

# Monthly Future of Finance Report

June 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 31/05/2023

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

## Future of Finance ETF: Key Takeaways

The Future of Finance ETF delivered positive performance during a month of flattish and mixed results across broad markets, sectors, and industries. The S&P 500 was up slightly, the MSCI ACWI underperformed, and the Russell 2000 monthly results showed that small caps are still sensitive to uncertainty in the markets. We have continued to talk about idiosyncratic characteristics for Future of Finance companies, and May was a great example of that as Technology names outperformed, financials were a notable laggard, and digital asset prices had the worst month of the year so far – yet GFOF delivered positive contribution to portfolios.

Perhaps the biggest takeaway in May was the continued leadership for Mining companies, especially throughout the toughest month for Bitcoin prices (as measured by the CoinDesk Bitcoin Price Index) in 2023 thus far. We are starting to see some names separate themselves from the Mining companies' cohort, and the major factors have been stronger-than-average results or unique growth drivers such as expanding mining capabilities. Names like Bit Digital (NASDAQ: BTBT) and Hut 8 Mining (TORONTO: HUT) have seen both increased production as well as expansion of operations. These are but two examples of the continued building of products, services, and infrastructure we are seeing in the Future of Finance theme amidst uncertainty.

Broadly speaking, volatility has continued to trend lower in 2023, and that is true for the two unique asset classes (or risk factors) for which Future of Finance companies are tied to – equities and digital assets. Investors should be reminded though, that the Grayscale Future of Finance UCITS ETF does not offer direct exposure to digital assets, nor is it interested in companies that may simply own digital assets as part of its balance sheet management strategy. GFOF, at its core, seeks to deliver exposure to the companies that are truly advancing the development of the digital economy forward and building a more modern financial system, one that brings together Finance, Technology, and Digital Assets.

Source of all performance data: Grayscale / Bloomberg. Data as of 31/05/2023. **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

It is interesting to see implied volatility (perhaps best measured by the CBOE Volatility Index) continue to trend lower with somewhat clearer but still uncertain macro backdrop. At the end of May, the VIX was trending towards the low teens, and investors should always be mindful when the markets are not expecting prices to move much in the near-to-intermediate term.

With Q2 earnings season now nearly complete, we have seen signs of positive momentum and the theme out of May has been "better-than-expected" – this is most assuredly language around an earnings season that investors have heard and seen before. That being said, Future of Finance companies delivered upside surprise vs. expectations for both revenues and earnings in Q2, and results were especially notable on the

bottom lines. It is important to note that for some Future of Finance companies, earnings remain negative as prices today reflect the potential for greater cash flows and positive earnings in the future, but we view this as good momentum going into the closing month of the second quarter of 2023.

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

## Future of Finance ETF Performance

As of 31/05/2023

	1M	3M	6M	YTD	12M	SI
Grayscale Future of Finance UCITS ETF	1.73%	6.16%	24.40%	49.16%	-24.64%	-23.01%
<i>Bloomberg Grayscale Future of Finance Index</i>	1.86%	6.23%	24.51%	49.22%	-24.88%	-23.21%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/05/2023. 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	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	BNDB2Y8	IE000TVPSR11	-	-	EUR	20/05/2022
Xetra	GFOF GY	GFOF.DE	BNDB2Z9	IE000TVPSR11	-	A3DJZD	EUR	17/05/2022

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  - 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](http://www.hanetf.com).

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