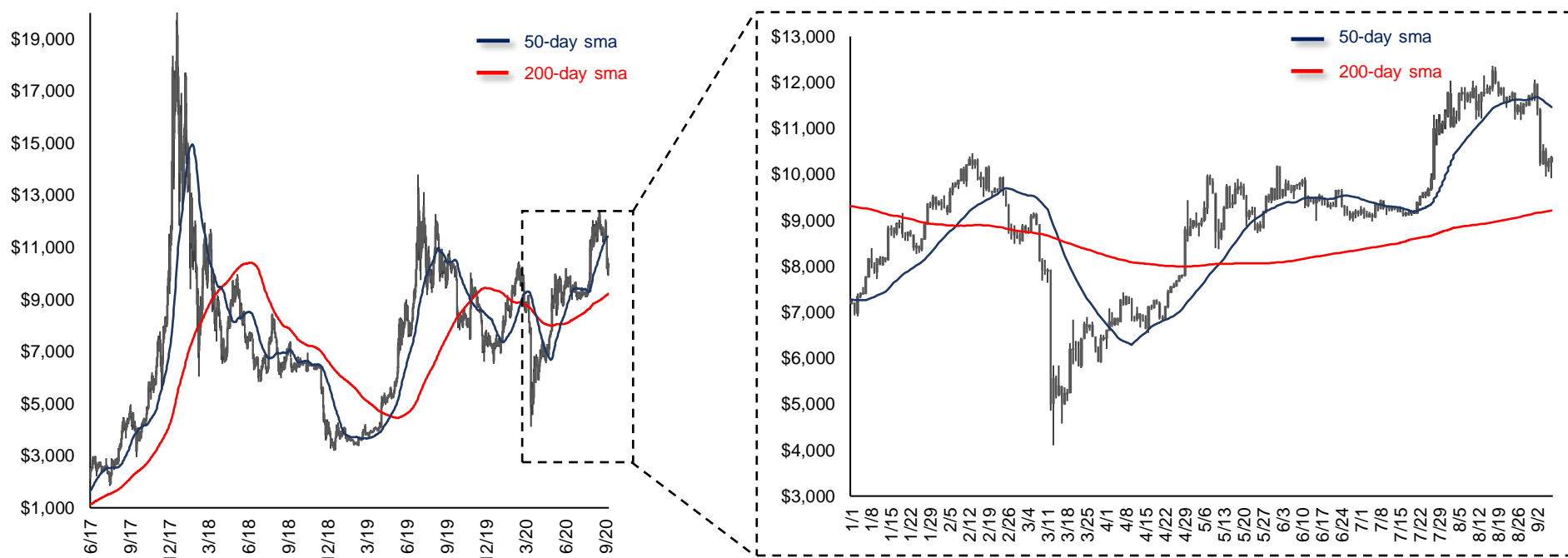
September 9, 2020

Bitcoin Performance

Following a quiet August for Bitcoin price action, the asset sold off from its highs around \$12,000 to as low as \$9,946 on Saturday, before climbing back above \$10,000 support and ending the week around \$10,400. For the 7 days ended 8/7, Bitcoin was down 11.2% and now sits around ~\$10,250.

Figure: Bitcoin Price Performance

Date: 9/7/20



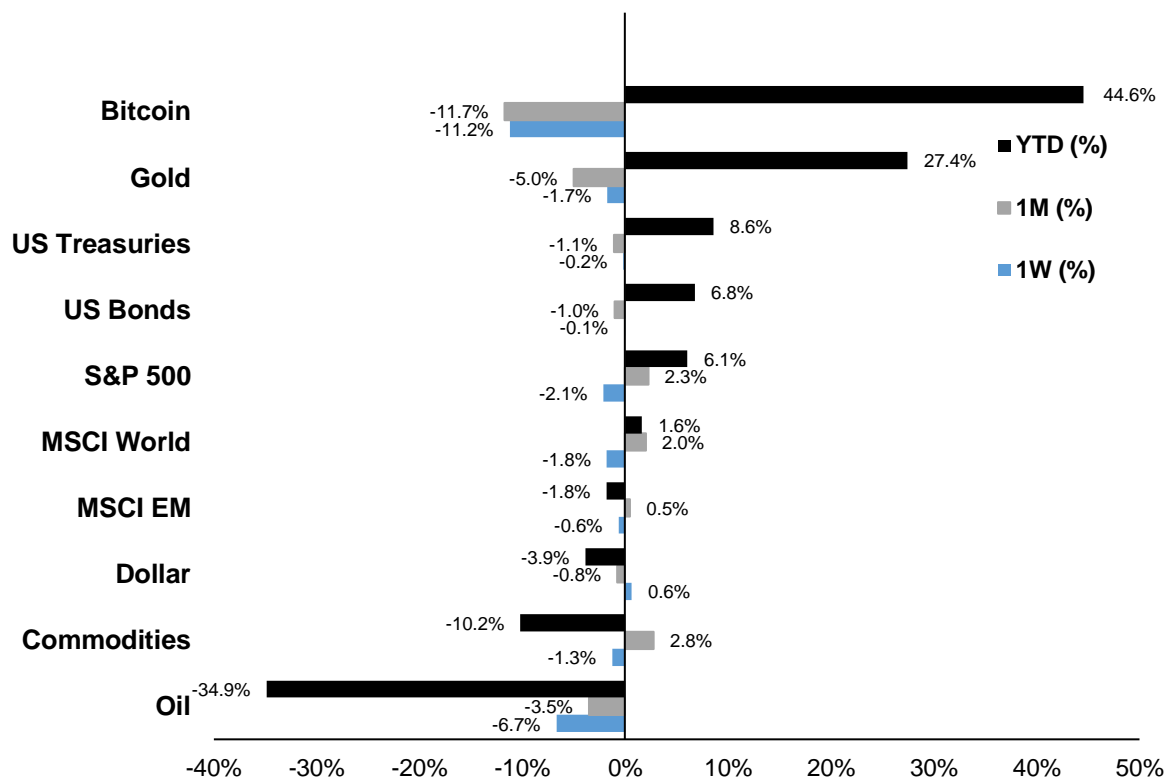
Source: FSInsight, CoinMarketcap

Performance across asset classes

Despite its meaningful sell-off, Bitcoin remains well ahead of all other asset classes on a YTD basis. Outside of Bitcoin, nearly all other major asset classes saw price declines last week with oil falling as much as 7%.

Figure: Performance across major asset classes

Date: 9/7/20



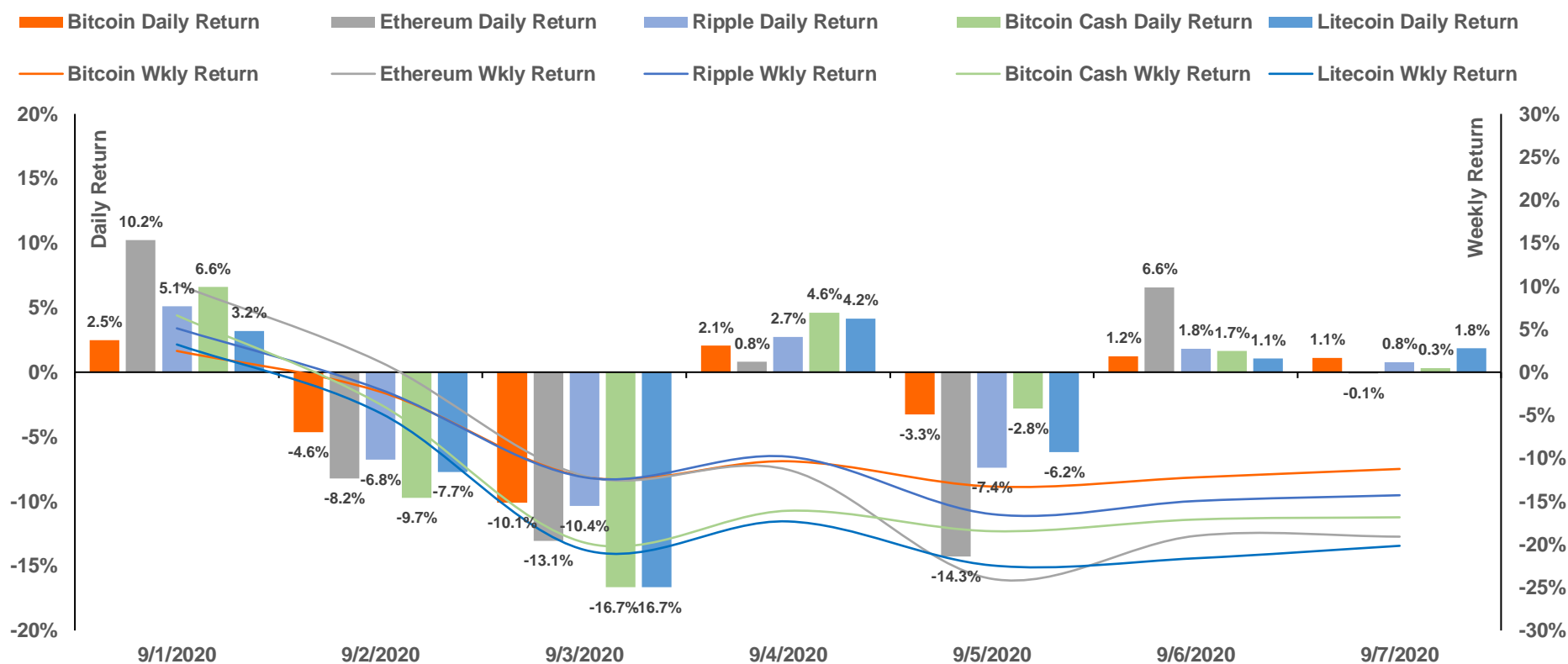
Source: FSInsight, CoinMarketcap

Major Crypto Asset Performance

Amongst all the majors, Bitcoin was the best performing asset this week (-11.2%), while Litecoin was the worst performing asset (-20.2%).

Figure: Top Crypto Asset Daily performance

Date: 9/7/20



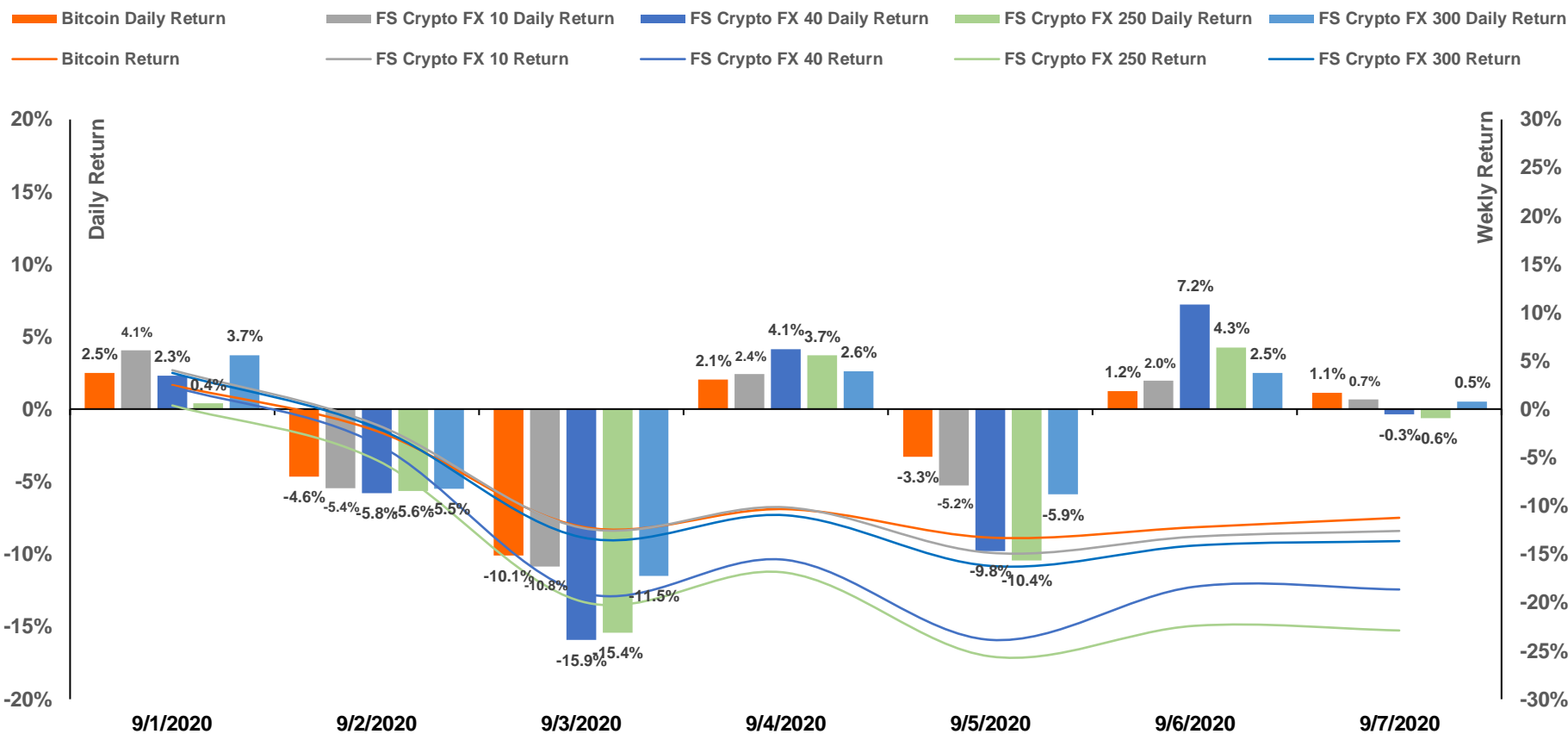
Source: FSInsight, CoinMarketcap

FS Crypto Indices Weekly Performance

Bitcoin led all FS Crypto Indices this week. FS Crypto FX 250 was the worst performing index with Maker (-22%) and Synthetix (-37%) representing major contributors to the underperformance.

Figure: FS Crypto Indices Weekly Performance

Date: 9/7/20



Source: FSInsight, CoinMarketcap

Top Crypto Asset & FS Crypto Indices Performance

Despite a 19% decline this past week, Ethereum remained well ahead of all other major crypto assets on a YTD basis and is still up 175%.

Figure: Top Crypto & FS Crypto Indices Performance

Date: 9/7/20

| | May 5/31/2020 | June 6/30/2020 | July 7/31/2020 | August 8/31/2020 | WTD 8/17/2020 | WTD 8/24/2020 | WTD 8/31/2020 | WTD 9/7/2020 | YTD 9/7/2020 |
|------------------------|------------------|-------------------|-------------------|---------------------|------------------|------------------|------------------|-----------------|-----------------|
| Largest Assets | | | | | | | | | |
| Bitcoin | 9.0% | -3.1% | 24.0% | 3.0% | 3.8% | -4.4% | -0.8% | -11.2% | 44.7% |
| Ethereum | 11.9% | -2.5% | 53.4% | 26.0% | 9.5% | -5.6% | 6.7% | -19.1% | 174.5% |
| Ripple | -4.7% | -13.3% | 48.0% | 8.8% | 7.5% | -8.7% | -2.4% | -14.3% | 25.8% |
| Bitcoin Cash | -4.8% | -6.7% | 35.2% | -8.7% | 5.8% | -8.8% | -5.8% | -16.9% | 12.0% |
| Litecoin | -2.0% | -9.5% | 41.0% | 5.1% | 15.5% | -7.5% | -1.9% | -20.2% | 18.6% |
| FS Size Indexes | | | | | | | | | |
| FS Crypto 10 | 7.7% | -4.2% | 29.1% | 6.3% | 4.6% | -4.7% | 0.1% | -12.6% | 53.7% |
| FS Crypto 40 | 13.7% | 3.4% | 33.2% | 25.7% | 6.4% | -1.9% | -0.4% | -18.7% | 110.8% |
| FS Crypto 250 | 13.8% | 3.3% | 26.1% | 34.4% | 9.7% | 1.3% | 0.5% | -22.9% | 65.3% |
| FS Crypto 300 | 8.4% | -3.3% | 29.3% | 9.0% | 5.0% | -4.1% | 0.1% | -13.7% | 58.0% |
| FS Crypto Agg. | 8.5% | -3.2% | 29.1% | 9.1% | 5.0% | -4.1% | 0.2% | -13.7% | 58.1% |

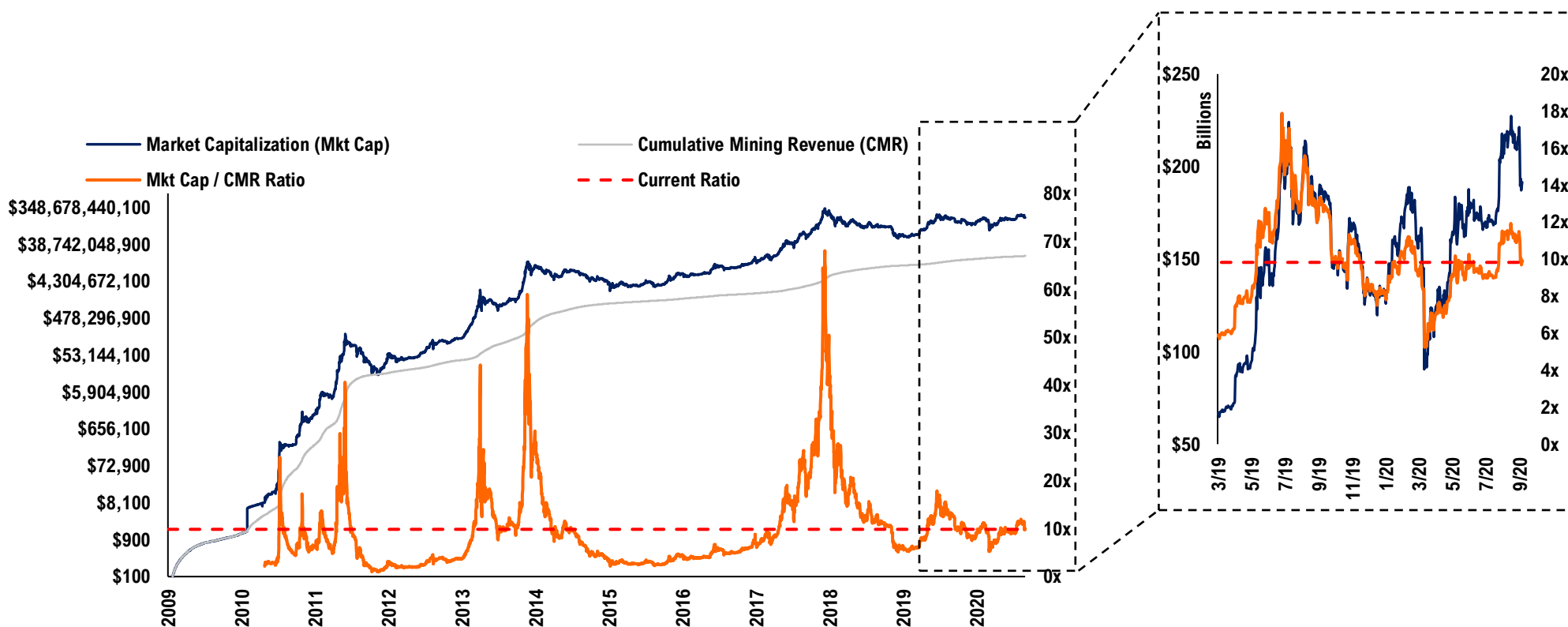
Source: FSInsight, CoinMarketcap

Market Cap to Cumulative Mining Rewards (CMR)

Bitcoin's Mkt Cap/CMR ratio decreased 11.5% week over week from 11.2x to 9.9x.

Figure: Bitcoin Market Cap to Cumulative Mining Rewards

Date: 9/7/20



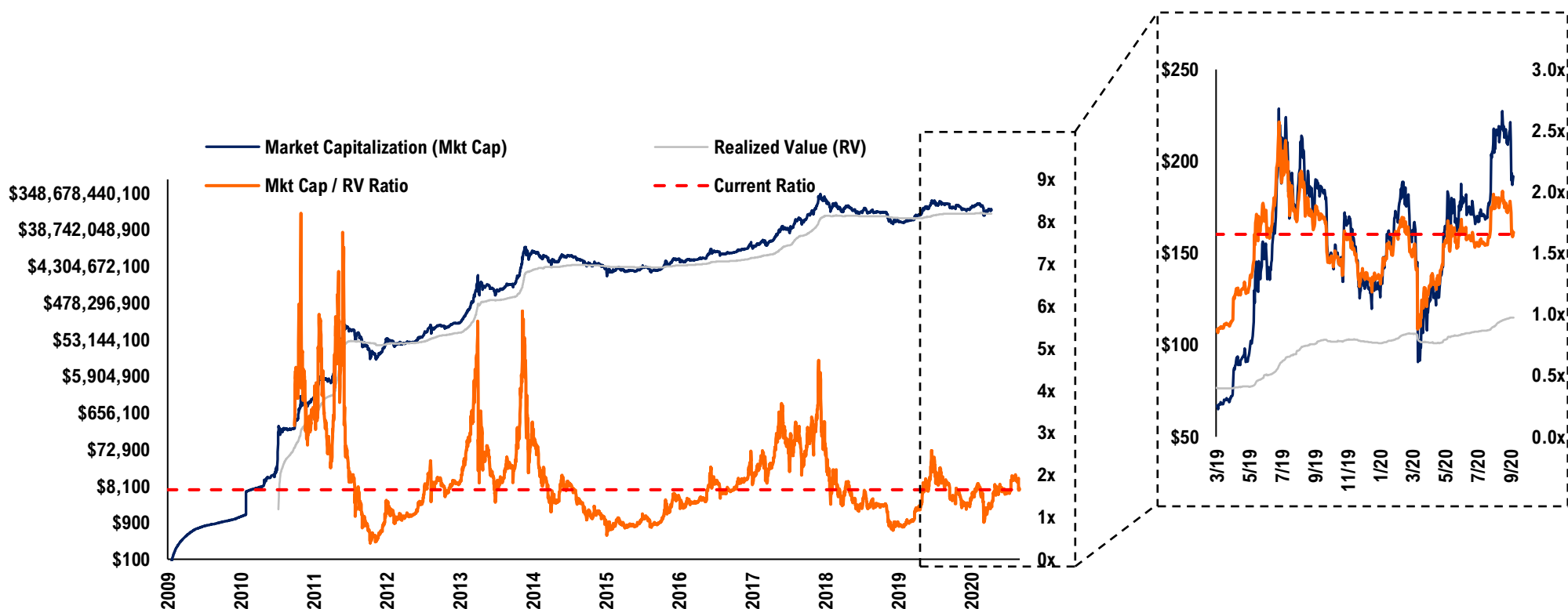
Source: FSInsight, CoinMarketcap; A full description of the Price/CMR valuation methodology can be found [here](#).

Market Cap to Realized Value

Bitcoin's Mkt Cap/RV ratio declined 11.3% from 1.9x to 1.7x.

Figure: Bitcoin Market Cap to Realized Value

Date: 9/7/20



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

Public Comparable Valuations

Figure: Top Crypto Asset Valuation Table

Date: 9/7/20

| | | 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 | \$10,368 | \$11,678 | -11.2% | \$191.6 | \$215.8 | -11.2% | \$19.3 | \$19.2 | 0.4% | \$114.7 | \$114.7 | 0.1% | 9.9x | 11.2x | -11.5% | 1.7x | 1.9x | -11.3% |
| Ethereum | ETH | \$353 | \$436.1 | -19.1% | \$39.7 | \$49.0 | -19.0% | \$7.7 | \$7.6 | 1.4% | \$32.8 | \$33.0 | -0.7% | 5.2x | 6.5x | -20.1% | 1.2x | 1.5x | -18.4% |
| Ripple | XRP | \$0.24 | \$0.28 | -14.3% | \$24.2 | \$28.2 | -14.3% | n/a | n/a | n/a | \$42.8 | \$43.6 | -1.6% | n/a | n/a | n/a | 0.6x | 0.6x | -12.8% |
| Bitcoin Cash | BCH | \$228 | \$275 | -16.9% | \$4.2 | \$5.1 | -16.8% | \$1.5 | \$1.5 | 0.1% | \$4.8 | \$4.9 | -1.6% | 2.8x | 3.4x | -16.9% | 0.9x | 1.0x | -15.5% |
| Litecoin | LTC | \$49 | \$61 | -20.2% | \$3.2 | \$4.0 | -20.1% | \$1.4 | \$1.4 | 0.2% | \$4.4 | \$4.4 | -0.7% | 2.2x | 2.8x | -20.3% | 0.7x | 0.9x | -19.5% |
| Median | | | | -16.9% | | | -16.8% | | | 0.3% | | | -0.7% | 4.0x | 4.9x | -18.5% | 0.9x | 1.0x | -15.5% |
| Mean | | | | 2.9% | | | 2.8% | | | 0.4% | | | 0.6% | 5.0x | 6.0x | 3.0% | 1.0x | 1.2x | 2.8% |

Source: FSInsight, CoinMarketcap

Digital Asset Investment Vehicles & Stocks

Figure: Digital Asset Investment Vehicles & Stocks Weekly Performance

Date: 9/7/20

| 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 | \$ 11.1 | \$ 5,008,233,887 | \$14.8 - \$5 | \$ 67,724,157 | -17.9% | 1.1x |
| Grayscale Bitcoin Cash Trust | BCHG | \$ 8.4 | \$ 141,252,777 | \$34 - \$8 | \$ 309,905 | -12.1% | 4.0x |
| Grayscale Digital Large Cap Fund | GDLC | \$ 21.3 | \$ 167,622,131 | \$37.6 - \$3.5 | \$ 1,574,013 | -12.4% | 3.4x |
| Grayscale Ethereum Trust | ETHE | \$ 49.3 | \$ 1,142,334,106 | \$259.5 - \$21.5 | \$ 10,529,853 | -11.7% | 1.5x |
| Grayscale Ethereum Classic Trust | ETCG | \$ 6.6 | \$ 89,025,421 | \$23.8 - \$6.2 | \$ 1,117,749 | -20.8% | 1.4x |
| Grayscale Litecoin Trust | LTCN | \$ 38.3 | \$ 179,381,027 | \$99 - \$23 | \$ 290,232 | 4.8% | 8.5x |
| The Bitcoin Fund | QBTC.U | \$ 13.9 | \$ 92,861,275 | \$18.5 - \$10 | \$ 1,536,739 | -12.0% | 1.2x |
| Mining Companies | | | | | | | |
| Canaan | CAN | \$ 2.0 | \$ 321,040,741 | \$13 - \$1.8 | \$ 3,697,651 | 1.0% | 50.6x |
| Ebang International Holdings | EBON | \$ 7.1 | \$ 926,838,822 | \$8.6 - \$3.8 | \$ 7,040,792 | 15.9% | 44.0x |
| Marathon Patent Group | MARA | \$ 1.9 | \$ 59,464,491 | \$5.3 - \$0.4 | \$ 18,591,939 | -25.4% | 4.7x |
| Hive Blockchain | HVBTF | \$ 0.3 | \$ 104,898,876 | \$0.4 - \$0.1 | \$ 412,194 | -14.7% | - |
| Hut8 Mining | HUT | \$ 1.0 | \$ 92,862,551 | \$2.4 - \$0.5 | \$ 359,439 | -11.1% | 2.2x |
| Riot Blockchain | RIOT | \$ 2.8 | \$ 133,672,154 | \$4.6 - \$0.5 | \$ 17,838,350 | -19.4% | 3.7x |
| TAAL Distributed Information Technologies | TAAL | \$ 1.8 | \$ 42,466,760 | \$3.7 - \$1 | \$ 21,054 | -3.2% | 1.7x |
| Financial Services | | | | | | | |
| Galaxy Digital | BRPHF | \$ 2.6 | \$ 759,631,570 | \$4.4 - \$0.4 | \$ 937,014 | -33.0% | - |
| Overstock.com | OSTK | \$ 63.2 | \$ 2,706,378,756 | \$128.5 - \$2.5 | \$ 586,810,318 | -27.7% | 18.3x |
| Silvergate Capital | SI | \$ 14.4 | \$ 268,197,010 | \$17 - \$7.6 | \$ 1,976,050 | -3.8% | 1.0x |
| Square | SQ | \$ 139.1 | \$ 61,699,701,464 | \$170.6 - \$32.3 | \$ 1,574,335,851 | -12.8% | 31.9x |

Source: FSInsight, CoinMarketcap

Digital Asset Investment Vehicles & Stocks

Noteworthy this week:

Canaan (NASDAQ: CAN): Canaan plans to repurchase up to \$10M of its outstanding American depository shares. The company plans to fund the repurchases from its existing cash balance and will run from September 22 until the next 12 months. Shares finished the day up about 9% on Tuesday on the news.

Grayscale Investment Trusts: This week, the ETHE premium to NAV fell to a new all-time low of 33% (39% last week) before finishing the period around 55%. The ETHE decline is notable as it listed at a premium of >1,000% and has an average historical premium of ~260%. Grayscale's newly listed products BCHG and LTCN kept their high premiums finishing the week with premiums of 295% and 750%, respectively.

Overstock (NASDAQ: OSTK): tZERO a subsidiary of Medici Ventures, the blockchain-focused, wholly owned subsidiary of Overstock.com (NASDAQ:OSTK) has made trading free for broker-dealers trading publicly traded digital securities registered with the U.S. regulators, effective September 3rd.

Source: FSInsight, CoinMarketcap

Winners & Losers

Winner

Flexa – The team behind the New York-based digital asset payments company launched its new digital token, AMP, on the Ethereum mainnet this week. This ERC20-compliant token will be used as a collateral token for DeFi applications with the first emergent use case being to secure all payments on the Flexa network. AMP was designed in conjunction with Ethereum development studio, Consensys. Crypto asset custodian and exchange Gemini has announced plans to support AMP.

Loser

SushiSwap – The imitation of the popular automated market maker Uniswap had a rough week. Having surged in use due to its lucrative yield farming numbers, the platform accounted for over 70% of the total value on Uniswap at the beginning of September. This week, Chef Nomi, the pseudonymous founder and leader of SushiSwap, converted a portion of SUSHI tokens allocated for the development in exchange for approximately \$13M worth of Ethereum triggering a sell-off as many market participants viewed the sale as an exit scam.

While Nomi insists that he had a right to sell the tokens and did so to focus on technical issues, the price of the SUSHI token has declined precipitously from as high as \$8.50 last Tuesday to as low as \$2.80 by end of day Monday, or a decline of about 67%. The project is now under new management of Sam Bankman-Fried, the FTX crypto exchange CEO.

Source: FSInsight, CoinMarketcap

Financing & M&A Activity

Noteworthy this week:

Zero Hash – The Chicago-based crypto derivatives exchange formerly known as Seed CX — announced last Wednesday that it closed a Series C fundraising round to help it further build out its settlement-as-a-service business. The firm is hoping the fresh cash injection will help it reach profitability by the end of the year. Investors in the round include broker-dealer Tastyworks, the active trader-aimed options platform led by Tom Sosnoff, as well as The Small Exchange, Bain Capital, Trade Station, CMT Digital and Monday Capital.

Dusk Network – the Amsterdam-based fintech building a security token exchange raised over \$1M from iFinex, the owner of the crypto exchange Bitfinex. The Company’s funding comes in addition to a ~\$9M private sale conducted in 2018.

Luno – DCG acquired the London-based crypto exchange for an undisclosed sum. DCG first invested in Luno in its seed round in 2014. DCG now operates five subsidiaries, including recently-launched Foundry, Grayscale Investments, Genesis, CoinDesk, and Luno.

Fundraising Activity

| <u>Announced Date</u> | <u>Company Name</u> | <u>Financing Round</u> | <u>Financing Amount</u> | <u>Investors (Lead)</u> |
|-------------------------|---------------------|------------------------|-------------------------|---|
| 9/2/20 | Zero Hash | Series C | \$3,750,000 | Tastyworks, The Small Exchange, Bain Capital, Trade Station, CMT Digital and Monday Capital |
| 9/1/20 | Dusk Network | Series A | \$1,000,000 | iFinex |
| 8/31/20 | DODO Exchange | Seed | \$600,000 | Framework Ventures, DeFiance Capital, SevenX Ventures |

M&A Activity

| <u>Announced Date (Link)</u> | <u>Target</u> | <u>Acquirer</u> | <u>Purchase Price</u> | <u>Commentary</u> |
|------------------------------|---------------|------------------------|-----------------------|---|
| 9/9/20 | Luno | Digital Currency Group | Undisclosed | Founded in 2013, Luno has grown to nearly 400 employees and more than five million customers spanning over 40 countries |

Source: FSInsight, CoinMarketcap

Recent Reports & Events

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

- David Grider: [Digital Assets Weekly: September 1st](#)
- Tom Lee & David Grider: If you missed it, [view a recording](#) of the Business Use Cases of the BSV Blockchain Webinar
- FS Digital Strategy Team: [Bitwise: Leading Crypto Index Funds & New Alpha Opportunity](#)

Source: FSInsight

Disclosures

This research is for the clients of FS Insight only. FSI Subscription entitles the subscriber to 1 user, research cannot be shared or redistributed. For additional information, please contact your sales representative or FS Insight at fsinsight.com.

Conflicts of Interest

This research contains the views, opinions and recommendations of FS Insight. At the time of publication of this report, FS Insight does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

FS Insight is an independent research company and is not a registered investment advisor and is not acting as a broker dealer under any federal or state securities laws.

FS Insight is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of FS Insight (i.e. Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by FS Insight clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of FS Insight, which is available to select institutional clients that have engaged FS Insight.

As registered representatives of IRC Securities our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

FS Insight does not have the same conflicts that traditional sell-side research organizations have because FS Insight (1) does not conduct any investment banking activities, (2) does not manage any investment funds, and (3) our clients are only institutional investors.

This research is for the clients of FS Insight only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but FS Insight does not warrant its completeness or accuracy except with respect to any disclosures relative to FS Insight and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies. The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein. Except in circumstances where FS Insight expressly agrees otherwise in writing, FS Insight is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fsinsight.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.

Copyright © 2020 FS Insight LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of FS Insight LLC.