

Monthly Future of Finance Report

January 2023

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 31/12/2022

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

Key Takeaways

- December 2022 brought on a significant follow-through of volatility and poor performance for most risk assets, and like we have seen throughout 2022 (on both the upside and downside), Future of Finance companies have continued to behave like higher-beta risk exposures relative to other growth-centric areas of the equity market. Bloomberg Grayscale Future of Finance Index underperformed major broader market indexes such as the S&P 500 and MSCI ACWI by a notable margin as uncertainty continued to hang over companies across the theme.
- Despite all the headwinds and pressures experienced among Future of Finance companies in 2022, investors and those that are keeping an eye on the theme will likely be surprised to learn that Future of Finance companies delivered significant year-over-year growth in both sales and earnings-per-share relative to 2021. We witnessed 60% sales growth on a year-over-year basis and 52% EPS growth on a year-over-year basis across the Future of Finance basket. For context, the 60% top-line growth was almost six times greater than what we saw in the more traditional Financials companies in the S&P 500 in 2022.
- The fact that prices continue to be under pressure despite the notable year-over-year growth in both sales and earnings are indicative of the idea that the market expects a reversal in that sales and earnings growth environment in 2023. Markets are a forward-looking pricing machine, and while a tough earnings environment is the growing consensus for many equities across many different sectors, industries, and themes, it is possible that the market expects it to be notably acute for Future of Finance companies. The multiple contraction we witnessed throughout 2022, however, could make Future of Finance companies even more attractive as we continue to see these companies build for the future and diversify their revenue and earnings generating products and services.

Source of all performance data: Grayscale / Bloomberg. Data as of 31/12/2022. **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

We witnessed some key developments throughout the turbulence in 2022 that seem to be creating positive momentum for the Future of Finance theme into 2023. We witnessed several global institutions such as Goldman Sachs, Fidelity, BlackRock, and BNY Mellon all announce key milestones in their own developments for advancing the future of finance. SWIFT, the interbank messaging system, partnered with a digital asset company to enable their network to communicate across different blockchain environments.

The most digital asset centric names in the Future of Finance theme continues to be the companies within the Mining sub-theme. Several of the public miners came under significant pressure in the final month of 2022 as digital asset prices remained at levels that made it difficult for many operations to continue profitably. That said, we remain optimistic about these businesses as they are clearly very focused on creating efficiencies, cleaning up balance sheets, and shoring up balance sheets to continue their operations.

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

Future of Finance Performance

As of 31/12/2022

	1M	3M	6M	YTD	12M	SI
Grayscale Future of Finance UCITS ETF	-16.60%	-35.28%	-28.41%	-48.38%	NA	-48.38%
<i>Bloomberg Grayscale Future of Finance Index</i>	-16.56%	-35.30%	-28.71%	-48.54%	-76.95%	-48.54%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/12/2022. 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	GFOF LN	GFOR.L	BP6LTD7	IE000TVPSR11	-	-	GBP	17/05/2022
Borsa Italiana	GFOF IM	GFOF.MI	BND2Y8	IE000TVPSR11	-	-	EUR	20/05/2022
Xetra	GFOF GY	GFOF.DE	BND2Z9	IE000TVPSR11	-	A3DJZD	EUR	17/05/2022

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 - 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.
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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.

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