

Monthly Future of Finance Report

October 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 30/09/2023

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

Future of Finance ETF Key Takeaways

The Future of Finance ETF saw follow-through retracement in September, marking two straight months of notable decline in both absolute terms and relative to broader equity benchmarks. After the poor performance in September, GFOF has given back all the positive performance it saw in June and July, which was significant. The path of interest rates (the U.S. 10 year hit 4.60% in September), inflation, and monetary policy continues to weigh on risk assets, and those that represent longer durations have been subject to deeper drawdowns than others.

We continue to see products, services, and the foundations for the Future of Finance be built while the macro backdrop may not be the most conducive to capex spending or R&D in nascent areas. While now available for more than a month, PayPal's launch of their own U.S. Dollar stablecoin was a bit of a watershed moment for the Future of Finance theme – the launch of the product marks the bridging of digital asset infrastructure to the world's consumer-centric economy. As of the first quarter of 2023, PayPal owned a 42% market share in the payments service industry. Yes, credit cards and the current online payments infrastructure works fine – but relative to what it could be, it is still slow and expensive. The integration with Venmo brings potential speed and cost benefits to over 78 million users.

At the close on the last trading day of September, the Future of Finance ETF completed its quarterly rebalance that reflects a re-weighting of its 20 constituents back to their modified market cap weights. This quarter did not see the Future of Finance theme add or delete any names into or out of its universe, but as a result of the rebalance, larger cap companies such as Robinhood, Coinbase, and PayPal take their place in the Top 5 Holdings again. Over the near term, this may result in more stable shorter-term results. That said, the Mining sub-theme continues to be a significant exposure – 48% as of the end of the quarter.

Source of all performance data: Grayscale / Bloomberg. Data as of 30/09/2023. 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

GFOF saw negative performance on the month on the back of a mixed but slightly positive month in prices for digital assets – Bitcoin gained over 3% on the month as it closed the month near \$27,500. For investors looking at the connectivity between the Future of Finance theme and digital asset performance, the last quarter of 2023 will be one to watch as the calendar year trend remains intact for the most important digital asset in the world and for the digital asset infrastructure names within the Future of Finance group of companies (for now).

Interest rates continue to rise and oil prices are set to be sensitive to the upside which is sure to weigh on consumer sentiment even further. Other leading and lagging economic indicators continue to provide mixed signals. While the future is quite hard to predict, investors are likely to continue to be defensive and seek an elevated margin of safety in their risk asset allocations. We continue to be structural positive on all the

happenings in the Future of Finance theme, and for those that are keeping track of the underlying companies and the performance, the closing months of the year will give further clues as to the progress of companies in their ability to add material and attractive contributors to forward revenues and earnings.

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

Future of Finance ETF Performance

As of 30/09/2023

	1M	3M	6M	YTD	12M	SI
Grayscale Future of Finance UCITS ETF	-12.81%	-18.15%	1.39%	41.77%	-8.25%	-26.82%
<i>Bloomberg Grayscale Future of Finance Index</i>	<i>-12.83%</i>	<i>-18.20%</i>	<i>1.45%</i>	<i>41.83%</i>	<i>-8.24%</i>	<i>-27.02%</i>

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 30/09/2023. 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.

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