galaxy | Asset Management

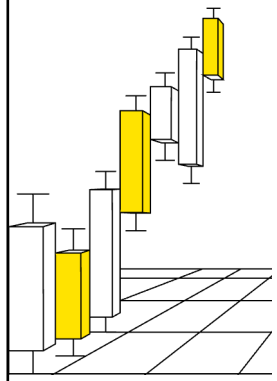
funds.galaxy.com

Galaxy Absolute Return Fund

Q4 2024

STRICTLY PRIVATE AND CONFIDENTIAL.

Executive Summary



Galaxy Absolute Return Fund

A fundamentally driven, multi-asset strategy with equity-like volatility.

The Fund invests across the digital asset ecosystem and adjacent disruptive technologies, aiming to capitalize on inefficiencies to generate alpha while prioritizing risk management and portfolio diversification.

STRATEGY HIGHLIGHTS:

- Multi-Asset approach. Diversified exposure to publicly traded equities, ETFs/ETPs, derivatives, and fixed income – no direct crypto token holdings.
- Targets equity-like volatility (~15%) and low correlations to BTC and the S&P 500 (-0.2 to +0.2).
- Capitalizes on volatility-driven mispricings in the digital assets and adjacent technology markets to deliver risk-adjusted returns.
- Risk-managed exposure: Gross up to 200%; Net from -75% to +75%.

Galaxy is a leading digital asset and blockchain innovator, bridging traditional finance with the growing digital economy.

- We are uniquely positioned to capture the rapidly unfolding equity market expression of digital assets.
- Galaxy offers existing infrastructure and a track record spanning the liquidation of the **FTX Bankruptcy** and multiple **actively managed equity ETFs** in partnership with State Street Global Advisors.
- The Galaxy Asset Management investment team is led by **Chris Rhine,** Blackrock and Cohen & Steers veteran with over **20 years of experience** managing innovative strategies across equities, digital infrastructure, and thematic digital assets investments.

Publicly Listed
Toronto Stock Exchange (TSX)

510+
Employees Globally[1]

7+ Years
Operating Track Record

8
Offices Across Three Continents[2]

Note: All figures as of December 31, 2024, unless otherwise noted.
1) Inclusive of Helios and GK8 headcount.
2) Inclusive of offices in New York, Texas, Israel, London, Chicago, Hong Kong, Bahamas, and San Francisco.

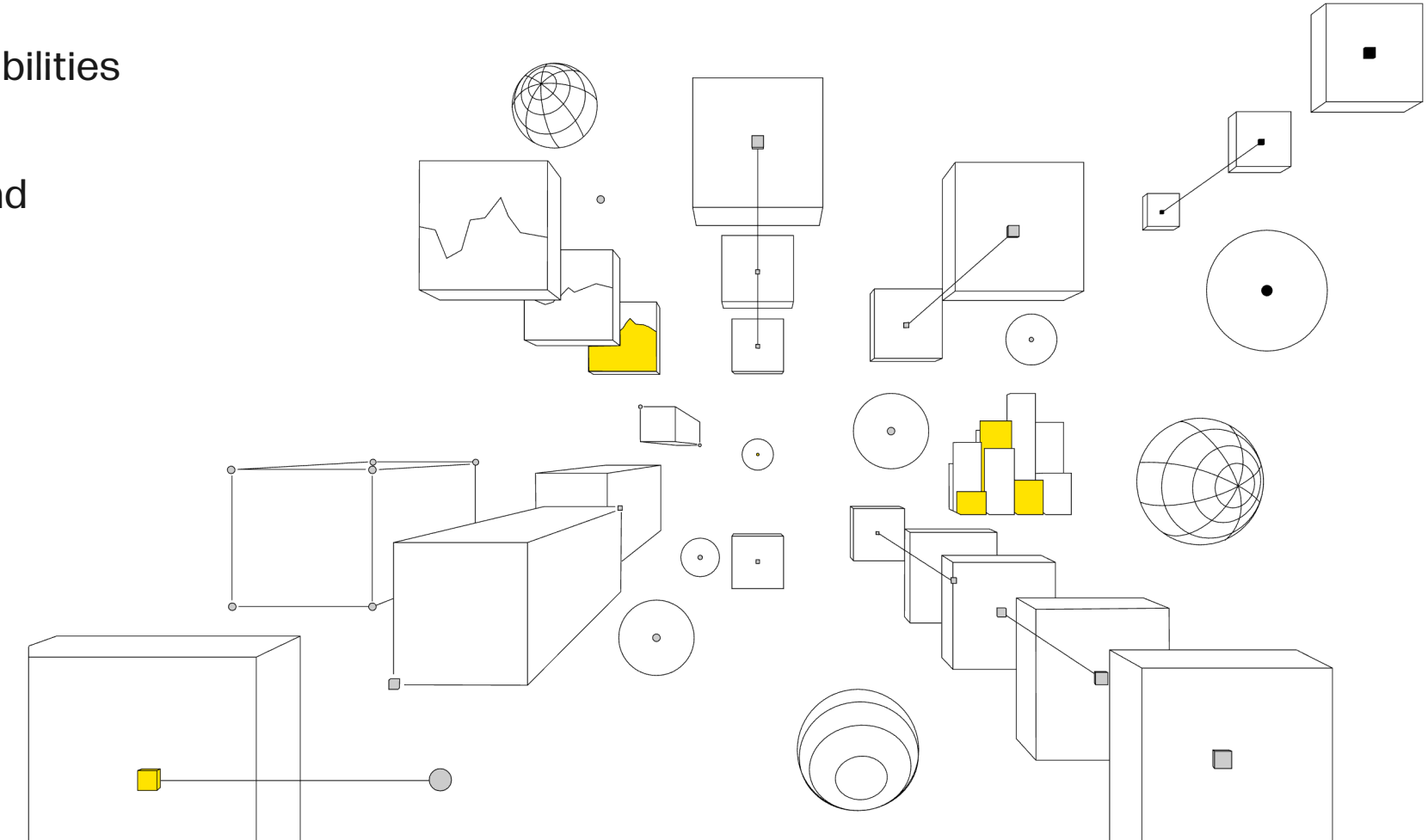
Table of Contents

001
About Galaxy (TSX: GLXY)

002
Galaxy Asset Management: Our Capabilities

003
Strategy: Galaxy Absolute Return Fund

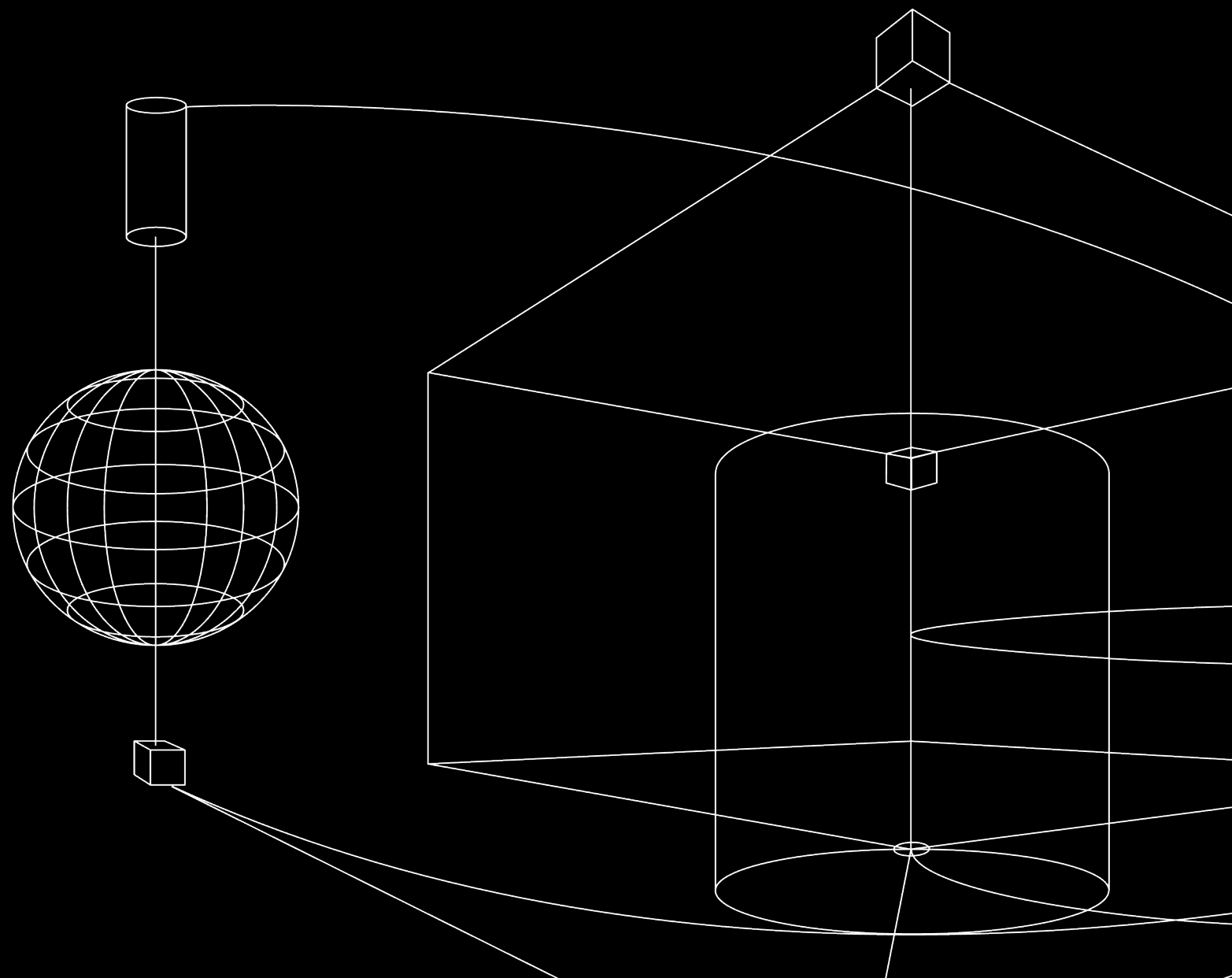
004
Appendix: Sample Trades



001

About Galaxy

TSX: GLXY



Galaxy is a digital asset and blockchain leader providing access to the growing digital economy.

We serve a diversified client base, including institutions, startups, and qualified individuals across three main operating businesses:

Global Markets

Industry expertise and access to the digital asset ecosystem, including trading, derivatives and structured products; M&A advisory; and capital markets advisory services.

Asset Management

A global asset management platform offering a comprehensive suite of investment vehicles that span active, passive, and venture strategies.

Digital Infrastructure Solutions

Proprietary bitcoin mining and hosting services, critical network validator services, and an end-to-end platform for managing, custodying, and monetizing blockchain assets.

Publicly Listed
Toronto Stock Exchange (TSX)

7+ Years
Operating Track Record

510+
Employees Globally[1]

8
Offices Across Three Continents[2]

Note: All figures as of December 31, 2024, unless otherwise noted.
1) Inclusive of Helios and GK8 headcount.
2) Inclusive of offices in New York, Texas, Israel, London, Chicago, Hong Kong, Bahamas, and San Francisco.

Galaxy is well-positioned to capture market share and be at the forefront of the digital asset revolution.

Key Differentiators

Risk Management

Proven market discipline and resilience through every major crypto cycle over the past 7+ years, driven by our robust risk management and governance practices.

Transparency

Galaxy is a public company with a strong firmwide regulatory framework, balance sheet, and regular public reporting.

Diversified Platform

Galaxy operates three unique divisions within its business, providing diversified exposure to the growth of the digital asset ecosystem.

Crypto Expertise

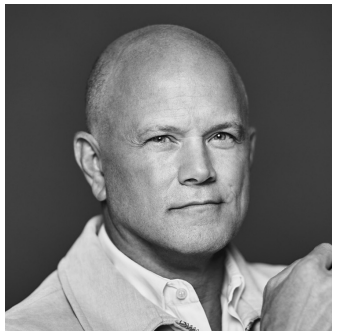
Crypto-focused and native specialists uniquely equipped to navigate a rapidly evolving space. Over 510 employees, who share the same passion for promoting the responsible adoption of digital assets globally.

Institutional Partners

STATE STREET GLOBAL ADVISORS · Invesco · Morgan Stanley · DWS · Itaú Asset · Bloomberg · CI GLOBAL ASSET MANAGEMENT · VettaFi · Alerian

All third-party company product and service names in this presentation are for identification purposes only. The product names, logos, and brands are property of their respective owners. Use of these names, logos, and brands does not imply endorsement.
Note: All figures as of December 31, 2024.

Galaxy Leadership Team



Mike Novogratz
Founder & CEO

Chris Ferraro
President & CIO

Erin Brown
Chief Operating Officer

Galaxy Asset Management Leadership Team

Steve Kurz
Global Head of Asset Management

Sam Englebardt
General Partner, Galaxy Interactive
Co-Founder, Galaxy

William Burt
Chief Operating Officer,
Asset Management

Paul Cappelli
Head of Liquid Passive Strategies

Christopher Rhine, CFA
Head of Liquid Active Strategies

Wills Reardon
Director, Institutional Sales

Will Nuelle
General Partner, Galaxy Ventures

Mike Giampapa
General Partner, Galaxy Ventures

Sebastian Corrochano
Head of Business Development

002

Galaxy Asset Management

Our Capabilities

Pioneering the Intersection of Crypto and Tech Investing

Leveraging our global network, Galaxy Asset Management combines thesis-driven research with high-conviction strategies to deliver category-defining investment solutions in the public and private markets.

Alternatives ▪ Private Funds

ACTIVE
- Galaxy Liquid Crypto Fund [1]
- Galaxy Absolute Return Fund [2]

PASSIVE
- Galaxy Bitcoin Fund
- Galaxy Ethereum Fund
- Galaxy Crypto Index Fund

VENTURE
- Galaxy Ventures Fund [3]
- Galaxy Interactive Funds
- GVH Venture Fund

Global ETFs/ETPs ▪ Public Funds

STATE STREET GLOBAL ADVISORS
Invesco
DWS
CI GLOBAL ASSET MANAGEMENT
Itaú

Crypto Services ▪ Leveraging Galaxy's cross-functional expertise

- Staking-as-a-Service
- Index Construction
- Tokenization
- Bespoke Mandates

7+ Years
Operating Track Record

$5.7B
Asset Under Management[4]

3
Continents with Galaxy Asset Management Investment Solutions[5]

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[1] Please note that the Fund name changed from "Liquid Alpha" to "Liquid Crypto Strategy" as of January 31, 2024. [2] Anticipated to launch in January 2025.
[3] Currently in market. Held an initial close of $113M in July 2024. Anticipate holding subsequent closes through Q1 2025. Fund name subject to change.
[4] AUM as of December 31, 2024. [5] Inclusive of global partner ETFs/ETPs offered in North America, South America, and Europe.

Why invest with Galaxy?

We connect financial sophistication with technological expertise and Silicon Valley agility with Wall Street savvy, helping investors navigate the digital assets and blockchain ecosystem with confidence – all backed by our leading research, market data, and institutional platform support.

1. Crypto-Native	Crypto-focused and crypto-native specialists uniquely equipped to navigate a rapidly-evolving space.
2. Partnership DNA	Strong track record of establishing and growing institutional partnerships.
3. Institutional Approach	Institutional, fiduciary-first approach within a robust firmwide regulatory framework.
4. Diversified Platform	Comprehensive, diversified platform spanning passive, active, and venture strategies.
5. Risk Framework	Battle-tested operational risk management team and infrastructure spanning multiple crypto cycles.
6. Global Team	Diversified team covering a global, dynamic ecosystem.

Reflects the views of Galaxy and does not necessarily reflect the views of the broader financial industry.

FTX – Example of a bespoke mandate.
Galaxy helped restore confidence and credibility to the industry.

We're proud to be instrumental in rectifying the aftermath of the 2022 crypto cycle, aiding creditors in reclaiming their funds through court-appointed mandates.

1. Liquidation Mandate

Galaxy Asset Management has worked closely with the FTX Estate in managing digital asset holdings for creditors through a series of liquidation services and hedging arrangements.

2. Expanded Mandate

Galaxy's professionalism and skill in managing the FTX Estate's liquid portfolio earned further mandates, including the management of trust assets and more complex holdings such as locked tokens.

Galaxy Asset Management: FTX Advisor of Choice

The court's appointment highlights Galaxy's proven capability in navigating risk and volatility management.

Efficient Liquidity

Our deep relationships with requisite counterparties ensured efficient liquidity across a wide spectrum of tokens and trust structures.

Value Maximization

The team deftly sold at opportune market conditions, resulting in +100% recoveries for creditors and restoring credibility to the crypto industry.

The FTX Mandates by the Numbers

$8B+
Cash generated for creditors

$810M
Liquidation Assets

$750M
Hedging Assets

$870M
Trust Assets

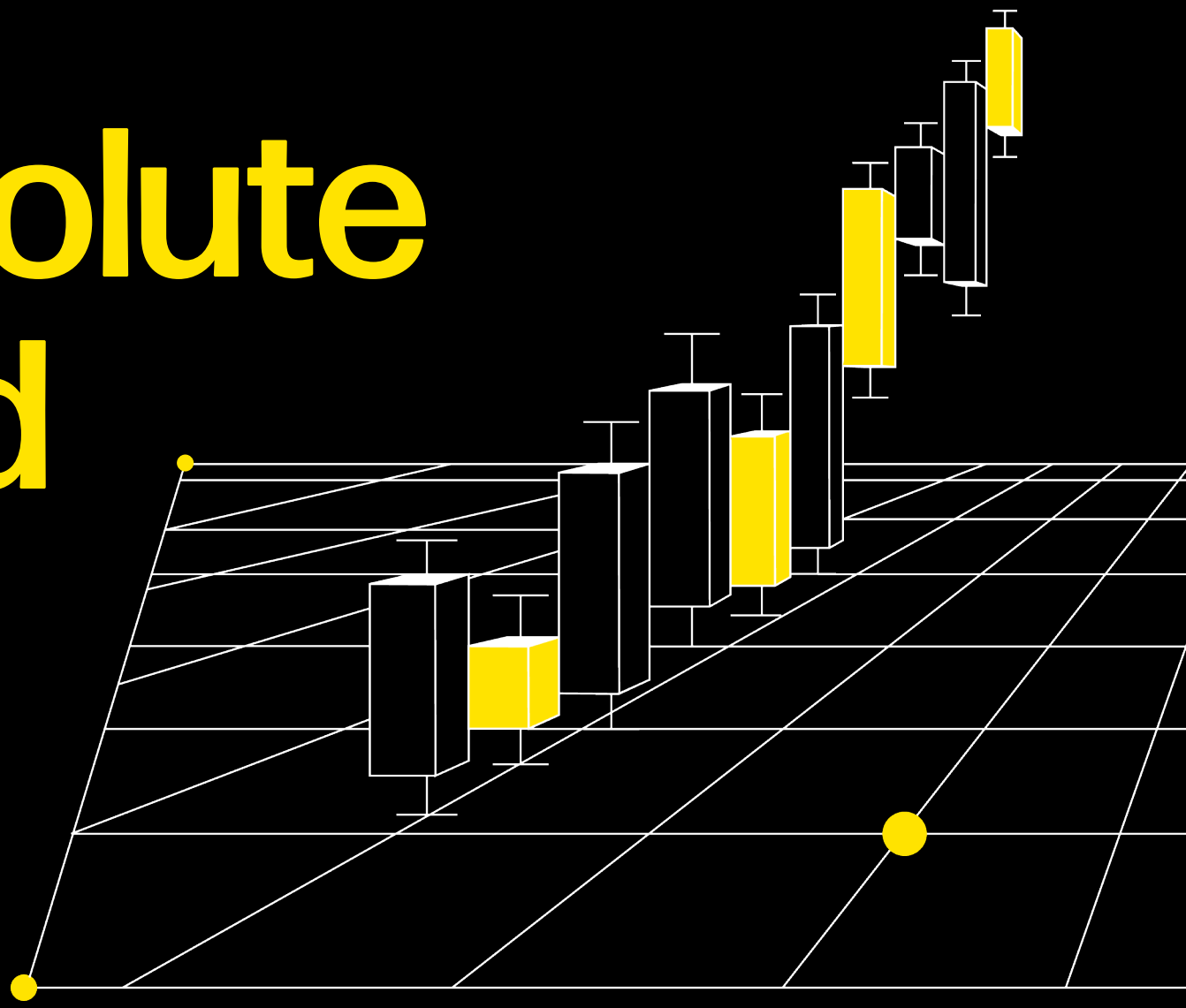
$3.8B
Locked Solana

All figures are as of the respective court filing dates, as of January 2024.

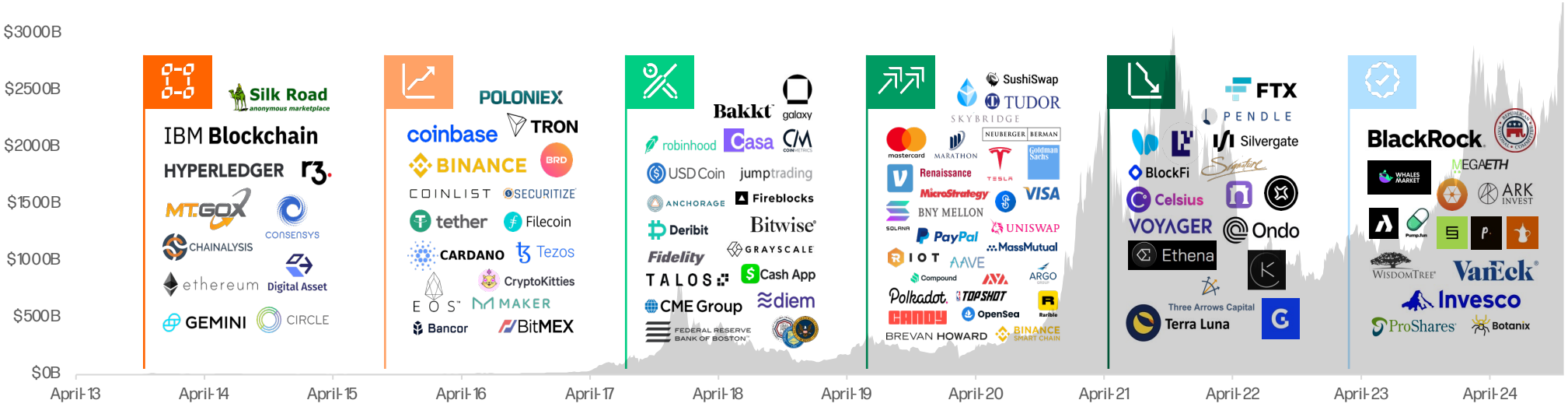
003

Galaxy Absolute Return Fund

Thematic exposure to digital assets with equity-like volatility.



The Evolution and Acceleration of Crypto Adoption



- Regulatory clarity should drive further adoption.
- Digital asset proliferation
- More IPOs by crypto-native companies
- Accountless Internet
- Tokenization expands (RWAs)
- Blockchain scalability via modularity
- Central bank digital currencies (CBDC)

2014 - 2016

"Blockchain, Not Bitcoin"

Crypto bear market & negative perceptions of bitcoin lead to hype around "blockchain technology," which banks and corporations explore.

Ethereum launches.

Some big early crypto infrastructure launches.

2017

The Big Bubble

Bitcoin awareness reaches the mainstream.

Retail exchanges dominate.

ICOs grow and bring attention to Ethereum.

New networks launch. Security token hype drives many startups.

2018 - 2019

Infrastructure

A new wave of entrepreneurs arrives to fill the infrastructure gaps the Big Bubble laid bare.

Custody, trading, derivatives, lending, settlement, market making, and data solutions developed.

Increased regulatory clarity begins.

2020 - 2021

The Great Bull Run

Central bank policies lead institutions and corporations to Bitcoin;

Public mining companies;

DeFi ecosystem expands;

Stablecoins arrive;

Alt L1s finally function with the ecosystems;

NFTs emerge.

2022 - 2023

FTX Meltdown

The rapid unwinding of value in the Terra Luna ecosystem creates contagion across the entire sector in 2022; major cryptocurrency exchanges and lending protocols go bankrupt;

New narratives emerge amidst the rubble: DeSoc, Restaking, and RWAs.

2024

Bitcoin on the Ballot

Bitcoin and Ethereum spot ETFs are approved by the SEC;

Memecoins drive on-chain activity;

Bitcoin L2s capture VC interest;

Politicians embrace Bitcoin and crypto.

Beyond

Adoption, Innovation

Adoption and innovation by mainstream finance, major corporates;

Blockchain-based business models;

Decentralized organizations;

Tokenization;

Web 3.0;

Nation state adoption.

For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security. Forecasts are inherently limited and cannot be relied upon. All third-party company product and service names in this presentation are for identification purposes only. The product names, logos, and brands are property of their respective owners. Use of these names, logos, and brands does not imply endorsement. | Galaxy Research; August 31, 2024.

Why Now?

Post-Election Regulatory Tailwinds

- The 2024 U.S. election can usher in a transformative era for digital asset legislation and regulation
- The groundwork is positioned for unprecedented institutional adoption and capital market activity
- Significant political momentum to reverse the previous anti-crypto approach

Mispriced, Overlooked, and Misunderstood

- Disruptive technologies like stablecoins, tokenized money market funds, and AI-driven crypto infrastructure remains vastly misunderstood and undervalued
- Our strategy bridges traditional instruments with innovative digital themes, targeting a high-growth segment with limited competition

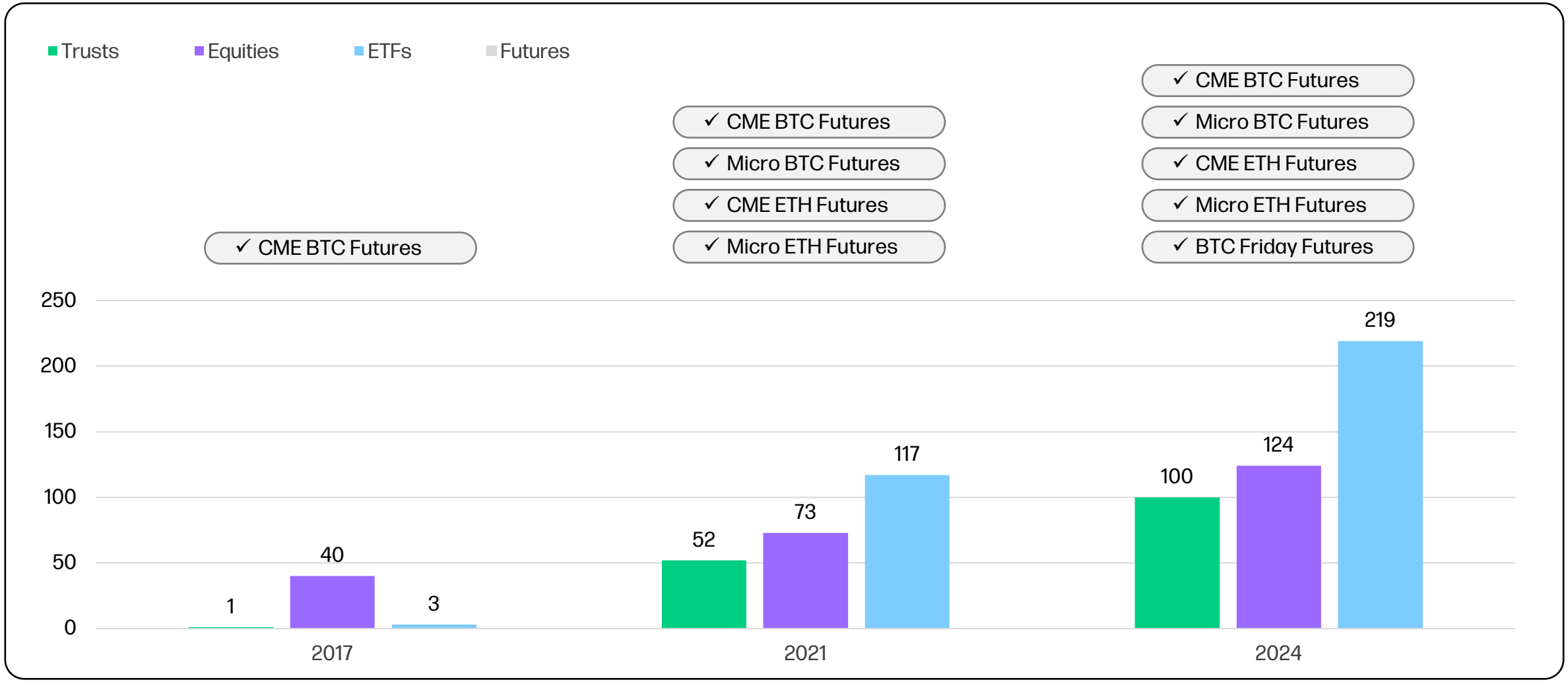
Expanding Addressable Market

- 300+ publicly traded securities tied to crypto and blockchain themes today, with significant growth projected as global regulatory frameworks align
- The convergence of regulation, innovation, and institutional interest offers a unique investment opportunity

The Investment Opportunity Improved

- The current investment window presents unparalleled opportunities driven by a surge in IPOs and accelerated M&A activity
- We believe early movers will reap the rewards during this critical timeframe
- Global investor appetite for crypto as an asset class is growing

Growth of Digital Asset-Related Investment Vehicles



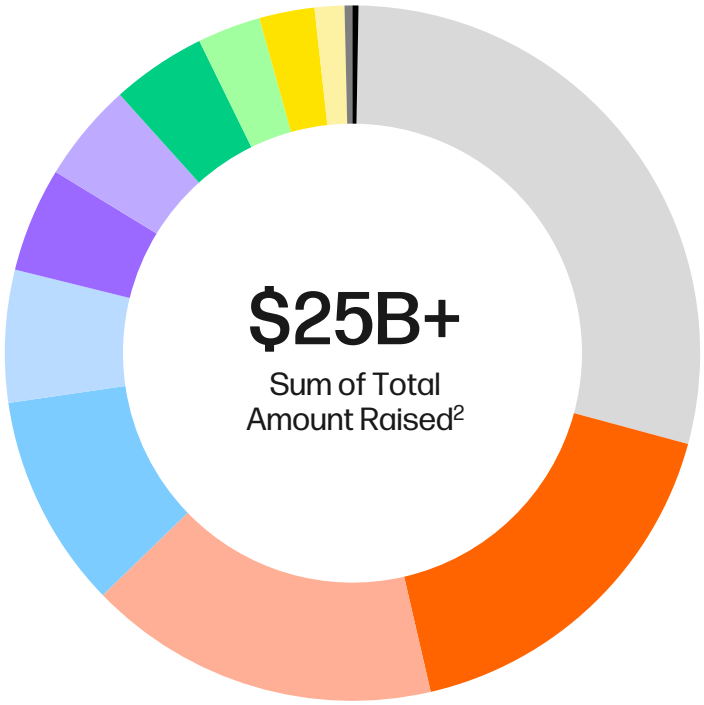
Sources: Bloomberg, as of December 11, 2024; VettaFi, Bloomberg, as of December 11, 2024.

A Widening Pathway to Public Markets

Regulatory clarity and market maturation are projected to drive a crypto IPO boom, with over $255B in valuations poised for public listings in 2025.

Total Amount Raised ($M)

- Digital Payments and Custody ($7,206M)
- Blockchain Infrastructure ($4,278M)
- Crypto Trading Platforms ($4,076M)
- NFT Platforms and Gaming ($2,482M)
- DeFi (Decentralized Finance) ($1,532M)
- Crypto Mining ($1,211M)
- Investment Platforms ($1,148M)
- Blockchain Analytics ($1,097M)
- Venture Studios ($734M)
- Miscellaneous ($640M)
- Blockchain Infrastruture ($344M)
- Blockchain Security ($90M)
- Decentralized Identity & Domains ($70M)



By the Numbers

300+
Deals with a deal size >$50m since 2018[1]

$255B+
Estimated Last Known Valuation[2]

Notable Companies [3-6]

Fireblocks
CIRCLE
Chainalysis
kraken

1) Data: PitchBook, from 2018 to 2024.
2) Data: PitchBook, from 2018 to 2024, filtering for delas with a deal size >$50m.
3) Fireblocks: https://www.nasdaq.com/articles/monex-groups-coincheck-go-public-nasdaq
4) Chainalysis: https://www.theinformation.com/articles/goldman-jpmorgan-eye-crypto-clients-as-ipo-prospects-brighten
5) Circle: https://www.bloomberg.com/news/articles/2024-10-25/circle-ceo-says-the-company-s-ipo-ambitions-remain-despite-delay
6) Kraken: https://www.barrons.com/articles/crypto-stocks-ipo-coinbase-trump-sec-b49a6eb1

Why Absolute Return?

001

Industry Exposure

For those seeking portfolio exposure to the wider digital asset ecosystem, without the risk appetite for pure crypto

002

Multi-Asset Approach

Our investment team will utilize a multitude of asset classes inclusive of publicly traded equities, ETFs/ETPs, derivatives, and fixed income to generate alpha

003

Equity-Like Volatility

The Absolute Return Fund seeks to provide digital asset market exposure with a target volatility of ~15%, in line with the equity market's volatility

004

Yield Opportunities

When market conditions warrant, the portfolio will incorporate yield-oriented strategies (e.g., writing calls) to augment returns

005

Uncorrelated Return Streams

The Absolute Return Fund targets a minimized correlation to the broader equity and crypto markets

006

Long/Short

The strategy will incorporate both long and short positions to provide sufficient hedging and maximize returns based on changing market outlooks and price levels

Thematic exposure to digital assets with equity-like volatility.

The Galaxy Absolute Return Fund is a fundamentally-driven, multi-asset strategy with a macro-overlay. Thematically, the fund explores the digital asset ecosystem and adjacent disruptive technologies, seeking inefficiencies for alpha generation, all while prioritizing risk management.

Differentiated Approach

- Multi-asset, relative value strategy providing exposure across traditional financial instruments (equities, derivatives, fixed income, etc.) to investors seeking a lower volatility than crypto investment strategies (60%+ annualized volatility typically)
- Targeting ~15% volatility in line with the equity market, enabling the fund to be a complementary addition to investors' alternative allocations and mitigating portfolio risk through diversification and active management
- Capitalizing on volatility-driven mispricings in the digital assets and adjacent tech markets to deliver risk-adjusted returns uncorrelated to traditional and crypto markets
- The strategy incorporates directional and non-directional views and employs long and short positions to sufficiently hedge and maximize returns based on market outlooks, volatility, and price levels

The Galaxy Competitive Edge

- Active management by a specialist team focused on digital assets and emerging technologies and collaboration with broader Galaxy platform granting specialized support across trading, risk management, and research
- 100+ private investments across digital assets and emerging technology companies provide significant visibility and connectivity within the ecosystem
- We combine robust equity talent, infrastructure, and deep crypto connectivity across our synergistic business units
- Our long-tenured track record and proven success in capturing value across disruptive technologies uniquely positions us to capitalize on this generational opportunity ahead of our competition
- Galaxy's size and reputation provide advantageous access to company-wide management teams, regulators, and other market participants

Investable Universe

Demonstrating addressable purview of the Galaxy Absolute Return Fund's investment mandate.

Options

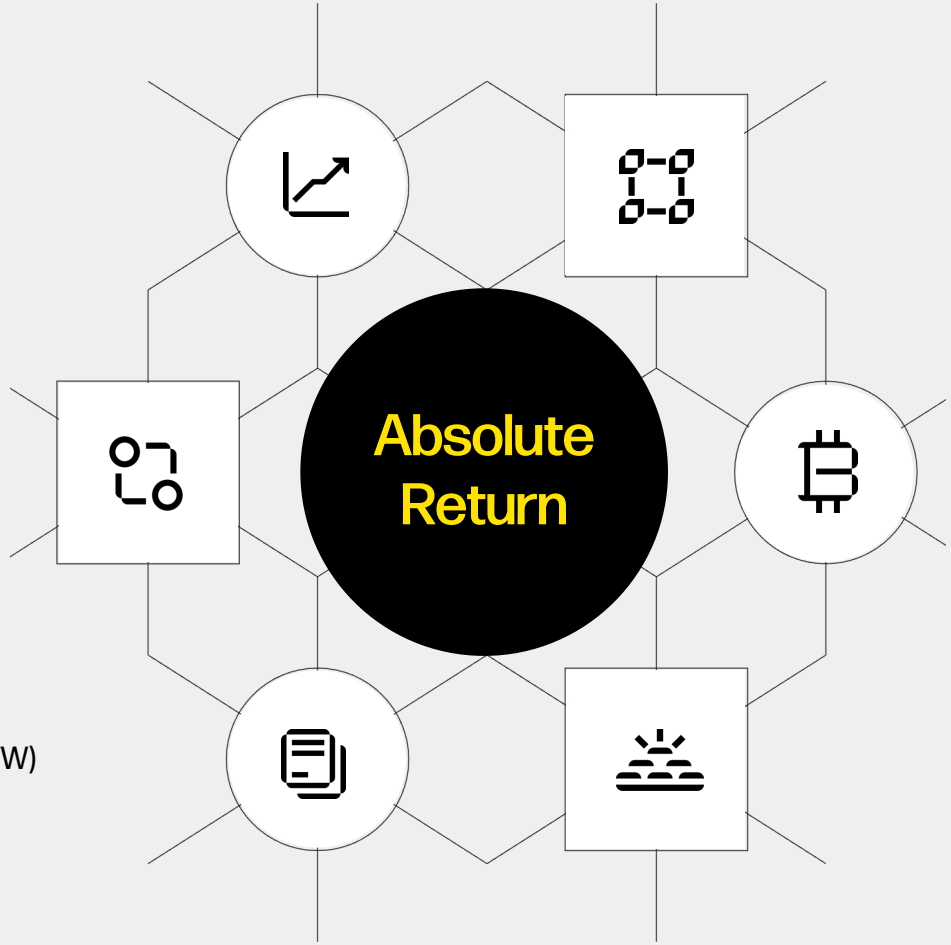
Inclusive of contracts involving tokens and equities (e.g., BTC calls and MSTR puts)

Futures

Inclusive of contracts involving tokens and equities (e.g., ETH and SQ futures)

Trusts

Inclusive of in-market crypto trusts (e.g., BITW)



Digital Assets-Related Equities

Inclusive of publicly traded companies involved in blockchain and/or crypto initiatives (e.g., MSTR and COIN)

Digital Assets-Related ETFs/ETPs

Inclusive of ETFs/ETPs that have been approved for trade globally (e.g., BTCO and QETH)

Digital Assets-Related Fixed Income

Inclusive of convertible and corporate bonds of companies in the wider digital asset landscape (e.g., MSTR convertibles)

Investment Process

A holistic approach through fundamental and quantitative analysis.

Step 1: Research

Fundamental Research

- Conduct fundamental analysis on digital asset-related equities and credit, leveraging Galaxy's broader teams (e.g., Mining)
- Regularly meet with company management teams to discuss operations, growth opportunities, and potential challenges.
- Find mispriced assets driven by underlying valuation, earnings potential, regulatory risk, or competitive challenges.
- Monitor current market conditions, trends, and news to inform risk appetite and identify future catalysts

Quantitative Research

- Apply statistical models to on-chain and off-chain data to identify trends, patterns, and trading opportunities
- Maintain algorithms to generate trade ideas for portfolio and investment-level consideration, incorporating risk assessment and asset-specific analysis
- Evaluate momentum factors to determine market risk appetite and identify potential trading opportunities
- Continuously monitor for opportunistic trades related to basis trades, ETF arbitrage, and other market inefficiencies

As of December 31, 2024.

Investment Process

A holistic approach through fundamental and quantitative analysis.

Step 2: Portfolio Construction

Investment Selection

- Determine investable universe spanning the digital asset ecosystem including equities, ETFs, credit, and derivatives
- Combine fundamental and quantitative analyses to identify mispriced assets and opportunities for relative value trades, including pairs trading and other long/short strategies, to capitalize on market inefficiencies
- Prioritize investments with prospective risk-adjusted returns favoring those with attractive valuations, strong growth potential and a compelling risk-reward profile
- Construct a diversified portfolio through a combination of top-down and bottom-up approaches with weightings determined by conviction and risk profile

Risk Management

- Operational risk is managed across Galaxy Asset Management's product, legal, compliance, and operations teams
- Implement position sizing limits to control individual position contributions to portfolio volatility (~15% target)
- Monitor relative alpha opportunities across portfolio holdings to support optimal risk-adjusted returns
- Portfolio risk is measured daily through key metrics such as beta, volatility, value at risk, correlations, tracking error, and incremental and marginal risk contributions
- The portfolio has significant flexibility to be net long or short dependent on expectations for positive or negative future price movement
- Scenario analysis is performed to assess the portfolio's performance in historical periods of large price movements and elevated volatility. Additionally, this practice is utilized for future portfolio performance ahead of events like elections or referendums

As of December 31, 2024.

Risk Framework

Risk Guidelines	Threshold
VaR	1-day 99% VaR: < 3% of NAV
Expected Shortfall	1-day 99% ES: < 5% of NAV
Drawdown Limit	Max drawdown: 20% of NAV in a Week
Stress Test (Scenarios)	Max drawdown: 20% of NAV in a Week
Gross Exposure	Max Gross exposure: < 200%
Net Exposure	Max Net exposure: -75% to +75%
Liquidity Horizon	All positions: Liquid within 3 days within 10% ADV

Risk Monitoring	Target
Realized Volatility	~15%
Simulated Forward Volatility	~15%
Beta to SPX	-0.2 to +0.2
Beta to BTC	-0.2 to +0.2
Correlation to SPX	-0.2 to +0.2
Correlation to BTC	-0.2 to +0.2

The risk management process consists of:

- **Identifying** risk exposures and documentation.
- **Measuring** exposures and assessing likelihood of impact.
- **Monitoring** and reviewing the risk factors and stress tests.
- **Managing** the preparation of responses to mitigate risks.
- **Communicating** via regular reporting to Portfolio Managers and Risk Working Group.

Fund-level guidelines and corresponding Over the Guidelines (OTG) are managed by the Portfolio Manager and monitored by the Risk Team.

Guidelines will be reviewed by the Risk Team at least daily. OTG events will be flagged by Risk and communicated to the Risk Working Group.

Passive OTG

- If an OTG event occurs due to large market moves, the Portfolio Manager will have 48 hours to cure. This allows the portfolio to cure itself without incurring transaction fees.

Active OTG

- If an OTG event occurs due to a Portfolio Manager changing positions, the Portfolio Managers should cure as soon as possible given market conditions.

Fund Details

Objective	The Galaxy Absolute Return Fund is designed to provide digital asset thematic exposure with equity-like volatility. The portfolio seeks to provide positive returns in all market environments while minimizing the volatility typically associated with crypto. Through a multi-faceted active approach and risk management, the strategy aims to generate alpha investing across the digital asset ecosystem and simultaneously reduce volatility swings.
Fees	2% management fee, 20% performance fee (please inquire over discounts for early partners)
Investable Universe	Digital asset-related equities, ETFs/ETPs, fixed income, trusts, options, futures, etc.
Expected Exposure Limits	Gross: Up to +200% Net: -75% to +75%
Target Volatility	~15%
Risk Framework	The team employs a two-layered approach to risk management: ▪ Fund-level risk management ▪ Broader Galaxy risk platform
Experienced Team	Portfolio Manager Chris Rhine brings 20+ years of investment experience. He is supported by a team of investment professionals with diverse backgrounds and knowledge-base.

Galaxy's Absolute Return Fund is supported by a dedicated team with robust resources.

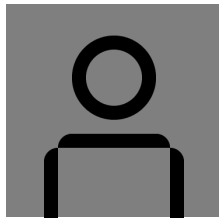
Chris Rhine, CFA
Managing Director, Head of Liquid Active Strategies

Ian Kolman
Senior Investment Analyst

Adrian Zembsch
Investment Analyst

James Henick
Fundamental Trading

Hayden Cheng
Quantitative Trading



Steven Chang
Investment Analyst

Passive Team	Ventures Team	Research Team

Risk	Legal & Compliance	Finance	Operations	Product Specialists

- **50+**
  Asset Management employees across North America, EMEA, and APAC
- **5**
  Dedicated traders and analysts
- **100%**
  Access to Galaxy's firmwide research engine
- Team Experience and Education:

BlackRock. COHEN & STEERS citi BARCLAYS Blackstone DV trading FORTRESS COLUMBIA UNIVERSITY NYU STERN Cornell University. JOHNS HOPKINS UNIVERSITY

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004

Appendix: Sample Trades

BTC CME Basis

Trade Idea	Long IBIT / Short BTC CME Futures
Rationale	The CME Bitcoin basis trade is an investment strategy that capitalizes on price discrepancies between the CME Bitcoin futures contract and the underlying Bitcoin spot market. By shorting a CME Bitcoin futures contract, which trades at a premium, and simultaneously taking an equal and opposite position in the Bitcoin spot ETF market, investors can exploit this price difference, known as the "basis." Since the price of the CME Bitcoin futures contract converges to the spot price at expiration, investors can generate returns that are uncorrelated while remaining market neutral.

BTC CME Basis Annualized (7D Avg)

Start Date	Expiry Date	Futures Price	Spot Price	Annualized
1/31/2023	3/31/2023	$23,375	$22,951	11.4%
4/10/2023	5/26/2023	$29,610	$29,142	12.7%
6/21/2023	7/28/2023	$30,445	$29,985	15.1%
8/16/2023	9/29/2023	$29,395	$28,940	13.0%
10/20/2023	11/24/2023	$29,895	$29,601	10.4%
12/19/2023	1/26/2024	$42,910	$42,496	9.4%
2/7/2024	3/28/2024	$44,840	$44,188	10.8%
4/1/2024	5/31/2024	$71,205	$69,768	12.5%
7/5/2024	8/30/2024	$57,290	$56,354	10.8%
9/16/2024	10/25/2024	$58,420	$57,669	12.2%

Source: Bloomberg.
For illustrative purposes only. This hypothetical trade should not be considered a recommendation from Galaxy Asset Management.

Relative Value Long/Short BTC Miners

Trade Idea	Long MARA / Short RIOT, Long WULF / Short IREN, Long CORZ / Short CLSK
Rationale	Bitcoin mining, once a commoditized and fungible business, has evolved to capitalize on a new synergy with Artificial Intelligence (AI), as AI companies seek energy and Bitcoin miners have it in abundance, commanding a premium for access to power, particularly in the near term. Suitable Bitcoin mining sites can be repurposed to energize AI operations in a fraction of the time it takes to develop greenfield AI data centers, presenting a unique opportunity for Bitcoin miners to diversify their revenue streams and capitalize on the growing demand for AI infrastructure. However, not all Bitcoin miners are positioned to take advantage of this trend, given their current business models as some have struggled with debt, excessive share issuance, and high executive compensation, which have only worsened since the recent Bitcoin halving in April. In contrast, AI/HPC customers are willing to fund capital expenditures, potentially providing a lower cost of capital for Bitcoin miners to secure their next energy deal, with some miners, such as WULF and CORZ, already exploring or working with HPC, while others, like RIOT and MARA, have yet to announce any AI/HPC plans.

Ticker	Name	Price	EV / Hash	EV / Sales	EV / EBITDA	P / Book	Market Cap	EV	Hash Rate (EH/s)
BTDR	Bitdeer	$7.26	56.0	2.2	40.4	1.8	$1,070M	$941M	17
BTBT	Bit Digital Inc	$3.33	115.6	3.2	101.6	2.5	$491M	$451M	4
BITF	Bitfarms Ltd	$1.99	69.0	2.2	29.2		$903M	$780M	11
CIFR	Cipher	$3.60	119.2	5.3	82.6	1.7	$1,184M	$1,085M	9
CLSK	Cleanspark	$8.81	81.3	3.3	474.9	1.5	$2,230M	$2,115M	26
CORZ	Core Scientific	$11.22	166.9	7.0	30.5	-1.9	$2,897M	$3,422M	21
HIVE	Hive Digital	$3.01	65.2	2.9	14.7		$357M	$343M	5
HUT	Hut 8	$11.55	248.7	7.6	72.0	1.7	$1,053M	$1,194M	5
IREN	Iris Energy Ltd	$7.80	53.7	2.3	44.5	1.3	$1,477M	$1,074M	20
MARA	MARA Holdings	$15.11	128.1	5.8	11.2	1.6	$4,450M	$4,510M	35
RIOT	Riot Platforms	$7.10	65.6	2.5	-21.9	0.8	$2,154M	$1,541M	24
WULF	Terawulf Inc	$4.39	202.5	8.4	-26.4	4.4	$1,680M	$1,660M	8

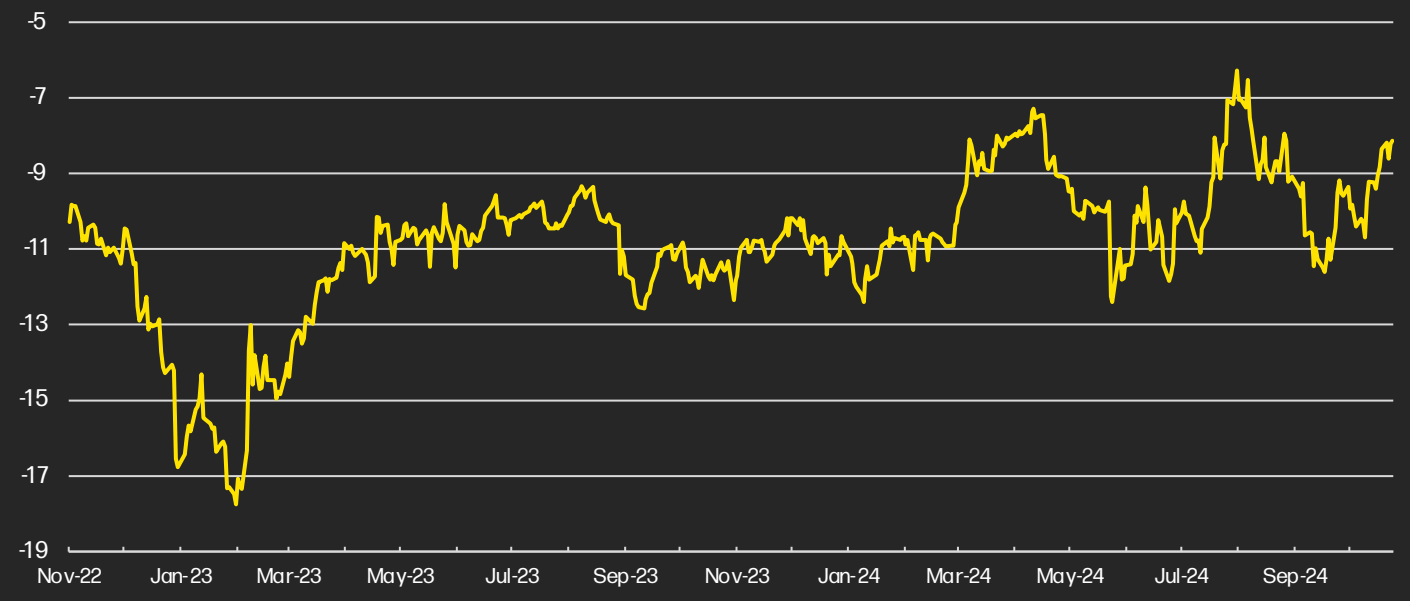
Pair	Start Date	End Date	Return
Long MARA / Short RIOT	11/1/2023	2/29/2024	152%
Long WULF / Short IREN	6/17/2024	8/31/2024	45%
Long CORZ / Short CLSK	5/1/2024	8/31/2024	276%

Source: Bloomberg.
For illustrative purposes only. This hypothetical trade should not be considered a recommendation from Galaxy Asset Management.

Relative Value Long/Short Equity Pairs

Trade Idea	Long VST / Short CEG
Rationale	As some Bitcoin mining companies are repurposing to energize AI operations, we are also monitoring energy providers which are crucial in supplying the massive amounts of electricity required by data centers. Historically, VST has been undervalued relative to CEG on a forward P/E basis, likely from concerns about its reliance on fossil fuels, exposure to energy market volatility, and slower transition to renewable energy. CEG—with its focus on nuclear and renewable energy—typically commands a higher valuation multiple. However, VST's increased investment in renewable energy presented an opportunity for future growth and the market sentiment has started to improve narrowing the forward P/E spread.

VST-CEG Forward P/E Spread



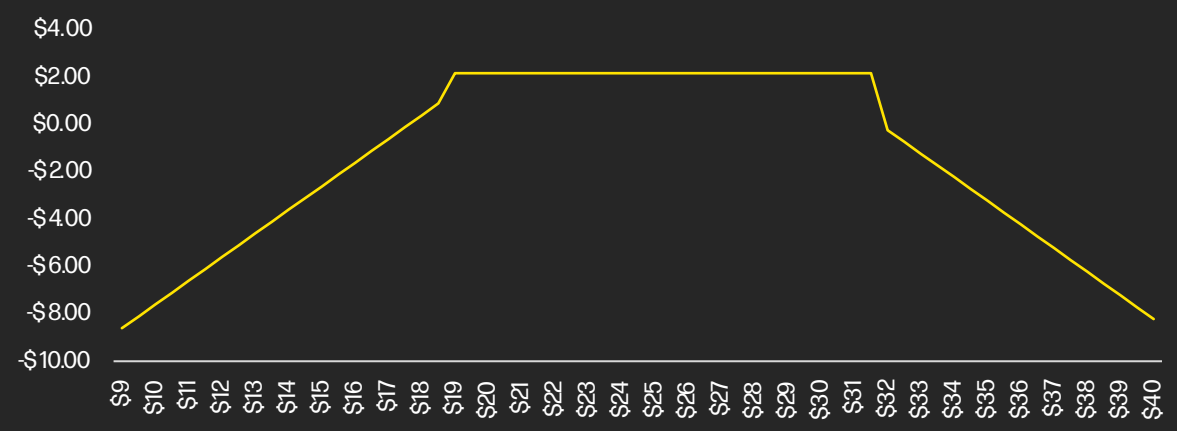
Pair	Start Date	End Date	Return
Long VST - Short CEG	1/31/2023	8/6/2024	118%

Source: Bloomberg.
For illustrative purposes only. This hypothetical trade should not be considered a recommendation from Galaxy Asset Management.

Options Strategies

Trade Idea	Short BITO Strangles and Short BITO Puts
Rationale	▪ A straddle or strangle is an options trading strategy that involves holding a position in both a call and a put option with the same (straddle) or different (strangle) strike prices in the same underlying asset. This approach allows traders to profit from either significant price volatility (long) or price stability (short), without having to accurately predict the direction of future price movements. ▪ Long Straddles/Strangles: Buying both a call and a put option to capitalize on significant price changes, regardless of direction. For example, ahead of COIN's earnings announcement, buying a straddle to profit from the anticipated volatility. ▪ Short Straddles/Strangles: Selling both a call and a put option to profit from time decay in option premiums, assuming the underlying asset's price remains relatively stable. For instance, if a trader believes that the price of BTC will remain rangebound between $50k and $70k. ▪ Short Put: Shorting a put option is a strategy where you commit to buying an underlying asset at a specified strike price, collecting premium income in exchange for assuming this potential obligation, effectively generating returns from optionality while expressing a willingness to own the asset at a predetermined price.

Short BITO Strangle Payoff



Trade	Date	Option	Premium Collected	Annualized Return	Exercised?
Short Strangle	5/28/2024	BITO 9/20/24 C30 / BITO 9/20/24 P18	$2.18	32%	N
Short Put	5/30/2024	BITO 6/28/24 P22	$0.21	13%	N
Short Put	6/28/2024	BITO 7/19/24 P19	$0.13	13%	N
Short Put	7/30/2024	BITO 9/20/24 P18	$0.47	20%	N

Source: Bloomberg.
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BTC Beta Strategies

Trade Idea	Long Beta, Short Beta, Beta Neutral: Pair Trade Examples based on BTCO / MSTR with a 1.6 Beta to BTC
Rationale	Take long or short BTC beta depending on what we see as the opportunity set. It also may be very close to beta neutral with alpha being driven by idiosyncratic opportunities.

Strategy	Trades	Net $	Net Beta	10% BTC Up	10% BTC Down	20% BTC Up	20% BTC Down
Long	Buy $1 MSTR / Short $1 BTCO	$0.0	0.6	5.9%	- 5.9%	11.8%	-11.8%
Short	Short $1 MSTR / Buy $1 BTCO	$0.0	- 0.6	- 5.9%	5.9%	- 11.8%	11.8%
Neutral	Buy $1.6 BTCO / Short $1 MSTR	$0.6	0.0	0.0%	0.0%	0.0%	0.0%

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Fixed Income

Trade Idea	Long COIN 3.375% 2028 Bond / (potentially) Short COIN (for default risk) or Short US Treasuries (for interest rate risk).
Rationale	Coinbase lost $2.6B in 2022 causing the bonds to have a yield to maturity of over 16% versus the US 10Y yield (3.9% at the time) and other bonds with the same credit rating (~6% at the time). Coinbase was likely to avoid default with over $4B in cash and $400M in digital assets at the time. Coinbase ended up generating $928M in cash from operations in the first 3 quarters of 2023, assuaging broad liquidity concerns.

COIN 3.375% 2028 Bond Price

COIN 3.375% 2028 Bond Yield to Maturity

Source: Bloomberg.
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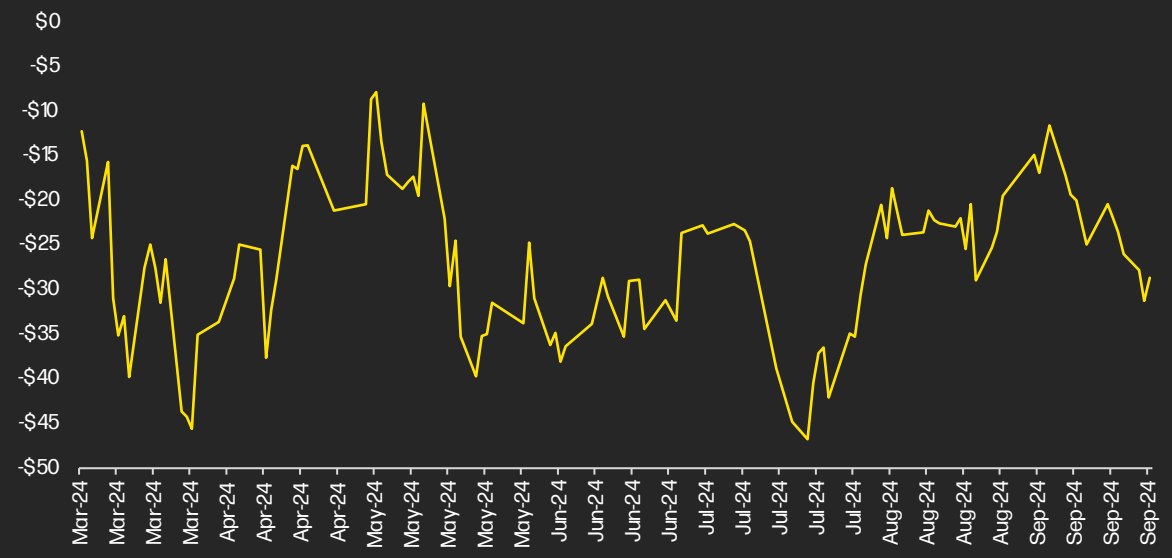
Convertible Notes

Trade Idea	Long MSTR 0.625% 2030 Convertible / Short MSTR
Rationale	Convertible arbitrage is an investment strategy that involves buying a convertible security and shorting the underlying equity to profit from mispricing, with the goal of generating consistent returns with minimal volatility, regardless of market direction. The strategy can be designed to be market-neutral, meaning that the potential downside price move in the convertible bond is neutralized by the short stock position, to capture the convertible bond yield, while minimizing exposure to market volatility. To maximize returns, the strategy can adjust the short equity position opportunistically, rather than systematically maintaining a delta-hedged position, by adding to or decreasing the short position based on market conditions and relative pricings. If the stock price rises, the convertible bond can be converted into equity, which can be sold at market value, resulting in a profit from the long position, and if the stock price falls, the short position will profit, mitigating losses from the convertible bond, ultimately capturing the convertible bond yield and potentially generating capital appreciation.

Long MSTR Convertible – Short MSTR



Trade	Start Date	End Date	Return
Long MSTR Convertible / Short MSTR	3/28/2024	5/1/2024	10%
Long MSTR Convertible / Short MSTR	5/24/2024	7/5/2024	11%
Long MSTR Convertible / Short MSTR	7/16/2024	9/20/2024	6%

Source: Bloomberg.
For illustrative purposes only. This hypothetical trade should not be considered a recommendation from Galaxy Asset Management.

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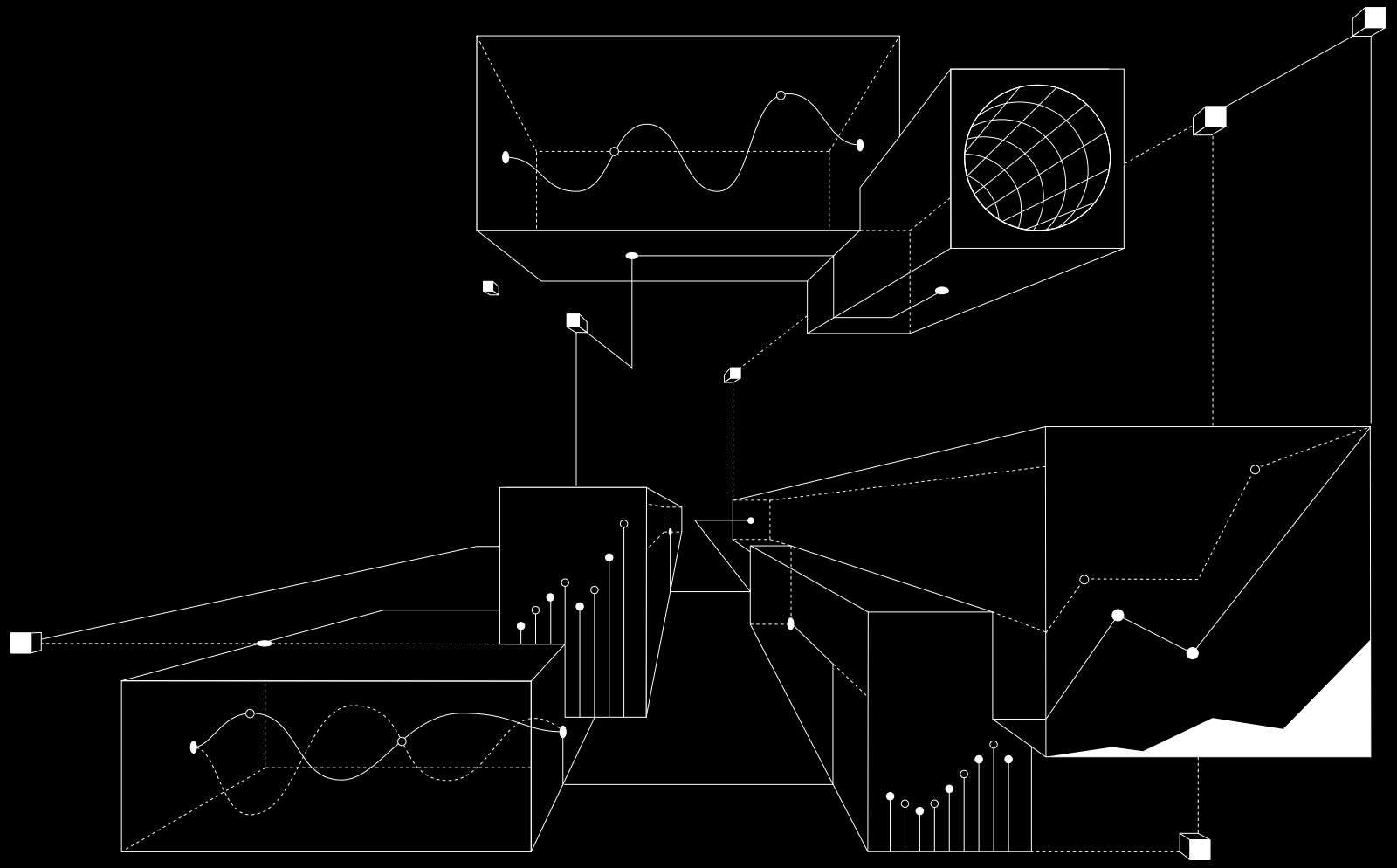

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Galaxy Funds Risk Factors

Please note that the following are not all the risk factors associated with Digital Assets or the Funds (each, a "Fund"). Refer to the Offering Memorandum of the applicable Fund for more risk factors. The Fund has not incepted hence terms and strategy are subject to change.

Investment Risks Generally. An investment in the Fund, involves a high degree of risk, including the risk that the entire amount invested may be lost. The Fund will invest in Digital Assets (such as Bitcoin, Ethereum, other cryptocurrencies or blockchain based assets, including those that represent the Decentralized Finance (or DeFi) portion or sector of the digital assets market) using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the global Digital Assets markets and the risk of loss from counterparty defaults. The Fund's investment program may use investment techniques that involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Fund may be subject. All investments made by the Fund will risk the loss of capital. No guarantee or representation is made that the Fund's investment program will be successful, that the Fund will achieve its investment objective or that there will be any return of capital invested to investors in the Fund, and investment results may vary.

Different from Directly Owning Bitcoin, Ethereum or Other Digital Assets. The performance of the Fund will not reflect the specific return an investor would realize if the investor actually purchased a Digital Asset. Investors in the Fund will not have any rights that Digital Asset holders have.

No Guarantee of Return or Performance. The obligations or performance of the Fund or the returns on investments in the Fund are not guaranteed in any way. Any losses of the Fund will be borne solely by investors in the Fund. Ownership interests in the Fund are not insured by the Federal Deposit Insurance Corporation, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity.

Regulation. Digital Assets, including Bitcoin, Ethereum and DeFi tokens, are loosely regulated. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the value of a Fund's investment. If any Digital Asset is determined to be a "security" under U.S. federal or state securities laws or a Digital Asset exchange is determined to be operating illegally, it may have material adverse consequences for Digital Assets due to negative publicity or a decline in the general acceptance of Digital Assets. As such, any determination Digital Asset exchanges are operating illegally or that any Digital Asset is a security under U.S. federal or state securities laws may adversely affect the value of a particular Digital Asset or Digital Assets generally and, as a result, the value of a Fund's investment.

Exchanges. Exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Fund. Digital Asset exchanges have been closed due to fraud, failure or security breaches. Any of the Fund's funds that reside on an exchange that shuts down or suffers a breach may be lost.

Value. Several factors may affect the price of Digital Assets, including Bitcoin, Ethereum and DeFi tokens, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of a Digital Asset or the use of a Digital Asset as a form of payment. There is no assurance that a Digital Asset will maintain its long-term value in terms of purchasing power in the future, or that acceptance of bitcoin payments by mainstream retail merchants and commercial businesses will continue to grow.

Protocol. Many Digital Asset networks, including Bitcoin, Ethereum and DeFi tokens, operate on open-source protocols maintained by groups of core developers. The open-source structure of these network protocols means that certain core developers and other contributors may not be compensated, either directly or indirectly, for their contributions in maintaining and developing the network protocol. Lack of incentives to, or a failure to properly, monitor and upgrade network protocol could damage a Digital Asset network. It is possible that a Digital Asset protocol has undiscovered flaws that could result in the loss of some or all assets held by the Fund. There may also be network-scale attacks against a Digital Asset protocol, which could result in the loss of some or all of assets held by the Fund. Advancements in quantum computing could break a Digital Asset's cryptographic rules. The Fund makes no guarantees about the reliability of the cryptography used to create, issue, or transmit Digital Assets held by the Fund.

Volatility & Supply. Values of Digital Assets have historically been highly volatile, experiencing periods of rapid price increase as well as decline. For instance, there were steep increases in the value of certain Digital Assets, including Bitcoin, over the course of 2017, and multiple market observers asserted that digital assets were experiencing a "bubble." These increases were followed by steep drawdowns. During the period from December 17, 2017 to February 5, 2018, Bitcoin experienced a decline of roughly 60%. During the period from February 13, 2020, until March 16, 2020, the value of Bitcoin fell by over 50%. Bitcoin had a strong start to 2021, hitting an all-time high of over $68K in November, but it closed end of 2021 down nearly 30% from its record. At the end of the first half of 2022, bitcoin is down nearly 60% from January 1, 2022. Supply of Digital Assets is determined by computer code, not by a central bank. For example, uncertainty related to the effects of Bitcoin's recent and future "halving" could contribute to volatility in the Bitcoin markets. The value of the Bitcoin or other Digital Assets held by a Fund could decline rapidly in future periods, including to zero.

DeFi Risks. Decentralized Finance (DeFi) Risks. Decentralized Finance (or DeFi) refers to a variety of blockchain-based applications or protocols that provide for peer-to-peer financial services using smart contracts and other technology rather than such services being offered by central intermediaries. Common DeFi applications include borrowing/lending Digital Assets and providing liquidity or market making in Digital Assets. Because DeFi applications rely on smart contracts, any errors, bugs, or vulnerabilities in smart contracts used in connection with DeFi activities may adversely affect such activities. DeFi lending is subject to counterparty risk and credit risk, but because lending is automated through the DeFi protocol, rather than individual decisions made by a portfolio manager on behalf of a Fund, such risks may be exacerbated, particularly if there are flaws in DeFi protocol's code or operation. DeFi applications may involve regulated financial products or regulated activities, however because of their decentralized nature, there is generally no entity subject to regulatory supervision. Accordingly, DeFi applications may be subject to more risks than engaging in similar activities through regulated financial intermediaries. In addition, in certain decentralized protocols, it may be difficult or impossible to verify the identity of a transaction counterparty necessary to comply with any applicable anti-money laundering, countering the financing of terrorism, or sanctions regulations or controls. All of these risks could cause the value of DeFi tokens held by a Fund to decline, including to zero.

Fund of Funds Risks. The Fund's approach to investment in Other Private Funds subjects the Fund to risks and expenses of the Other Private Funds. Such risk encompasses the possibility of loss due to the Other Private Funds' fraud, intentional or inadvertent deviations from a predefined investment strategy (including excessive concentration, directional investing outside of predefined ranges, excessive leverage, or new capital markets), or simply poor judgment. The returns of the Other Private Funds are impacted by the ability of the Other Private Funds and their general partners or investment managers, in their capacity as the investment manager to the Other Private Funds, to successfully apply their investment techniques to generate profits for the Other Private Funds. The volatility of the Other Private Funds will depend on the nature of their exposure to investments and on each general partner or investment manager, in their capacity as the investment manager to the Other Private Funds, ability to reduce risk by trading and hedging techniques. There can be no assurance that the Other Private Funds will achieve their objectives or avoid substantial losses. During the lifetime of the Fund, there could be material changes in the Other Private Funds. The effect of such changes of the Other Private Funds cannot be predicted but could be material and adverse. Under certain circumstances, the Fund may not be able to exit an underlying investment in the Other Private Fund or alter its portfolio allocation in response to any such changes, which may result in substantial losses from investing in the Other Private Funds. All of these risks could cause the value of the Other Private Funds held by the Fund to decline, including to zero. The fund of funds structure also exposes investors to multiple layers of expenses and fees. Fund investors will incur management, performance, advisory, sponsorship or other fees and expenses due to the Fund's investing in or allocating assets to Other Private Funds. Further, the Other Private Funds investments will subject the Fund to normal operating fees and expenses, including exchange commissions or other fees and costs associated with their investments. Performance fees will be calculated separately for each Other Private Fund, so the Fund could bear substantial performance fees in respect of Other Private Funds whose trading is profitable even when the Fund as a whole has a loss. The fees and expenses of the Other Private Funds are in addition to those incurred by investors through an investment in the Fund itself. Such layers of fees could be substantial and have a material adverse effect on performance of an investment in the Fund.

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