

# Monthly Future of Finance Report

September 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 31/08/2023

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

## Future of Finance ETF Key Takeaways

The Future of Finance ETF was subject to significant retracement in August that gave back the outperformance from July and resulted in the Fund closing near its 100D moving average to end the month. The Future of Finance theme failed to follow the slight recovery in broader equity markets to end the month and lagged benchmarks such as the MSCI ACWI and S&P 500. Over the entire month, Future of Finance companies were further behind technology-biased and “growth centric” large cap benchmarks such as the Nasdaq-100 and the S&P Information Technology Sector Index. Digital asset prices pulled back materially as summer came to an end and risk sentiment waned – Bitcoin fell over 10% despite positive news in the U.S. around listed product access for digital assets.

It's important for investors to take a long-term view when evaluating thematic investments as the very nature of investment represents an effort to capture the growth associated with long-term structural change – in this case, with the modern financial system via companies at the intersection of Finance, Technology, and Digital Assets infrastructure. That said, the retracement in August may be better served when put into perspective over a longer time horizon. On a year-to-date basis, the Future of Finance theme continues to outpace other nascent themes, and the outperformance relative to broader markets has been even more notable. While sales and earnings growth may be lower in 2023 compared to previous years (in addition to macro and micro risks that remained sticky), we continue to see products, services, and the foundations for long-term growth be built amidst tighter and uncertain conditions.

On a risk-adjusted basis, the year-to-date results continue to support the fact that long-term investors are rewarded for the risk they own with an emerging theme such as the Future of Finance. As of 31/8/2023, the Grayscale Future of Finance UCITS ETF has delivered a 1.020 return/risk ratio (Sharpe ratio without stripping out a risk-free rate). While it is true that broad equity benchmarks such as the MSCI and S&P 500 have also delivered strong return/risk ratios this year, investors who have been following the Future of Finance theme will be quick to realize that the ratio was close to double just 1 month ago.

Source of all performance data: Grayscale / Bloomberg. Data as of 31/08/2023. **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

Higher for longer and renewed concerns over potential weakness in major economies like China have weighed on risk assets in August. Digital assets such as Bitcoin are, in many ways, a high-beta expression of risky assets. This has been especially true in calendar year 2023 – though, they have shown extended periods of little to no correlation with equity markets. All eyes are on monetary policy and corporate profits as we exit the summer months and enter the last quarter of the year.

Portfolio positioning is likely to remain defensive with tilts towards quality and yield-bearing instruments, but investors should be mindful of areas in which multiple expansion continues to be above-average. While Future of Finance companies are likely to remain somewhat volatile given the nascent nature of the theme, they do represent growth opportunities that are (most likely) quite different than other areas of ones' portfolio. We would also remind investors that the Grayscale Future of Finance UCITS ETF remains heavily allocated towards the Mining sub-theme, which continues to be the most sensitive segment to digital asset prices. As of the end of August, GFOF had a 49.3% allocation to Mining Companies, a 30.3% allocation to Exchanges, and a 20.4% allocation to Payment Platforms.

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

## Future of Finance ETF Performance

As of 31/08/2023

	1M	3M	6M	YTD	12M	SI
<b>Grayscale Future of Finance UCITS ETF</b>	<b>-23.91%</b>	<b>9.01%</b>	<b>15.73%</b>	<b>62.60%</b>	<b>-8.35%</b>	<b>-16.07%</b>
<i>Bloomberg Grayscale Future of Finance Index</i>	-23.89%	9.03%	15.82%	62.70%	-8.33%	-16.28%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/08/2023. 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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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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