

FJ LABS

What's the deal with crypto?

A dark, moody photograph of a person's hand interacting with a smartphone on a desk. The desk also has a pen and a pair of glasses. The text 'Basic definitions and building blocks' is overlaid in white.

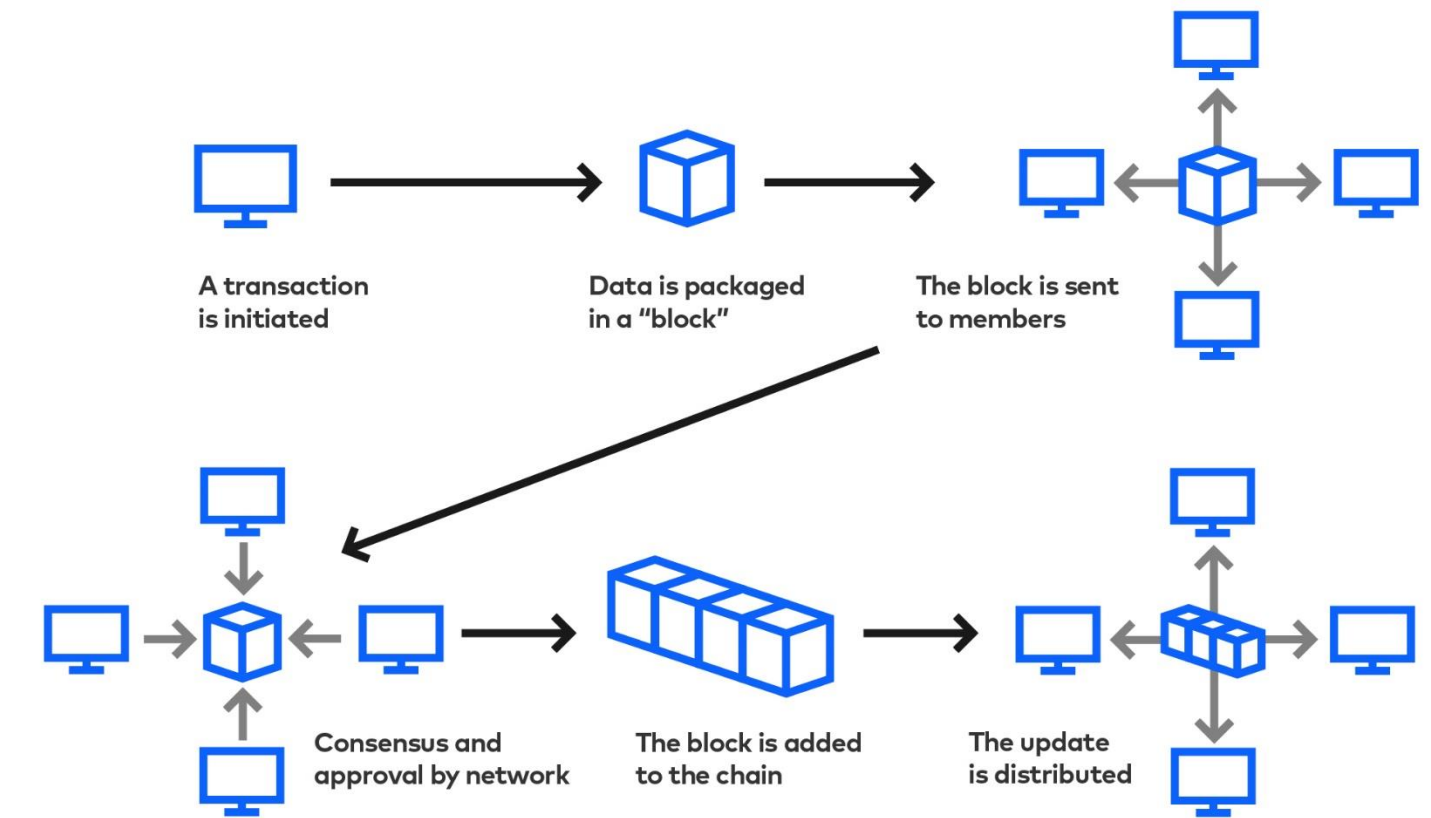
Basic definitions and building blocks

Cryptography

- Means “hidden writing”
- Makes a piece of information hard for others to guess

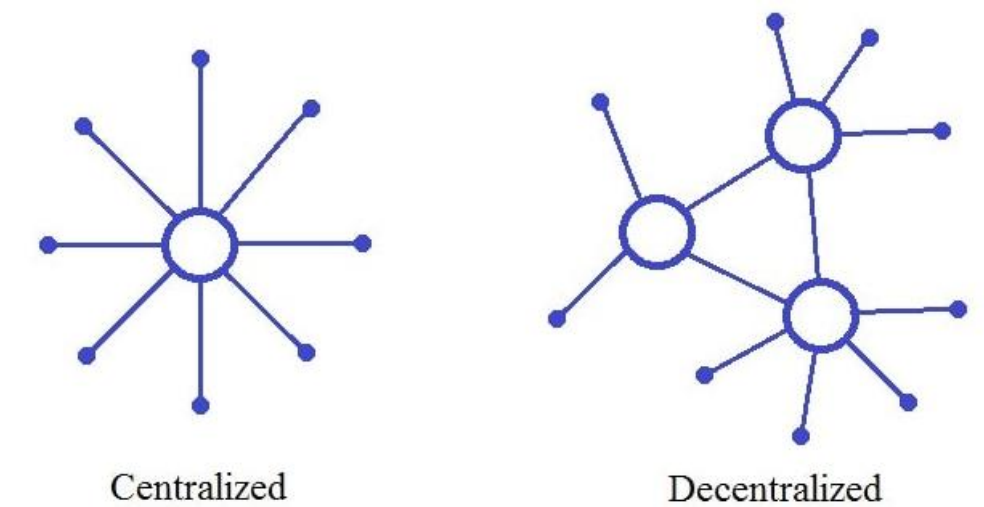
Blockchain

- Decentralized database & computer
- A “block” is a collection of data
- A “chain” is what ties the blocks together across multiple computers
- Use cases:
 - No need for a “trusted” intermediary
 - It can be used to record payments, loans, votes, records, ownership, and more



Decentralized

- Stored in many different places vs. just one central database
- Blockchains store data in different computers (nodes) so hard to shut down

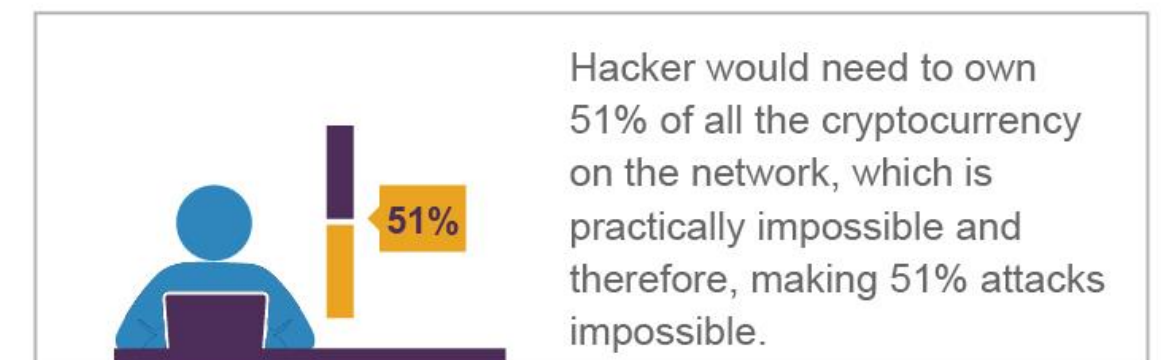
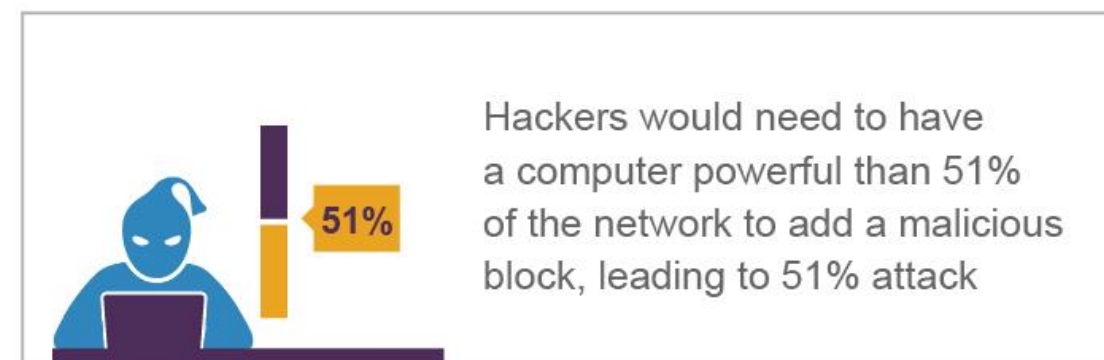
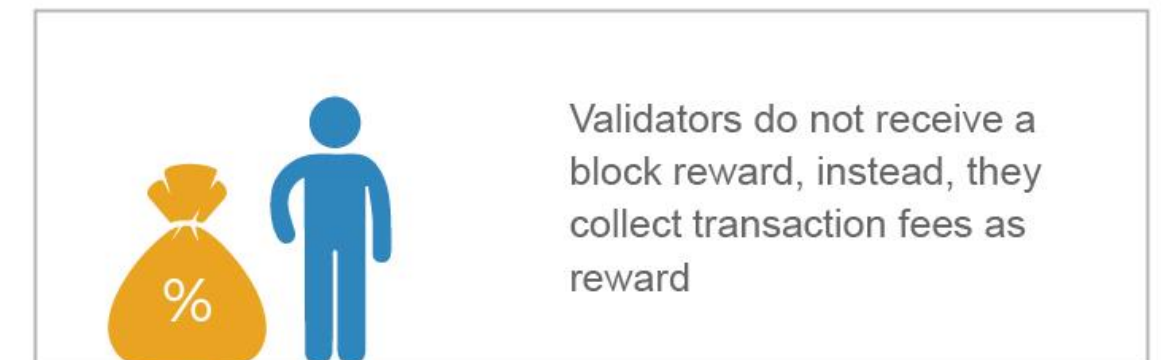
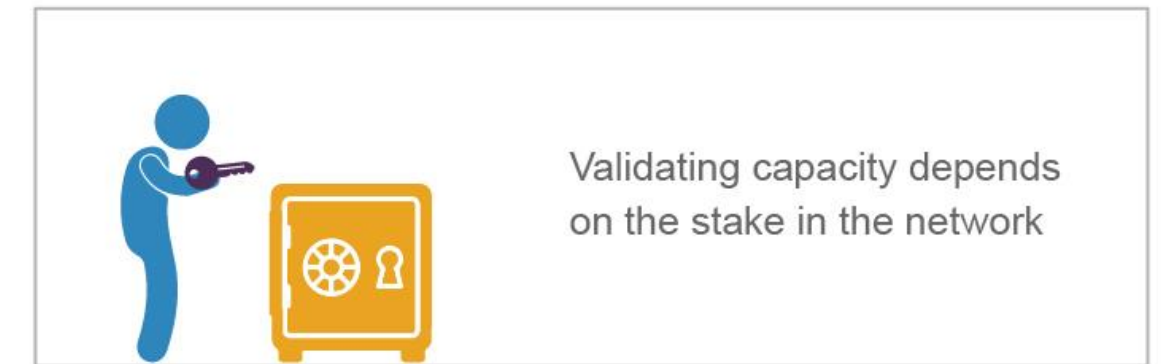


- A **consensus mechanism** is one that allows blockchains to agree on a single data value
- Bitcoin uses a consensus mechanism called '**proof of work**' (PoW)
- In PoW 'miners' validate the information on each block and get rewards in exchange; they do this by solving a tough 'math puzzle' which can take large amounts of computational energy
- Ethereum also uses PoW but will soon migrate to Proof of Stake (PoS) which is used by many other blockchains such as Solana – more on this later

Proof of Work

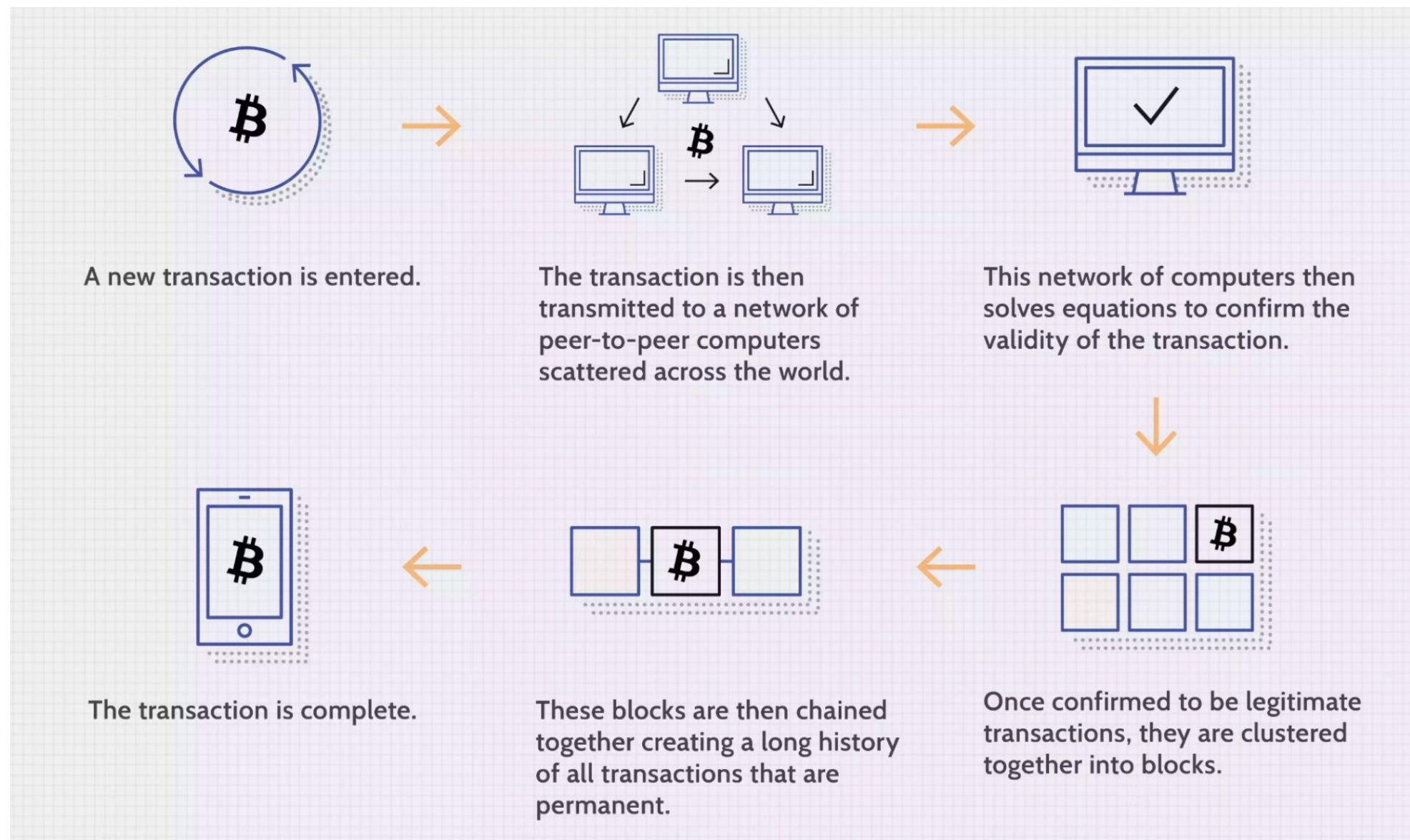
VS

Proof of Stake



Bitcoin

- Cryptocurrency powered by the Bitcoin blockchain

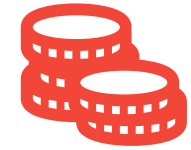


Key points

- First proposed in 2008 by Satoshi Nakamoto as a peer-to-peer electronic cash
- It has a fixed supply of 21mm bitcoin
- Has become the most widely used cryptocurrency
- Its purpose and use case has evolved to become more of a digital version of gold

Market cap: ~\$650bn

Bitcoin



Is Bitcoin a CURRENCY? **NO**

- × Medium of exchange
- × Unit of account
- × General acceptance
- × Inexpensive to transact with
- ✓ Store of value



Is Bitcoin a SECURITY? **NO**

Definition according to SEC

- “Any note, stock, investment contract,... or participation in any profit-sharing agreement...”
- Both current and previous SEC Chairs said BTC and ETH **are not securities**

Howey test

1. An investment of money
2. Investment comes with an expectation of profits
3. Derived from the efforts of others

Bitcoin is “Digital Gold”

Smart contracts

- Self-executing contract with the rules of the game written into lines of code
- Software that can make promises about how it will behave in the future
- Can add functionality you want
- You don't need courts and police states to enforce contracts

Decentralized apps (DApps)

- Decentralized application that runs on top of smart contract platforms
- Bitcoin is a DApp running on bitcoin blockchain; Uniswap is a DApp running on Ethereum blockchain

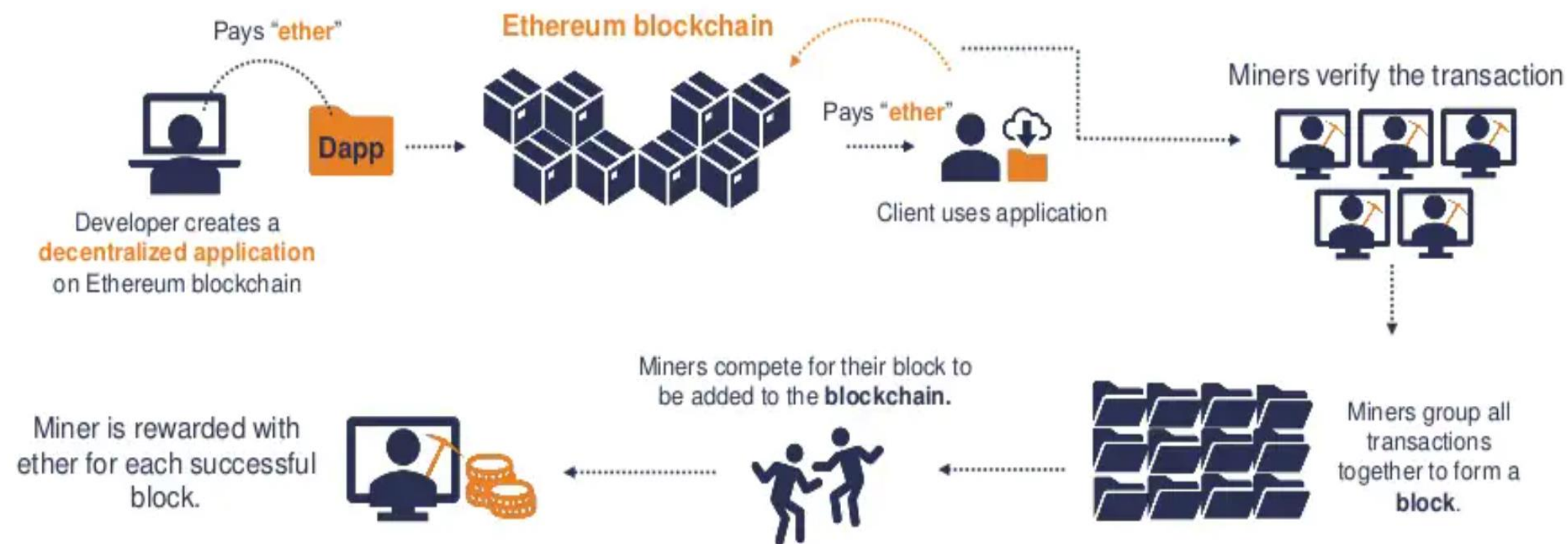
DAO (Decentralized Autonomous Organization)

- A DAOs is like a corporation and is used to govern many DApps
- Rules are encoded and controlled by token holders (the “voters”)



Ethereum

- Blockchain based-based software platform
- Used to create and use smart contracts and Dapps
- **Ethereum is a decentralized computer**



Ether is Ethereum's digital currency which fuels the Ethereum platform

Miners are people who help secure the Ethereum network and verify all transactions that take place in the blockchain.

Key points

- Released initially by Vitalik Buterin in 2015
- The rails where crypto is being built
- Ethereum 2.0 (PoW → PoS)
- There are currently several viable alternatives to Ethereum (e.g., Solana)

Market cap: ~\$250bn

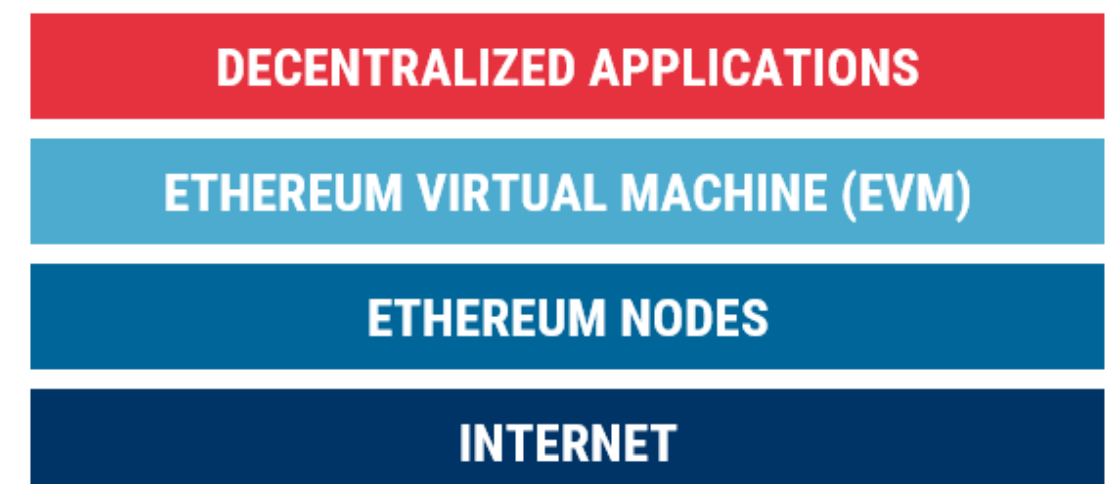
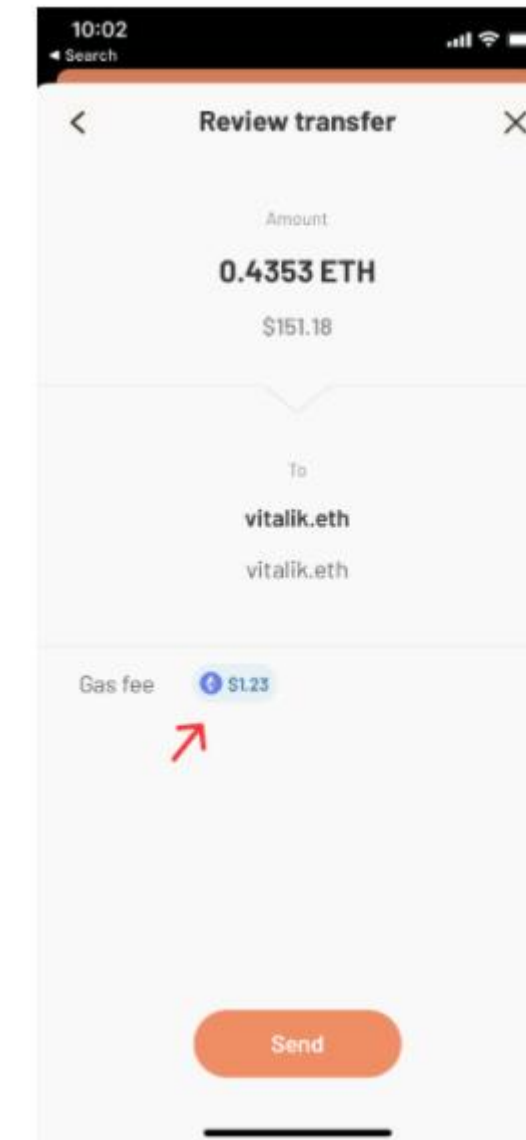
Ethereum

Gas

- Fuel needed to run Ethereum network
- Can think of it as transaction fees
- Software that can make promises about how it will behave in the future
- Can add functionality you want

Ethereum Virtual Machine (EVM)

- Environment for compiling and deploying Ethereum-based smart contracts
- EVM is the engine that understands the language of smart contracts which are written in Solidity (programming language)
- Every Ethereum node runs an EVM instance which allows them to agree on executing instructions



Token

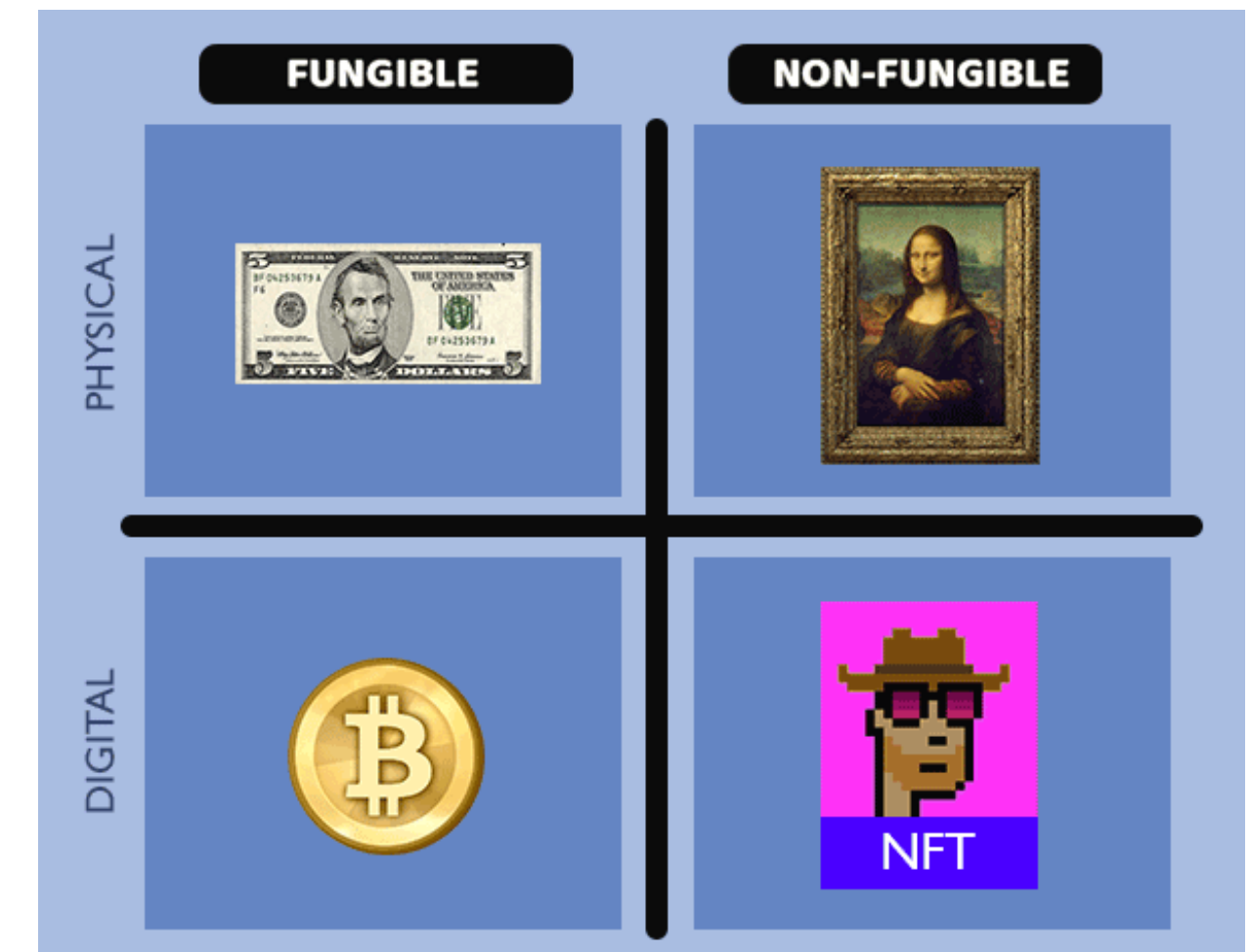
- Digital assets which live on a blockchain
- Can have utility in the context of a DApp, represent a physical good, or be a digital collectible

NFTs

- Non-fungible-token
- Token that represents individual, unique digital assets
- Each token has an owner, and this information is easily verifiable
- CryptoKitties were one of the earliest examples of NFTs
- Where can they be traded?
 - NFT marketplaces such as OpenSea or Rarible
 - Exchanges

Governance tokens

- Represents voting power on a blockchain project
- Mostly used in Defi as it distributes rights to users
- Examples: UNI for Uniswap, MKR for Maker, COMP for Compound
- Can be thought of as equity



Stablecoins

- Coins that are typically tied to the value of the U.S. dollar
- Largest three stablecoins are Tether, USDC, and Binance USD
- There are several types of stablecoins
 - Fiat-backed (e.g., US dollar) → USDT (Tether)
 - Crypto-backed (e.g., Ethereum) → Dai (Maker)
 - Algorithmic and others → Fei (Fei protocol)

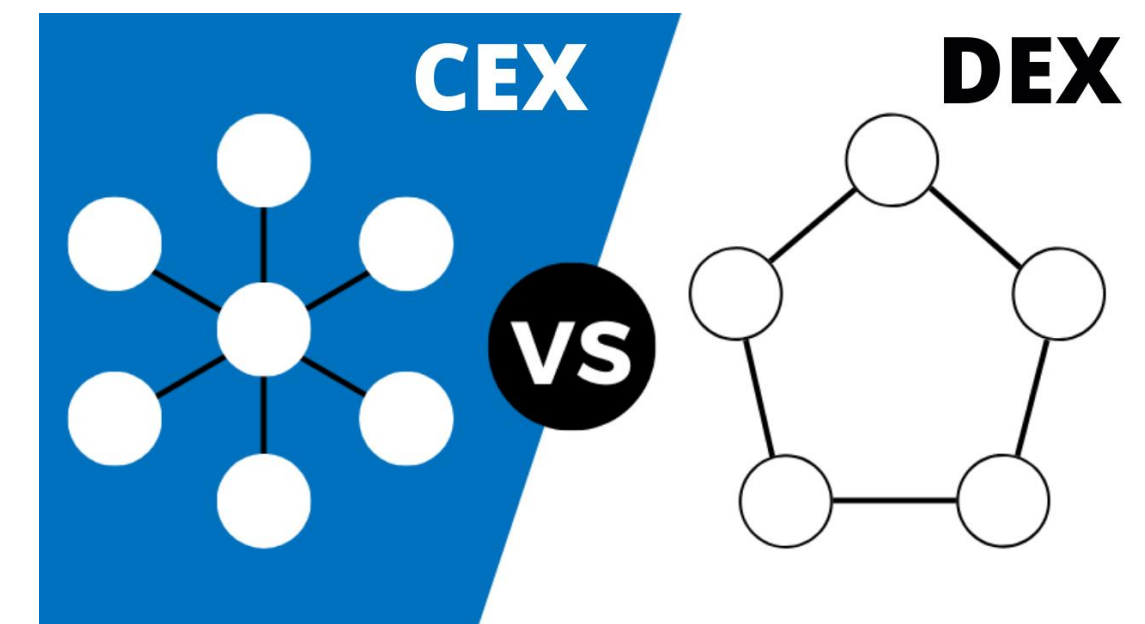


TVL (total value locked)

- Total value of the tokens 'locked' within DApps
 - Amount of assets currently at stake in a specific protocol
- Used to measure overall health of the protocol

Exchanges

- Centralized
 - Coinbase, Binance, others
 - Use central order books and structured similarly to traditional exchanges
- Decentralized (DEXs)
 - Uniswap, Sushiswap, others
 - Use automated market makers (more on this later) instead of order books





The state of things in 2021

coinbase IPO in Jan 2021

- 7th largest new U.S. listing of all time
- Valued at \$86bn in a landmark moment for crypto

andreessen. horowitz

- Raised a \$2.2bn fund in June 2021 to invest in crypto only
- One of the largest VC vertical-specific fund ever

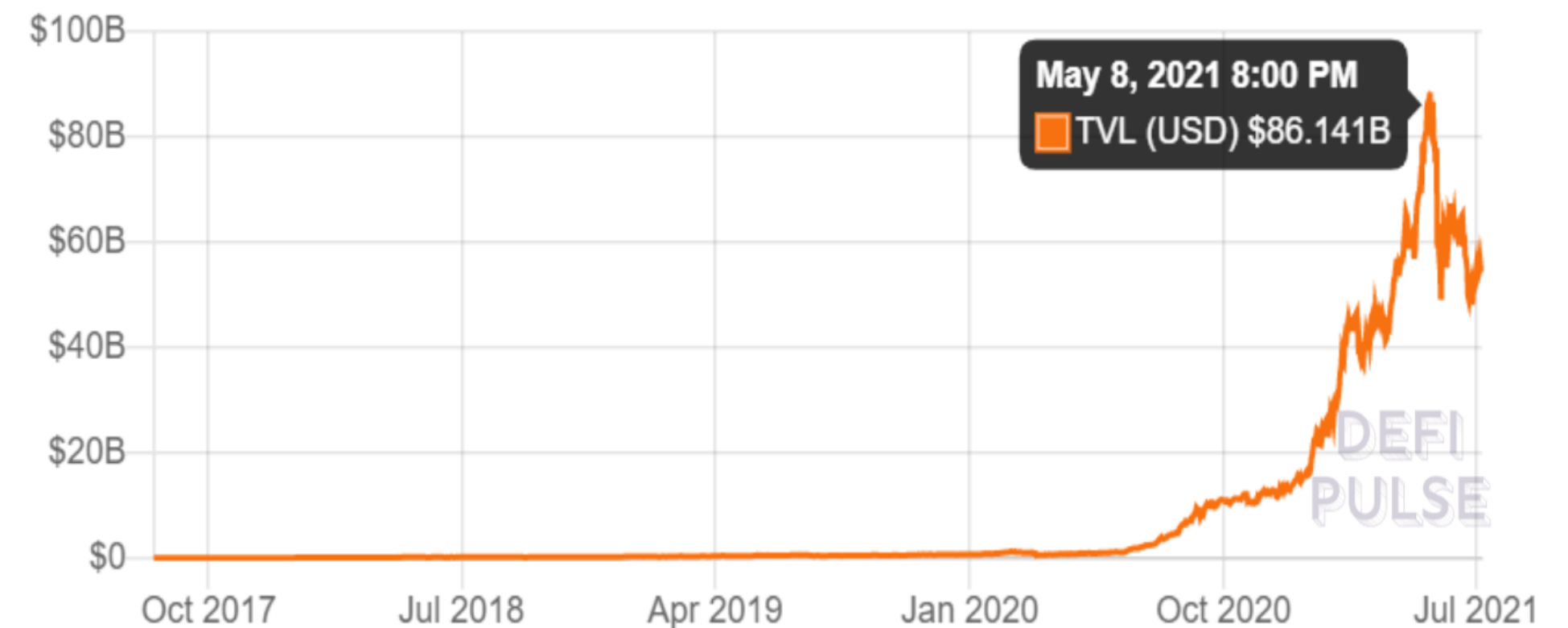


- Major institutional investors, including Fortune 500 companies and endowments invested in crypto assets

Total Value Locked (USD) in DeFi

[TVL \(USD\)](#) | ETH | BTC

[All](#) | 1 Year | 90 Day | 30 Day



TVL for DeFi was less than \$1bn a year ago and now is +\$50bn



Is regulation crypto's sword of Damocles?

- In May China announces goal to “crack down on bitcoin mining and trading”
- Crypto-expert Gary Gensler appointed as new SEC Chairman
- Potential short and long-term impacts on crypto and its market cycle
 - CeFi vs DeFi

A dark, moody photograph of a person's hands interacting with a smartphone on a desk. The phone screen shows a social media feed. A pen and a pair of glasses are also visible on the desk. The text 'Trends and examples' is overlaid in white.

Trends and examples

Traditional exchanges

- First 'stock' exchange appeared in Belgium in 1531 and dealt with notes and bonds
- Modern stock exchanges use an electronic order book connecting sellers and buyers of a certain instrument
- To trade stocks on these exchanges you need to be a licensed broker, that's why most people use brokerage companies such as Charles Schwab or Robinhood to place trades



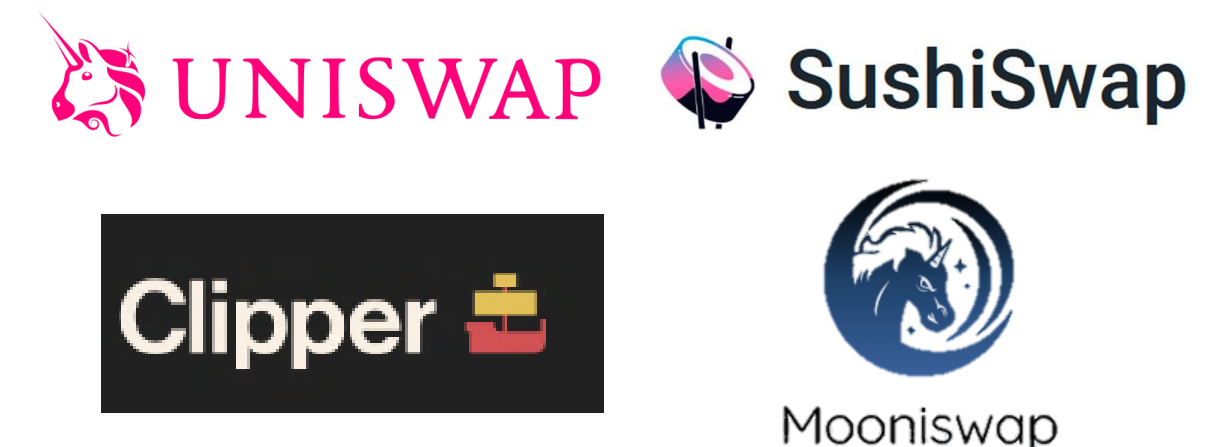
Centralized exchanges (CEXs)

- Very similar to traditional exchanges (order book) but transact cryptocurrencies instead of stocks
- Security and trust is a key aspect of CEXs as has higher risk of hacking than DEXs
- Subject to regulations and most have KYC (Know Your Client) verification processes
- User friendly and intuitive interfaces
- Typically charge higher transaction fees than DEXs with P2P transactions



Decentralized exchanges (DEXs)

- No need for a centralized 3rd party
- Uses an automated market maker (AMM) instead of matching supply and demand with their own servers
- Liquidity is a key aspect of DEXs
- No KYC or AML procedures, anyone can be part of the platform (anonymity)
- Requires more knowledge and UX/UI not as good today



Overview

- **Founded:** 2018 by Hayden Adams, prev. engineer at Siemens
 - On Ethereum blockchain → compatible with ERC-20 tokens and infrastructure (wallet services)
- **Uniswap v3:** launched March 2021
 - Concentrated liquidity + multiple fee tiers

Key stats

- **Market cap:** \$9.78B
- **Daily avg. trading volume:** ~\$1B
- **Total value locked:** \$3.96B
- **Total trading volume:** \$7.15B

Coinbase
~\$3.75B

Business model

- **Business model:** 0.3% flat fee for every trade taking place on platform
 - Automatically sent to a liquidity reserve
- **Monthly revenues 2021:** leading among other Defi DApps
 - January: \$72.54M
 - February: \$210.72M
 - March: \$204.9M
 - April: \$252.32M
 - May: \$373.53M
 - June: \$137.6M



Who are the main users?

Traders

Pay the flat fees

- Speculators: use community-built tools to swap tokens using Uniswap liquidity
- Arbitrage traders: seek profits by comparing prices across different platforms
- DAPP users: buy Uniswap tokens to use in other Ethereum applications
- Smart contracts: execute trades by implementing swap functionality

Liquidity Providers

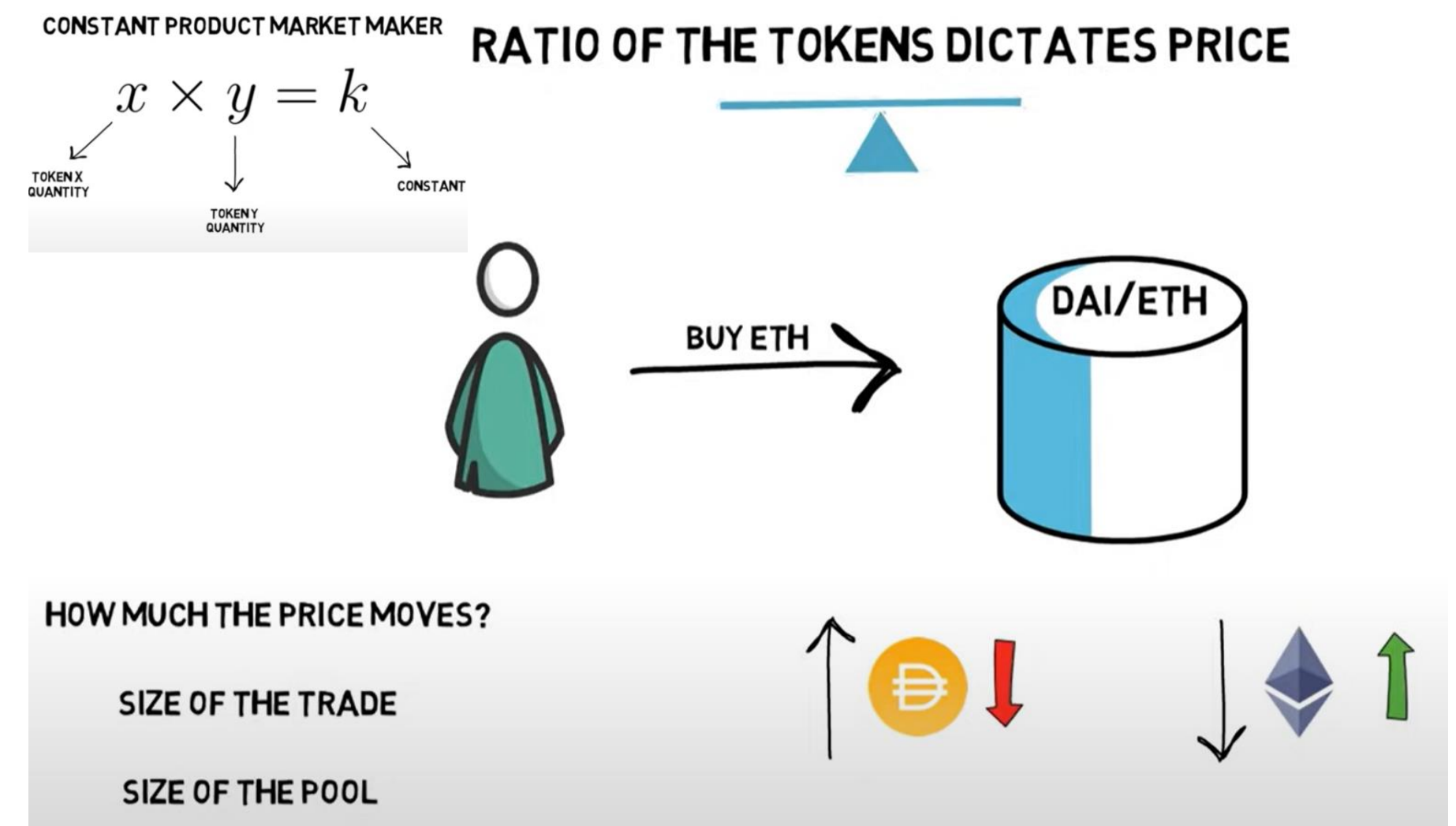
Receive the flat fees

- Passive LPs: token holders who want to accumulate trading fees
- Professional LPs: develop custom tools to track liquidity positions across DeFi projects

What's the process like?

- 1 Get an ERC-20 supported wallet setup (MetaMask, MyEtherWallet)
- 2 Add ether to it + pay for gas (Ethereum transaction fees – choose slow, medium, or fast gas)
- 3 Enter uniswap.org and connect your wallet
- 4 Select which token you want to swap, enter amount, and “swap”
- 5 Wait for transaction to be added to the Ethereum blockchain by copy/pasting transaction ID to etherscan.io

How does it work?





World's largest crypto exchange is facing serious backlash from regulators around the globe

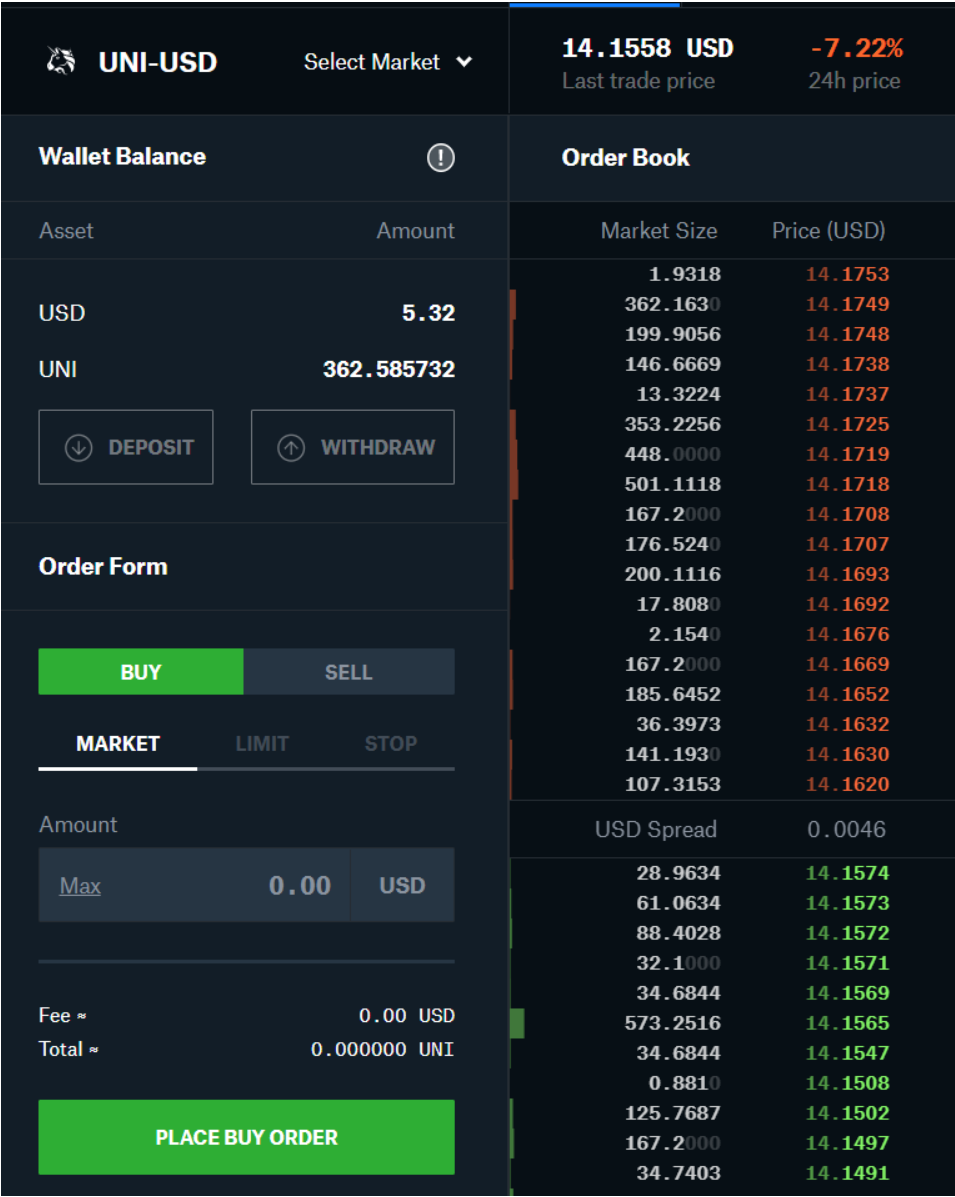
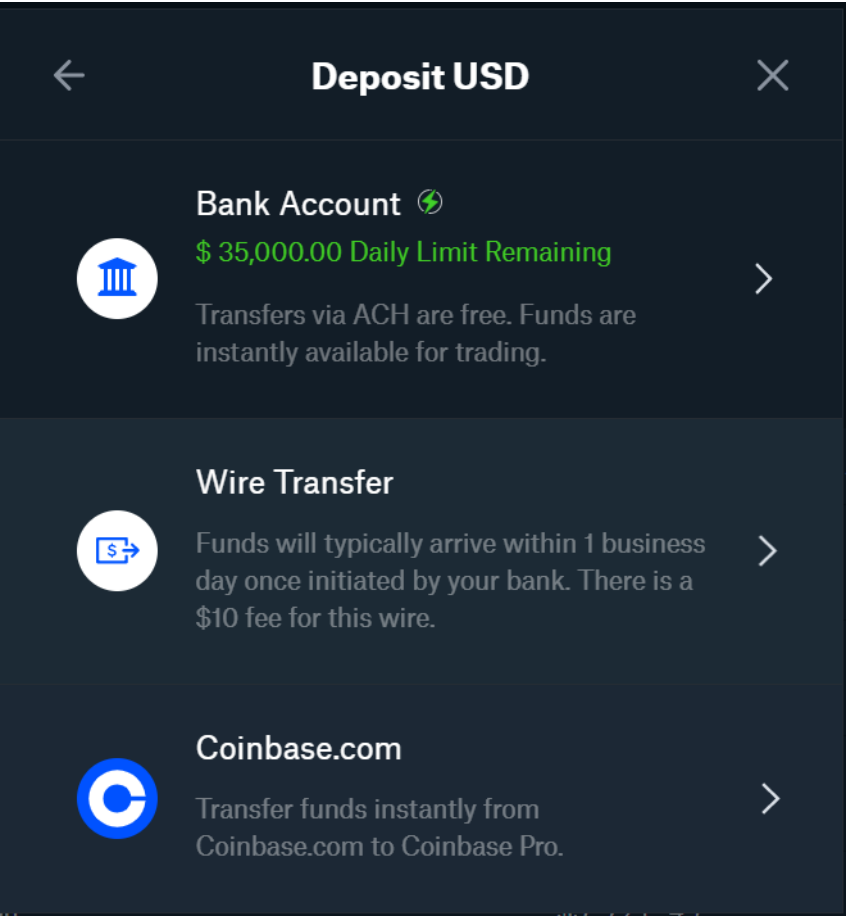
What's happening?

- Under investigation of US Justice Department and IRS
- Regulators in Japan, Canada and Thailand issued warnings about Binance; the UK went as far as barring the firm from performing any regulated activity
- It recently stopped offering “stock tokens” which tracked the value of certain shares such as Apple or Tesla after regulators warned the exchange might be violating securities laws for not publishing investor prospectus
- **Why does it matter?**
 - May signal how regulators will approach other centralized exchanges and crypto in general
 - This may trigger a compliance race to grab market share (Kraken and Gemini are leading this front)
 - What does all of this mean for Defi? Premonition or opportunity?

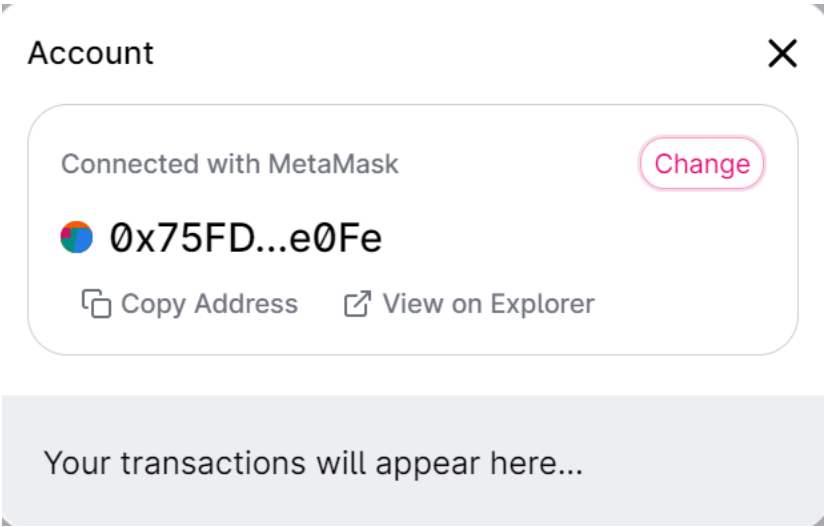
EXCHANGES: START TRADING ON CEX VS DEX



- 1 Deposit cash
- 2 Trade!



- 1 Download a crypto wallet
- 2 Connect the wallet to Uniswap



- 3 Deposit Ether
- 4 Swap!



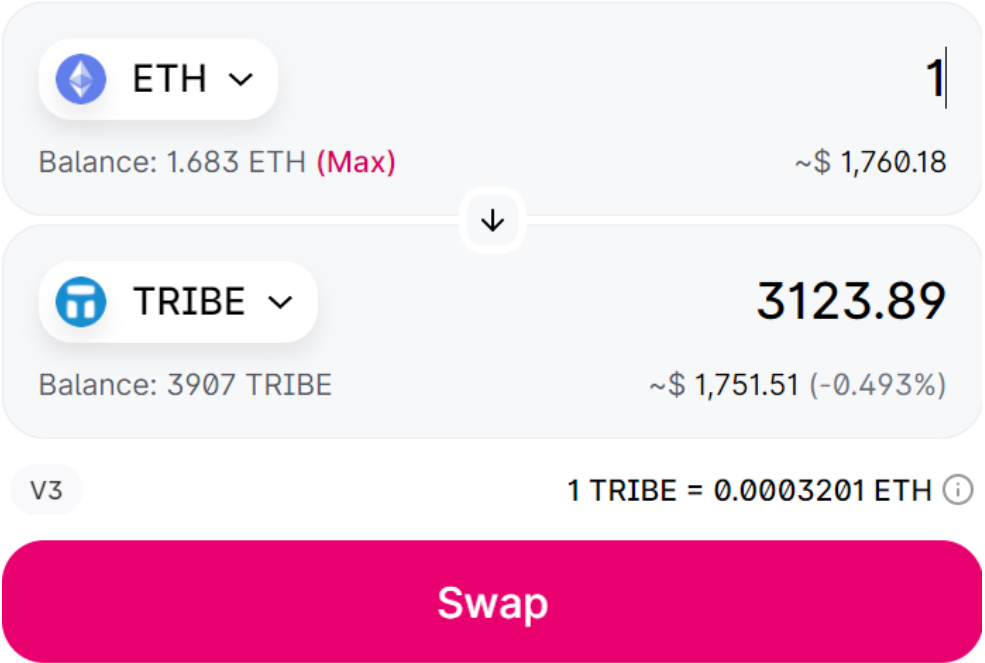
Buy ETH with Wyre
Wyre lets you use a debit card to deposit ETH right in to your MetaMask account.

Continue to Wyre



Directly Deposit Ether
If you already have some Ether, the quickest way to get Ether in your new wallet by direct deposit.

Swap



Traditional lending

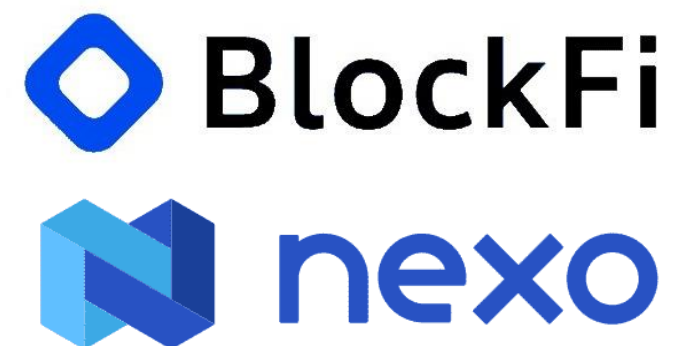
- There are many traditional ways of lending and borrowing money
- Saving accounts is a classic example provided by banks and other institutions
- Once you deposit your money in the account, banks can lend it to other parties and reward you with an interest for it
- If you want to borrow, credit score matters and ultimately will determine how much money can you get and at which interest rate



WELLS
FARGO

Centralized crypto lending

- Similar to traditional bank lending
- Centralized platform takes care of onboarding users, KYC process, and custodial services
- Typically have pairs with cash, making it easier for both depositing and withdrawing cash from the platform
- Collateralized for retail investors, but often not for institutional investors



Decentralized crypto lending

- Non-custodial platforms depending on smart contracts as opposed to a centralized 'middleman'
- Users retain control of their assets' keys
- Borrowers and lenders are connected through an online marketplace for credit
- Anonymous so no FICO score, no KYC; consequently, many of these platforms require over-collateralization of loans
- Requires the use of stablecoins and typically no direct link with cash



Overview

- **Founded:** 2017 by Stani Kulechov, programmer, involved with fintech communities while studying law at University of Helsinki
 - On Ethereum blockchain → compatible with ERC-20 tokens and infrastructure (wallet services)
 - 23 different assets for lending and borrowing
- **Aave v2:** launched December 2020

Key stats

- **Market cap:** \$3.6B
- **Average trading volume:** ~\$600M
- **Total value locked:** \$10.32B / \$8.75B

Business model

- **Business model:** 0.0001% fee on loan amount origination and 0.3% fee on *flash loans* (loans that don't require collateral)
- **Monthly revenues 2021:**
 - January: \$6.38M
 - February: \$12.01M
 - March: \$17.56M
 - April: \$24.72M
 - May: \$62.62M
 - June: \$28.92M



Who are the main users?

Lenders

Lends in return for aTokens → Aave interest-bearing tokens

- Pegged 1:1 to the value of the deposited cryptocurrency
- aTokens earn interest over time and can then be exchanged for the original asset on Aave, or traded on any other DeFi platform that supports the asset

Borrower

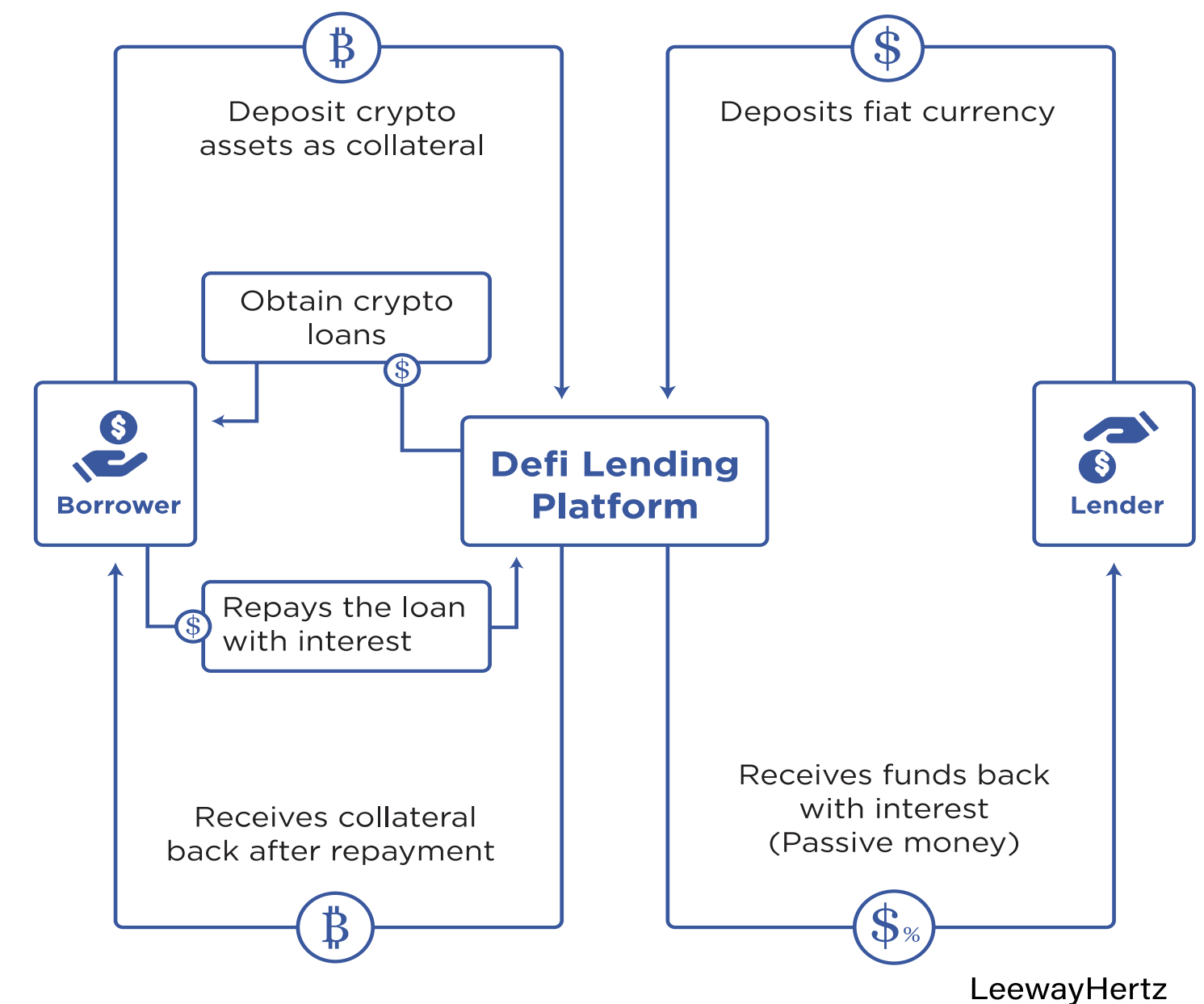
Borrows from cryptocurrency pools listed on Aave for variable or stable interest rates

- Must deposit a digital asset as collateral before borrowing → amount available to borrow will correlate amount of collateral
- Borrower must choose between:
 - Variable interest rate: vary with demand conditions
 - Stable interest rate: more predictable rate (often higher than variable rates)
- Typical use case is leveraging up long for instance by posting BTC as collateral, borrowing USD, then buying more BTC

What's the process like?

- 1 Lender:** enter aave.com and connect your web 3.0 wallet
- 2 Lender:** choose the asset you want to lend, enter the amount, and confirm transaction to receive your associated aTokens
- 3 Borrower:** deposit digital asset as collateral and connect your web 3.0 wallet to aave.com
- 4 Borrower:** choose amount you want to borrow, select your interest rate (stable/variable), confirm transaction via wallet
- 5 Borrower** receives funds in form of aToken, and the aToken is then encoded so **Lenders** receive interest on deposits

How does it work?





8 different crypto assets

50% LTV ratio to borrow USD

Withdrawal fees

Latest valuation: \$3B (March '21)

-

23 different crypto assets

75% borrow against collateral

0.3% fee for flash loans

Market cap: \$3.6B

TVL: \$8.97B

9 different crypto assets

66.6% borrow against collateral

10% fee on lender interest

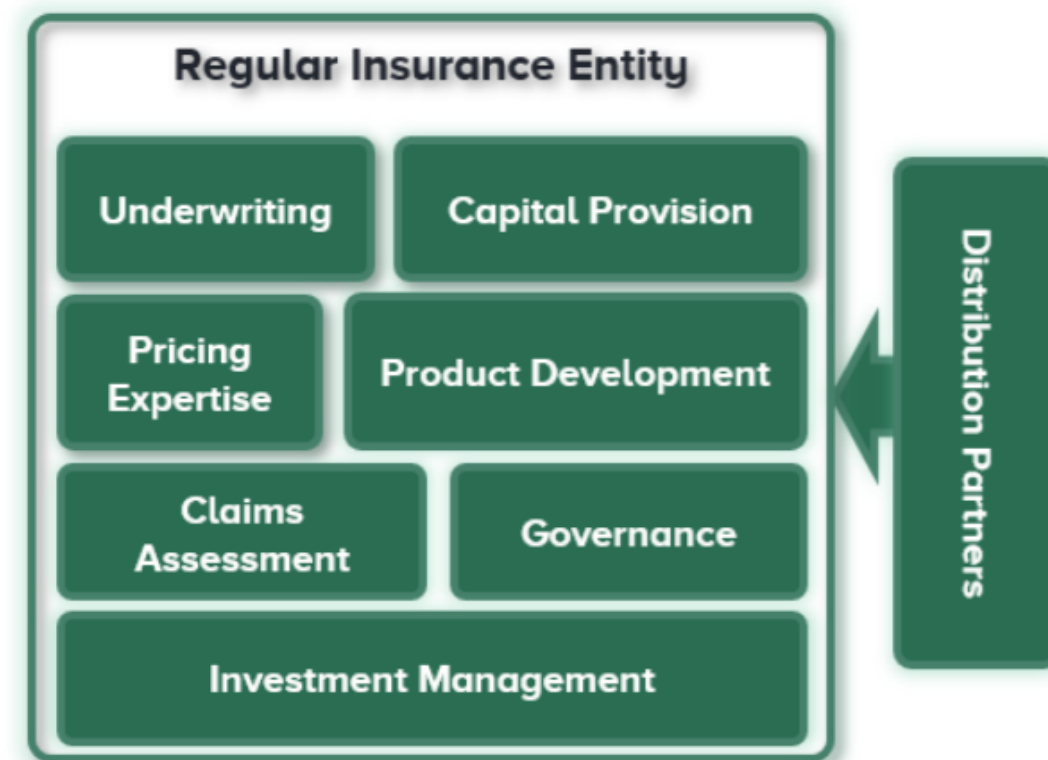
Market cap: \$2.2B

TVL: \$6.31B

Why?

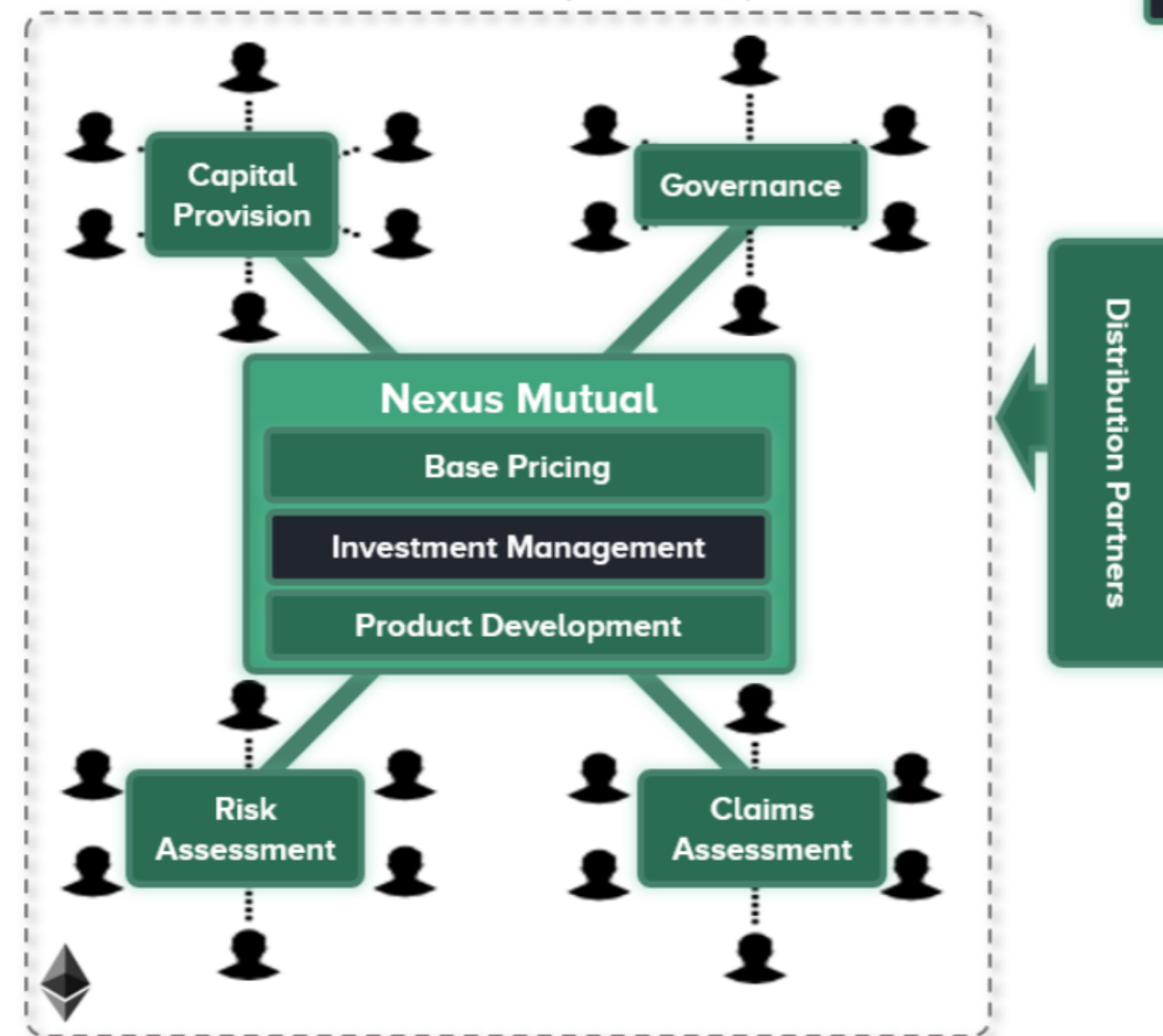
- Everything has insurance (cars, life, home, etc.) crypto needs one too
- Get insurance against hacks, smart contract bugs, and loopholes in Defi
- No need for intermediary
- Can buy protection for a certain period of time (e.g., 30 days or 1 year)
- Shared risk without need of insurance company, and reap rewards from growth
- Can get protection and participate in the pool by using NXM token

Current Model



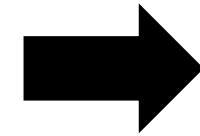
Market cap: ~\$40mm
TVL: ~\$350mm

Nexus Mutual (initially)

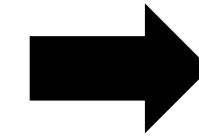



Automated

Stocks
E*TRADE



Crypto CeFi
 **Deribit**



Crypto DeFi
 **opyn**

Market cap: -
TVL: ~\$65mm

KEY POINTS:

Just like traditional options platform,
Opyn allows for:

- Hedging
- Yield
- Leverage
- Flexibility



Covers risks



Trustless claim and
risk assessment







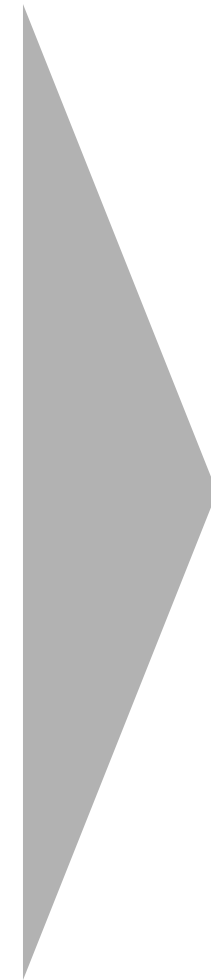
Immediate
claims payout



Non-custodial

Illustrative interest rates (APY):

CHASE 	Saving accounts ~0.01%
verizon 	Corporate bonds ~2%
amc  THEATRES	High yield ~13%
	Other ~40%



DEFI Yield farming

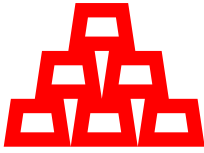







~3% - ~7% base
and could go up to **+150%**



*Stacking or locking up
cryptocurrencies in return for rewards*

	PICKLE-ETH	32.47%
	SLP-USDT	35.43%
	FEI-TRIBE	126.7%

Different ways to earn yield on DEFI:

Type	 <p>Staking</p>	 <p>Lending</p>	 <p>Exchange and fees</p>	 <p>Aggregators and auto-compounding</p>
Platforms				
Description	<ul style="list-style-type: none"> • Proof of stake to ensure 'validators' act in good faith; similar to 'mining' in bitcoin and PoW • Get tokens as rewards in exchange • APRs depend on how much of the asset is being staked 	<ul style="list-style-type: none"> • Just like in traditional finance, user deposits for example Dai into Compound. They let someone else borrow at ~ 5% and pay you ~4% for providing the liquidity • Investors are willing to borrow at higher rates, so lending rates can also be higher 	<ul style="list-style-type: none"> • By becoming a liquidity provider (LP) exchanges will reward you by getting a 'cut' of the transaction fees based on your ownership of the liquidity pool • Users provide liquidity in one trading pair (e.g., ETH/DAI) • Reward in the platform's own token which can then be 'staked' to get additional yield 	<ul style="list-style-type: none"> • To take full advantage of Defi you need to be constantly looking for high yields and/or manually compound rewards from different sources • Auto-compounding protocols such as Pickle or Beefy compound LPs earnings • Yearn finance is an aggregator that optimize yields across platforms

- **Smart contract risks**
 - Protocol exploitation through bugs and errors
 - Need for audits and strong community
- **Currency risks**
 - Volatility, price manipulation
- **Platform risks**
 - Vulnerable to hacks or scams
- **All of the risks above are intertwined**

- **“Rug pull”**
 - One user can cause a token’s price to significantly drop by withdrawing a big portion of funds from the pool

- **Impermanent loss**
 - When users provide liquidity to liquidity pools and the price of deposited assets changed compared when they deposited them



TITAN's rug pull

- Titan is a Defi token that belongs to Iron Finance
- Titan was the governance token of the Iron stablecoin
- The token which became famous, among other things, for having Mark Cuban as investor, dropped from \$65 per coin to ~\$0 in just a few hours
- “.. "is that it's all about revenue and math and I was too lazy to do the math to determine what the key metrics were.”

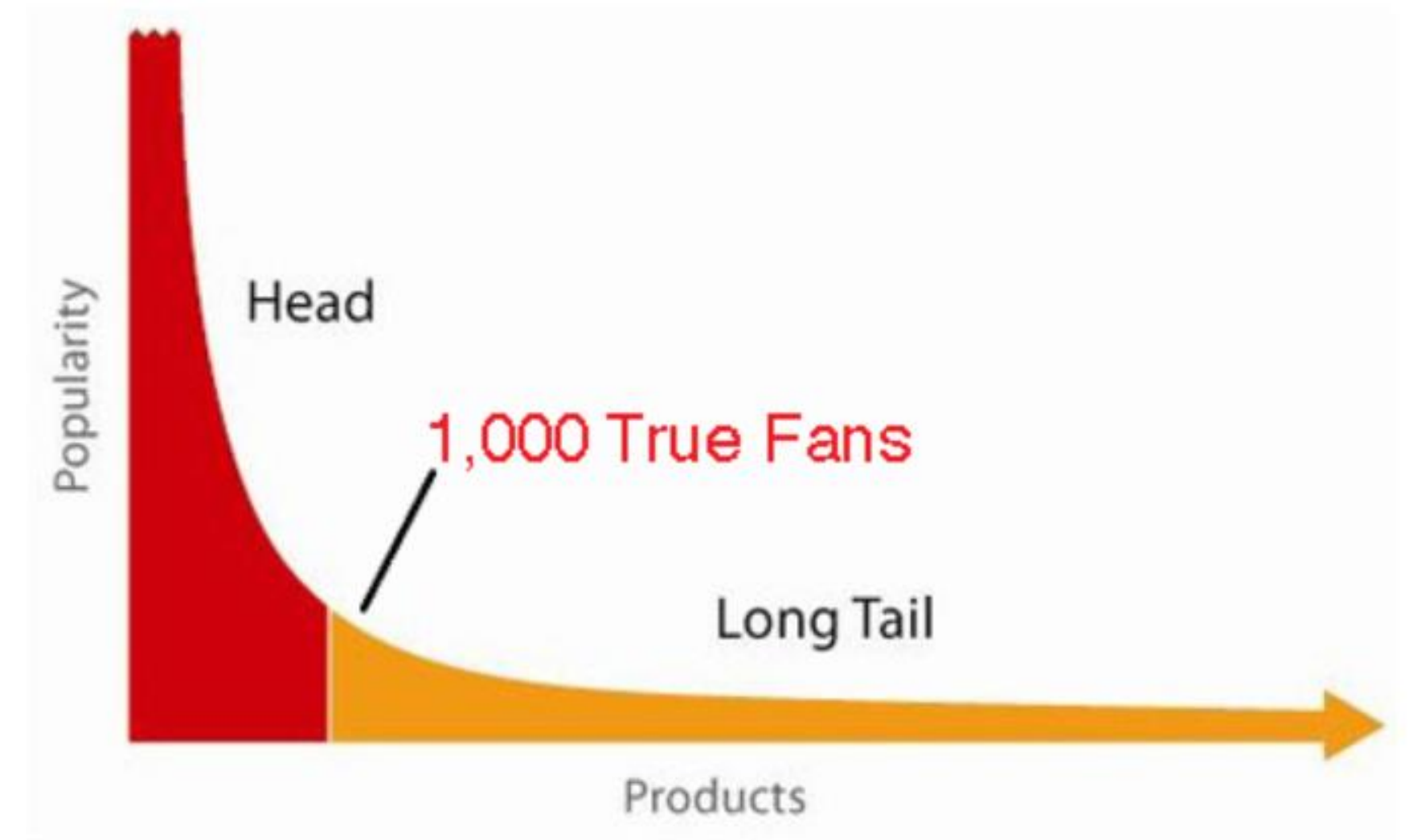


~\$4bn of bitcoin vanish

- Two South African brothers ran a crypto investment platform
- They seem to have run away with almost \$4bn from investors after telling them the exchange had been hacked
- If money can't be recovered, this would be the largest crypto loss in history

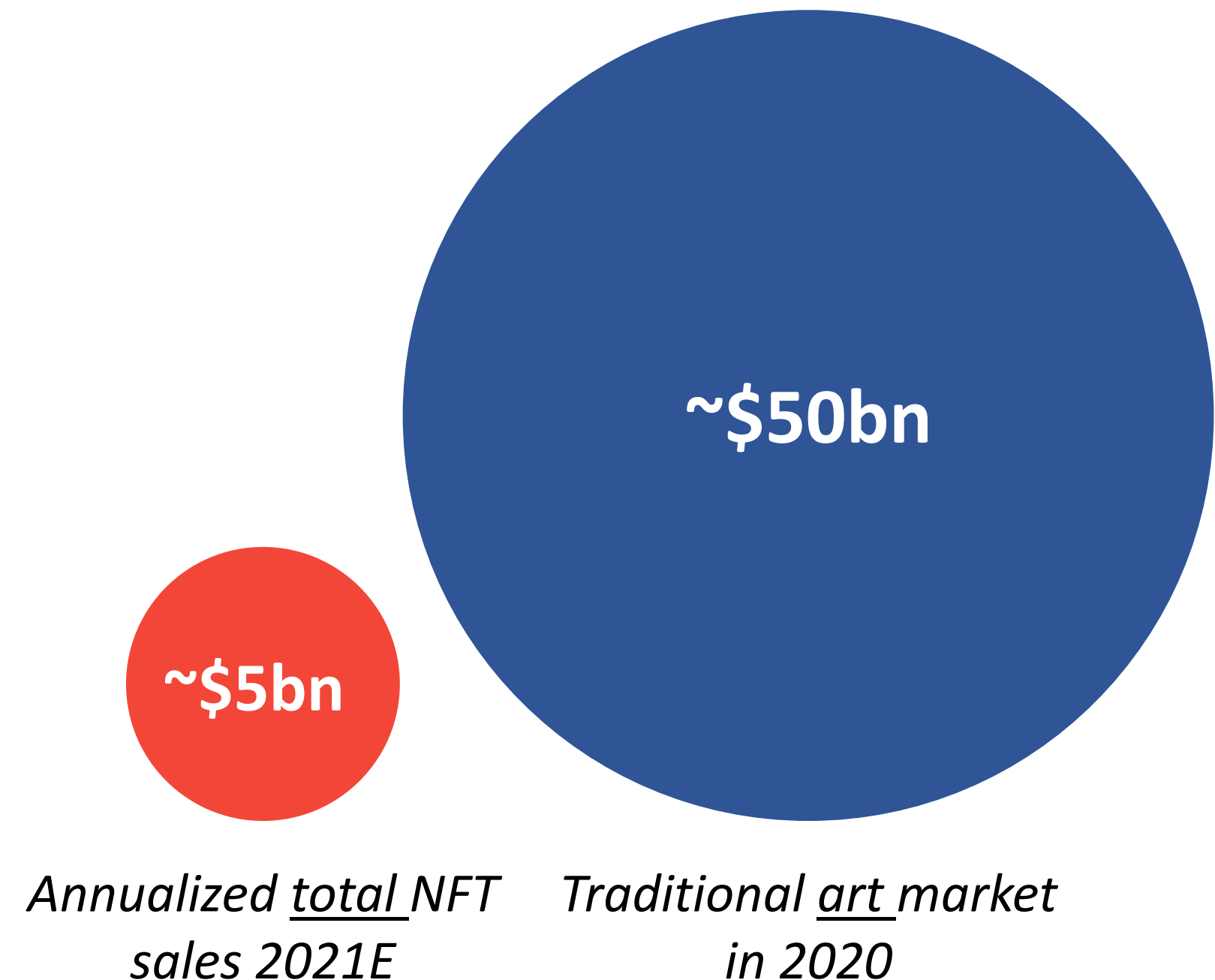
Web 3.0 and the promise of the internet

- The web was supposed to connect each creator with it's true fans, no matter how far or disconnected from each other
- In reality, power shifted from record labels, publishers, and other middlemen to Google, Facebook, and the likes... not to creators
- Web 3.0 is trying to bring back the original promise of the internet by connecting communities directly, removing rent-seeking intermediaries, and changing the economics of creators in their favor








NFTs: a plethora of opportunities

- Despite the incredible growth of NFTs this year, they still represent a tiny sliver of the overall market
- NFTs could be adopted by artists, musicians, TikTokers, sports, gaming, virtual worlds, name, domains, and many other use cases
- Tokens can be programmed to make commitments about the future such as paying a royalty to the creator on every sale, unlocking access to creator's events or features, respond to external triggers like the weather or score of a game
- NFTs are verifiable and easily traceable



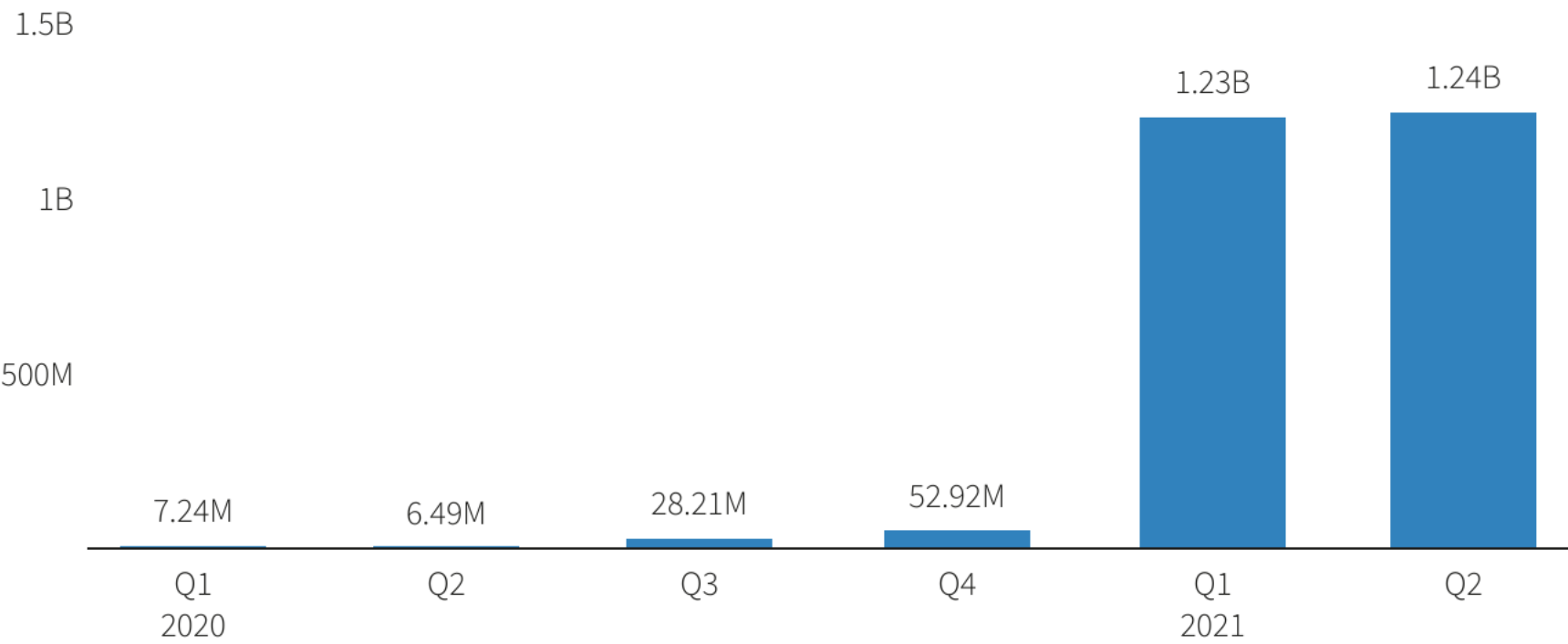


Top 5 NFT by sales volume (all-time)

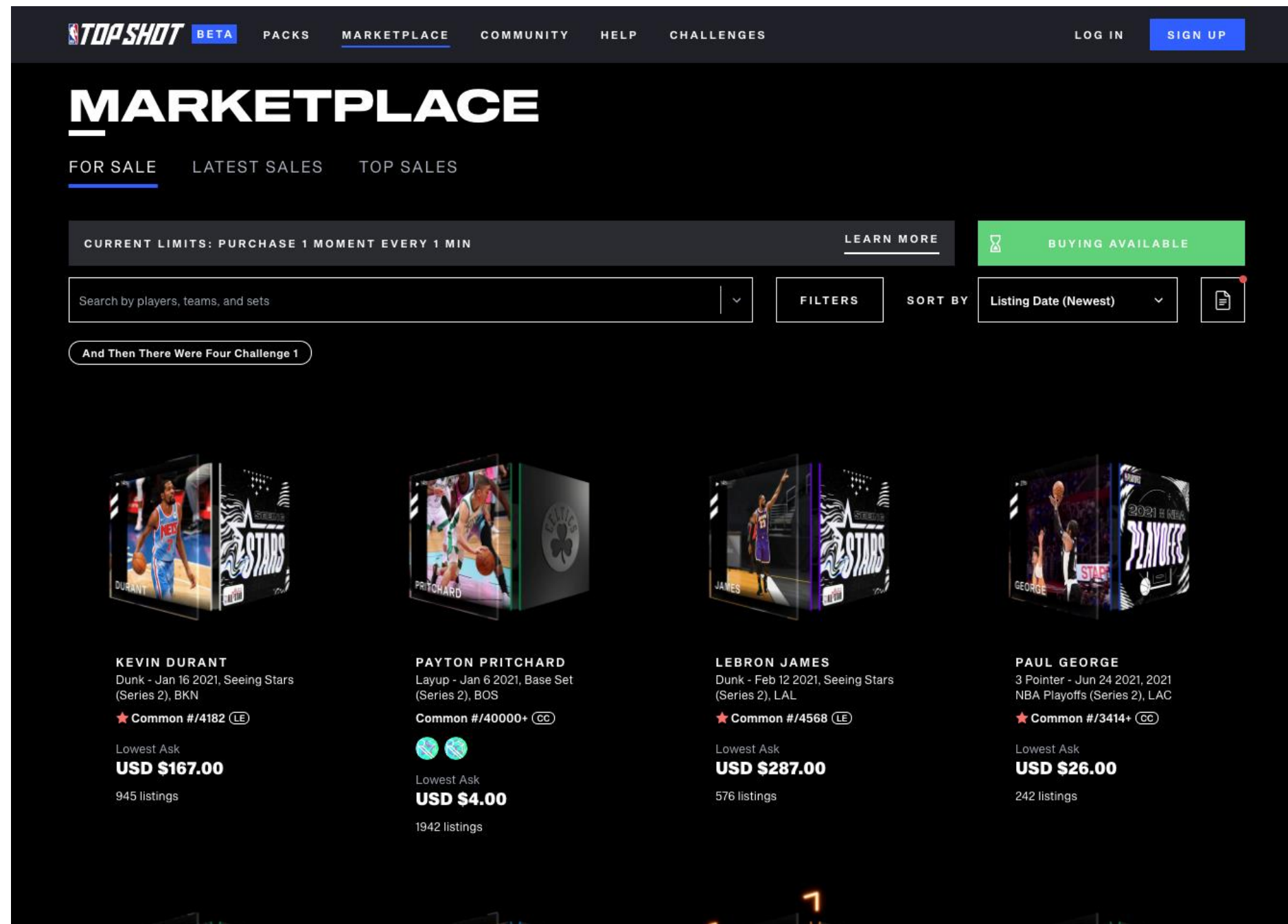
	Product	Blockchain	Sales (mm)	Buyers (k)
1	 NBA Top Shot	Flow	~\$650	321
2	 Axie Infinity	Ronin	~\$525	194
3	 Crypto Punks	Ethereum	~\$400	3
4	 Bored Ape YC	Ethereum	~\$85	6
5	 Meebits	Ethereum	~\$80	2

NFT sales volume hits record high in Q2 - DappRadar

Quarterly non-fungible token sales volumes across multiple blockchains, in U.S. dollars

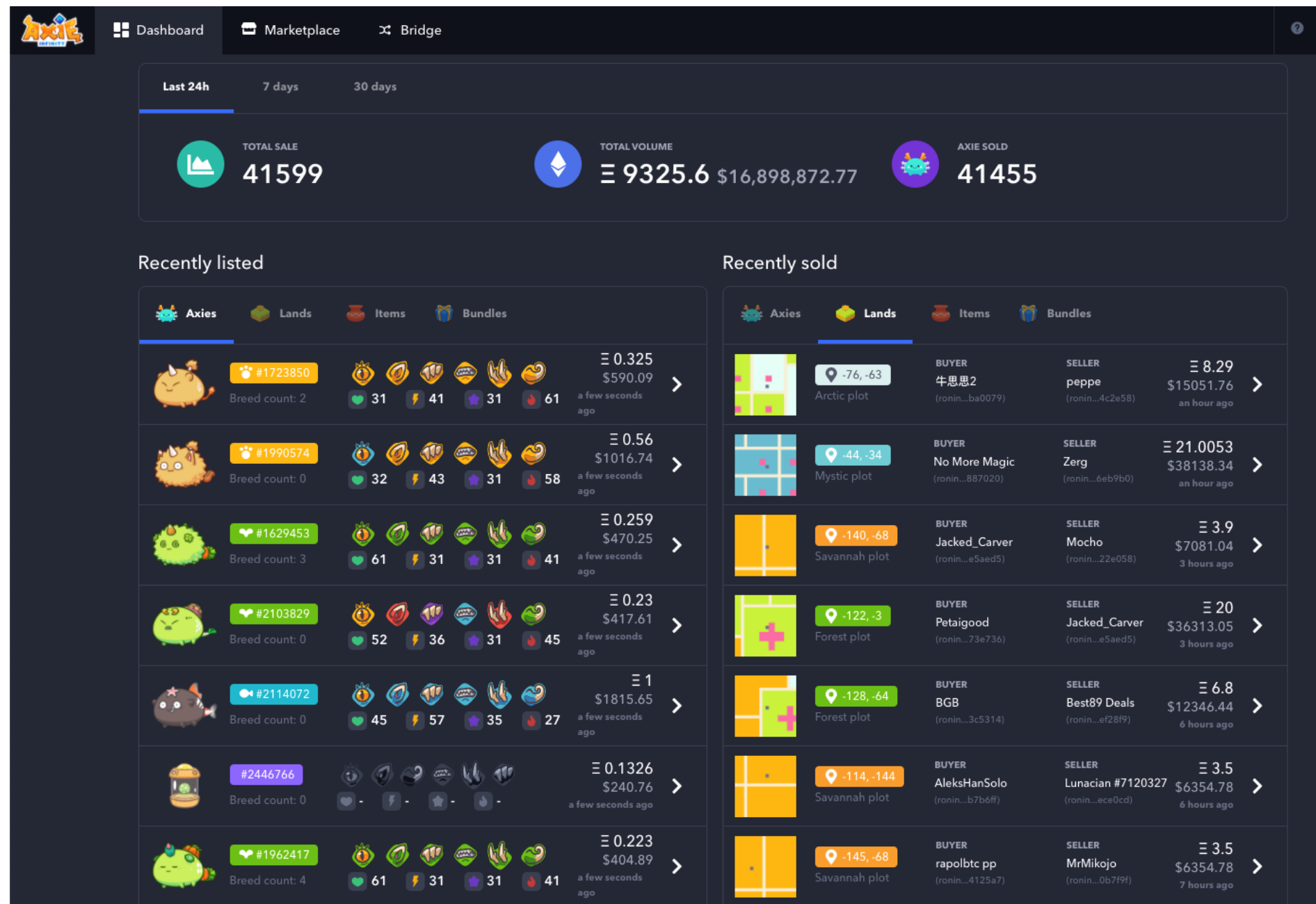


Note: DappRadar is a company which tracks on-chain NFT sales across multiple blockchains including Ethereum, Flow, Wax, and BSC.
Source: DappRadar



- NBA plays and highlights become collectibles that can be owned or traded → curating your collection
 - Unlike other NFTs, Top Shots aren't ERC-721 tokens
- **Where?** Directly on NBA Top Shot marketplace, but a Dapper account is required to trade
- **Blockchain?** Flow (product of Dapper Labs)
- **Fees?** 5% fee for each sale that goes through on the NBA Top Shot marketplace (charged to seller)
- **User base?** 1M+ users





WEB 3.0: AXIE INFINITY MONETIZING DIGITAL GAMES



- “Play-to-earn” decentralized game where users buy, sell, breed, and battle digital pets called “Axies” (NFTs)
- Users receive ERC-721 tokens, **AXS**, as rewards for their contribution to the game’s universe or by selling their Axies in the marketplace
- **Where?** Can be traded on several marketplaces including Axie Infinity marketplace
- **Blockchain?** Ronin (Ethereum linked sidechain built specifically for this game)
- **Fees?** 4.25% fee for each sale that goes through on Axie Infinity marketplace (charged to seller) + breeding fees
- **Users?** 350k+ DAUs (~60% from the Philippines)
- **Market cap?** \$7.5B



Top 5 NFT marketplaces (all-time)

	Marketplace	Type	Sales (<i>mm</i>)	Buyers (<i>k</i>)
1	 OpenSea	Horizontal	~\$800	158
2	 NBA Top Shot	In-house	~\$650	321
3	 Axie Infinity	In-house	~\$525	194
4	 Crypto Punks	In-house	~\$400	3
5	 Rarible	Horizontal	~\$170	62



Top NFT marketplaces snip profiles



Open Sea

- Founded in 2017 and HQ in NYC
- P2P marketplace for NFTs, digital items, and crypto collectibles
- Investors include YC, Founders Fund, a16z, Aminoca, Coinbase Ventures, and others
 - Total raised: +\$27mm in total
- Minting comes after the sale ('lazy minting')



Rarible

- Founded in 2020 and HQ in Delaware
- Similar to Open Sea in scope but also have their own token, RARI, with which to govern the DAO
- Investors include Coin Fund, Venrock, 1kx, Coinbase Ventures, and others
 - Total raised: +\$16mm in total
- Minting comes before the sale



- “Google for blockchain data”
- Indexing protocol for organizing blockchain data and making it accessible with GraphQL API
 - Links dapps with different blockchains
 - Anyone can build and publish open APIs (subgraphs)
- Market cap: \$755M



- “Shopify for NFTs”
- Developer-focused blockchain wallet infrastructure provider allowing creators, brands, platforms to easily create, sell, and buy NFTs
- Connects these parties through ownable digital content
- Raised \$24mm



- “The social token economy”
- Creators launch their own branded cryptocurrency on Rally’s Ethereum network
 - They can reward most loyal fans with coins and fans can purchase more coins → access to private communities, exclusive content, physical or digital goods
 - Raised from a16z and others



- “Bitcoin for social media”
- Open-source cryptocurrency blockchain + social media where users create, buy, and sell “creator coins” based on creator’s reputations
 - User speculates on people and posts with real money
- Actual creator can claim their profile and earn a percentage of their associated coins through their Twitter account
- Raised from Sequoia and others



FJ Labs

PRIOR INVESTMENTS

DEX

Clipper 

Stablecoin ecosystem

 buenbit

Exchange

ripío

Wallet

 ZenGo

Infrastructure-as-a-Service

Figment

Rewards program

lolli

Custody and Insurance

KNØX

Security issuance

 SECURITIZE®

Mining

CCU

Investment firm

BLOCKTOWER

Tokenization platform

 trusttoken

P2P lending

BTCjam

Trade infrastructure

route  fire

Crypto trading fund

LYDIAN
CAPITAL

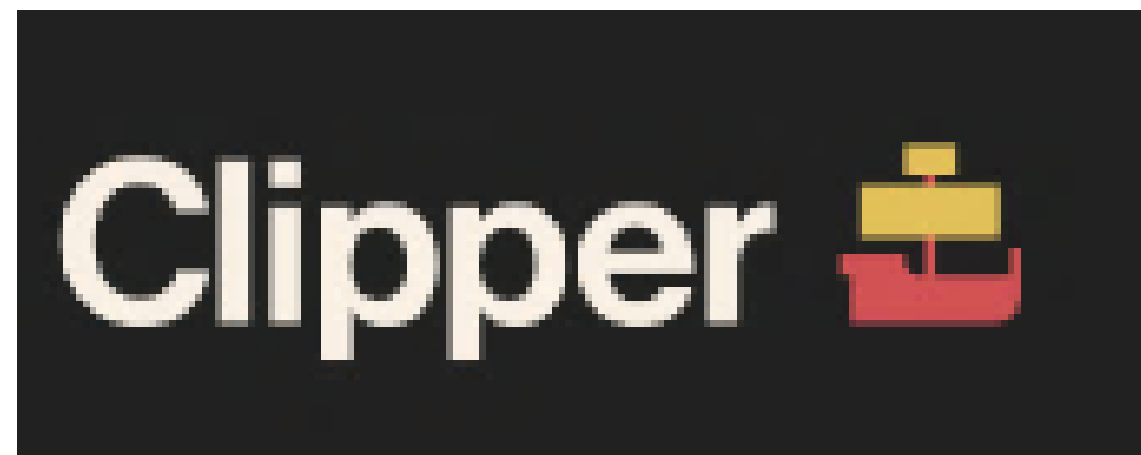
Investment firms


Multicoin Capital

Libertus Capital

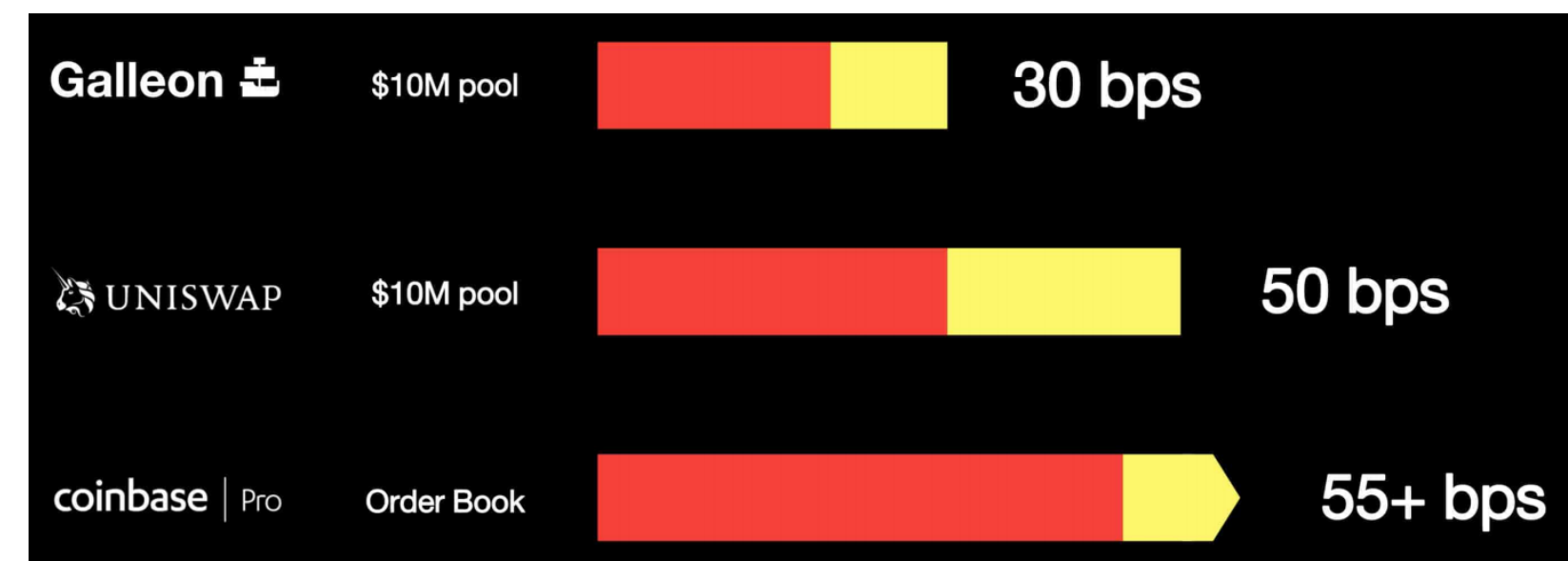
NFTs/Gaming

animoca
BRANDS
IDEAS



- **DEX for retail traders**
 - Lower fees for retail investors
 - 80% of current trades on DEXs are < \$10k
- **How does it achieve it?**
 - Cap liquidity amount to \$20mm
 - New developed pricing formula
- **Roadmap**
 - Just went live doing over \$1M / day in trading volume!

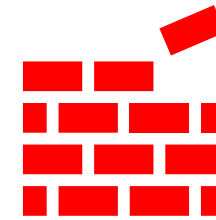
Fees and slippage for a \$10k trade:



Figment

- **Picks and shovels for blockchain and crypto**

- **Offerings**



Staking as-a-service

- Enterprise offering
- Reliable and secure private nodes
- Custody and other services



Hubble

- Proof of stake 'operating system'
- Tools with API integrations
- Web 3 explorer

- **Protocols supported**



ethereum

Polkadot.

 **SOLANA**

+ many more

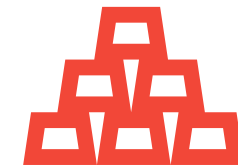


- **Combination of an operating and holding company**
- **Goal → Take control of our online activities by truly owning our digital objects: NFTs**



Operating

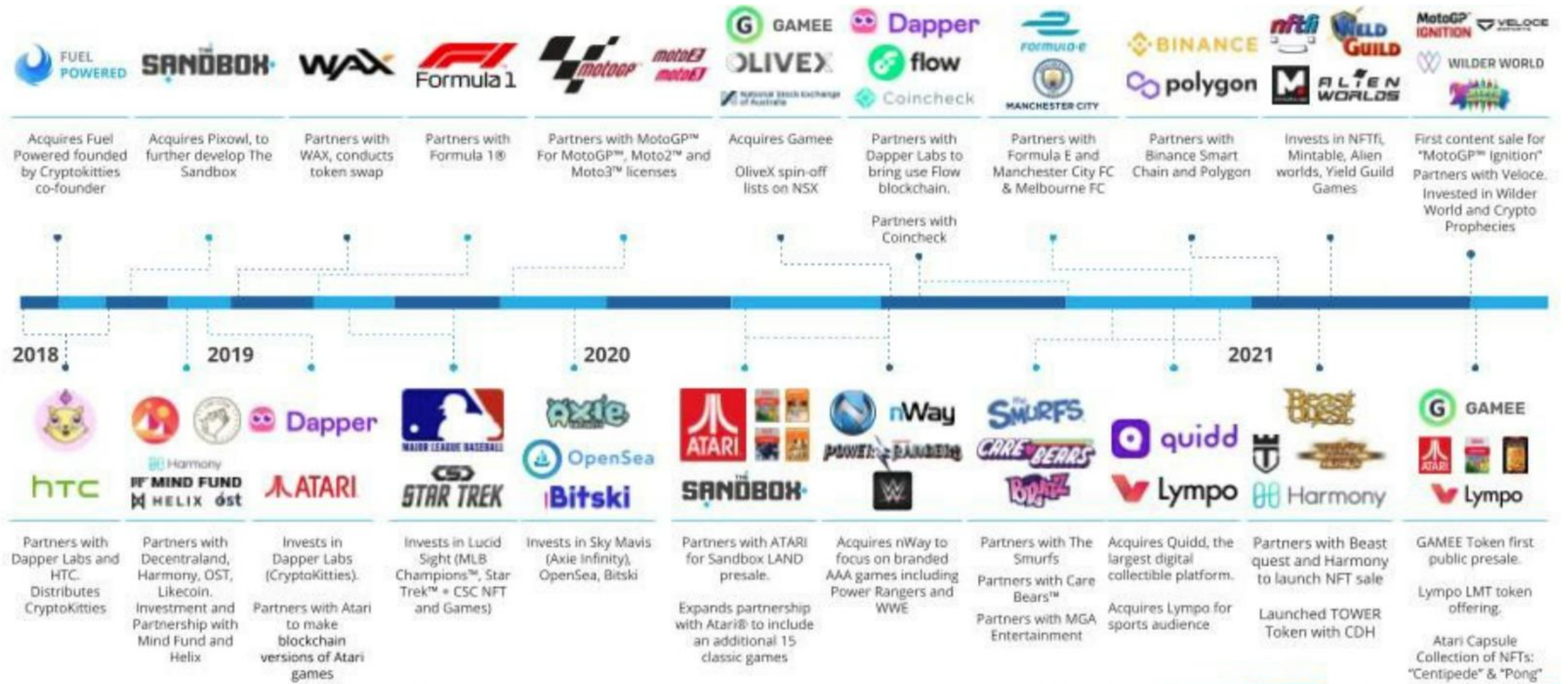
- Runs 24 metaverses on the blockchain to cover every gaming category possible



Holding

- They invest in the equity and coins of companies they partner with

- **Recently raised \$90mm to continue doing more acquisitions (\$1bn valuation)**
- **Began their journey with Cryptokitties, followed up by a relationship with Dapper Labs (NBA Top Shot) and investments in Bitski, OpenSea, and Axie**





SO WHAT?

TYPES OF CRYPTO VCS

1

CRYPTO FUNDS

Investment firm with the sole focus of investing in crypto



[placeholder]



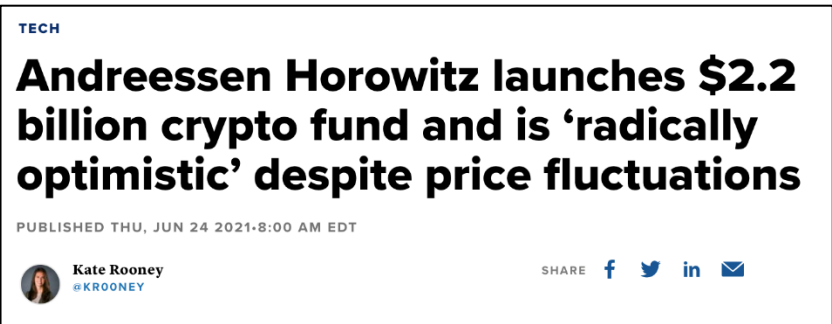
Multicoin Capital



2

VERTICAL SPECIFIC CRYPTO FUNDS

Investment firm invests across industries, but has a fund dedicated to crypto

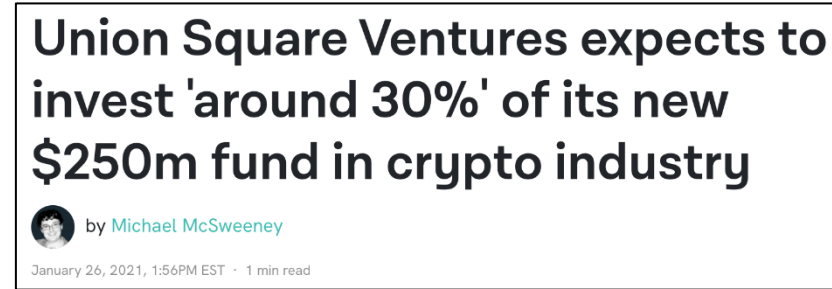


3

TRADITIONAL FUNDS W/ CRYPTO THESIS

Investment firm invests in crypto among other industries within the same fund.

- May allocate a fixed % of capital to crypto
- May do it in a less structured manner



4

DAOs

Decentralized community fund



MAIN VEHICLES USED BY VCS TO INVEST IN CRYPTO



Equity

Exposure to equity in companies building in the blockchain ecosystem

- Private companies building out core infrastructure, products, services, and protocols



Early-Stage Tokens

Exposure to new, efficient, and scalable protocols

- Early-stage tokens at the private stage building out core infrastructure, products, services, and protocols









Liquid Tokens

Exposure to the largest and most liquid digital assets (Aave, Uniswap)

- Exploit market inefficiencies in larger cap digital assets that span different use cases and functional utility

SIDE-BY-SIDE: VCS WITH CRYPTO FOCUS

Firm	Structure	Crypto Allocation	Investment Thesis
 P A N T E R A	<ul style="list-style-type: none">• Pure crypto VC fund	<ul style="list-style-type: none">• Blockchain fund• Liquid token fund• Early-stage token fund• Bitcoin fund• Venture fund	<ul style="list-style-type: none">• Exchanges• Custodians• DeFi• Next gen payments
 Paradigm	<ul style="list-style-type: none">• Pure crypto VC fund	<ul style="list-style-type: none">• No clear fund separation	<ul style="list-style-type: none">• Next gen payments• Exchanges• DeFi
 DIGITAL CURRENCY GROUP	<ul style="list-style-type: none">• Pure crypto VC fund	<ul style="list-style-type: none">• No clear fund separation	<ul style="list-style-type: none">• Digital assets• Companies• Tokens• Funds
 Multicoin Capital	<ul style="list-style-type: none">• Pure crypto VC fund	<ul style="list-style-type: none">• Multicoin Crypto Fund• Multicoin Venture Fund	<ul style="list-style-type: none">• DeFi• Web 3• State-free money
 a16z Crypto	<ul style="list-style-type: none">• Separate dedicated crypto fund	<ul style="list-style-type: none">• Single crypto fund	<ul style="list-style-type: none">• DeFi (payments, SoV)• New creator monetization• Web 3
 usv	<ul style="list-style-type: none">• Traditional VC with crypto thesis	<ul style="list-style-type: none">• 30% of their newest fund	<ul style="list-style-type: none">• General crypto thesis
version one	<ul style="list-style-type: none">• Traditional VC with crypto thesis	<ul style="list-style-type: none">• No pre-set allocation	<ul style="list-style-type: none">• General crypto thesis

A

Blockchain and crypto will go mainstream and have lots of applications and uses

- Allows industries to work together
- Evolution of marketplaces
- Revolution of traditional finance
- Emergence of new category winners

B

Reinvention of finance

- TradFi to CeFi & DeFi
- Migration of every financial instrument
 - Payments, lending, insurance, trading, etc.

C

Web 3.0

- Users controlling their own data
 - Focus on utilitarian features not conceptual ones
- Tokenization of everything (including NFTs and social tokens)

FJ LABS >>

- Traditional VC with crypto thesis
- No pre-set allocation
- Communication of new vertical
- Equity and early-stage tokens
- Defi, next-gen marketplaces, and Web 3.0





coinbase | Pro

Preliminary list

- Dedicated email address no one knows
- Use a password manager like Keeper with a very strong main password to create greater security
- Coinbase Pro because lower fees and still decent UX/UI
 - Create Coinbase account then just login to Coinbase Pro
- Use a hardware key



Thank you.

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