galaxy

Galaxy Ventures Fund I, LP

Capital for a new economic paradigm.

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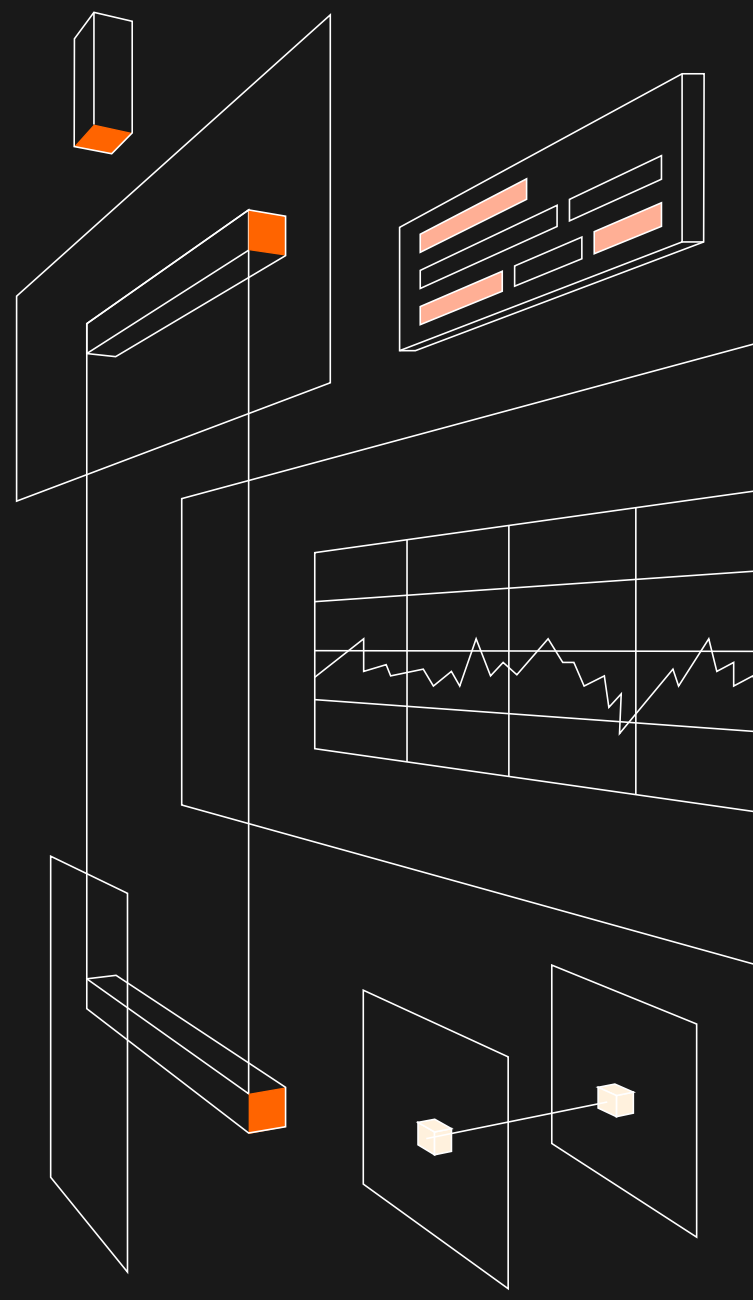

Q2 2025

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Executive Summary

Galaxy Ventures Fund I, LP ("GVF I") is the first external crypto venture fund launched under Galaxy Asset Management, dedicated to investing in top early-stage crypto companies and networks. **GVF I has closed on $160M**, securing commitments from premier institutional allocators, family offices, and HNWI.[1]

Blockchains are seeing product-market fit and are poised to disrupt global financial markets

- Blockchain tech is experiencing strong secular growth across multiple use cases (e.g., stablecoins, payments)
- Finally a strong regulatory & political backdrop for crypto to flourish domestically and abroad
- Disconnect between private & public market capital formation, following successful BTC/ETH ETF launches

Unparalleled platform-centric approach to investing is differentiated in the market

- 500+ person organization offers unmatched connectivity and unique edge in sourcing, winning, and supporting portfolio companies[2]
- Top-tier business lines across Trading, Lending, Asset Management, Blockchain Infrastructure, etc. allow Galaxy Ventures to win at discounts to competitors and drive enterprise value creation for the portfolio

Prior to GVF I, 6-year investment program has deployed balance sheet capital into 100+ category-defining portfolio companies

- Deployed $225M+ of balance sheet capital and realized $850M+ for public shareholders[2]
- Generated Net DPIs of 5.0x and 4.6x for '18-'19 and '20-'21 Vintages, respectively[2]

GVF I offers unique and compelling fund economics and return potential for capital partners

- Access to premier investments at a target $150M fund size vs. $500M-1B+ fund sizes from competing Tier I VC firms

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Past performance is not indicative of future results. The Information is being provided for informational purposes only. All follow-on investments included in investments' original vintage year. "DPI" refers to distribution to paid-in capital. Net figures include a synthetic 2% management fee and 20% performance fee structure. For more information regarding the calculation of historical returns, please refer to the "Disclaimers" on Slide 39.

1) Currently in market. Closed on $160M across three closes. Anticipate holding a Final Close in Q2 2025.
2) Figures as of December 31, 2024.

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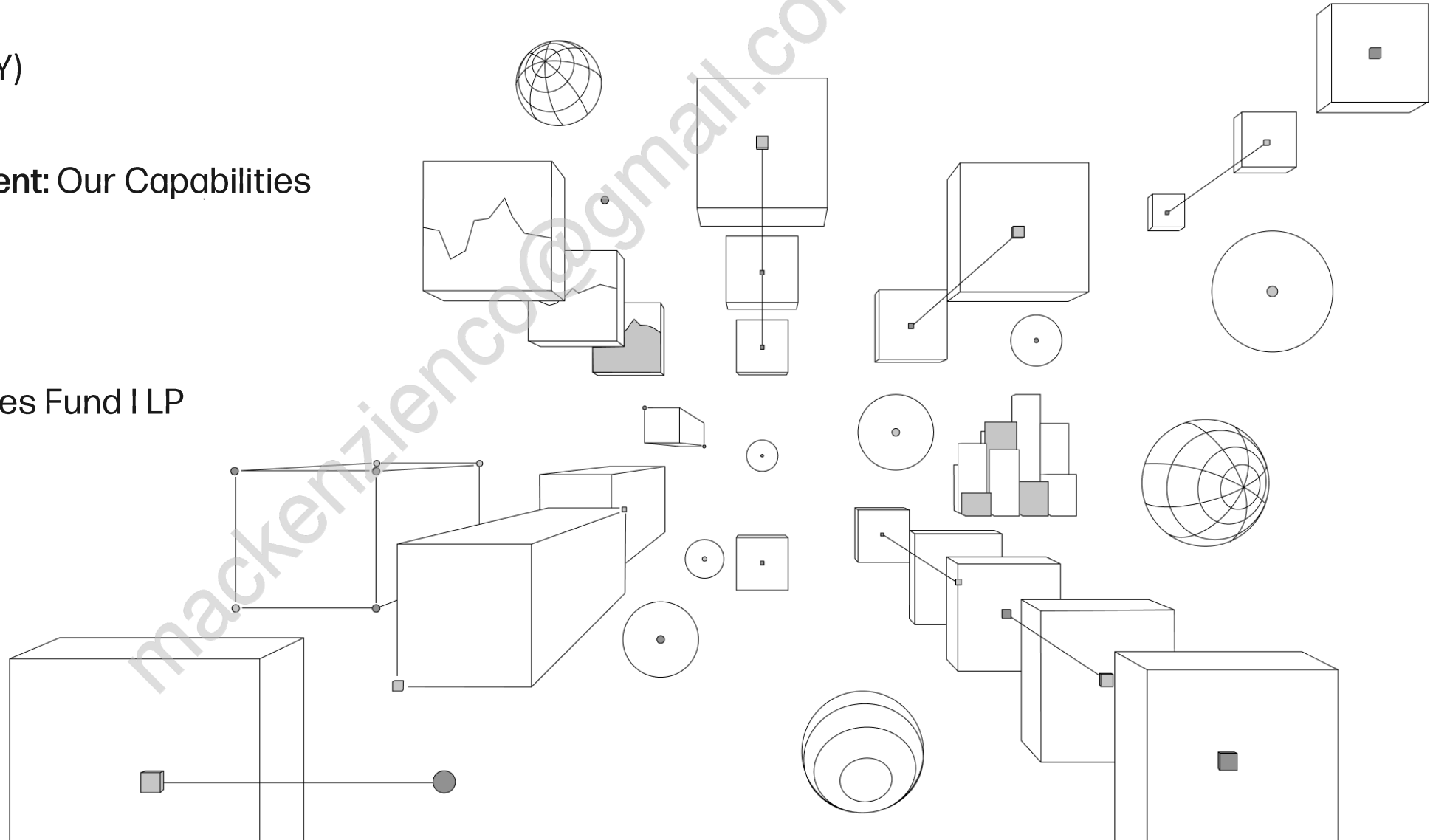

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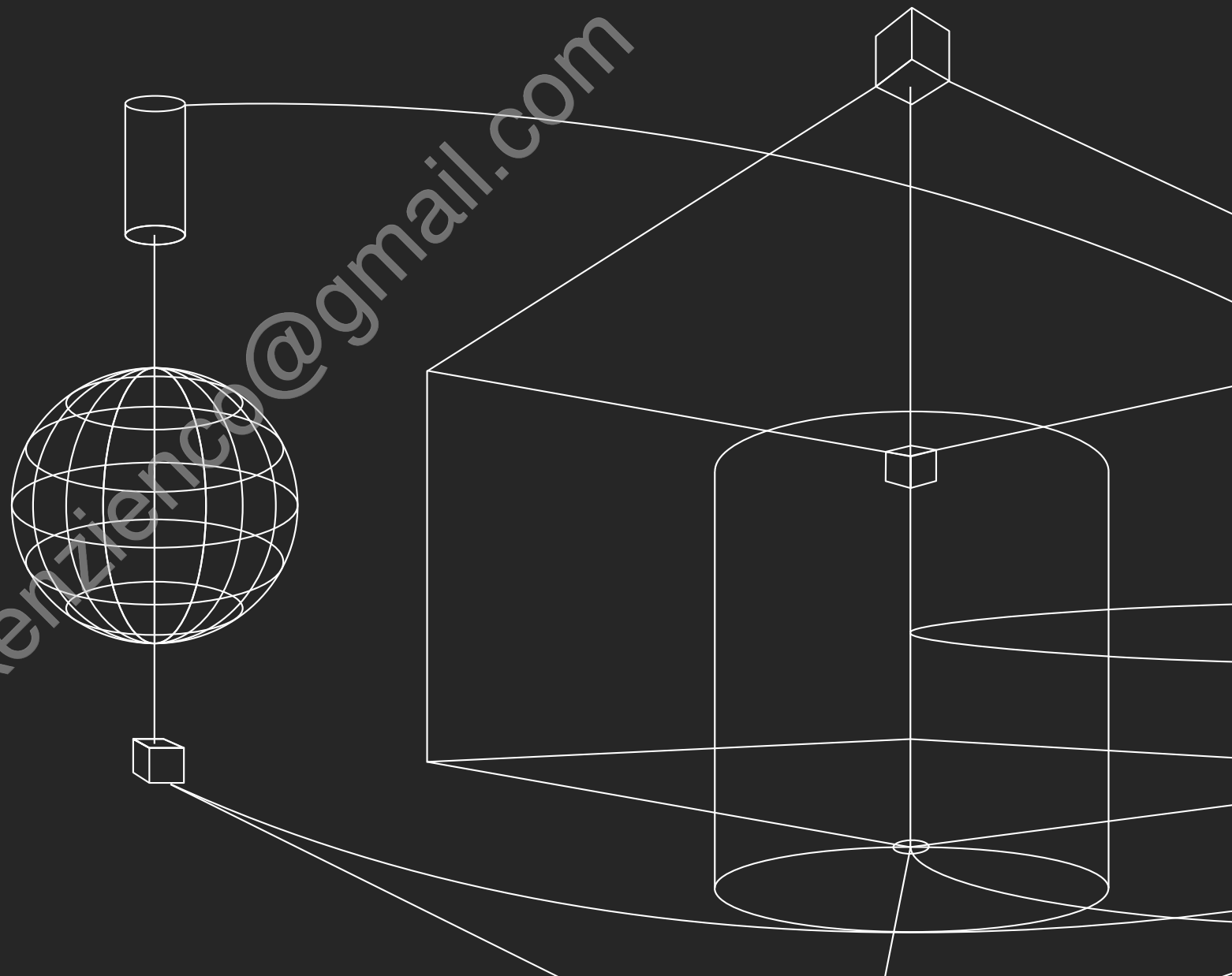
001

About Galaxy

TSX: GLXY



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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 alternatives, ETFs, and crypto services.

Digital Infrastructure Solutions

AI and high-performance computing infrastructure, bitcoin mining, proof-of-stake 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]
- **$10B**
  Assets on Platform[3]

Note: All figures as of March 31, 2025, 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. (3) Represents Galaxy Asset Management AUM and the total notional value of assets bonded to Galaxy validators, based on prices as of December 31, 2024. AUM is preliminary and unaudited. AUM is inclusive of sub-advised funds, committed capital closed-end vehicles, seed investments by affiliates, affiliated and unaffiliated separately managed accounts, and fund of fund products. Changes in AUM are generally the result of performance, contributions, withdrawals, and acquisitions. Preliminary AUM associated with GVH Multi-Strategy FOF LP is based on management's most recent estimate. AUM for committed capital closed-end vehicles that have completed their investment period is reported as NAV plus unfunded commitment. AUM for quarterly close vehicles is reported as of the most recent quarter available for the applicable period. AUM for affiliated separately managed accounts is reported as NAV as of the most recently available estimate for the applicable period.

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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

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Note: All figures as of December 31, 2024. 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 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

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002

Galaxy Asset Management

Our Capabilities

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

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

$10B
Asset Under Management[4]

3
Continents with Galaxy Asset Management Investment Solutions[5]

Note: Data as of December 31, 2024, unless otherwise noted. All third-party company product and service names in this presentation are for identification purposes only. The product names, logos, and brands are the property of their respective owners. Use of these names, logos, and brands does not imply endorsement.
[1] The Fund incepted on January 27, 2025. Early investor terms are offered for additional subscriptions until June 30, 2025, at an amount equivalent to or less than the initial investment, or until the Fund exceeds $50M in external capital. [2] Please note that the Fund name changed from "Liquid Alpha" to "Liquid Crypto Strategy" as of January 31, 2024.
[3] Currently in market. Closed on $160M across three closes. Anticipate holding a Final Close in Q2 2025.
[4] AUM as of March 31, 2025. [5] Inclusive of global partner ETFs/ETPs offered in North America, South America, and Europe.

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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.

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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.

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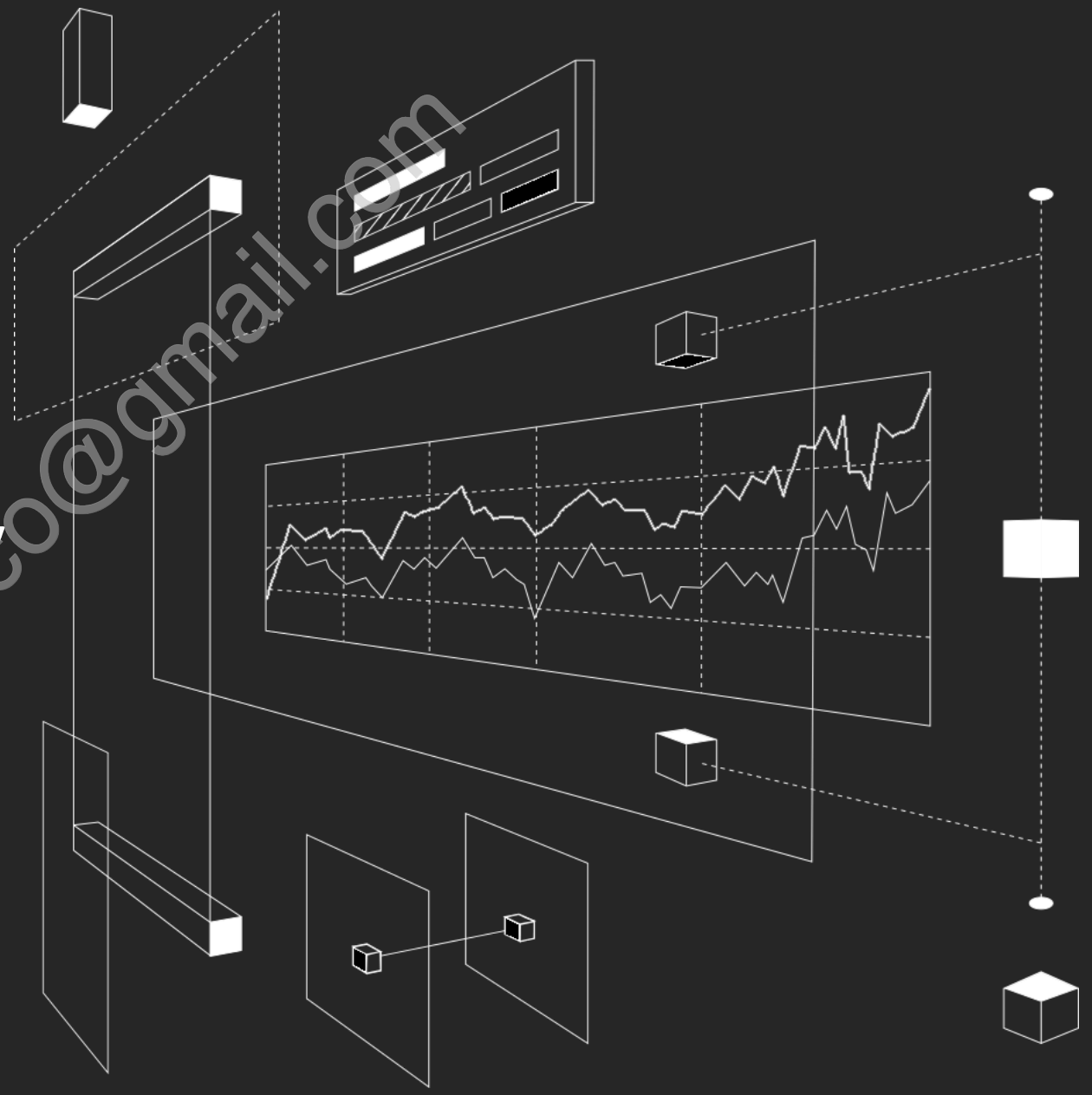
003

Macro Opportunity



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The “Moore’s Law” of Crypto

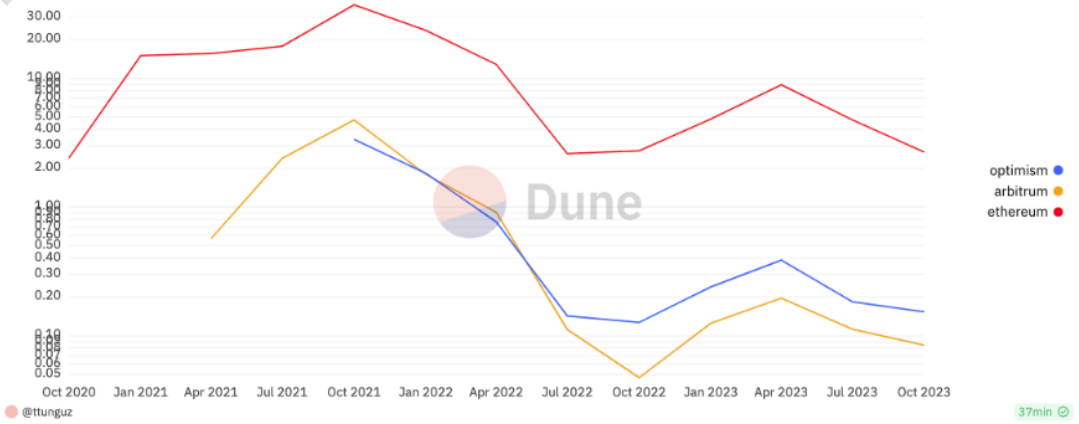
Blockchains are in the business of producing and selling blockspace, a globally-agreed upon, specialty commodity compute resource which mitigates the problem of value duplication on the Internet.

- **Blockchains have reached Product-Market fit.** Consumers are paying $3-10B per year to transfer, manage, and program digitally-native value on-chain (e.g., money, assets, etc).
- **Blockchains are on a "Moore's Law"-like cost/performance curve,** where the cost to store data on blockchains has fallen ~4 orders of magnitude in the last 3 years.
- **Underappreciated cost-reduction phenomenon:** classical database and compute platforms (e.g., AWS) have benefited from ~40 years of efficiency gains, with cost reductions leading to a $500B+ market. Blockchains are experiencing a similar, but underappreciated tailwind[1].
- **Efficiency gains will result in novel applications.** At the current pace of innovation, it’s not unreasonable to expect blockchains to be cost-competitive to classical databases. Precipitous drops in hurdle rates will permit novel use cases to surface.

Annual Transaction Fees by Chain[2]

(000s) Network	2020	2021	2022	2023
Ethereum	592,547	9,909,054	4,311,096	2,403,704
Binance	1,502	907,637	416,171	199,491
Polygon	0.02	10,420	20,949	20,070
Avalanche	1.37	40,592	94,906	65,201
Arbitrum	-	14,738	21,874	63,119
Optimism	-	6,088	18,479	36,405
Total Fees	$594,050	$10,888,529	$4,883,475	$2,787,990

Gas Fees by Chain[3]



1) Source: Gartner Research. Figure as of the end of 2023.
2) Source: Galaxy Proprietary Research.
3) Source: Dune Analytics, Tomasz Tunguz (Theory).

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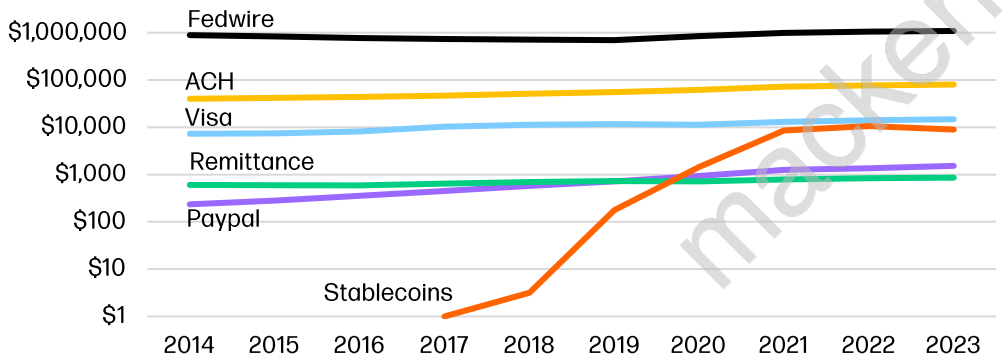
Blockchains are colliding with traditional finance.

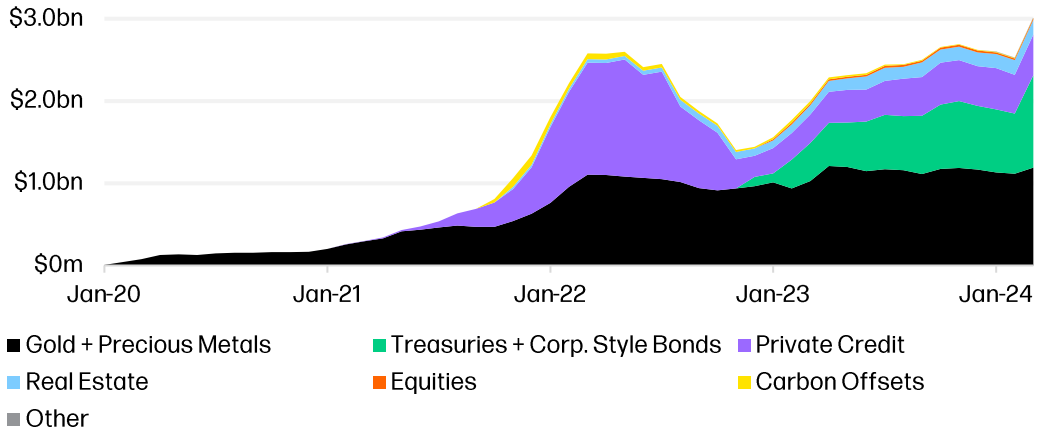
As blockchains come down the cost curve, new applications can be built that unlock novel use cases. When these technical breakthroughs are paired with an understanding of capital markets and finance, a few key secular trends emerge: stablecoins, payments, tokenization, and the proliferation of on-chain finance.

- **Non-speculative use cases of crypto are exploding:**
  - ~$5.6T of organic volume settled on-chain via stablecoins in 2024 (+52% YoY), which accounts for ~50% of all on-chain volumes.[1]
  - Stablecoins account for 10% of crypto's total market cap and are experiencing secular growth that is sticky and not tied to cryptoasset price volatility.
  - Use cases across payments, tokenization, and on-chain finance are seeing meaningful traction.
- **TradFi/Fintech incumbents are leaning in:**
  - Stripe completed its acquisition of stablecoin orchestration platform Bridge in record $1.1B crypto deal.
  - Robinhood completed its acquisition of Bitstamp in $200M deal to expand crypto trading services.
  - BlackRock launched first tokenized fund (BUIDL) and PayPal launched dollar-backed stablecoin (PYUSD).
  - DTCC closed deal to buy Securrency to accelerate its tokenization push.

Annual Volumes Across Payment Systems (in $B)[1]



Real World Asset (RWA) Market Cap (excl. Stablecoins)[2]



1) Source: Stablecoins: The Emerging Market Story. CoinMarketCap. Artemis. Visa.
2) Source: Federal Reserve, NACHA, Company Filings, CoinMetrics, TokenTerminal.
3) Source: Galaxy Research, DeFiLlama, Dune, CoinGecko, RWA.xyz.

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Reimagining Financial Services: Galaxy's Stablecoin Thesis

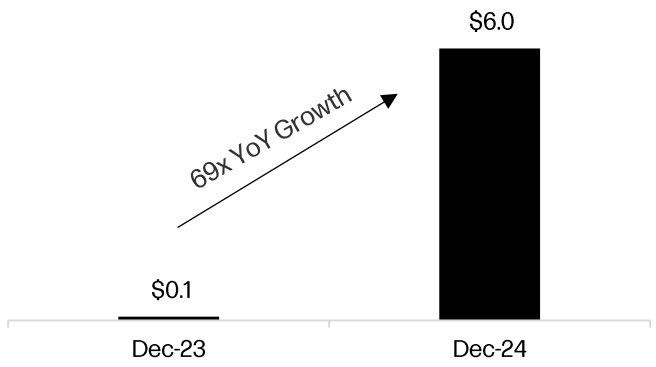
The global adoption of stablecoins is as big a megatrend as any in all financial services. These assets and the underlying blockchain technology will transform financial services globally. Blockchains—unified global financial ledgers—offer near-instant settlement and improved capital efficiency. **Galaxy has been at the forefront of this trend, investing in market leading companies across many high-value use cases including:**

Stablecoins for Saving

- **Thesis:** There is massive demand globally for the USD and dollar-denominated yield. Stablecoins export the USD around the world.
- **Market Size:** With ~$220B of outstanding supply, stablecoins now represent 1%+ of M2 Money Supply in the US.[1]

Tokenized Yield Company

Total Value Locked ($B)

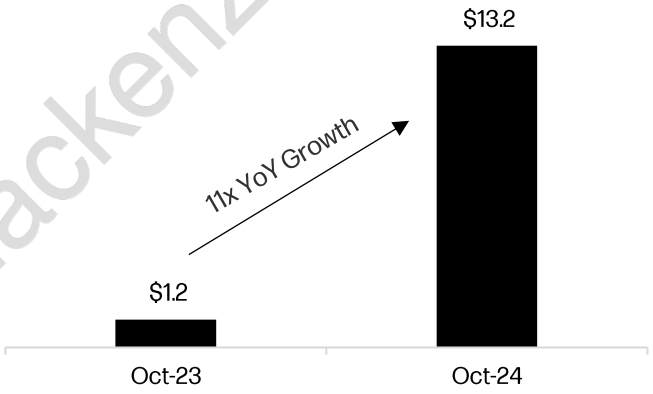


Stablecoins for Sending

- **Thesis:** Existing payment methods require multiple intermediaries, high costs, and slow settlement times. Stablecoins are 10x better products for cross-border money movement.
- **Market Size:** Cross-border payments flows reached $190T, generating $240B+ of revenue.[2]

B2B Payments Orchestration Company

Annualized Payment Volume ($B)

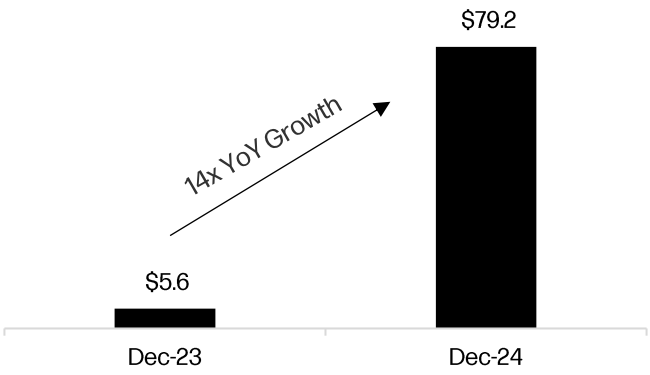


Stablecoins for Spending

- **Thesis:** Merchant acceptance and stablecoin-enabled card settlement are becoming critical as consumers & businesses want to "spend stables like fiat".
- **Market Size:** Visa & Mastercard processed $15T & $9T in volumes, generating $35B & $28B in revenue, respectively.[3]

Crypto-Enabled Payments Company

Annualized Revenue ($M)



1) Source: RWA.xyz, FRED, as of December 31, 2024.
2) Source: FTX Intelligence, McKinsey, as of December 31, 2023.
3) Source: Company filings, as of Q4 2024.

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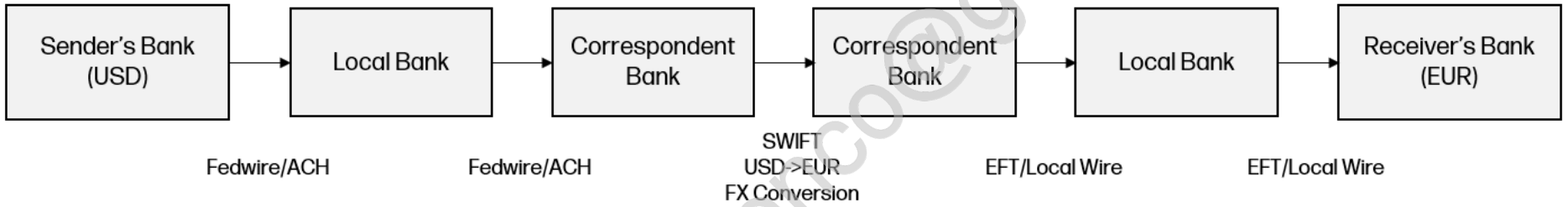
Case Study: Cross-Border Payments – Status Quo

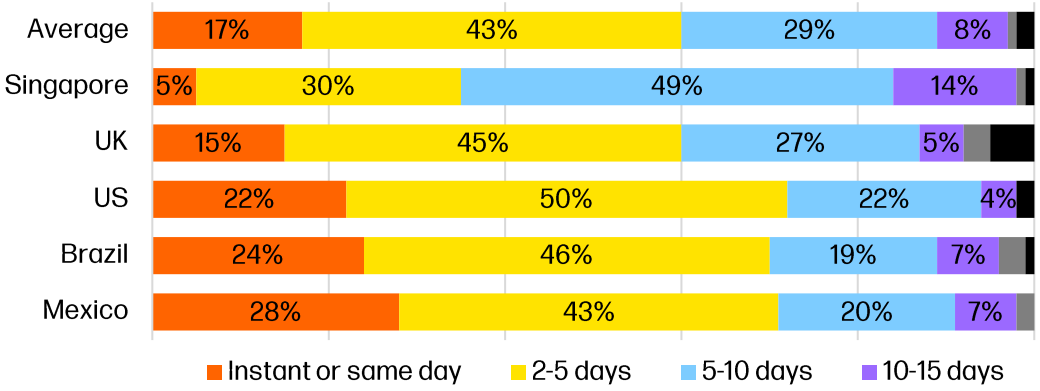
- **Multiple Intermediaries:** Transactions require local and correspondent banks, clearing houses, FX brokers, and payment networks, each adding layers of complexity, delays, and cost.
- **High Costs:** Cross-border payments often incur high transaction fees and exchange rate markups, costing 150-250bps on average depending on the use case.
- **Manual, Batch Processing:** Legacy payment systems lack automation and interoperability, resulting in delays and manual intervention. Bank hours and time zone differences prevent real-time processing of payments.
- **Slow Settlement:** 80%+ of businesses globally report delays on average ranging from 2-15 days in sending or receiving cross-border payments.



Average Cost of Non-Wholesale Cross-Border Transactions[1]

B2B Payments	1.5%
B2P Payments	1.7%
P2B Payments	2.0%
P2P Payments	2.5%
% of Corridors with costs > 3%	23.7%

Time to Send/Receive Cross-Border Transactions[2]



1) Source: FTX Intelligence (March 2023).
2) Source: Rapyd. Overcoming International Payments Challenges: Insights from the State of B2B Cross-Border Payments Report (March 2024).

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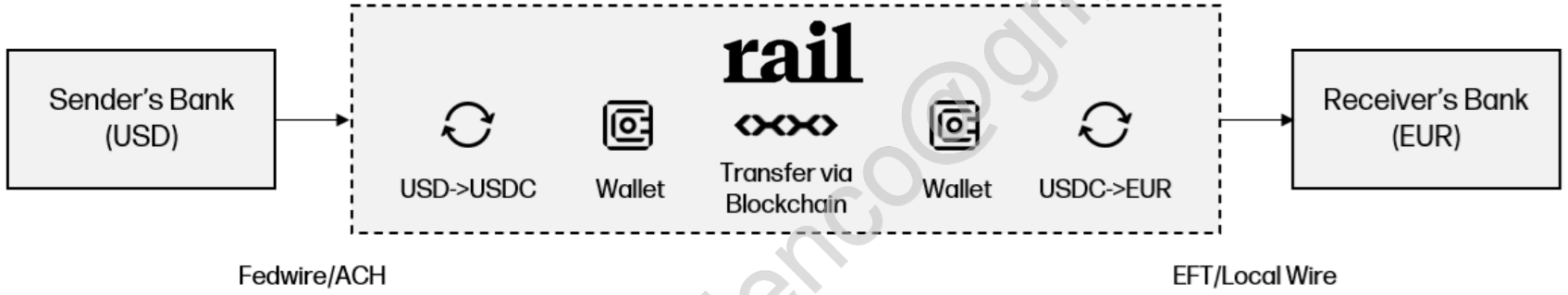
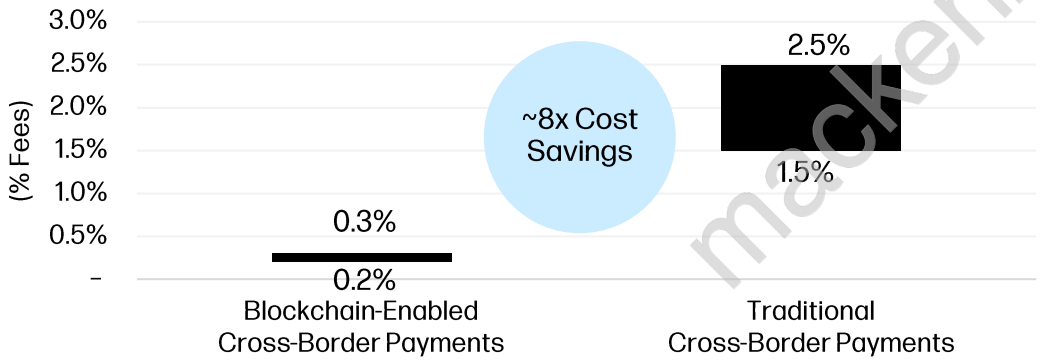
Case Study: Cross-Border Payments – Blockchain-Enabled

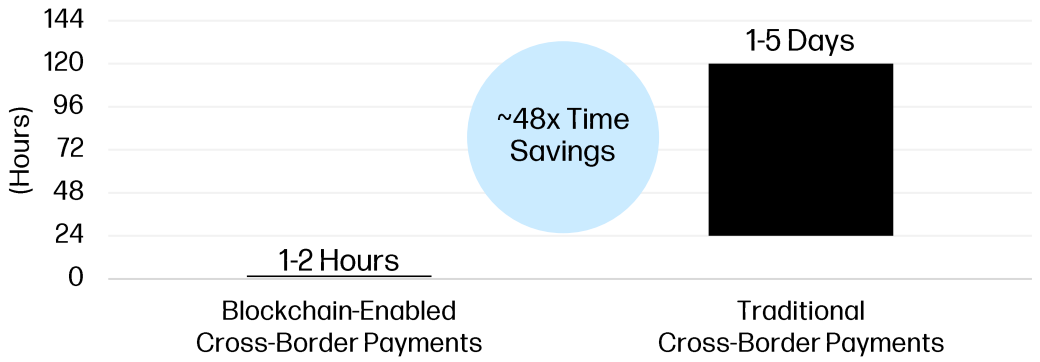
By utilizing stablecoins and blockchain infrastructure, payments can be simplified in terms of the number of intermediaries involved. As a result, there is real-time visibility into fund movements, much faster settlement times, and significantly lower costs compared to traditional payment methods.



Illustrative Cost Comparison[1]



Illustrative Time Comparison[2]



For illustrative purposes only.
1) Source: FTX Intelligence (March 2023).
2) Source: Rapyd. Overcoming International Payments Challenges: Insights from the State of B2B Cross-Border Payments Report (March 2024).

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Why Now: Crypto & TradFi are Converging

Decentralization is re-shaping the global economy, and we believe we're at an inflection point where the $31T financial services industry is now prime for multi-pronged disruption. With shared crypto-native and TradFi DNA, we believe we are uniquely positioned to cultivate and extract ample rewards from this next chapter of the blockchain adoption story.

2022

APOLLO
Apollo Teams With Figure to Launch Blockchain-Based Fund
PYMTS, Nov '22

KKR
KKR Makes Piece of PE Fund Available on Public Blockchain
WSJ, Sep '22

BlackRock
Coinbase forges deal to give BlackRock clients access to crypto
Financial Times, Aug '22

BNY MELLON
BNY Mellon to offer crypto services in digital asset push
Reuters, Oct '22

2023

venmo
New Venmo feature lets users transfer crypto
Fortune, Apr '23

Robinhood
Robinhood Launches 'Connect' to Link Native Crypto Wallet to DeFi Apps
Decrypt, Apr '23

FRANKLIN TEMPLETON
Franklin Templeton Says Its Money-Market Fund Is Attracting Crypto Assets
Bloomberg, Apr '23

PayPal
PayPal launches dollar-backed stablecoin
Reuters, Aug '23

WisdomTree Invesco
WisdomTree, Invesco Follow BlackRock With Spot Bitcoin ETF Applications
Yahoo Finance, Aug'23

VISA
Visa Taps Solana and USDC Stablecoin to Boost Cross-Border Payments
CoinDesk, Sep'23

2024

BlackRock
BlackRock Launches First Tokenized Fund on Ethereum Blockchain
WSJ, Mar '24

stripe
Stripe to start taking crypto payments, starting with USDC stablecoin
TechCrunch, Apr '24

U.S. Securities and Exchange Commission
SEC Approves Bitcoin ETFs for Everyday Investors
WSJ, Jan'24

U.S. Securities and Exchange Commission
SEC Widens Accessibility of Crypto Investing With Approval of ETFs for Ether
WSJ, May'24

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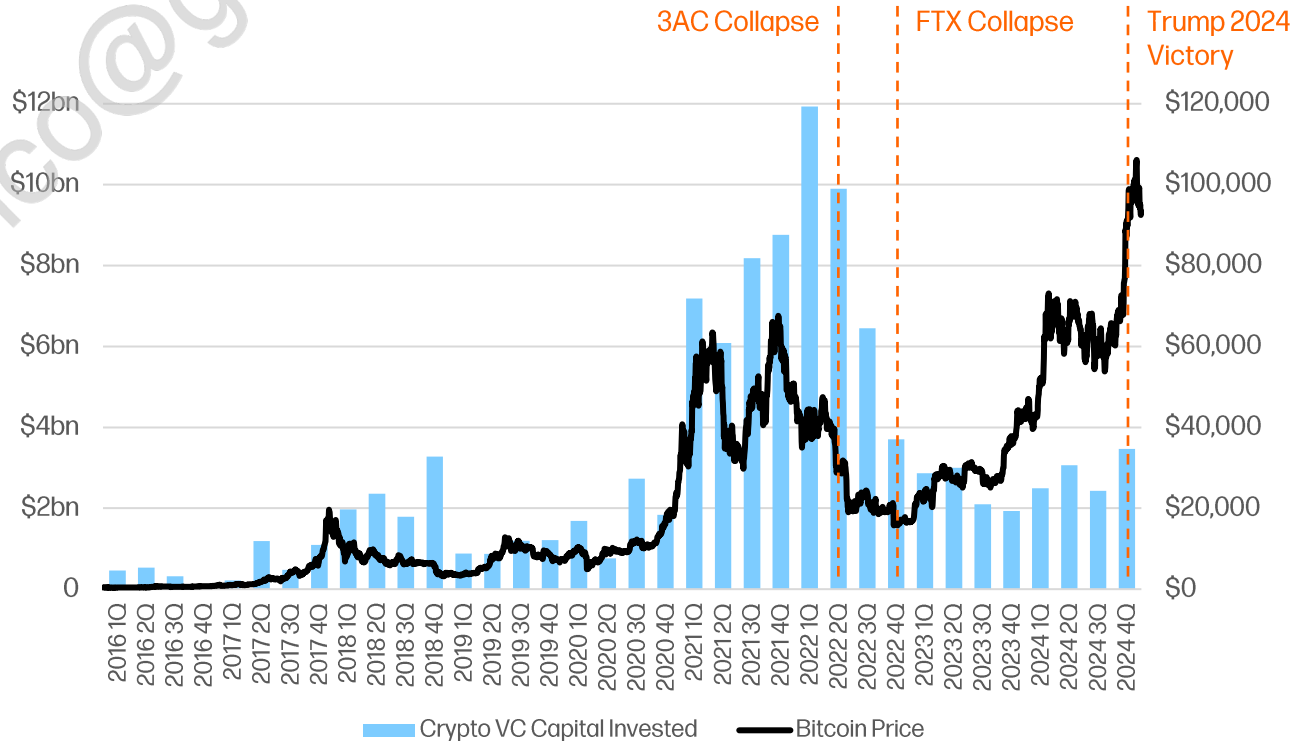
Why Now: Funding Asymmetry in Private Markets

While 2024 saw a continued rally in public markets (88% YoY market cap increase to $3.4T), venture capital and private markets remain muted and well below their 2022 peak[1]. The largest deployers of the last cycle included now-defunct crypto strategics and weary, largely absent traditional, Silicon Valley VCs. Today's dedicated, crypto-native, and high-value add capital partners can capitalize on a withered competitive landscape at the precise moment when new applications and entrepreneurs may take advantage of novel breakthroughs across the blockchain technology stack.

Key Takeaways[1]

- **Bear market in privates:** For the totality of 2024, venture capitalists invested $11.5bn into crypto and blockchain-focused startups, figured which were previously achieved in a single quarter during the prior bull market.
- **Withering competition pool:** Some of the largest deployers in the last cycle were mega-cap crypto funds and crypto corporate VCs, many of whom filed for bankruptcy in 2022 or have avoided the space ever since.
- **Limited exit opportunities:** The absence of an IPO window and the heavy-handed regulatory environment of the Biden administration reduced exit and M&A opportunities for many 2018-2022 private equity investments held by even the most reputable VCs. Only the savviest VCs have been able to generate liquidity or DPI through strategic use of secondaries.
- **Muted appetite from allocators:** New fund formation remained challenging, signaling limited interest from institutional allocators to deploy into crypto VCs. For the totality of 2024, crypto VCs only raised $5.1B, an 85% reduction from the 2022 peak. The firms able to raise and demonstrate the ability to return capital to investors have had and may continue to have an advantage in this deployment cycle.

Crypto VC Capital Invested vs BTC Price[2]



1) Source: Galaxy Research | Data: Pitchbook Inc, Galaxy Research.
2) Source: Galaxy Research | Data: Pitchbook Inc, CoinMetrics, Galaxy Research.

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Trump 2025 Victory: Common Sense Regulation and Promising Legislative Advances

In the 2024 election, the industry made significant efforts to flex its political muscles, investing significantly in several races and largely aligning itself with the Trump campaign. With President Trump winning his second electoral presidential bid and the Republican party securing control of both chambers of Congress, the industry is poised to secure significant regulatory and legislative victories in the coming years.

Early Signs of Hope

- In 2024, crypto emerged as a sizeable and politically influential industry, deploying over $135M through super PACs and winning 48/50 races (BBG).
- Most importantly, the industry courted the support of President Trump, who made significant promises during the campaign.
- Days after the Trump administration entered office and Gary Gensler departed from the SEC, the agency issues SAB 122, rescinding the previous Biden administration SAB 121.
  - SAB 121 effectively made it very difficult for banks to custody client cryptoassets through new, arduous, and targeted accounting rules.
  - While Congress passed a resolution to overrule SAB 121, former President Joe Biden vetoed the effort last quarter.

Who has our Attention

- President Trump wasted no time and issued an Executive Order, outlining a new Presidential Working Group on Digital Asset Markets and appointed venture capital veteran, David Sacks, as the White House Crypto & AI Czar.
  - Sacks wasted no time and held a press conference outlining key priorities across industry promotion in the US, reversing prior hostile enforcements, and advancing legislative proposals for custody, securities law, and stablecoins.
- Mark Uyeda was appointed acting SEC chairman and declared a new Crypto 2.0 Task Force to be led by long-time industry advocate, Hester Pierce.
  - Days later, Hester Pierce outlined several areas of focus for the task force: safe harbor & disclosures, delineation between securities and commodities, broker-dealer definitions, custody & exchanges rules, and more.

Developments to Watch

- **Market Structure and Oversight:** clarity on what constitutes a security, and which regulators should oversee different parts of the market.
  - Last year, only the House of Representatives passed FIT 121 to clarify enforcement domains across the various agencies and compliance clarity for securities law.
- **Custody and Exchange:** clarity for banks looking to custody digital assets and use, operate, and interact with public blockchains and stablecoins.
  - Former Bitfury executive and recent OCC Chairman appointee, Jonathan Gould is a welcome sight for the industry.
- **Stablecoins and Payments:** clear framework for regulating stablecoins, transparent reserve requirements, and their use for payments by financial intermediaries.
  - Senators Scott, Hagerty, Lummis, Gillibrand introduces new, bipartisan legislation.

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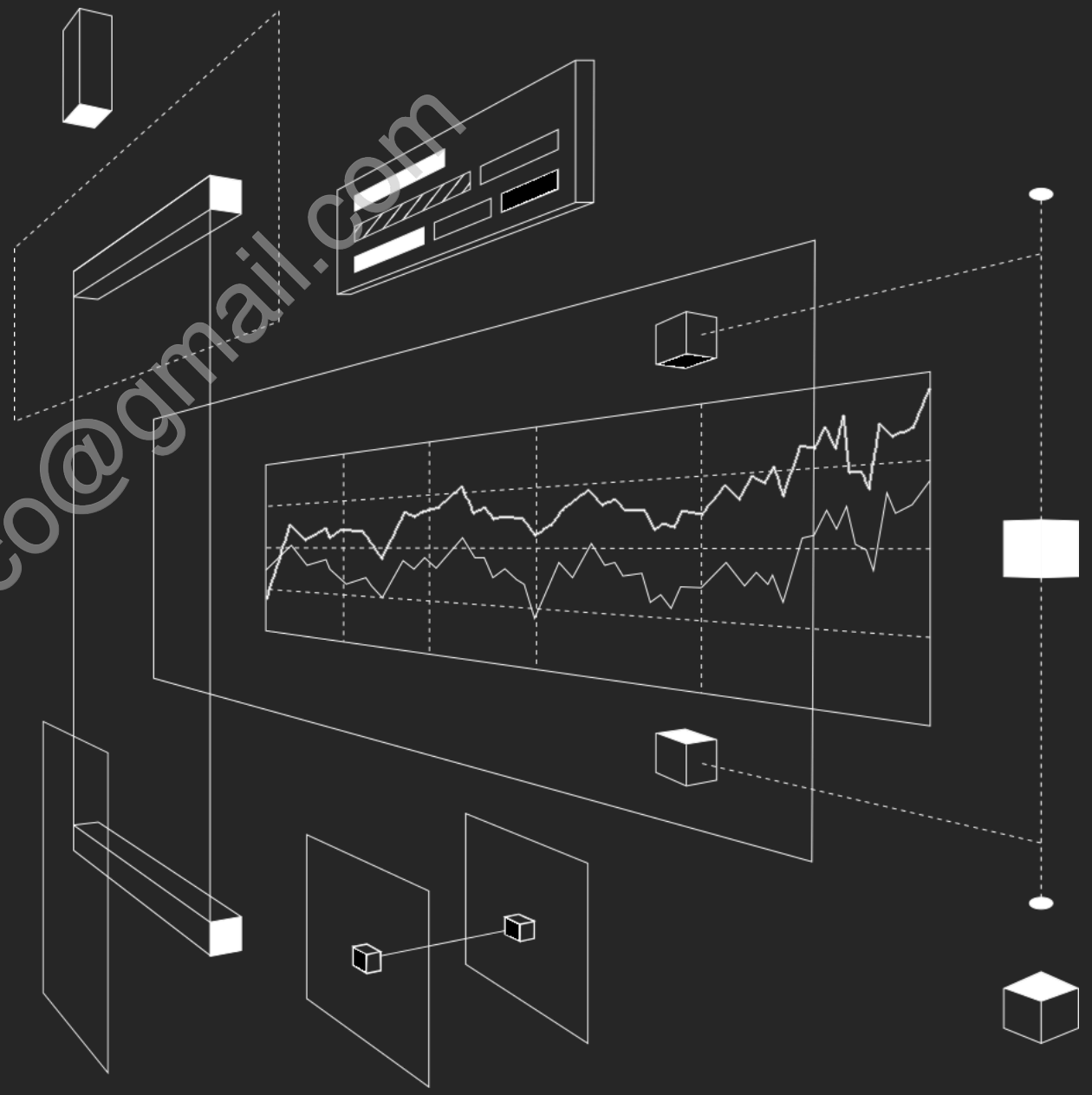
004

Galaxy Ventures



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Galaxy Ventures at a Glance

Pioneering, crypto-native capital provider for early-stage companies and protocols[1]

001

Galaxy Ventures Fund I, LP ("GVF I")[1] has closed on $160M, securing commitments from premier institutional allocators, family offices, and HNWI

Prior to the launch of GVF I, the Venture team has experience deploying capital over 7+ years across 100+ category-defining portfolio companies

- Deployed over $225M of balance sheet capital
- Realized over $850M for public shareholders[2]

Strong value proposition for Limited Partners

002

Targeted Fund Size — Access to premier investments at a $150M fund size with strong unit economics compared to competitors ($500M-1B+ funds)

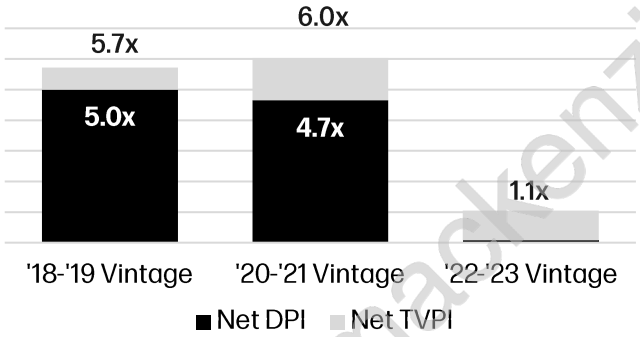
Existing Portfolio — Invest in a seasoned portfolio at cost and underwrite new investments alongside us while reducing blind pool risks

Unique Co-Investments — Leverage our platform's reach and ensure access to follow-ons, LP deals, and other esoteric offerings (FTX, locked SOL, etc.)

Acute focus on returning capital[3]

003

DPI-centric, repeatable approach to managing capital at scale with top quartile returns relative to our peers



Leveraging the resources of a global, crypto-native, financial services platform

004

- Benefit from the broader Galaxy platform (TSX: GLXY), spanning Asset Management, Trading, Lending, Mining, Validator Operations, and Investment Banking
- Manage $10B of AUM across 15+ funds spanning active, passive, and venture strategies
- Deliver differentiated deal flow, strong network effects, and crowdsourced brainpower to investors
- Provide unique value-adds to our portfolio companies utilizing the resources of a large, diversified institution

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Note: Figures as of December 31, 2024, unless otherwise noted.
1) Currently in market. Closed on $160M across three closes. Anticipate holding a Final Close in Q2 2025.
2) The financial information provided is based on audited financial statements obtained by independent auditors. While we believe these audited financials to be accurate and reliable, Galaxy has not independently verified the accuracy or completeness of this information.
3) The Information is being provided for informational purposes only. All follow-on investments included in investments' original vintage year. For more information regarding the calculation of historical returns, please refer to the "Disclaimers" on Slide 39.

GVF I Summary

Galaxy's inaugural crypto venture capital fund will continue the success of our proprietary balance sheet investing but through a direct, institutional-quality fund structure.

Investment Strategy	▪ Galaxy Ventures seeks to invest in category-defining, blockchain-related companies and projects with strong, tenacious, and reputable founders. Our focus is on the early stage (e.g., Seed, Series A). ▪ With a 7+ year track record of identifying winners early and providing unique value-add support, strong teams with compelling financial profiles and novel technologies often seek us out.
Portfolio Construction	▪ $150M target fund size with a projected 24-36 month deployment timeline. ▪ Seek to lead or co-lead, ~30 early-stage deals with a flexible mandate in structured primaries (e.g., preferred equity, convertible notes, SAFTS/tokens, etc.) and opportunistic secondaries. ▪ Aim to deploy $1-10M per investment and underwrite to a 25%+ IRR.
Thematic Focus	▪ Galaxy's central positioning bridges TradFi and the new, blockchain-enabled, financial system. ▪ While other applications of blockchain across consumer or gaming may hold compelling opportunities, we remain acutely focused on our strengths and 'staying in our lane'. ▪ We target opportunities across: (1) Financialized Applications, (2) Software Infrastructure, and (3) Protocols.
Value Proposition	▪ We take a platform-centric approach to helping founders, often partnering at the earliest stages. ▪ We leverage Galaxy's unique differentiation in the market—its breadth of services and resources—to maximize our support footprint. ▪ We have found edge by providing unique, value-add services to our portfolio companies, including power / beta testing new products or supporting protocols and applications through active network participation, liquidity bootstrapping and capital markets support.

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Differentiated, Platform-Centric Approach to Investing

Galaxy Ventures is uniquely bolstered by the broader Galaxy platform, which provides unparalleled support and value-add to our portfolio founders by leveraging several tangential business lines. Our parent organization's brand, global reach, and 510+ person[1] strong connectivity results in informational and sourcing edge relative to our competitors.

Galaxy's Global Reach

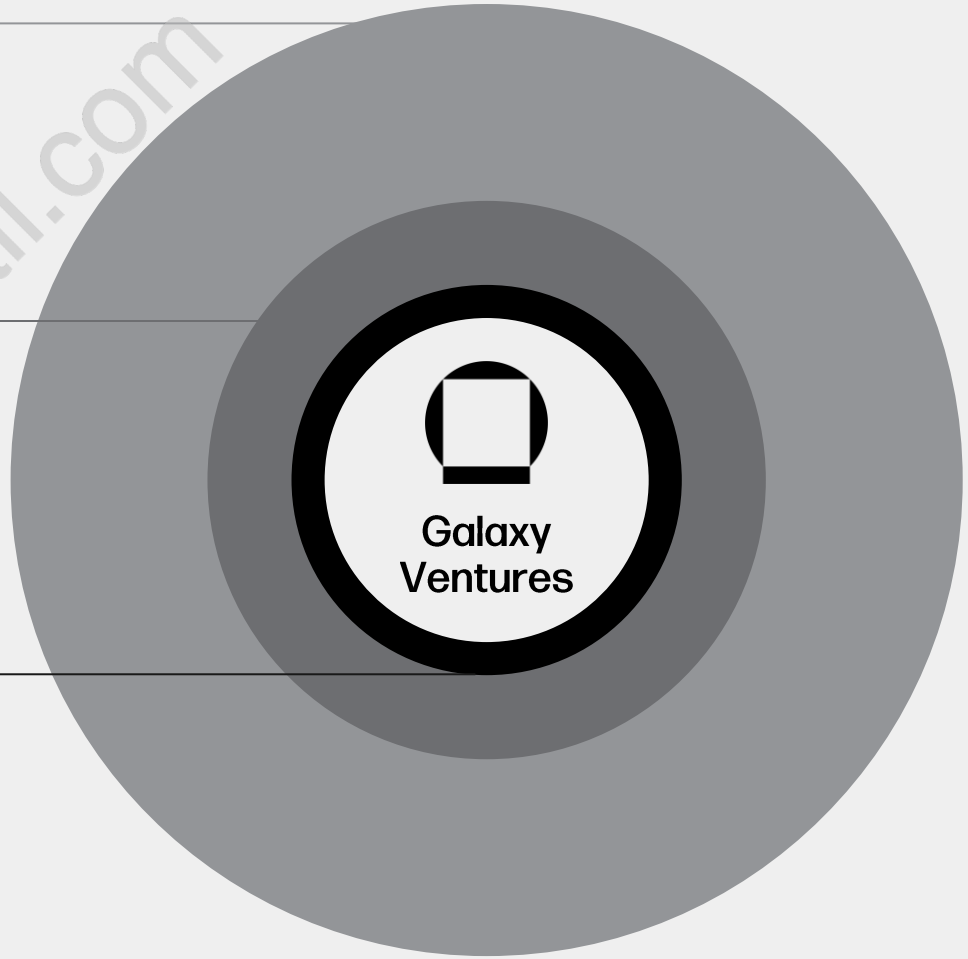
- 500+ person[1] organization offers unparalleled connectivity
- Unique edge in sourcing, winning, and supporting portfolio companies

Business Unit Connectivity

- Trading/Market Making
- Lending
- Blockchain Infrastructure (mining, node operations, staking, custody)
- Research

Ventures Platform Support

- Marketing & Communications
- Product Design
- Talent
- Business Development



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1) Inclusive of Helios and GK8 headcount as of December 31, 2024.

Catalyzing Crypto's Cutting Edge

We take a thesis-driven approach to venture investing. We believe the next generation of the Internet will incorporate a permissionless financial layer, providing people with autonomous access to economic and cooperative opportunities.

Financialized Applications

Ethena, rail, Arch, M^ZERO, rain, RedotPay, Yellow Card

- Stablecoins
- Payments
- Tokenization
- DeFi
- Exchanges / Neobanks
- On- / Off-Ramps

Software Infrastructure

OpenOrigins, LIGERO

- AI
- Zero-Knowledge
- Key Mgmt / Custody
- Cybersecurity
- Trading / Risk
- Data

Protocols

RENZO, MONAD, plume, 1MONEY, RISE

- Layer 1s
- Layer 2s
- Restaking
- Interoperability
- Data Availability
- Privacy

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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.

Current GVF I Portfolio

Company	Cost	FMV[1]	MOIC[1]	Vertical	Description
Ethena	$765K	$8.9M	11.6x	Financialized App	Synthetic dollar via tokenized basis trade strategy on Ether
RENZO	$2M	$2.6M	1.3x	Protocol	Ethereum liquid restaking protocol based on EigenLayer
Arch	$1M	$1.7M	1.7x	Financialized App	Overcollateralized crypto lending platform
MONAD	$3M	$3M	1.0x	Protocol	Parallelized, EVM-equivalent Layer 1 blockchain
rail	$6.5M	$6.5M	1.0x	Financialized App	B2B cross-border payments on stablecoin infrastructure
plume	$4.5M	$33.8M	7.5x	Protocol	RWA-focused Layer 2 blockchain
M^ZERO	$2.5M	$2.5M	1.0x	Financialized App	Decentralized stablecoin protocol
OpenOrigins	$1.5M	$1.5M	1.0x	Software Infra	Content authenticity infra to offset Generative AI
LIGERO	$750K	$750K	1.0x	Software Infra	Novel ZK proof system for financial services & tokenization
Yellow Card	$2.5M	$3.4M	1.4x	Financialized App	African stablecoin on/off ramp and payments provider
1MONEY	$3M	$3M	1.0x	Protocol	Layer 1 blockchain focused on payments
RISE	$4M	$4M	1.0x	Protocol	Parallel execution Layer 2 scaling solution built on Ethereum
rain	$3.7M	$3.7M	1.0x	Financialized App	Stablecoin-backed BIN Sponsor and credit card issuance platform
RedotPay	$5M	$5M	1.0x	Financialized App	Retail crypto-settled payments app offering digital wallets and credit cards
	$41M	**$80M**	**2.0x**		

Past performance is not indicative of future results.
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.
1) Data as of March 31, 2025.

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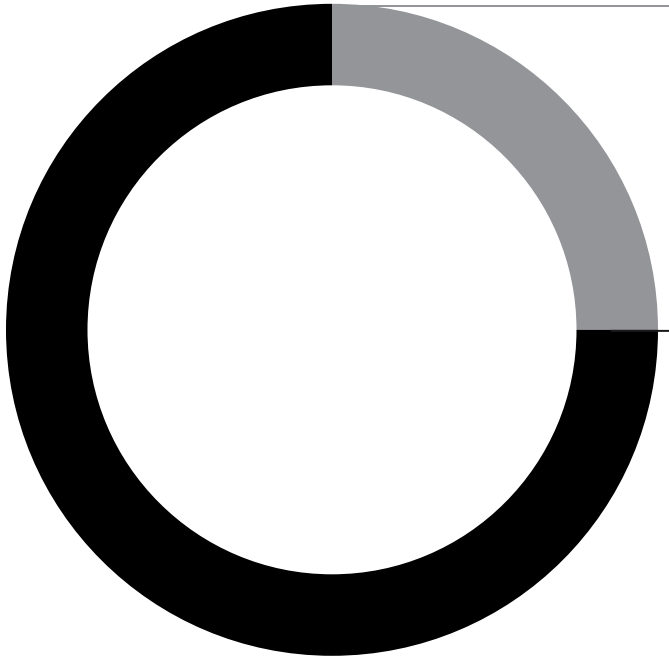
Anticipated Portfolio Construction[1]



Follow-On Investments (~25%)

- Take advantage of pre-negotiated pro-rata rights to double down on breakout winners
- Fund allocations to be supplemented by co-investment opportunities offered to select LPs

Initial Investments (~75%)

- Early-stage investment program with a focus on Seed + Series A
- Targeting ~30 total investments in the fund
- $1M - $10M size checks per investment
- Underwrite to a Base Case Minimum IRR of 25%
- Will seek to lead or co-lead, often relying on our vast manager network to help curate fundraising rounds
- Will target 50% Equity and 50% Token investments

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1) Subject to change.

Fund Summary

Projected Deployment Timeline

- 24-36 months to deploy

Thematic Focus

- Financialized Applications
- Software Infrastructure
- Protocols

Deal Structures

- Preferred Equity
- Convertible Notes
- Tokens
- Opportunistic Secondaries

Fund Details

Fund Terms	Galaxy Ventures Fund I, LP
Target Fund Size	$150M
Final Close Date	June 15, 2025 (expected)
Fund Life	8-year term, with two, 1-year extensions
Investment Period	3-year investment period
Management Fee	2.0% on committed capital (annual 25bps stepdown after Investment Period, until 1.0%)
Carried Interest	20.0%
Qualifications	For Qualified Purchasers only
Minimum Investment	$1M
Co-Investments	Available for select fund investors

Service Providers	
Fund Counsel	Barnes and Thornburg LLP
Fund Auditor	KPMG
Fund Administrator	NAV Consulting
Fund Tax Counsel	Ernst & Young
Banking Partner	BNY Mellon

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Galaxy Ventures Team

Mike Giampapa
General Partner

Mike focuses on the intersection of crypto and financial services, focusing on investments in software infrastructure, fintech applications, and developer platforms. Prior to joining the firm, Mike was an investor at Bessemer Venture Partners, where he led their crypto and fintech investing efforts, deploying into 30+ early-stage companies. Previously, he worked at Institutional Venture Partners (IVP), where he worked on the firm's lead investment in Coinbase. Mike started his career at J.P. Morgan and worked in business development at Circle. He holds a M.B.A. from Harvard Business School, where he served as co-president of the Blockchain Club, and a B.A. in Economics from Johns Hopkins, where he was a member of the varsity football team.

Will Nuelle
General Partner

Will focuses on early-stage investments in protocol layer infrastructure, DeFi applications, and software products. Before leading investments, Will supported the firm's research function and built quantitative risk software for the trading business. Prior to joining the firm, he built incentive simulations for the Ethereum protocol FOAM. He holds a B.S. in Mathematics and Architecture from Stanford University. Will has led several investments for Galaxy since 2019, including Aleo, Axelar, Celestia, Centrifuge, Gensyn, and RISC Zero.

Neil Bhuta
Investor

James Kibbie
Investor

Dan Slutsky
Investor

David Chiang
Investor

Ian Irlander
Counsel

CJ Huntzinger
Head of Platform,
Marketing Lead

Jules Ngyuen
Platform,
Talent Lead

Lukas Kmoth
Platform,
Design Lead

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The product names, logos, and brands are property of their respective owners. Use of these names, logos, and brands does not imply endorsement.

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Extensive experience and education:

HARVARD UNIVERSITY
Massachusetts Institute of Technology
Stanford University
Yale
Bessemer Venture Partners
citi
coinbase
HPS Investment Partners
INDUSTRY VENTURES
ivp
J.P.Morgan
VISION HILL GROUP

005

Appendix

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Catalyzing Crypto's Cutting Edge

We take a thesis-driven approach to venture investing. We believe the next generation of the Internet will incorporate a permissionless financial layer, providing people with autonomous access to economic and cooperative opportunities.

Financialized Applications

Bringing institutions and consumers on-chain through DeFi, on-chain assets, trading tools, exchanges, liquidity, payments, and more.

- Stablecoins
- Payments
- Exchanges / Neobanks
- DeFi
- Tokenization
- On- / Off-Ramps

Software Infrastructure

Creating a sustainable and scalable crypto ecosystem, including security, auditing, and developer tooling enabling the multi-chain future.

- AI
- Zero-Knowledge
- Key Mgmt / Custody
- Cybersecurity
- Trading / Risk
- Data

Protocols

Scaling and optimizing blockchain capabilities through modular blockchains, layer 1s, smart contract solutions, and interoperability protocols.

- Layer 1s
- Layer 2s
- Interoperability
- Restaking
- Data Availability
- Privacy

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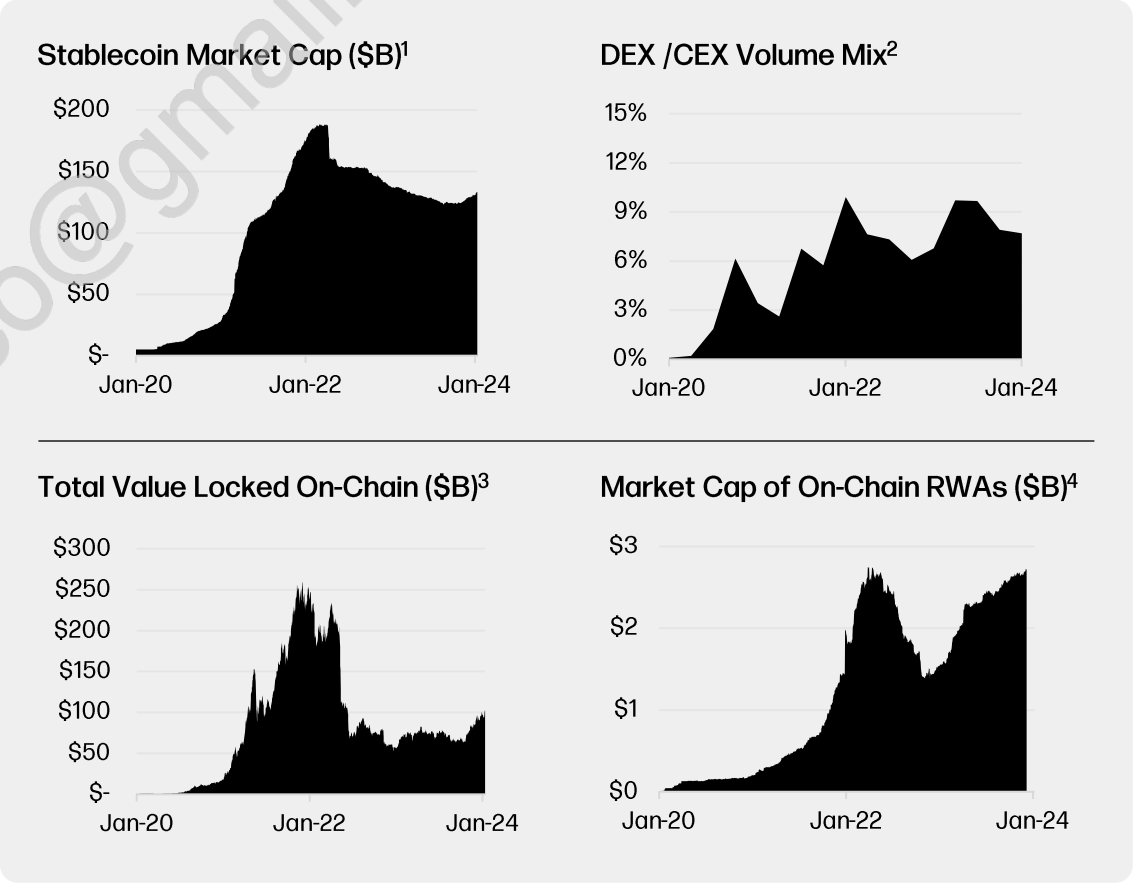
Financialized Applications

Crypto and web3 are creating a new economic layer for the Internet. Applications that take advantage will become the next generation of financial services.

- **Finance is better on blockchains.** Transparency and permissionlessness result in efficient de-risking of leverage, composability of financial products, and a new paradigm of visibility in finance.
- **TradFi meets DeFi.** Having found early product market fit with stablecoins, tokenized representations of financial assets will usher the next phase of obfuscation between the legacy financial system and the internet-native one we are currently building.
- **The resurgence of on-chain activity.** Growing DEX volumes and increased demand for on-chain borrowing indicates a renewed interest in on-chain financial activity. We anticipate sophisticated financial actors to demand more complex financial products and build upon the success of DeFi 1.0 (e.g., insurance, hedging, credit scoring, etc.)
- **Every application is a financial product; every object is an asset.** Creator economy, web3 infrastructure, and gaming will provide new functionality to their users via open-source financialization and will expand the scope of finance.



1) Source: Galaxy proprietary research.
2) Source: The Block.
3) Source: Galaxy proprietary research.
4) Source: DeFiLlama, rwa.xyz, CoinGecko (excluding stablecoins).

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Financialized Applications (cont'd)

With significant legacy TradFi DNA and a large capital markets presence, Galaxy is uniquely positioned to identify and support entrepreneurs building internet-native financial services.

The Galaxy Edge

- **Speaking both languages is a key differentiator.** Galaxy is a financial services company but speaks the language of crypto and understands the underlying technology. We believe this gives us edge in finding valuable ideas early.
- **Solving the 'cold start' problem.** Galaxy has a track record of supporting portfolio companies to scale, often acting as a bespoke liquidity provider supporting early capital markets needs or bootstrapping network effects.
- **Central positioning within the ecosystem.** Our partners gain exclusive access to the broad Galaxy network to support talent acquisition, events & content, go-to-market strategy & distribution, and broad connectivity to our 100+ portfolio companies.

Mesh[1]
2023 Vintage

Investment: $3.0M in Series A
Returns: $6.4M Unrealized (2.1x MOIC)[2]

Company: Embedded fintech platform that enables users to move assets between their financial accounts without ever leaving their native fintech application.

Galaxy Edge: Galaxy was the largest crypto-native investor in Mesh's Series A. Our team had a long-standing relationship with Mesh CEO and was uniquely positioned to help the company with business development given Galaxy's connectivity across the crypto ecosystem.

BlockFi[1]
2019 Vintage

Investment: $4.4M in Seed
Returns: $146M Realized (33.3x MOIC)[2]

Company: BlockFi was an early pioneer in the crypto-backed lending space and was once valued at a $4.75B valuation.

Galaxy Edge: Galaxy was instrumental in BlockFi's early days as both an equity backer and provider of debt facilities. Through the experience of running our own institutional lending desk, Galaxy was also early to identify the regulatory hurdles that BlockFi would soon face as they launched yield offerings.

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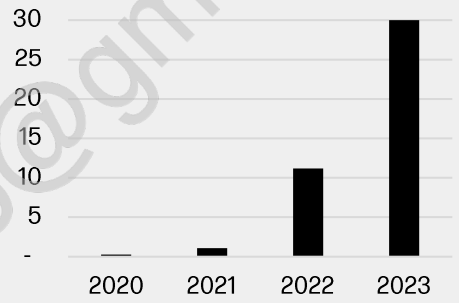
1) Figures as of December 31, 2024. Performance data provided only reflects position-level detail and should not be misconstrued for fund- or strategy-level performance. The deals/investments shown here were made, sourced, and diligenced by Galaxy Digital investment team members with a focus on financialized applications. These are illustrative examples and not based on performance. A full list of investments is available upon request **Past performance is no guarantee of future results**. Inherent in any investment is the potential for loss. For more information presented herein, please refer to the "Disclaimers" on Slide 38.
2) MOIC is calculated on blended realized and unrealized investments divided by the total amount of capital invested.

Software Infrastructure

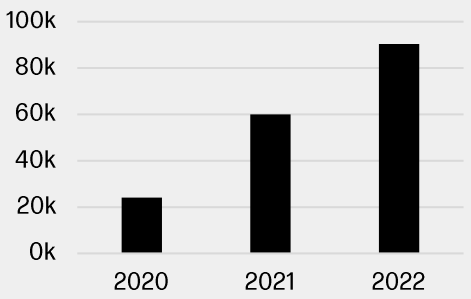
The interplay between increasing institutional adoption and the broadening of financialized use-cases supported by blockchains is resulting in a growing surface area of opportunity where novel software can solve complex business and operational problems.

- **Ever-evolving user base.** Crypto's first decade revolved around enthusiasts and tinkerers who welcomed painful UI/UX hurdles. The next wave of users lack sophistication and technical capabilities. Software and tooling will have to further obfuscate the complexities of on-chain interactions for both users and developers.
- **A new cohort of entrepreneurs.** Experienced founders are beginning to understand how blockchains could power novel business models. However, developer talent remains scarce, ensuring opportunity for developer tooling, middle-ware solutions, and data solutions.
- **TradFi incumbents meet crypto.** TradFi investors and traders are entering the market in droves, often seeking the persistent, asymmetric returns of the asset class. Trading, operations, accounting, and data / analytics tooling will need to provide a seamless transition to support this institutional capital at scale.
- **Crypto is an industry in motion.** The 2017 problem set (e.g., settlement, custody, and data) are different from today's (e.g., on-chain accounting and access, NFT exchange, and risk & analytics).

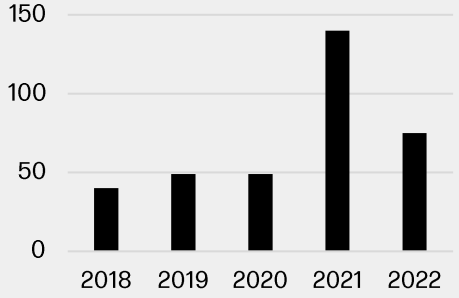
Metamask MAU Growth (in M)[1]



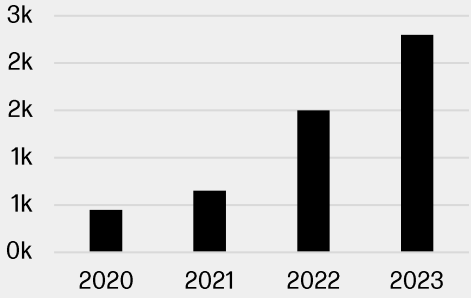
New Blockchain Developers[2]



Growth of FinTech Deployment ($B)[3]



Total Crypto Asset Managers[4]



1) Source: ConsenSys.
2) Source: Electric Capital.
3) Source: Fintech Labs.
4) Source: VisionTrack Q3 2023 Fund Manager Report.

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Software Infrastructure (cont'd)

As a large, highly-regulated institution, Galaxy arrived early to the myriad of pain points (read: opportunities) felt by the broader market as a byproduct of running our diversified, global business lines.

The Galaxy Edge

- **Galaxy often feels operating pain points before our peers.** With several, diverse business lines, problems constantly arise at Galaxy before the broader market feels them. From staking, to custody & settlement, to on-chain / DeFi execution and portfolio management, novel solutions to our problems are often fertile ground for new investments.
- **We manufacture our own luck.** For software products, Galaxy is often both an investor and an early customer. We strive to build a tight, iterative, product feedback cycle at inception. Our reputation in the market as a strong and value-add design partner often makes us a desirable lead or co-lead.
- **Distribution and Go-to-Market Support.** Upon finding product market fit, Galaxy's distribution can often supercharge sales funnels or reduce sales cycles. Our central capital markets positioning often provides a credentialing halo to novel products solving significant pain points.

Turnkey[1]
2023 Vintage

Investment: $4.5M in Series A
Returns: $4.5M Unrealized (1.0x MOIC)[2]

Company: Key management technology serving web3 application developers across a wide array of wallet/asset operation use cases.

Galaxy Edge: Galaxy co-led Turnkey's Series A given our team's deep understanding of the custody infrastructure space and our ability to help the company with business development. Galaxy's digital infrastructure team experienced firsthand the limitations of existing wallet infrastructure for supporting on-chain operations like staking.

Fireblocks[1]
2019 Vintage

Investment: $5.3M in Series A-C
Returns: $68.0M Realized + $18.7M Unrealized (16.2x MOIC)[2]

Company: MPC technology that helps institutions store and move digital assets without the operational or security headaches. Last valued at a $8B valuation.

Galaxy Edge: Galaxy's trading desk needed a scalable solution to settle OTC transactions. Galaxy identified the power of the Fireblocks technology ahead of the market and became one of Fireblock's first institutional customers. Galaxy served as a design partner, sharing critical product feedback in the early days.

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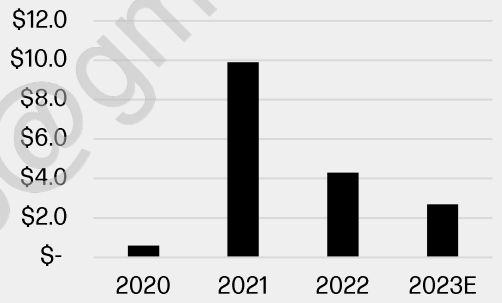
1) Figures as of December 31, 2024. Performance data provided only reflects position-level detail and should not be misconstrued for fund- or strategy-level performance. The deals/investments shown here were made, sourced, and diligenced by Galaxy Digital investment team members with a focus on software infrastructure. These are illustrative examples and not based on performance. A full list of investments is available upon request. **Past performance is no guarantee of future results.** Inherent in any investment is the potential for loss. For more information presented herein, please refer to the "Disclaimers" on Slide 38.
2) MOIC is calculated on blended realized and unrealized investments divided by the total amount of capital invested.

Protocols

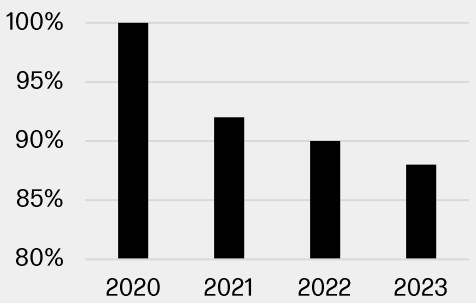
Ethereum, Bitcoin, and others showed that the infrastructure on which blockchain applications are hosted can capture value. There is still more "juice" at the protocol layer, especially as new demand spurs the need for additional capacity.

- **Legacy blockchains are capacity constrained.** Demand for Ethereum block space in 2021 became prohibitively expensive, driving innovations in Layer 2 solutions and alternative Layer 1s like Solana. New demand will require new capacity, which allows new opportunities for smart investors.
- **Block space as a novel business model.** Users are paying billions of dollars each year to settle transactions on blockchains. The business model of block space and the underlying blockchain technology is unique and has enduring demand-side network effects that create defensible moats around winners.
- **An archipelago of blockchain ecosystems will need interoperability.** The widespread usefulness of interoperability protocols will transform developers' approach to building applications and will introduce more sophisticated models.
- **Novel breakthroughs in cryptography are still forthcoming.** Zero Knowledge is the most exciting development in cryptography and has experienced a Cambrian explosion in the last five years.

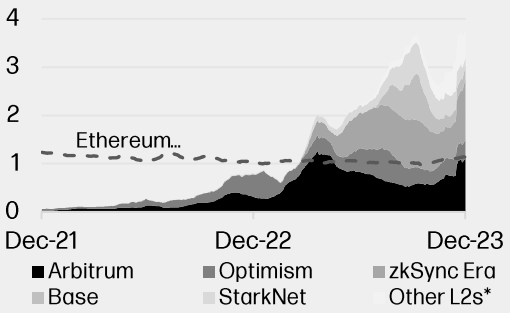
Annual Tx Fees Paid on Ethereum ($B)[1]



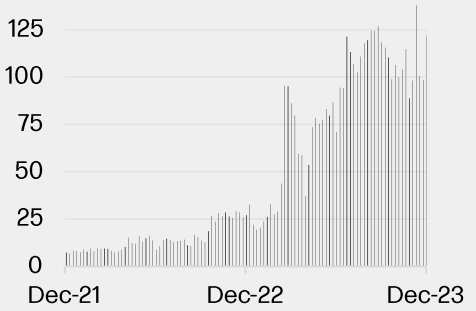
Ethereum Block Space Market Share[2]



Ethereum vs L2s Daily Tx Growth (in M)[3]



ETH Gas to Settle/Proof L2s (in B)[4]



1) Source: Galaxy proprietary research.
2) Source: Galaxy proprietary research.
3) Source: Galaxy proprietary research. Data is a backwards, 30-day moving average.
4) Source: Galaxy proprietary research.

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Protocols (cont'd)

Technical domain expertise is critical to understanding the underlying architectural trade-offs of blockchains. Our technical team, thought leadership, and on-chain, commercial infrastructure solutions allow us to uncover where new pockets of value-capture at the base layers may occur.

The Galaxy Edge

- **Unique and tenured domain expertise.** Unique and tenured domain expertise. With a deep knowledge of blockchain's underlying technology, Galaxy is a desired partner for early-stage projects seeking support across whitepaper reviews, token and incentive modeling, and network & distribution growth.
- **Platform approach to supporting network growth.** Galaxy offers in-house validator and mining infrastructure, custody, and liquidity & treasury management services.
- **Research content and exposure.** Our public research and market insights demystify complexity and inform, untangle, and guide our industry as we go. Our Galaxy Brains podcasts averages ~2,000 listeners per episode.

Citrea[1]
2023 Vintage

Investment: $1.5M in Seed
Returns: $5.8M Unrealized (3.9x MOIC)[2]

Company: Citrea is the first zero-knowledge rollup on Bitcoin. This Layer 2 solution is set to enable a smart contract programmability and security not previously available to Bitcoin users and app developers.

Galaxy Edge: Galaxy led Citrea's Seed round given our team's deep thematic work on the L2 ecosystem, the business model of block space, and the leading indicators of network effects in crypto networks.

Celestia[1]
2021 Vintage

Investment: $2.7M in Series A-B
Returns: $30.4M Realized + $27.6M Unrealized (21.5x MOIC)[2]

Company: Celestia is the first modular blockchain network decoupling consensus from execution, enabling anyone to easily deploy their own blockchain.

Galaxy Edge: Galaxy's deep understanding of the underlying technical architecture of blockchains allowed us to build an investment thesis that "modularizing" was a better approach to scaling that "sharding" and that Data Availability was going to be the chief bottleneck and thus the area with the best optimizations available.

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1) Figures as of December 31, 2024. Performance data provided only reflects position-level detail and should not be misconstrued for fund- or strategy-level performance. The deals/investments shown here were made, sourced, and diligenced by Galaxy Digital investment team members with a focus on protocols. These are illustrative examples and not based on performance. A full list of investments is available upon request. **Past performance is no guarantee of future results.** Inherent in any investment is the potential for loss. For more information presented herein, please refer to the "Disclosures" on Slide 38.
2) MOIC is calculated on blended realized and unrealized investments divided by the total amount of capital invested.

Disclaimers

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Disclaimer

Fundraise launched in Q2 2024.

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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. Refer to the Offering Memorandum of the applicable Fund for more risk factors.

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 nearly $65K in April. But, it closed end of 2021 down nearly 25% from its record. 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.

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.

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