

# Monthly Future of Finance Report

July 2023

HANetf & Grayscale Investments®

Grayscale Future of Finance UCITS ETF

GFOF

70 bps

IE000TVPSR11

Product Inception Date: 13/05/2022

For Professional Clients Only. Capital at risk.

All data as of 30/06/2023

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

## Future of Finance ETF Key Takeaways

The Future of Finance ETF delivered standout performance in the month of June, most of which came from the latter half of the month following renewed optimism around access to digital assets. Developments around the “on and off ramps” to digital assets continue to progress in different ways, whether through growing options via traditional financial gateways or even with listed products on Exchanges, and it continues to be positive for the Future of Finance theme. In June, there were few segments of the equity landscape that matched the momentum of Future of Finance companies.

Digital asset prices moved notably higher at the end of June led by Bitcoin re-testing \$30,000 and marking a high of roughly \$38,800 on June 23. Since it broke past \$30,000 on June 21st, it has held that level through the end of the month. This was beneficial for Future of Finance companies in June, and especially for the Mining companies who continue to capitalize with higher gross margins on rising prices of the primary underlying asset in which they operate: BTC. We continue to iterate that the Grayscale Future of Finance UCITS ETF does not deliver exposure to digital assets themselves, but for some companies across the theme, the price of underlying assets such as BTC play a key role in shorter-term outcomes.

At the end of June, the Grayscale Future of Finance UCITS ETF completed its quarterly rebalance which enacted a re-weighting of Future of Finance companies back towards their modified market-cap weighted positions. In addition, we saw Composecure (NASDAQ: CMPO) added to the basket while Argo Blockchain (London: ARB) was removed. The removal came off the back of its low free-float market capitalization. Composecure enters the Future of Finance group of companies via their Arculus technology for authentication and storage of digital assets – notably in the form of something everyone has in their wallets already – a metal credit card. Street analysts have covered CMPO about their lead position in the space in June.

Source of all performance data: Grayscale / Bloomberg. Data as of 30/06/2023. **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

Last month, it was noted that implied volatility (the market’s perception of the potential for the magnitude of price moves in the future, or said differently, the market’s expectations for volatility in the future) continued to trend lower, and June marked lows in this market metric. The widely followed CBOE VIX Index (Chicago Board Options Exchange Volatility Index) marked its lowest levels since March 2020 – levels not seen since the COVID pandemic. This trend remains a bit of a standout given some ongoing aspects of uncertainty in the macro backdrop, but this dynamic may continue to be supportive for the near-term for growth-centric and long-duration assets.

June also saw markets digest the outcome of the most recent U.S. Federal Reserve meeting on June 14-15, where interest rates were left unchanged in the U.S. (which was largely expected), but Fed Chair Jerome Powell delivered a message that spoke to and re-iterated “higher and longer” language around interest rates in the near and intermediate term. He also

spoke to the material possibility of further rate hikes in calendar year 2023 – symbolic of the stickiness of high inflation and relatively weaker growth across the globe. Like yield, however, investors continue to show an appetite to “seek for growth” – nascent and emerging themes may be a place for them to find it.

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

## Future of Finance ETF Performance

As of 30/06/2023

	1M	3M	6M	YTD	12M	SI
<b>Grayscale Future of Finance UCITS ETF</b>	16.12%	23.87%	73.20%	73.20%	23.99%	-10.60%
<i>Bloomberg Grayscale Future of Finance Index</i>	16.19%	24.02%	73.38%	73.38%	23.60%	-10.78%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 30/06/2023. 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	GFOF.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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  - 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](http://www.hanetf.com).

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