Digital Assets Investment Thesis

I, Cameron Kemske as an advanced digital asset investor, believe that the digital asset market will be one of the greatest emerging opportunities for wealth generation in my lifetime. These digital assets will displace many legacy financial and social systems that have proven to be inefficient at handling a truly digital world. Digital assets will provide the key to unlocking a new era of monetary value that can be captured and turned into wealth for the smart investor. Digital assets and their corresponding protocols must be sufficiently decentralized and focus on solving real world issues to be considered in this digital asset portfolio. Decentralization will be the key to capturing long term value of these digital assets as this allows the consensus and security features of these blockchain protocols to be utilized to their fullest potential. The digital asset market is building to its maturity and the protocols that hyperfocus on retail and institutional adoption while also providing extrinsic utility to token holders will have longevity in this space. My belief is that these digital assets outlined below have longevity in their protocol designs and should be treated as long to medium term investments as the digital asset market begins to fulfill its purpose in our newly emerging digital world.

Key Investment Thesis Elements

- Slogan: statement that can surmise the value of the asset in a concise and clear manner.
- Value: different value propositions the asset can offer to the holder and the effects on the macro & micro environments in which the asset is correlated to.
- Purpose: quick synopsis of the history of the asset and its track record of what it has done since becoming a financial investment vehicle.
- Thesis: personal belief in the value of the asset, why I have allocated capital to these assets, and the longevity of the asset's value.

Key Portfolio Risks

- Decentralization: It is paramount that successful digital asset projects become fully decentralized in their structure. Trust can be built into the protocol if there is a sense of permissionless and trustless operations within the ecosystem, and third parties cannot take advantage of the underlying technology for their own benefit. Protocols need to formulate solutions to scalability while not hurting the underlying decentralization in order to be successful in the long-term.

- Regulations: The Biden Administration has just proposed their digital asset strategy that is to bolster the United States' role in developing this industry while making the entire digital asset ecosystem safe for retail consumers. This is a positive step in terms of regulations for the market. However, we have seen China ban Bitcoin mining and focus on using their own digital Yuan as a blockchain based payment solution and other countries could pose the same solution for their own economies. Regulations are key for growth in demand for digital assets. Therefore, regulations must be clear and defined to allow large capital inflows into the space.
- Token-Utility: Protocols must have their native asset be used regularly in the ecosystem and be a focal point of the value of the protocol. Most tokens in the market can be placed in governance tokens and staking tokens which only provide minimum value in terms of demand for the asset. The Terra Luna's $LUNA token is an excellent example of utility as the token is directly correlated to UST (TerraUSD stablecoin) and its growth. $LUNA can also be used as a staking and governance token but also acts as a reserve token for the burning and minting process in the Terra Luna treasury. Other protocols must adopt new utility into their tokens if we are to see large appreciation of the asset when demand for digital assets grows.

Long Term Allocations

- Bitcoin
    - **Slogan:** Digital Gold & True Digital Property
    - **Value:** Finite Supply, Peer-to-Peer Monetary Network, Store of Value, "safest bet in crypto"
    - **Purpose:** Created by Satoshi Nakamoto after the 2008 financial crisis caused by the greedy and unchecked lending practices of the legacy financial industry. Bitcoin was first created to be a form of true digital cash that could be transferred from person to person in a completely decentralized manner. Bitcoin also seeks to upend the practice of fiat currency by creating a transparent finite supply of divisible units of the monetary network. Bitcoin is secured by "miners" who give

up computational power to solve complex equations to mint new blocks on the chain.

  - **Thesis:** Bitcoin is the safest investment in the digital asset space that still has potential for long term value generation for its holders. Bitcoin failed as a peer-to-peer digital cash but succeeded in building a narrative around a “store of value” from the debasement of the U.S Dollar. Institutional demand for converting cash reserves into Bitcoin on their balance sheet will drive the price of Bitcoin to new highs once regulation is defined. Bitcoin is considered as a commodity due to its highly decentralized structure which gives it protection from the SEC’s regulatory overreach in this space.

- Ethereum
  - **Slogan:** Programmable Internet Money
  - **Value:** First Mover Advantage, Deflationary Currency, Real Token Utility
  - **Purpose:** Etheruem was created by Vitlaik Buterin as a response to the limited technical abilities of Bitcoin. Ethereum sought to innovate and become a blockchain protocol that issues and executes ”smart contracts.” These code contracts are embedded into the immutable distributed ledger and are self-executing, which provides new use cases for digital commerce, governance and communication.
  - **Thesis:** Ethereum will lose out to other Layer-1 blockchains that are quicker to respond to changing user demands and macro conditions, which will see money flow from Ethereum to other protocols. However, Ehteruem has been deemed sufficiently decentralized by regulators, and has one of the most trusted and respected security consensus models in the entire digital asset space. Etheruem will provide the investor for large scale transactions to be settled and allow for governments and institutions alike to use the power of the blockchain for finance, and cybersecurity.
    - As of March 2022, it came to light that Ethereum’s main wallet interface MetaMask is partly owned by big legacy bak JP Morgan. JP Morgan has an ownership stake in Consensys; the developer behind MetaMask. This

has brought about risk into Etheruem's risk profile because this dampens the decentralized nature Ethereum has touted since its inception. It does not change the underlying security, but it brings about the ability of censorship because JP Morgan owns the main way of interfacing with the blockchain and it's dApp ecosystem.

- Cardano
  - **Slogan:** Grassroots Blockchain for All
  - **Value:** Industry Leading Proof-of-Stake, Most Decentralized Blockchain, Inspiring Development Team, Community Driven.
  - **Purpose:** Cardano was built by the co-founder of Ethereum, Charles Hoskinson. Charles had a different view of how Ethereum should develop from that of Vitlaik's vision for the protocol. Seeing that he would not be able to fulfill his own passion and vision for the project, Charles left and began developing Cardano. Cardano is a direct competitor to Etheruem and offers smart contract solutions for decentralized application developers and users alike. Cardano is the most decentralized proof-of-stake protocol with over 3,000 validators that verify blocks on the ledger. Cardnao uses "Ouroboros' as their consensus mechanism which has been seen as "best in class" of the entire industry because it allows any user to delegate ADA (Cardano native asset) to a validator and earn passive rewards without a lockup period for the asset being staked. Cardnao has "The Catalyst Project" to act as an internal venture capital accelerator and fund new projects in the ecosystem. Cardano is working on the scalability side for users as they debut their Layer-2 solution called 'Hydra" which will allow validators to independently verify side-chained transactions leading to over 3,000,000 transactions per second once launched and implemented.
  - **Thesis:** Cardano is one of the best long term allocation one can have to their portfolio. Cardano's passive rewards system allows for quick accumulation of the token and helps secure the network. Currently, Cardano is the second most staked digital asset with 70+% of its circulating supply staked on the network for rewards. Demand will soon outpace the available supply and price will follow.

Cardano also sees its main value proposition outside the United States jurisdiction. Cardano hopes to develop the digital infrastructure of Africa and bring about real tangible value for the people living on the continent. Cardano's superior ledger model of eUTXO (extended Unspent Transaction Throughput) takes the security of Bitcoin and the scalability of Ethereum and combines them to provide unique features only native to their blockchain. Several new decentralized applications are beginning to launch on Cardano and with time, we will see a flushing ecosystem ripe with products, users and opportunities.

Medium Term Allocations

- Algorand
    - **Slogan:** Government Digital Infrastructure Provider
    - **Value:** Highest Throughput, Corporate and Governmental Connections, Strong Core Development Team, Medium Sized Market Capitalization
    - **Purpose:** Algorand was developed by Silvio Micali who taught Computer Science at MIT and helped develop and progress the study of "Zero-Knowledge Proofs" along with "Verifiable Random Function" in the area of cryptography. Algorand was created to be a fast, secure blockchain that runs a "pure proof of stake" consensus that brings about true randomness to block creation, intensifying the decentralization of the blockchain. Algorand also pursues becoming a "green sustainable blockchain" as this is one of the key requirements Silvio sees next-generation technology should exhibit to be competitive and successful. Algorand is still in development and issued a $100,000,000 investment fund for new projects developing on Algorand, meaning there is a potential for new use cases for the Algorand token.
    - **Thesis:** Algorand is a fundamentally strong blockchain that is highly secure and can prove many transactions with almost immediate settlement time. Silvio is a leader in the space of cryptography which means that his work will benefit Algorand first and help it become even more efficient in its decentralization. Silvio also has many ties with the government from his days at MIT and working in cryptography, meaning that Algorand, speculatively speaking, has the potential

to land major government contracts, and even be the blockchain that U.S CBDC (Central Bank Digital Currency() will run on. Algorand is already partnered with the Marshall Islands for their digital currency, so why not another?

        - One major risk associated with Algorand in the short to medium term, is that the DeFI ecosystem has been lackluster and projects have been slow to attract users and have also been seen to be shady in their operations. This has suppressed the demand for ALGO (native asset) which keeps the price down for the time being.

- Aave
    - **Slogan:** DeFi Gem of Ethereum
    - **Value:** Strong Development Team, Low Market Capitalization - High Total Value Locked, Decentralized Social Media, Tokenized "Real World Assets" Marketplace
    - **Purpose:** Aave was developed by Stani Kulechov who has been building in the digital asset space for years. Aave serves as a decentralized, collateralized lending and borrowing protocol with it currently having 20 bil. USD in TVL (the total value of assets locked in smart contracts on the protocol.) Lenders can lock assets into smart contracts that borrowers can use and pay the lender an interest payment for using their assets. The Aave token is used as a governance token, allowing holders to vote on proposals but also acts as a staking token in which you can stake to the protocol and assist in keeping the protocol liquid.
    - **Thesis:** Aave has recently released "Aave Arc" which is a permissioned protocol that allows institutions to use DeFi lending and borrowing smart contracts. The key to mass adoption and growth is the development of institutional grade products in the digital assets space. Institutions have large sums of capital that can increase asset prices by a wide margin if the institution's needs are met by specific digital assets. Once regulation is defined, Aave can see institutional adoption grow within their institutional services and could even begin to develop institutional products that are more decentralized in nature. Aave also recently released a :"real world asset" marketplace with tokenization of different items that can be traded on the blockchain. For example, a small business can tokenize their

"Accounts Receivable" and put in on to Aave for trading and receive payments from those holding the token or receive money upfront for hosting their tokenized asset on the platform. Finally, Aave is developing a decentralized social media platform. The speculation is that the Aave token will be used to power this new platform, therefore increasing the token utility besides governance and staking.

- Terra Luna
    - **Slogan:** The Stablecoin Play
    - **Value:** Blossoming Ecosystem, Synergistic Tokenomics, Stablecoin Focused Protocol, True Utility
    - **Purpose:** Terra Luna is a Layer-1 blockchain protocol that was founded by Do Kwon, a South Korean Software Developer with Terraform Labs. Terra Luna has two major native assets within its ecosystem: TerraUSD and Luna. TerraUSD or UST is an algorithmic stablecoin that is the basis of the entire ecosystem. UST is stabilized at the value of one US Dollar by the mechanism of minting and burning of the reserve coin, Luna. When UST is in demand, more Luna must be burned in the system to mint UST and when UST is not in demand or falling off its peg, Luna is minted from the protocol treasury. This ecosystem is widely used in South Korea as Terra Luna has a DeFi lending and borrowing protocol, "Anchor," with 7.14 bil. USD total value locked, "Chai," which is a debit card solution for consumers using UST, and "Mirror," which is a DeFi synthetic equities market.
    - **Thesis:** Terra Luna is an ever evolving ecosystem and is moving towards full decentralization. Currently, Luna, the reserve token, is used in the minting of new UST and for staking to the network to secure the protocol. Terra Luna has around 130 validators and sees this growing as demand for UST increases. Luna will increase in value as the demand for UST increases as they are directly correlated in terms of utility. UST needs Luna to function and vice versa. UST is always pegged to 1 USD. Therefore, Luna will increase in value as more UST is put into circulation. It has been speculated that Terraform Labs is working with the South Korean government for a large-scale project that will encompass UST. The details are unknown at the time due to contractual obligations by the team at Terra Luna. As the ecosystem grows, Luna will also grow in demand as more market

participants want to govern the protocol and stake their coins for more valuable rewards. The total investable value is limited as Luna's market capitalization is already extremely high, and will see pressure from other stablecoin-focused protocols as the entire industry matures.

Speculative Allocations

- COTI (Currency of the Internet)
    - **Slogan:** Non-U.S Enterprise Blockchain Payment Solutions
    - **Value:** Stablecoin Factory, Native Asset Treasury, Strong Development Team, Micro-Capitalization
    - **Purposes:** COTI or `Currency of the Internet' is an Israeli-based enterprise payment solution company that has developed their own blockchain ecosystem. COTI focuses on creating their own ecosystem that facilitates payments across the internet and provides different solutions that allow enterprises to engage with digital assets. COTI's Stablecoin Factory is a product that allows enterprises to mint their own stablecoins using their own collateral of COTI native token to facilitate payments within the enterprise's operations. COTI also has recently launched the Treasury that allows market participants to deposit native COTI into the Treasury and earn yield off that deposit as the token is then used within the ecosystem.
    - **Thesis**: COTI will see a large increase in the demand for the token as they begin to roll out their products for their customers. The Stablecoin Factory will use COTI as collateral, reducing the circulating supply. The Treasury will reduce the circulating supply as well as participants moving their assets off-chain and into the locked deposit for yield. COTI is primed for a positive increase in price in 2022 as these products become fully operational and usage increases. COTI will also be the issuer of the Djed Stablecoin. Djed is the algorithmic stablecoin for the entire Cardano ecosystem. COTI will be the issuer meaning that they will receive fees from the transactions that are facilitated using Djed. The only risk to be associated with COTI is that it is not allowed in the US for trading and use and the company has no connection to the United States. U.S. regulations could

prevent COTI from being used in the U.S which means that COTI is missing a key market for their products and services. Once regulation is defined, we could see COTI bring their Viper Wallet to U.S based customers, meaning more users will utilize the Treasury and Stablecoin Factory, driving up the price of COTI.

- Nervos Network
  - **Slogan:** Micro-Cap Interoperability
  - **Value:** Launched Token Bridges, Token Utility, Strong Narrative, Gaining Popularity
  - **Purpose:** Nervos Network is a “proof-of-work” blockchain Layer-1 solution that emphasizes interoperability through its operations. Nervos does this by constructing “Force Bridges" to other major blockchains. These bridges are fully decentralized and smart contracts execute the transfer of assets. Blockchain bridges allow the transfer of your existing assets from one blockchain native asset to, in this case, Nervos native assets, CKBytes. Nervos also has Layer-2 solutions built into its infrastructure which allows Nervos to have verification layer and a generation/transaction layer for faster settlement and security protection for all users of their platform.
  - **Thesis:** Nervos is building upon the narrative that utility in crypto projects will come from their attempts and eventual solutions to interoperability. Blockchains are isolated from each other and will benefit from network connections to other blockchains. These interoperability bridges are key to blockchain adoption and maturity as they allow market participants to move seamlessly to different blockchains without having to move in and out of different assets and fiat currencies. Essentially, market participants want to stay on the blockchain(s) for a seamless experience in using the different dApps on different blossoming ecosystems. Nervos has “Force Bridges" to Ethereum, and Binance Smart Chain and just announced their Cardano ``Force Bridge.” However, Nervos’ marketing is not very strong and has a small development team behind the project. Other larger and more mature networks could outcompete Nervos to interoperability due to more resources at their disposal. Nervos is also a “Micro-Cap” token. Another

massive market downturn could see Nervos' token lose much of its value and could take long to recover, if it does at all.

- We are currently seeing this play out in March 2022, as the price of CKB has been suppressed from appreciation for a good amount of time. When the bull market resumes, Nervos could be a strong position to liquidate after sufficient appreciation in value.