



INSIGHT

DIGITAL ASSETS

a fundstrat company

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Digital Assets Weekly

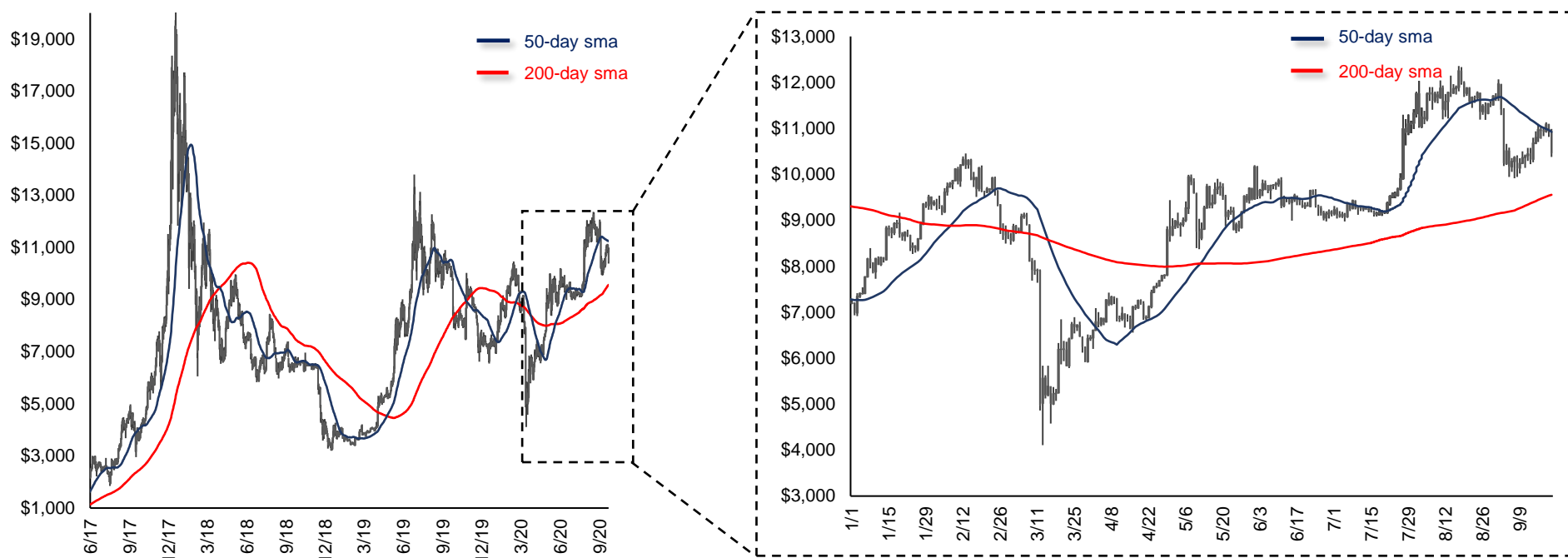
September 22, 2020

Bitcoin Performance

This week, Bitcoin briefly traded above \$11,000 before losing ground and ending the week down 1.9% at \$10,455. Bitcoin has been exhibiting greater short-term correlation with the broader markets, which could be the primary reason for Bitcoin's weakness in recent weeks. At time of writing, Bitcoin is currently trading at ~\$10,500.

Figure: Bitcoin Price Performance

Date: 9/22/20



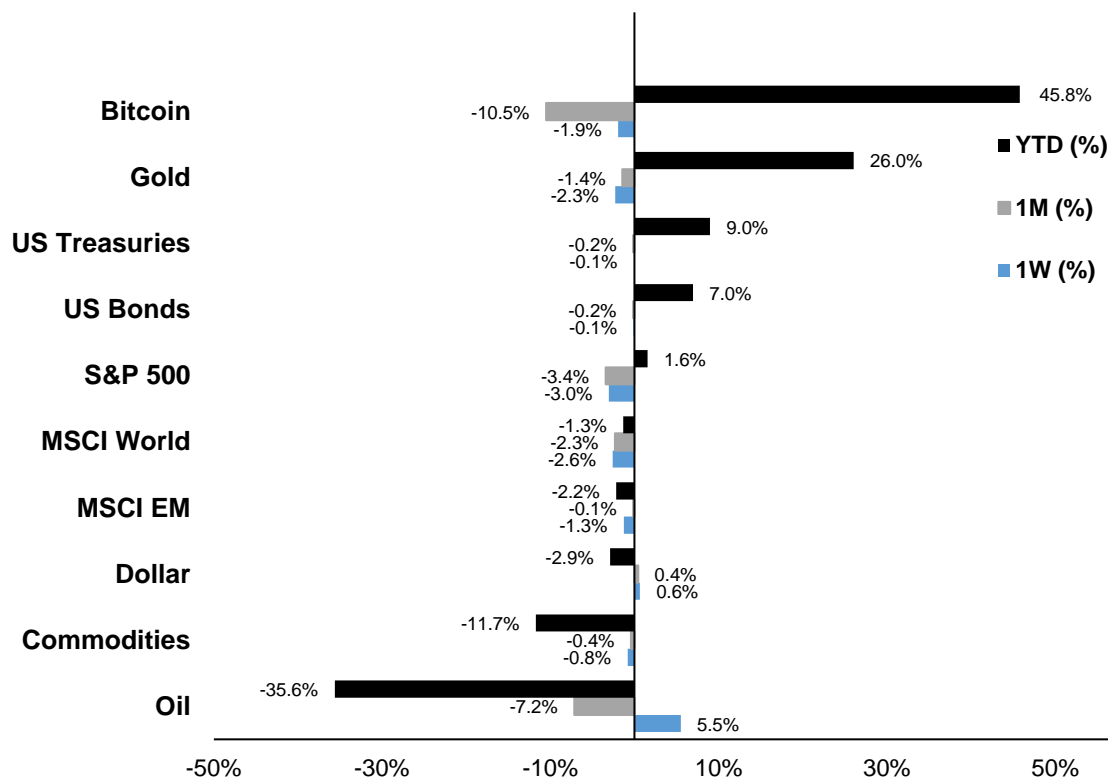
Source: FSInsight, CoinMarketcap

Performance across asset classes

Notably, Bitcoin's decline corresponds with the decline in the equities market. Despite recent weakness, Bitcoin remains the best performing asset class on a year-to-date basis by a wide margin.

Figure: Performance across major asset classes

Date: 9/22/20



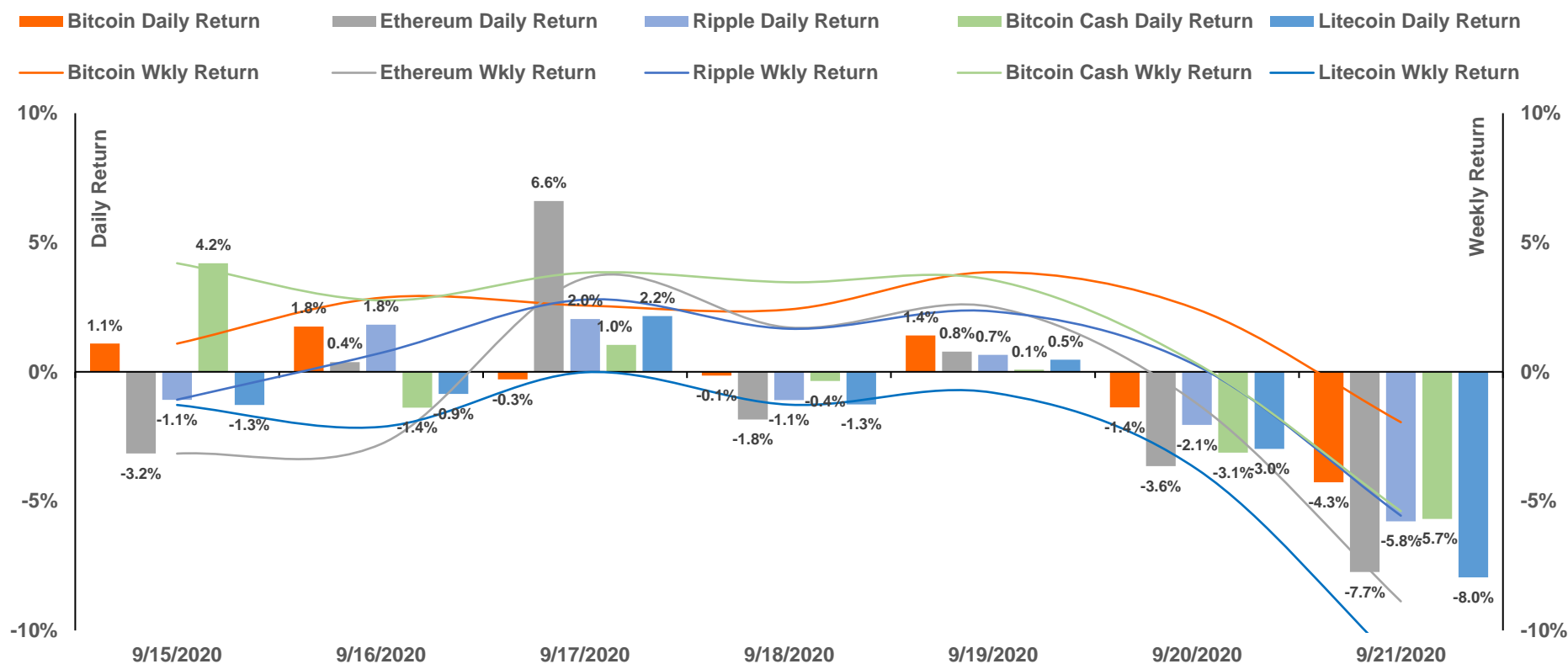
Source: FSInsight, CoinMarketcap

Major Crypto Asset Performance

The crypto majors continue to show correlation, and all of them declined this week. Amongst all the major crypto assets, Bitcoin's decline was the most muted (-1.9%), whereas Litecoin had the largest decline (-11.4%)

Figure: Top Crypto Asset Daily performance

Date: 9/22/20



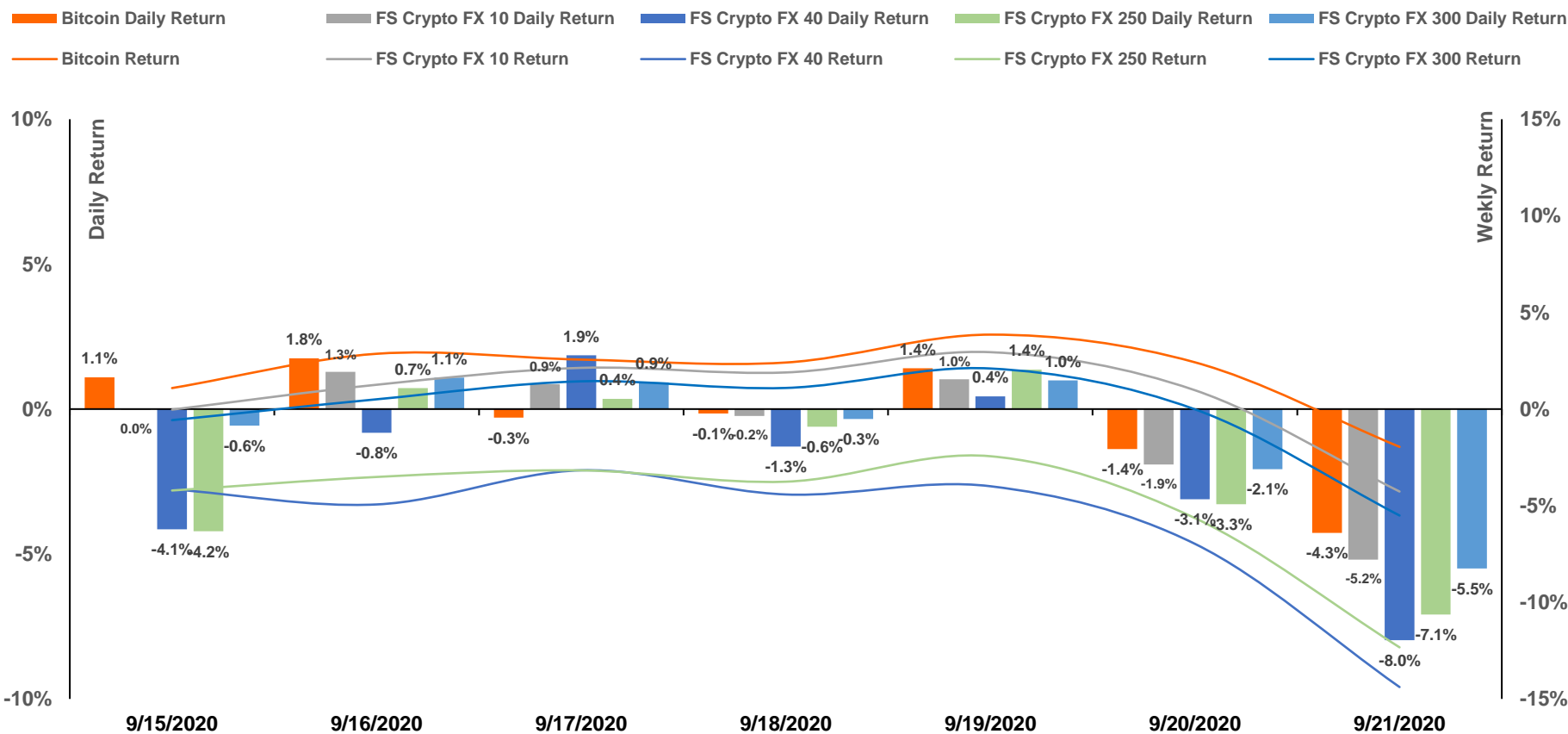
Source: FSInsight, CoinMarketcap

FS Crypto Indices Weekly Performance

Altcoins are often viewed as a leverage play on Bitcoin, magnifying the direction Bitcoin moves in. Continuing this week, all the FS Crypto FX indexes were negative with the FS 40 performing the worst (-14.4%) and the FS 10 performing the best (-4.3%)

Figure: FS Crypto Indices Weekly Performance

Date: 9/22/20



Source: FSInsight, CoinMarketcap

Top Crypto Asset & FS Crypto Indices Performance

Despite Ethereum's negative performance this week, it is still up 166% YTD and is firmly the best performing crypto major. All the FS Crypto FX indexes are up more than 50% YTD.

Figure: Top Crypto & FS Crypto Indices Performance

Date: 9/22/20

	May 5/31/2020	June 6/30/2020	July 7/31/2020	August 8/31/2020	WTD 8/31/2020	WTD 9/7/2020	WTD 9/14/2020	WTD 9/21/2020	YTD 9/21/2020
Largest Assets									
Bitcoin	9.0%	-3.1%	24.0%	3.0%	-0.8%	-11.2%	2.8%	-1.9%	45.9%
Ethereum	11.9%	-2.5%	53.4%	26.0%	6.7%	-19.1%	6.5%	-8.9%	166.5%
Ripple	-4.7%	-13.3%	48.0%	8.8%	-2.4%	-14.3%	1.5%	-5.6%	20.5%
Bitcoin Cash	-4.8%	-6.7%	35.2%	-8.7%	-5.8%	-16.9%	-1.3%	-5.4%	4.6%
Litecoin	-2.0%	-9.5%	41.0%	5.1%	-1.9%	-20.2%	0.3%	-11.4%	5.4%
FS Size Indexes									
FS Crypto 10	7.7%	-4.2%	29.1%	6.3%	0.1%	-12.6%	3.7%	-4.3%	52.6%
FS Crypto 40	13.7%	3.4%	33.2%	25.7%	-0.4%	-18.7%	4.3%	-14.4%	88.2%
FS Crypto 250	13.8%	3.3%	26.1%	34.4%	0.5%	-22.9%	5.0%	-12.3%	52.1%
FS Crypto 300	8.4%	-3.3%	29.3%	9.0%	0.1%	-13.7%	3.8%	-5.5%	55.0%
FS Crypto Agg.	8.5%	-3.2%	29.1%	9.1%	0.2%	-13.7%	3.8%	-5.6%	55.0%

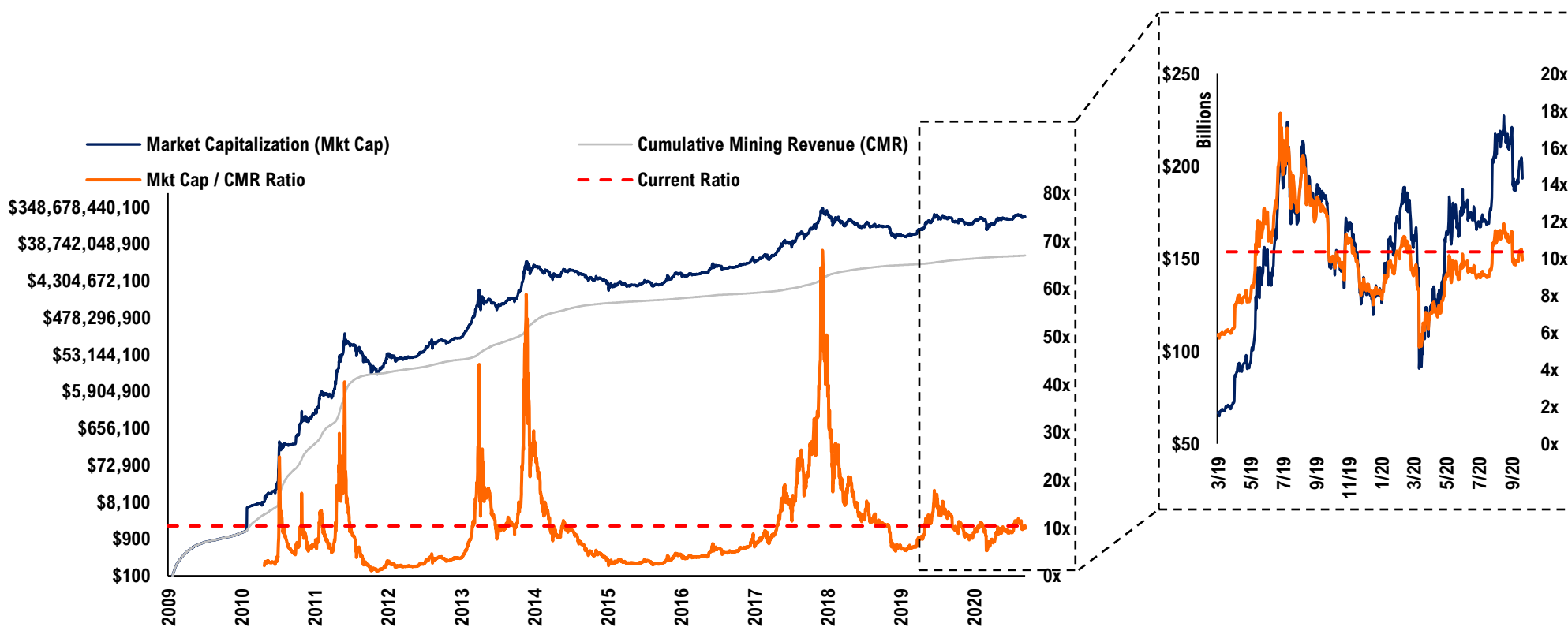
Source: FSInsight, CoinMarketcap

Market Cap to Cumulative Mining Rewards (CMR)

Bitcoin's Mkt Cap/CMR ratio decreased 2.3% week over week from 10.2x to 9.9x.

Figure: Bitcoin Market Cap to Cumulative Mining Rewards

Date: 9/22/20



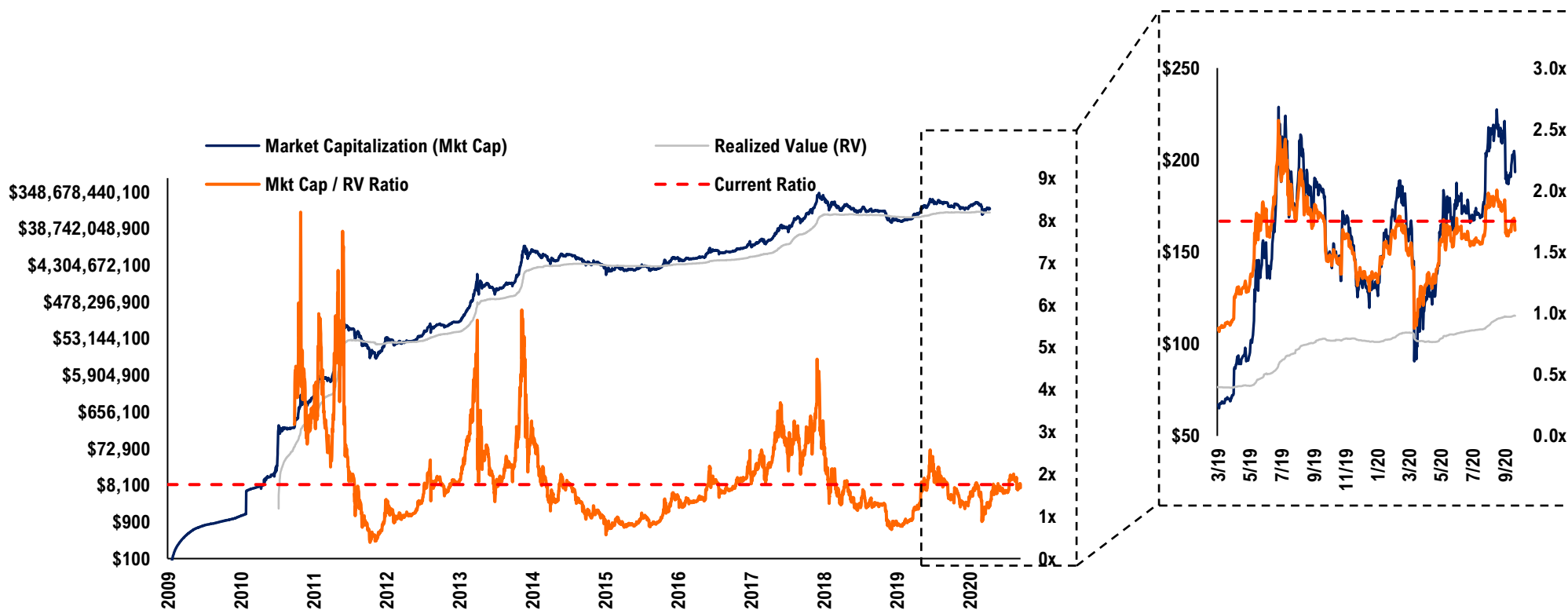
Source: FSInsight, CoinMarketcap; A full description of the Price/CMR valuation methodology can be found [here](#).

Market Cap to Realized Value

Bitcoin's Mkt Cap/RV ratio decreased 2.4% week over week and currently sits at 1.7x.

Figure: Bitcoin Market Cap to Realized Value

Date: 9/22/20



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

Public Comparable Valuations

Figure: Top Crypto Asset Valuation Table

Date: 9/22/20

		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	\$10,455	\$10,663	-1.9%	\$193.4	\$197.1	-1.9%	\$19.5	\$19.4	0.4%	\$115.3	\$114.8	0.5%	9.9x	10.2x	-2.3%	1.7x	1.7x	-2.4%
Ethereum	ETH	\$342	\$375.8	-8.9%	\$38.6	\$42.3	-8.8%	\$7.9	\$7.8	1.1%	\$32.8	\$33.0	-0.7%	4.9x	5.4x	-9.8%	1.2x	1.3x	-8.1%
Ripple	XRP	\$0.23	\$0.25	-5.6%	\$23.2	\$24.6	-5.6%	n/a	n/a	n/a	\$42.8	\$42.7	0.1%	n/a	n/a	n/a	0.5x	0.6x	-5.7%
Bitcoin Cash	BCH	\$213	\$225	-5.4%	\$3.9	\$4.2	-5.4%	\$1.5	\$1.5	0.1%	\$4.8	\$4.8	-0.1%	2.6x	2.7x	-5.4%	0.8x	0.9x	-5.2%
Litecoin	LTC	\$43	\$49	-11.4%	\$2.9	\$3.2	-11.3%	\$1.4	\$1.4	0.2%	\$4.4	\$4.4	-0.3%	2.0x	2.2x	-11.5%	0.7x	0.7x	-11.1%
Median				-5.6%			-5.6%			0.3%			-0.1%	3.8x	4.1x	-7.6%	0.8x	0.9x	-5.7%
Mean				2.8%			2.8%			0.3%			0.3%	4.9x	5.2x	3.4%	1.0x	1.0x	2.5%

Source: FSInsight, CoinMarketcap

Digital Asset Investment Vehicles & Stocks

Figure: Digital Asset Investment Vehicles & Stocks Weekly Performance

Date: 9/22/20

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	\$ 5,046,504,883	\$14.8 - \$5	\$ 38,838,241	-6.1%	1.1x
Grayscale Bitcoin Cash Trust	BCHG	\$ 8.1	\$ 140,262,848	\$34 - \$8	\$ 101,269	-10.0%	4.0x
Grayscale Digital Large Cap Fund	GDLC	\$ 20.8	\$ 239,013,565	\$37.6 - \$3.5	\$ 749,234	-7.3%	3.2x
Grayscale Ethereum Trust	ETHE	\$ 45.2	\$ 1,065,662,354	\$259.5 - \$21.5	\$ 4,433,975	-6.6%	1.4x
Grayscale Ethereum Classic Trust	ETCG	\$ 5.9	\$ 78,908,897	\$23.8 - \$5.8	\$ 688,806	-7.5%	1.1x
Grayscale Litecoin Trust	LTCN	\$ 33.0	\$ 161,241,302	\$99 - \$23	\$ 66,835	-8.6%	7.9x
The Bitcoin Fund	QBTC.U	\$ 14.1	\$ 96,899,284	\$18.5 - \$10	\$ 1,119,333	-1.2%	1.2x
Mining Companies							
Canaan	CAN	\$ 2.0	\$ 309,970,370	\$13 - \$1.8	\$ 4,424,130	-0.5%	48.4x
Ebang International Holdings	EBON	\$ 9.9	\$ 1,293,903,702	\$15 - \$3.8	\$ 11,570,164	24.8%	61.4x
Marathon Patent Group	MARA	\$ 1.9	\$ 60,750,210	\$5.3 - \$0.4	\$ 9,193,283	-4.5%	4.8x
Hive Blockchain	HVBTF	\$ 0.3	\$ 98,546,186	\$0.4 - \$0.1	\$ 194,186	-10.9%	-
Hut8 Mining	HUT	\$ 0.9	\$ 88,993,278	\$2.3 - \$0.5	\$ 211,065	-8.0%	2.1x
Riot Blockchain	RIOT	\$ 2.9	\$ 138,886,316	\$4.6 - \$0.5	\$ 10,598,192	-3.0%	3.9x
TAAL Distributed Information Technologies	TAAL	\$ 1.9	\$ 46,909,125	\$3.7 - \$1	\$ 21,219	0.0%	1.7x
Financial Services							
Galaxy Digital	BRPHF	\$ 2.4	\$ 706,976,045	\$4.4 - \$0.4	\$ 389,864	-11.9%	-
Overstock.com	OSTK	\$ 74.5	\$ 3,187,398,636	\$128.5 - \$2.5	\$ 585,265,647	-1.7%	21.5x
Silvergate Capital	SI	\$ 14.5	\$ 271,185,277	\$17 - \$7.6	\$ 3,168,594	-8.8%	1.0x
Square	SQ	\$ 151.1	\$ 67,026,517,758	\$170.6 - \$32.3	\$ 1,391,615,654	4.7%	34.7x

Source: FSInsight, CoinMarketcap

Digital Asset Investment Vehicles & Stocks

Noteworthy this week:

Marathon Patent Group (NASDAQ: MARA): Marathon Patent Group Inc. pulled its offer to acquire Fastblock Mining in an all-stock deal because the two companies could not extend the term of a power agreement. Marathon said it found out that an agreement for Fastblock to provide power at a subsidized rate was going to end in three years and the agreement could not be extended with the power provider to a term that would make the deal economically feasible for Marathon. Marathon said it has a term sheet with another power company and will announce those terms when due diligence is done.

Overstock (NASDAQ: OSTK): Overstock.com's security token crypto exchange, tZERO, on Wednesday reported a record trading volume of more than 2.3 million digital securities in August, 21 times higher from the year-ago period. It said it transacted nearly \$22 million of securities for the month, up from \$7.6 million in July. Year-to-date through August, tZERO's traded shares jumped by over 300% from last year, it reported. tZERO said its Crypto app's users increased by more than 11% in August.

Square Inc. (NYSE :SQ): Square is set to establish a cryptocurrency patent alliance to enable open access to patents covering foundational technologies in the cryptocurrency sector. This is seen to be necessary for the crypto community to grow, freely innovate, and build new and better products. The Cryptocurrency Open Patent Alliance, or COPA, seeks to democratize patents for everyone, empowering even small companies with tools and leverage to defend themselves. There is an invitation for all in the crypto community to join the alliance to address patent lockup concerns.

TAAL (CSE: TAAL): TAAL announced it purchased all of the issued and outstanding shares of WhatsOnChain Limited ("WhatsOnChain") enhancing TAAL's technology portfolio and accelerating TAAL's strategy as a leading provider of enterprise blockchain infrastructure services. TAAL purchased WhatsOnChain for \$2MM GBP, which was paid through the issuance of 1,739,882 TAAL common shares (the "Consideration Shares"), with a share value of \$1.97. WhatsOnChain owns proprietary Bitcoin SV blockchain explorer technology developed by its founders who created the first-ever BSV block explorer to provide data in an easy and user-friendly manner.

Source: FSInsight, Bloomberg

Winners & Losers

Winner

Kraken – This week, Kraken Financial became the first crypto company to receive a banking charter under Wyoming's Special Purpose Depository Institution statute. The new structure was purpose-built for cryptocurrency companies and will allow the crypto exchange to offer certain banking functions to clients and effectively serve as the exchange operator's primary banking relationship. Up until this point, Kraken has relied on third-party providers for wire transfers and other services that enable it to engage with the broader financial system.

Loser

UniLogin – UniLogin, which provides a user onboarding solution for Ethereum apps, is shutting down due to high gas fees. "UniLogin is out of gas," co-founder Alex Van de Sande said in a blog post on Friday. "Not necessarily out of money, but the current Ethereum gas market, the rise of DeFi [decentralized finance], have changed the game significantly enough that we don't see a way forward with the project."

Van de Sande said UniLogin is particularly sensitive to gas prices because before onboarding any users, the project was deploying a new multi-sig wallet on users' behalf, registering an ENS [Ethereum Name Service] name, and sometimes using its relayer to add a Dai transaction. He went on to say that some days the whole process of onboarding a new user was costing over \$130, equivalent to a cost of a hardware wallet.

Source: FSInsight, TheBlock

Financing & M&A Activity

Noteworthy this week:

APY.Finance – APY.Finance, which is building a decentralized finance (DeFi) aggregator for yield farming, has raised \$3.6 million in new funding. APY claims to be building the "Wealthfront for yield farming," or a robo-advisor that helps optimize token lending for risk-adjusted gains. With the fresh capital in place, APY plans to speed up its platform development and launch it in mid-October.

PowerTrade – PowerTrade raised \$4.7 million via token sales in a round led by Pantera Capital and joined by Framework Ventures, CMS Holdings and QCP Capital among others. PowerTrade said in a press release it will offer low minimum deposits allowing traders access to crypto options for as little as \$1. The platform, which will launch to non-U.S. traders first, will focus on user experience and education, while helping traders understand and manage risk, it said.

Fundraising Activity

<u>Announced Date</u>	<u>Company Name</u>	<u>Financing Round</u>	<u>Financing Amount</u>	<u>Investors (Lead)</u>
9/21/20	APY.Finance	Seed	\$3,600,000	Alameda Research, Arrington XRP Capital, CoinGecko
9/15/20	Gelato Network	Seed	\$1,200,000	IOSG Ventures and Galaxy Digital
9/17/20	ParaSwap	Seed	\$2,700,000	Blockchain Capital, Alameda Research, Arrington XRP Capital, CoinGecko
9/17/20	PowerTrade	Token Sale	\$4,700,000	Pantera Capital, Framework Ventures, CMS Holdings

Source: FSInsight, CoinDesk, TheBlock

Recent Reports & Events

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

- Leeor Shimron: [Investing in the DeFi Landscape](#) Panel Discussion at the LA Blockchain Summit on October 6th
- David Grider: [Digital Assets Weekly: September 15th](#)
- FS Digital Strategy Team: [Bitwise: Leading Crypto Index Funds & New Alpha Opportunity](#)

Source: FSInsight

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