

Monthly Future of Finance Report

March 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 28/02/2023

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

Key Takeaways

- February saw high and low points for the Grayscale Future of Finance UCITS ETF at 7.52 and 6.07, respectively, representing a nearly 24% high-low range over the course of the month. All said and done, the ETF fell almost -4% for the month, slightly underperforming broad market benchmark indexes such as the S&P 500, Nasdaq-100, and MSCI ACWI. The largest relative underperformance for GFOF among the three was against the Nasdaq-100, where Future of Finance companies lagged by just over -3%. Despite the slight drawdown in February, the Grayscale Future of Finance UCITS ETF still holds a gain of over 40% in 2023 thus far.
- All four sub-themes (Mining, Exchanges, Payment Platforms, Asset Managers) that the Grayscale Future of Finance UCITS ETF currently has exposure to saw negative attribution during the month of February, but there were no stand-out laggards in any shape or form. Mining companies continue to be the most sensitive to prices of digital assets as their business models and profit-and-loss dynamics continue to rely heavily on the market values of the assets in which they operate. Exchanges held up relatively well (and were outperformers) throughout February as names like Coinbase have remained a bit more resilient with more diversified businesses, new initiatives in play, and exchange activity that has resulted in net revenue growth. On February 21st, Coinbase reported a 5% quarter-over-quarter increase in net revenues to \$605M.
- From a technical perspective, the Grayscale Future of Finance UCITS ETF closed February in the heart of the range of the breakout from the prior month, and a closely followed momentum indicator (the Relative Strength Index) suggested it was neither overbought nor oversold. While it closed the month below its 200D moving average, we did see GFOF test highs not seen since September of 2022 twice during February.

Source of all performance data: Grayscale / Bloomberg. Data as of 28/02/2023. **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 continue to keep an eye on both macro and micro drivers for risk assets and in particular, the Future of Finance theme. In the latter half of March, we will see the second Federal Reserve FOMC meeting of the year where the Fed will announce their new target for short-term interest rates once again. Market expectations seem to be that we will see an increase of 0.25% (25 basis points) to an implied rate of 4.75% - 5.00%. While interest rates will continue to weigh on risk assets and growth-centric exposures, it appears that the current range of hikes is not overly impactful on performance. Forward guidance and how the Federal Reserve is thinking about the state of the economy will drive risk sentiment.

We also continue to keep an eye on digital asset prices, as they continue to be quite impactful in the near-to-intermediate term for certain sub-themes within the Future of Finance theme. Specifically, the mining sub-theme has shown elevated sensitivity to the course of digital asset prices, and we expect that dynamic to continue in the near term. March is also set to bring six additional earnings announcements, with many of those companies sitting within the mining sub-theme. In February, we saw revenue beats (vs. expectations) in just about half of the companies in the Grayscale Future of Finance UCITS ETF, but as expected (and half talked about on numerous occasions), pressure on the bottom lines was quite prevalent for companies in their closing quarter for 2022. We will continue to keep an eye on revenue and earnings dynamics across Future of Finance companies as we progress throughout 2023. Sources available upon request. When you invest in ETFs your capital is at risk.

Future of Finance Performance

As of 28/02/2023

	1M	3M	6M	YTD	12M	SI
Grayscale Future of Finance UCITS ETF	-3.85%	17.18%	-20.81%	40.50%	NA	-27.48%
<i>Bloomberg Grayscale Future of Finance Index</i>	-3.82%	17.21%	-20.85%	40.47%	-57.32%	-27.71%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 28/02/2023. 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	GFOFLN	GFOF.L	BP6LTB5	IE000TVPSR11	-	-	USD	17/05/2022
LSE	GFOPLN	GFOF.L	BP6LTD7	IE000TVPSR11	-	-	GBP	17/05/2022
Borsa Italiana	GFOFIM	GFOF.MI	BNDB2Y8	IE000TVPSR11	-	-	EUR	20/05/2022
Xetra	GFOFGY	GFOF.DE	BNDB2Z9	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”).

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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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