

# Monthly Future of Finance Report

November 2022

HANetf & Grayscale Investments®

Grayscale Future of Finance UCITS ETF

GFOF

70 bps

IE000TVPSRI1

Product Inception Date: 13/05/2022

For Professional Clients Only. Capital at risk.

All data as of 31/10/2022

This report was written by, and is the opinion of, Grayscale Investments®.

## Key Takeaways

- October 2022 saw the Bloomberg Grayscale Future of Finance Index deliver flat-to-slightly negative performance while broader equity benchmarks delivered positive returns. Future of Finance companies lagged major equity benchmarks such as the S&P 500, MSCI ACWI, and the Russell 2000 Small Cap Index. The Digital Asset Miners segment of the Future of Finance basket of companies offset most of the positive attribution we saw from the Exchanges and Payment Platforms segments. Core Scientific (NASDAQ: CORZ) stood out amongst the Miners with news of liquidity concerns that came to light in October.
- Uncertainty continues to persist across risk assets, and Future of Finance companies have certainly not been immune. Earnings expectations for equities continue to drift lower as interest rate headwinds have started to show drags in demand, margins, and bottom lines. We saw this in late October as Financial Foundations companies started to report for the 3<sup>rd</sup> quarter earnings season; names like Silvergate Capital (NYSE: SI), Signature Banks (NASDAQ: SBNY), and Monex Group (Tokyo: 8698 JP) all delivered results *below* expectations on both the top and bottom lines for a variety of macro and micro related reasons; each of these continues offer unique value-adds in the digital economy ecosystem. Over longer time horizons, these Future of Finance companies continue to show impressive growth, but some have pointed to ambiguous and more cautious guidance for the rest of the year and into early 2023.

Source of all performance data: Grayscale / Bloomberg. Data as of 31/10/2022. **Please remember that all performance figures are showing net data.** Past performance is not indicative of future performance and when you invest in ETFs your capital is at risk.

## Macro Outlook

Another earnings season is upon us as 14 more Future of Finance companies are expected to deliver results throughout the month of November. We are watching to see which segments of the Future of Finance ecosystem are standouts, and which segments are potential laggards. Most importantly, we will be watching for the major drivers of growth and business strengths, as well as any potential headwinds or struggles for companies developing the products and services around the digital economy. As of this writing, more commonly followed Future of Finance companies such as Paypal (NASDAQ: PYPL) and Block (NYSE: SQ) are expected to deliver slight increases in quarter-over-quarter revenue growth, \$6.812B and \$4.444B, respectively.

We are also keeping an eye on the Future of Finance companies that are more closely and directly tied to the price, performance, and activity in digital assets. Mining companies are set to deliver results in the middle of the month, but we should see some early cues from companies like Marathon Digital (NASDAQ: MARA). We

will be closely watching for reported amounts of Bitcoin produced and any insight into cost and structural headwinds as digital asset prices remain range bound.

November brings more news to digest for global investors and those who are especially tracking the macro environment in the United States. The Federal Reserve is expected to continue its path of tightening, and the language continues to be that they would prefer to overcorrect the inflation issue, rather than under correct. The United States is also in the midst of midterm elections where new Senate and House of Representatives members will be voted in; investors should keep an eye on the results as there may be a shift in control between the Democratic and Republican parties at the Senate level.

Sources available upon request. When you invest in ETFs your capital is at risk.

## Future of Finance Performance

As of 31/10/22

	1M	3M	6M	YTD	12M	SI
<b>Grayscale Future of Finance UCITS ETF</b>	-1.15%	-13.75%	NA	-21.16%	NA	-21.16%
<i>Bloomberg Grayscale Future of Finance Index</i>	-1.31%	-13.89%	-38.18%	-64.84%	-75.10%	-21.50%

**Please note that all performance figures are showing net data.** Source: Bloomberg / HANetf. Data as of 31/10/2022. Performance before inception is based on back-tested data. Backtesting is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such a strategy would have been. Back-tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for the index is in USD. Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product. Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in this product. When you invest in ETFs and ETCs your capital is at risk.

## Product Details

Grayscale Future of Finance UCITS ETF seeks to provide exposure to the transformative companies that are, and could be, building the future of finance and our digital economy. The companies are categorised across three core pillars: Financial Foundations, Technology Solutions, and Digital Asset Infrastructure.

Companies are further categorised across thematic exposures and business segments such as Payment Platforms, Exchanges, Miners, Asset Management, and Blockchain Technology. We believe that these are the sectors that will characterise, and shape, the future of the financial world.

The fund tracks the Bloomberg Grayscale Future of Finance Index (BGFOFN Index).

Visit the [GFOF fund page](#) for more information.

Exchange	Ticker	RIC	SEDOL	ISIN	Valoren	WKN	CCY	Listing Date
LSE	GFOF LN	GFOF.L	BP6LTB5	IE000TVPSR11	-	-	USD	17/05/2022
LSE	GFOP LN	GFOP.L	BP6LTD7	IE000TVPSR11	-	-	GBP	17/05/2022
Borsa Italiana	GFOF IM	GFOF.MI	BNDB2Y8	IE000TVPSR11	-	-	EUR	20/05/2022
Xetra	GFOF GY	GFOF.DE	BNDB2Z9	IE000TVPSR11	-	A3DJZD	EUR	17/05/2022

## Important Information

### Communications issued in the UK (ETFs and ETCs)

The content in this document is issued by HANetf Limited (“HANetf”) and approved by Privium Fund Management (UK) Limited (“Privium”). HANetf are an appointed representative of Privium, which is authorised and regulated by the Financial Conduct Authority. HANetf is registered in England and Wales with registration number 10697042.

### Communications issued in the European Economic Area (“EEA”) relating to ETFs

The content in this document is issued by HANetf Management Limited (“HML”) acting in its capacity as management company of HANetf ICAV. HML is authorised and regulated by the Central Bank of Ireland. HML is registered in Ireland with registration number 621172.

### Communications issued in the EEA relating to ETCs

The content in this document is issued by the relevant Issuer.

## The Issuers

1. HANetf ICAV, an open-ended Irish collective asset management vehicle issuing under the terms in the Prospectus and relevant Supplement for the ETF approved by the Central Bank of Ireland (“CBI”) (“ETF Prospectus”) is the issuer of the ETFs. Investors should read the current version of the ETF Prospectus before investing and should refer to the section of the ETF Prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the ETFs. Any decision to invest should be based on the information contained in the ETF Prospectus.
2. HANetf ETC Securities plc, a public limited company incorporated in Ireland, issuing:
  - i. the precious metals ETCs under the terms in the base prospectus approved by both the Central Bank of Ireland (“CBI”), the UK Financial Conduct Authority (“FCA”) and the final terms of the precious metals (together, “Metals ETC Prospectuses”);
  - ii. the carbon securities ETCs under the terms in the base prospectus approved by the UK Financial Conduct Authority (“FCA”) and the relevant final terms of the carbon securities (together, “FCA Carbon ETC Prospectus”); and
  - iii. the carbon securities ETCs under the terms in the base prospectus approved by the Central Bank of Ireland (“CBI”) and the final terms of the carbon securities (together, “CBI Carbon ETC Prospectus”).Investors should read the latest versions of the relevant ETC prospectus before investing and should refer to the section of the relevant ETC prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the ETCs. Any decision to invest should be based on the information contained in the relevant ETC prospectus.
3. ETC Issuance GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany, issuing under the terms in the Base Prospectus approved by the Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”) and the final terms (“Cryptocurrency Prospectus”) is the issuer of the ETC Group ETCs. Investors should read the latest version of the Cryptocurrency Prospectus before investing and should refer to the section of the Cryptocurrency Prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the ETCs contained in the Cryptocurrency Prospectus. Any decision to invest should be based on the information contained in the Cryptocurrency Prospectus.

The ETF Prospectus, Metals ETC Prospectus, FCA Carbon ETC Prospectus, CBI Carbon ETC Prospectus and Cryptocurrency Prospectus can all be downloaded from [www.hanetf.com](http://www.hanetf.com).

This communication has been prepared for professional investors, but the ETCs and ETFs set out in this communication (“Products”) may be available in some jurisdictions to any investors. Please check with your broker or intermediary that the relevant Product is available in your jurisdiction and suitable for your investment profile.

Past performance is not a reliable indicator of future performance. The price of the Products may vary and they do not offer a fixed income.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. Therefore, readers are cautioned not to place undue reliance on these forward-looking statements.

The content of this document is for information purposes, and does not constitute an investment advice, recommendation, investment research or an offer for sale nor a solicitation of an offer to buy any Product or make any investment.

An investment in an exchange traded product is dependent on the performance of the underlying asset class, less costs, but it is not expected to track that performance exactly. The Products involve numerous risks including among others, general market risks relating to underlying adverse price movements in an Index (for ETFs) or underlying asset class and currency, liquidity, operational, legal and regulatory risks. In addition, in relation to Cryptocurrency ETCs, these are highly volatile digital assets and performance is unpredictable.

The information contained on this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of securities in the United States or any province or territory thereof, where none of the Issuers (as defined below) or their Products are authorised or registered for distribution and where no prospectus of any of the Issuers has been filed with any securities commission or regulatory authority. No document or information on this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the Issuers, nor any securities issued by it, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.