

# Monthly Future of Finance Report

August 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 31/07/2023

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

## Future of Finance ETF Key Takeaways

The Future of Finance ETF delivered another month of standout performance in July as we saw a continuation of the positive momentum from June. In July, Future of Finance companies far outpaced broader equity benchmarks such as the MSCI ACWI, S&P 500, and Russell 2000. Future of Finance companies delivered double digit gains in July despite some weakness in digital asset prices, with Bitcoin seeing some retracement in July and delivering negative returns on the month. Like we saw in June, there were few segments of the equity landscape that matched the momentum of Future of Finance companies in July.

The “divergence” we saw in July between the performance of Future of Finance companies and digital asset prices should serve as a reminder to investors following the theme of the distinct attributes of the companies and the attributes of digital assets like Bitcoin. These are companies that sit at the intersection among three core pillars: Financial Foundations, Technology Solutions, and Digital Asset Infrastructure. While several companies within the Future of Finance ETF have significant connections to the prices of digital assets (e.g. the Mining companies), the ETF does not own digital assets directly. These companies have unique growth drivers and opportunities within the digital economy, they generate cash flows from varying sources of products and services, have distinct gross margin characteristics, and the like. Factors such as this make for a unique investment that captures the long-term structural change we see happening in the modern financial system. This was not the first period in which Future of Finance companies saw strong performance despite weaker digital asset prices, and we expect that it certainly won't be the last.

We continue to see multiple expansion across Future of Finance companies, and July saw the price-to-sales ratio for the basket increase to 4.47. The markets have certainly come to appreciate the long-term growth potential in the theme (the P/S ratio was 1.24 at the end of 2022), but investors may not realize that the Future of Finance theme still looks cheap compared to other growth-centric areas of the market. For context, the Nasdaq-100 and S&P 500 Technology Select Sector Indexes closed July with price-to-sales ratios of 4.90 and 6.68, respectively.

Source of all performance data: Grayscale / Bloomberg. Data as of 31/07/2023. **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 31/07/2023

	1M	3M	6M	YTD	12M	SI
<b>Grayscale Future of Finance UCITS ETF</b>	<b>23.39%</b>	<b>45.76%</b>	<b>46.25%</b>	<b>113.71%</b>	<b>20.68%</b>	<b>10.31%</b>
<i>Bloomberg Grayscale Future of Finance Index</i>	<i>23.28%</i>	<i>45.90%</i>	<i>46.35%</i>	<i>113.75%</i>	<i>20.66%</i>	<i>10.00%</i>

**Please note that all performance figures are showing net data.** Source: Bloomberg / HANetf. Data as of 31/07/2023. 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	BND82Y8	IE000TVPSR11	-	-	EUR	20/05/2022
Xetra	GFOF GY	GFOF.DE	BND82Z9	IE000TVPSR11	-	A3DJZD	EUR	17/05/2022

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## 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.
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  - 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”).

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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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