

The Digital Asset Investable Universe

SEPTEMBER 2024

Comprehensive Guide

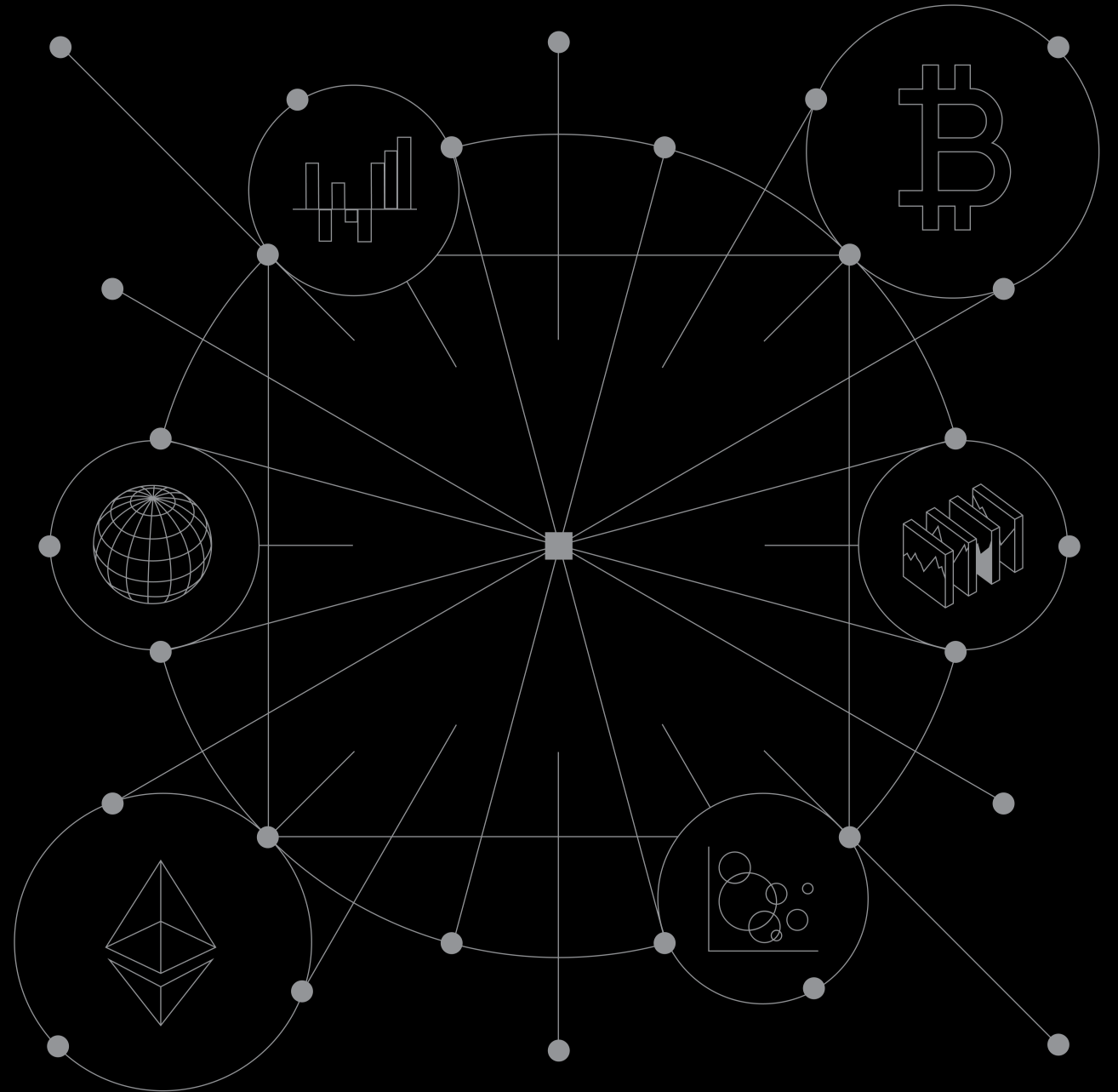




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About Galaxy

Galaxy (TSX: GLXY) 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.

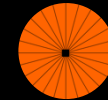
Since 2018, Galaxy has been building a holistic financial platform spanning three complementary operating businesses: Global Markets, Asset Management, and Digital Infrastructure Solutions.

Our offerings include, amongst others, trading, lending, strategic advisory services, institutional-grade investment solutions, proprietary bitcoin mining and hosting services, network validator services, tokenization, and the development of enterprise custodial technology.

www.galaxy.com

1. The Digital Asset Universe

2. Accessing Digital Assets



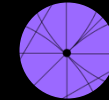
Direct



Funds



Venture



Equities

3. Galaxy Overview

About This Report

The digital asset market is transforming the global financial system and reshaping traditional concepts of value, investment, and ownership. From the pioneering days of Bitcoin to the rapidly evolving world of Ethereum, the scope of digital assets has expanded far beyond tokens. Today, they include a diverse array of startups, publicly traded stocks, ETFs, and other investment products.

This report offers investors an overview of the digital asset market, its key segments and entry points, and the unique opportunities available. With a market capitalization of around \$2.3 trillion, this ecosystem is no longer a niche or speculative corner of the financial world; it is a dynamic, investable asset class with the potential to shape the future of finance.

Whether you are a seasoned investor looking to diversify your portfolio or a newcomer seeking to better understand digital assets, this report offers an investable roadmap to help you navigate this fast-evolving space and make informed investment decisions.

What to expect

- ✓ Overview of the Digital Asset Universe
- ✓ Market Trends and Adoption Drivers
- ✓ Reasons and Barriers to Investing
- ✓ How to Think About Asset Allocation
- ✓ A Breakdown of Four Investment Verticals
- ✓ Galaxy's Role Across All Verticals

What not to expect

- ✗ Crypto 101
- ✗ On-Chain Data Analysis
- ✗ Detailed Token Comparisons
- ✗ Digital Asset Price Predictions

Alternative/Additional Resources

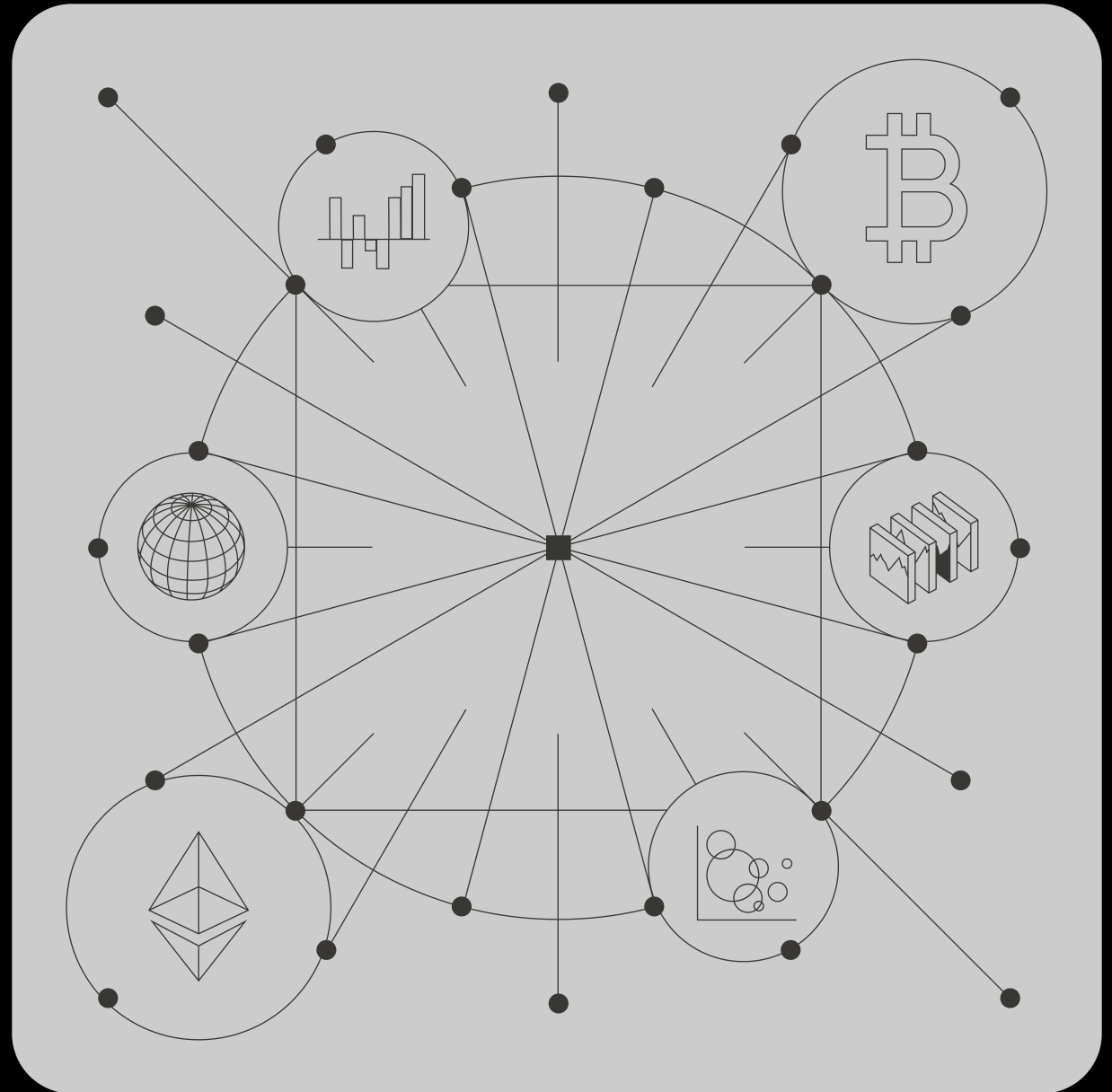
→ [Digital Assets Academy](#)

→ [Galaxy Research Newsletter](#)

1. The Digital Asset Universe

We provide an overview of the major sectors of the digital asset industry and the key players involved in each.

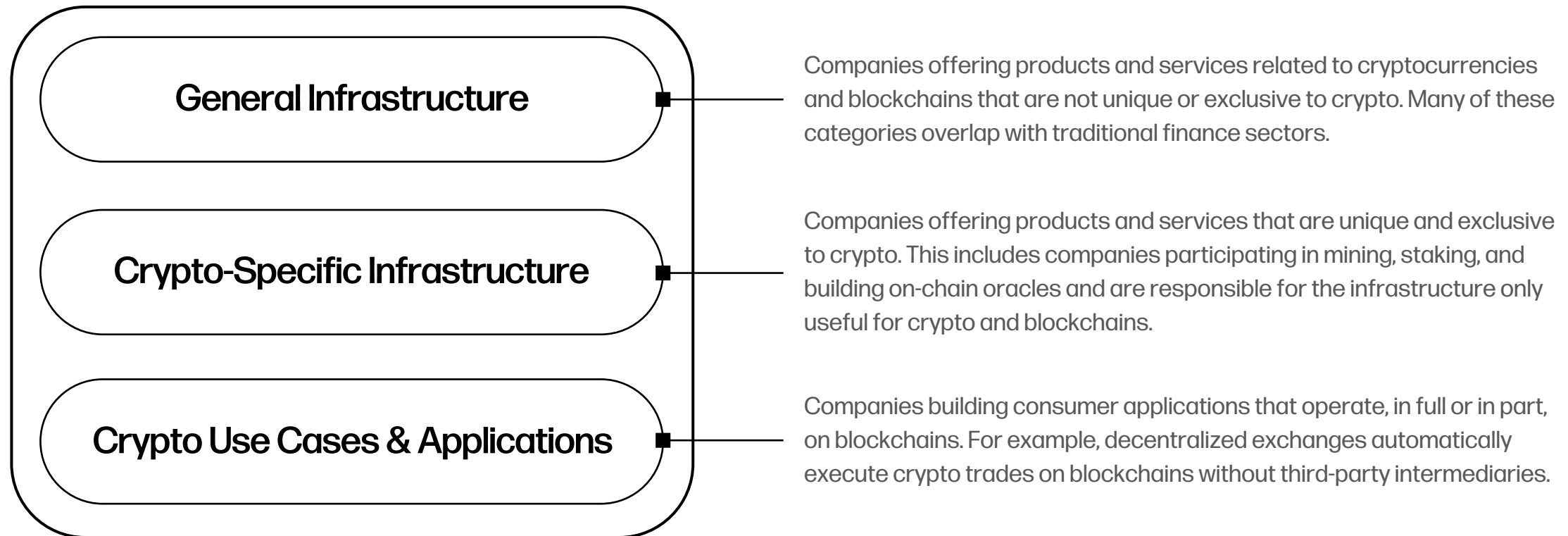
While this framework may not capture every aspect of the industry, it offers a comprehensive lens for evaluating the investable universe. This framework can also be adapted to assess emerging companies and sectors as the crypto landscape evolves and new areas gain relevance.





The Digital Asset Industry – A Framework

We divided companies and development teams into three broad categories, as shown below. While this framework may not capture every aspect of the industry, it offers a comprehensive lens for evaluating the investable universe. It can also be applied to emerging companies and sectors in crypto as they evolve and gain relevance.





Categories, Sub-Categories, and Business Focus

General Infrastructure

MARKETS

Exchanges (Spot)
 Exchanges (Options/Derivatives)
 Venture Funds
 Custody
 Clearing/Settlement
 Index Providers
 Asset Managers
 Lending Markets
 Hedge Funds
 Market Makers
 Prime Brokerages

BUSINESS SUPPORT

Banking
 Compliance
 Accounting/Taxes
 Investment Banking
 Cloud Services
 Data/Research
 Consulting

Crypto-specific Infrastructure

Layer 1 Blockchains
 Layer 2 Protocols
 Rollups-as-a-Service
 Mining Operations
 Mining Pools
 Mining Hardware
 Staking Pools
 Staking Infrastructure Providers
 Bridges/Cross-Chain Messaging
 Shared Sequencing
 Shared Security/Restaking
 Web3 Developer Tooling
 Web3 Wallets
 Zero-knowledge Coprocessors
 Zero-knowledge Provers
 Token Minting
 MEV Tooling
 Oracles
 MEV Searchers/Relays/Builders
 Intents
 Smart Contract Auditing

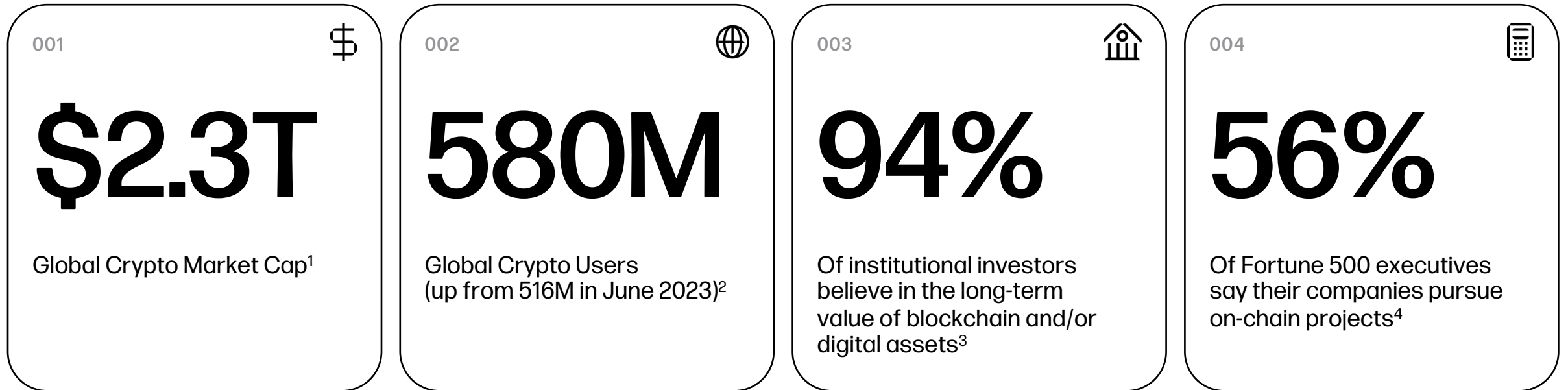
Crypto Use Cases & Applications

Payments
 Remittances
 Stablecoins
 Decentralized Exchanges
 Decentralized Lending
 RWA/Tokenization
 Prediction Markets
 Rewards/Loyalty Programs
 Virtual Casinos
 Privacy/Mixers
 Supply Chain Management
 Fundraising/Charity
 Governance/DAOs
 Identity
 Artificial Intelligence
 NFT Marketplaces
 Decentralized Public Infrastructure
 Gaming
 Decentralized Social Media
 Messaging/Chat
 Music Royalties/IP Management
 Content Publishing
 Storage/File Sharing



From a new asset class to a new industry. Digital assets have expanded rapidly in its 15-year history.

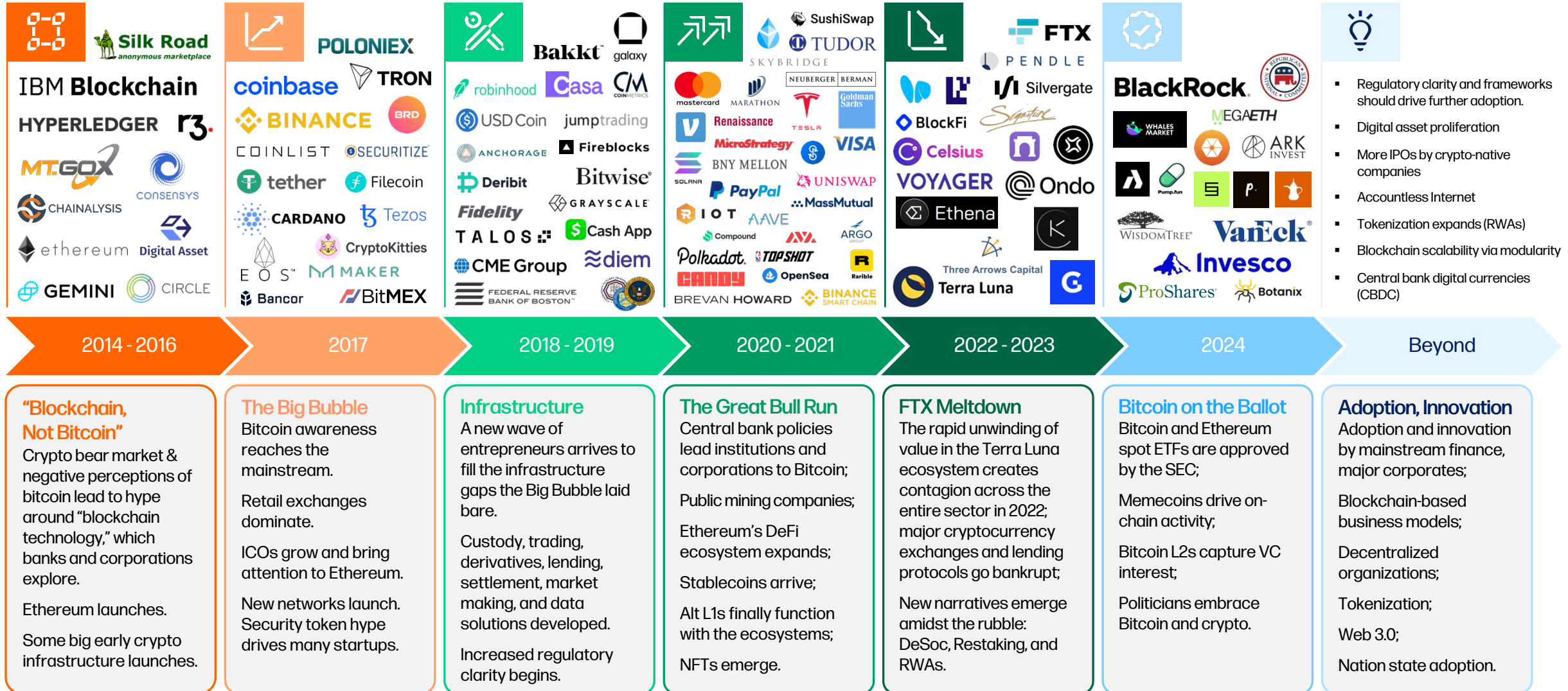
By the Numbers:



[1] CoinMarketCap, June 30, 2024. [2] "Crypto Market Sizing Report," Crypto.com, January 2024. [3] "Gaining Ground: how institutional investors plan to approach digital assets in 2024," EY Parthenon, May 2024.

[4] Web3 Adoption Survey, Coinbase, April 2024.

Phases of Adoption



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Galaxy Research; August 31, 2024.



Converging forces are driving institutional adoption.

001

Positive Sentiment

67% of institutional investors surveyed view digital assets as having a role in investment portfolios.¹

High interest rates and fundamental vulnerabilities in the financial system strengthen the case for investing in decentralized assets.

Fiat currency devaluation is influencing digital asset adoption, as people turn to crypto for alternatives to local currencies.²

002

Regulatory Clarity

The approval of spot Bitcoin and Ether ETFs marks a significant milestone for the widespread acceptance and regulation of digital assets.

We have seen proposals (i.e. FIT21) for better consumer protection and regulatory certainty necessary to allow digital asset innovation to flourish in the United States.

Digital assets have become a key U.S. election issue, raising the prospects for further regulatory clarity in the years to come.

003

Usage

- \$24T in lifetime BTC & ETH transfer volume³
- +177M total BTC & ETH wallet addresses⁴
- \$164B in total circulating stablecoin supply⁵
- \$92B of total value locked in DeFi⁶
- \$11.4B of real-world assets and tokenized supply⁷

004

Innovation Platform

A survey of Fortune 500 executives finds that 56% say their companies are working on on-chain projects, including consumer-facing payment applications.⁸

“Crypto Use Cases: Real Utility Beyond Speculation”

→ [Read the Report](#)

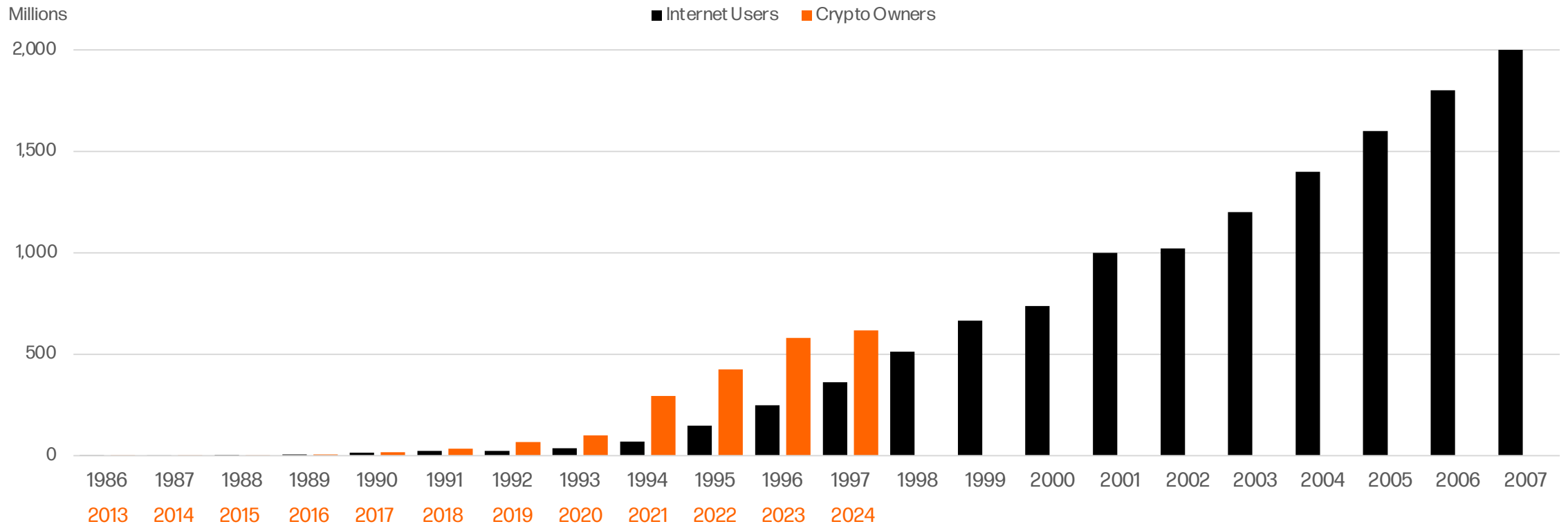
[1] Source: Fidelity Digital Assets Research, “Institutional Investor Digital Assets Study”, as of June 2024. [2] Source: Triple-A, “The State of Global Cryptocurrency Ownership in 2024, as of May 2024. [3] All “Usage” data of August 2, 2024. [3] Coin Metrics. [4] Glassnode, defined as wallet addresses with non-zero balances. [5] DeFiLlama. [6] DeFiLlama. [7] rwa.xyz (includes treasuries, real estate, private equity). [8] Web3 Adoption Survey, Coinbase, as of April 2024.



Crypto adoption is on par with early Internet adoption.

Can blockchain technology be as transformative as the Internet? As more countries work towards building comprehensive regulatory frameworks that issue clear guidance on digital assets, we believe that global crypto adoption is poised to expand.

Global Tech Adoption: Internet Users vs. Crypto Owners



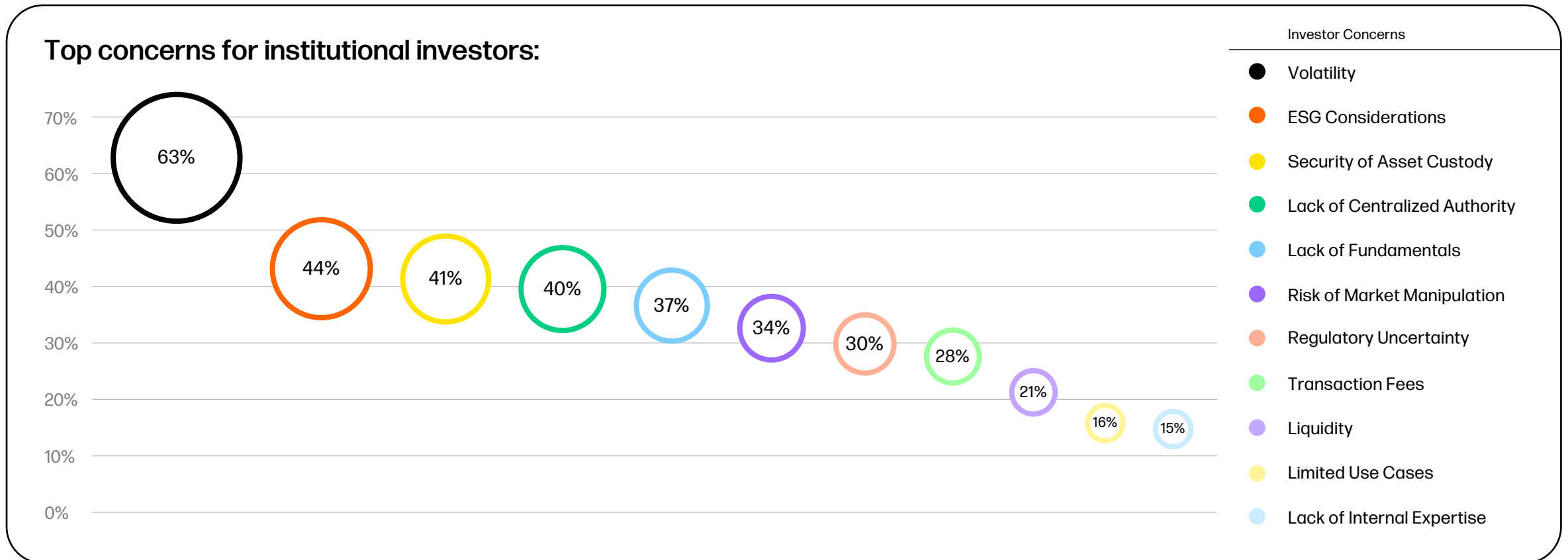
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Source: Galaxy Research, Data: Our World in Data, Cambridge Judge Business School, Statista, Crypto.com | Time series starts from year each technology first hit 1m users/owners. Data is current through August 22, 2024.



The barriers to investing in digital assets are gradually easing.

While institutional investors have cited “price volatility” as the top barrier to investing in digital assets, recent regulatory developments, improved security measures, and advancements in infrastructure are gradually addressing these concerns.¹



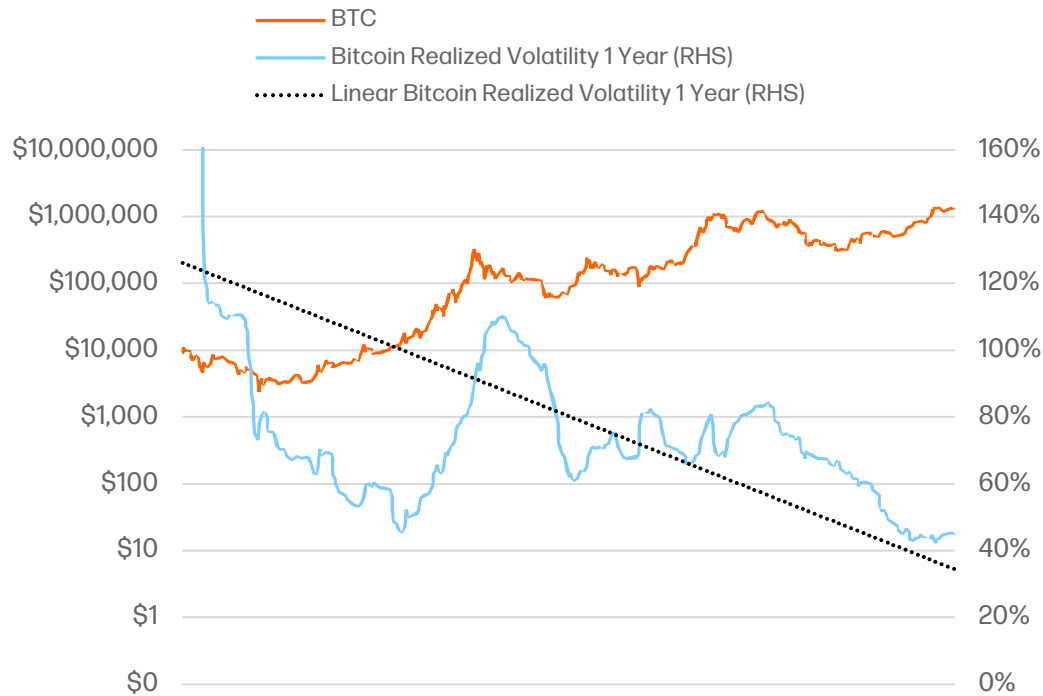
[1] Source: Coinbase | Institutional Investor, 2023 Digital Assets Outlook Survey, as of November 2023.



Bitcoin Volatility is Trending Downward

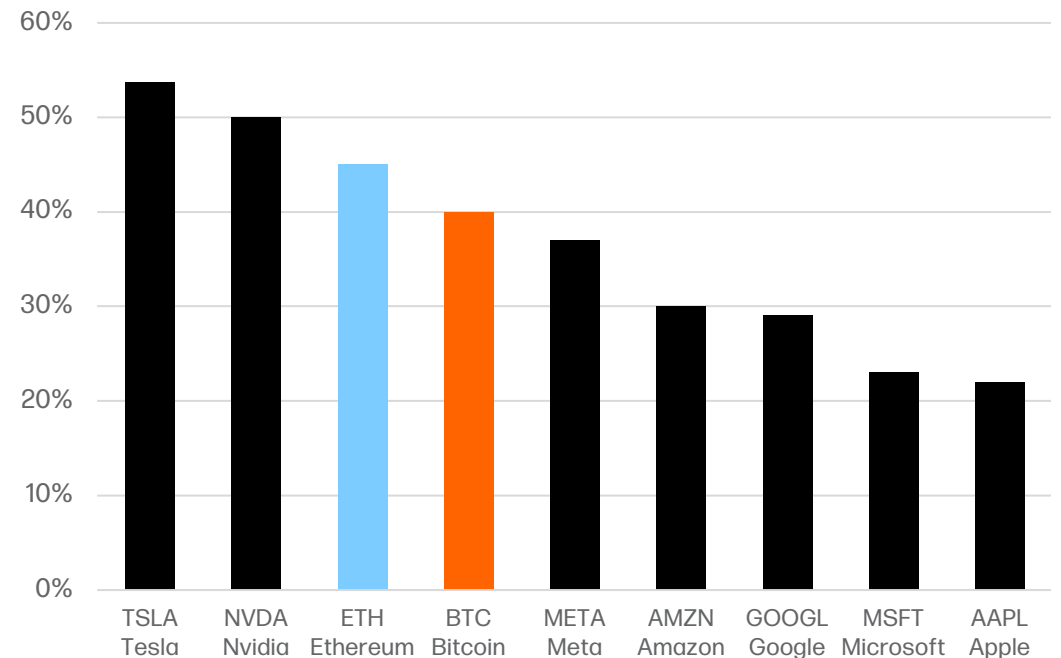
Although bitcoin is more volatile than traditional assets, its realized volatility continues to decline as adoption grows. When looking at bitcoin's 1-year volatility, it is no longer an outlier compared to the "Magnificent Seven."

Bitcoin Realized Volatility vs. Market Cap¹



The selected 10-year time period is from January 1, 2014 to June 20, 2024.

Magnificent Seven: 1-Year Volatility²



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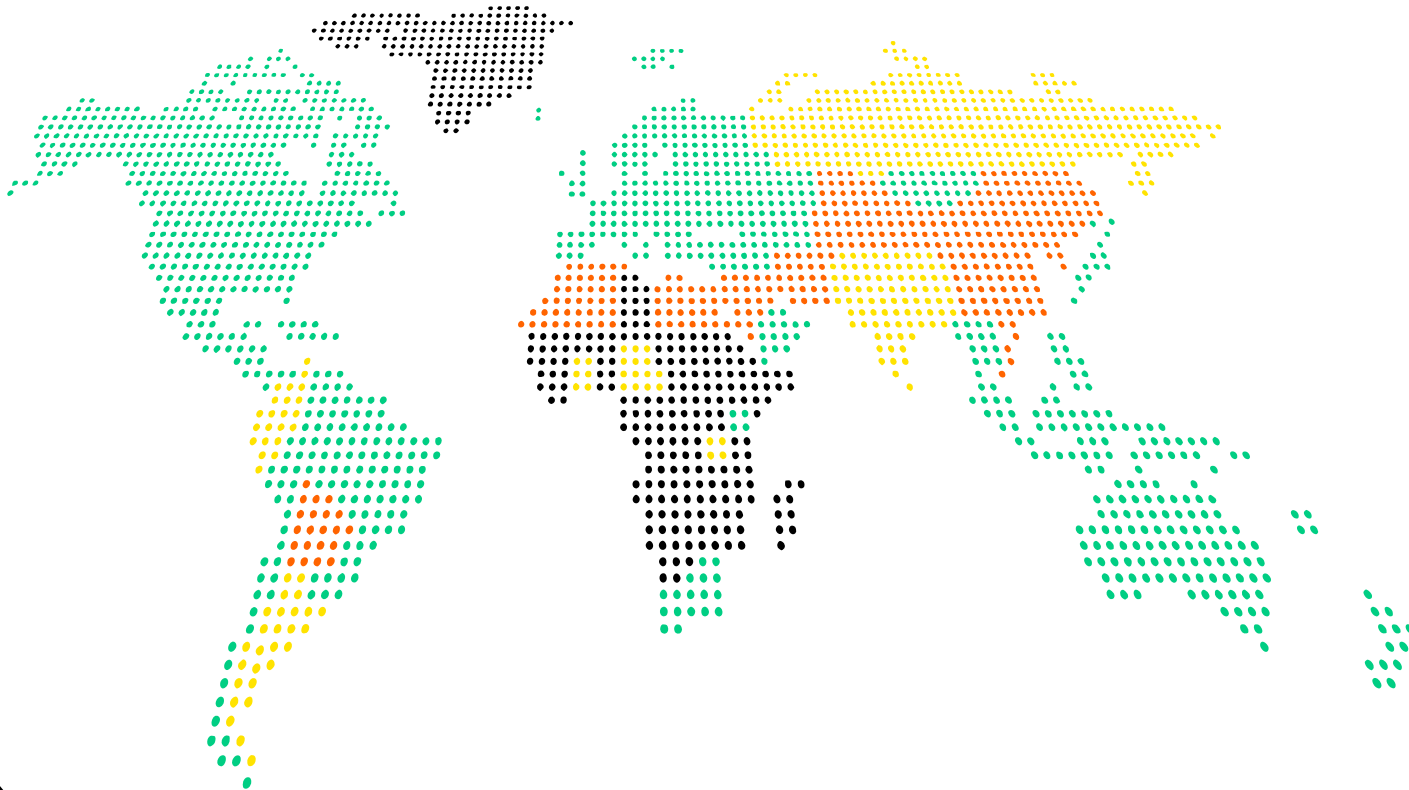
[1] Galaxy Research, as of June 20, 2024. Note: Bitcoin volatility is trending downward overall, reaching a new all-time low in 1-year volatility in March 2024. [2] Bloomberg, as of August 5, 2024.



Global Landscape of Crypto Regulation in 2024

Across the globe, governments are advancing dialogues and creating comprehensive regulatory frameworks for digital assets to ensure transparency, protect investors, and foster innovation in the financial sector.

Mapping Digital Asset Regulation



Selective Jurisdictions *

- United States
- Canada
- United Kingdom
- European Union
- Hong Kong
- Japan
- United Arab Emirates
- Saudi Arabia
- China (Mainland)
- Australia
- Bahamas
- Cayman Islands
- Bahrain
- South Africa
- Russia
- India
- South America

Regulatory Framework

- Legislation / Regulation in place
- Process initiated or plans communicated
- Regulatory process not initiated

Legal Status

- Legal (all activities are permitted)
- Partial Ban (some activities not permitted)
- General Ban (all activities limited)
- Unknown

Regulatory framework refers to countries or governments with legislation in place to enforce tax policy requirements, anti-money laundering and terrorist financing (AML/CFT), consumer protections, licensing, and disclosure obligations.

Legal status refers to whether individuals or institutions within the jurisdiction are permitted to buy, sell, or trade cryptocurrencies freely.



What motivates investors to seek exposure to the digital asset space?

Four reasons to consider investing:

001



Returns

Exposure to an entirely new asset class with the potential for outsized appreciation and asymmetric returns.

A 2023 Institutional Investor survey conducted by Fidelity ranked “high potential upside” as the top appeal of digital assets.¹

002



Diversification

Bitcoin and other digital assets offer portfolio diversification benefits due to their low correlation with other investments.

See slide 26
“Expanded Correlation Matrix” for Bitcoin and Ethereum against other asset classes.

003



Thematic/Strategic

Digital assets can provide a hedge against inflation, yield opportunities from staking & lending, and offer censorship-resistant value storage.

004



Innovation

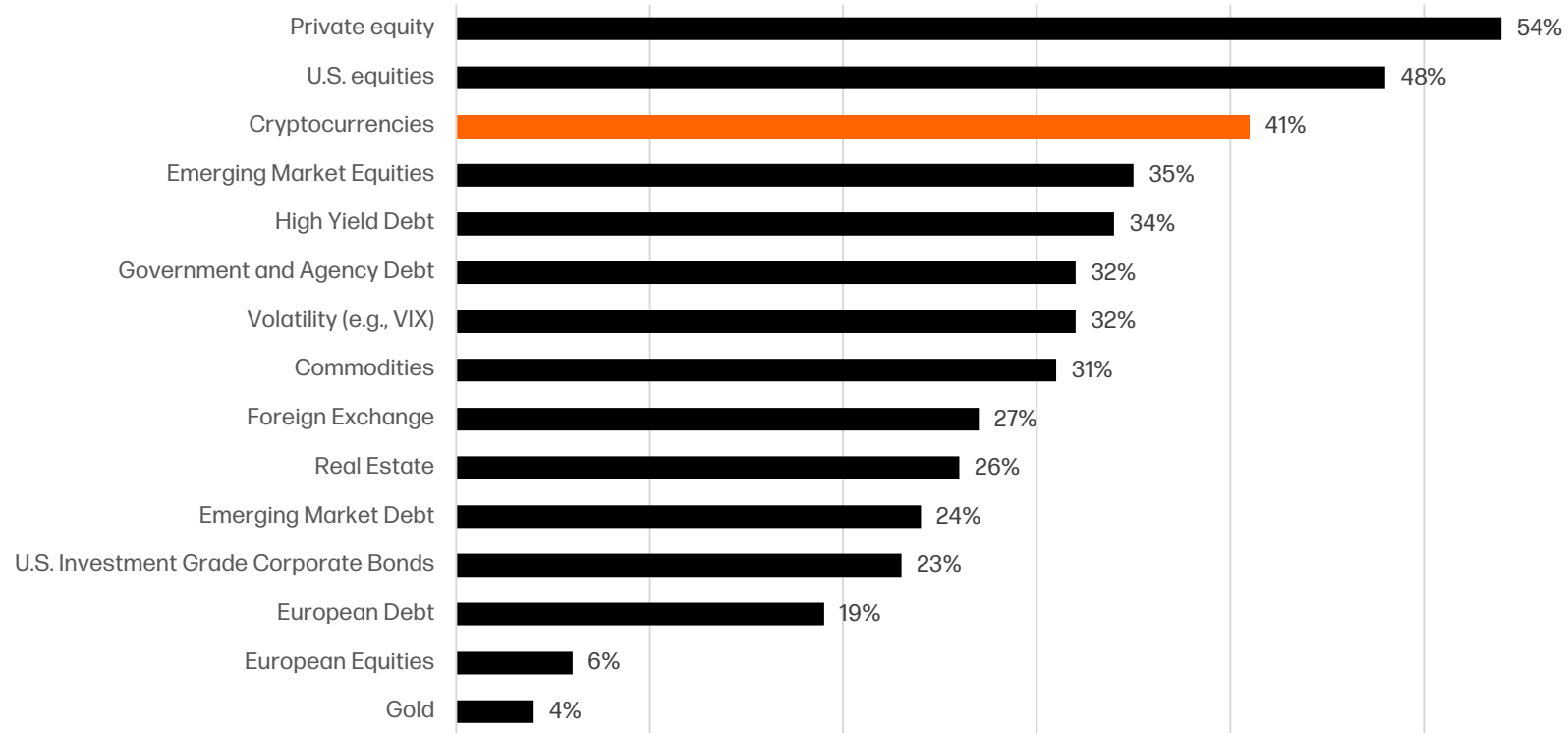
Access to 24/7 global liquidity, participate in decentralized finance (DeFi), and leverage the transparency, immutability, and transaction speeds of a blockchain.

The same survey ranked “innovative tech play” as the second most appealing reason to invest in digital assets.¹



Digital assets are seen as a good opportunity for risk-adjusted returns in 2024 and the coming years.

Investor Sentiment and Outlook for 2024 and Beyond¹



Survey Question:

“Thinking about the next three years, in which asset classes do you see the biggest opportunities to generate attractive risk-adjusted returns?”

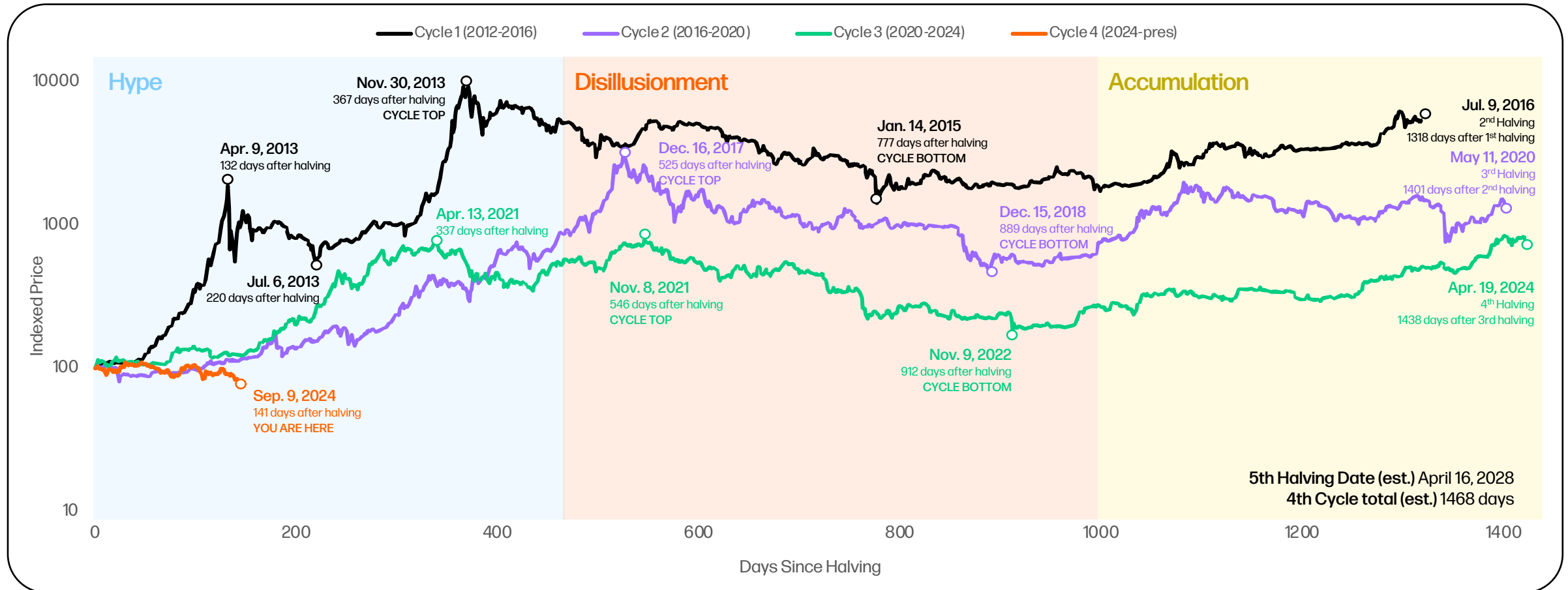
Methodology: Data was collected between Oct. 19-Nov. 6, 2023. Audience n=250 U.S. institutional decision makers from hedge funds, asset managers, and allocators.

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[1] Coinbase | Institutional Investor, 2023 Digital Assets Outlook Survey, as of November 2023.

Bull Runs Following Prior Bitcoin Halvings

Bitcoin's quadrennial supply constraints have historically preceded major bull runs.



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[1] Galaxy Research, September 9, 2024. Data: Coin Metrics



Observations and Predictions

1. Based on our research, we believe that we are approaching the era of regulatory clarity and sustainable frameworks. With the industry's strong foothold across markets and traditional finance, we see a growing consensus that "crypto is here to stay." Regulation will drive trust and adoption.
2. Solidifying regulatory foundations will lead to more mature markets, thereby allowing more non-native crypto companies to become major players in the industry, not only in the general markets and infrastructure sectors of digital assets but also in crypto-specific infrastructure and crypto use cases.
3. The value of decentralization and censorship resistance among industry participants should drive more open-sourced, DAO-led projects within crypto-specific infrastructure. We believe these products and services will likely become the permissionless layer upon which companies across the industry can build new applications over time, akin to how eCommerce was built atop the open internet.
4. The subsector that features a larger number of public companies is bitcoin mining operators. Bitcoin mining is a capital-intensive operation funded primarily through equity capital, as opposed to debt capital. See Galaxy Research's [Mid-Year Mining Report](#) for more information.
5. Zero-knowledge provers, another subsector of crypto-specific infrastructure that requires capital-intensive operations, may grow to benefit from deeper equity fundraising in the future.
6. Gaming leads the "crypto use cases" subsector, featuring the largest number of major projects and the highest share of VC investment in the digital asset industry. Blockchain gaming, alongside DeFi, holds the potential to become one of the most critical use cases for crypto. For more information, see Galaxy Research's [Quarterly VC Updates](#).

"Crypto Use Cases: Real Utility Beyond Speculation"



[Read Report](#)

Galaxy Research's Quarterly VC Updates



[Learn More](#)

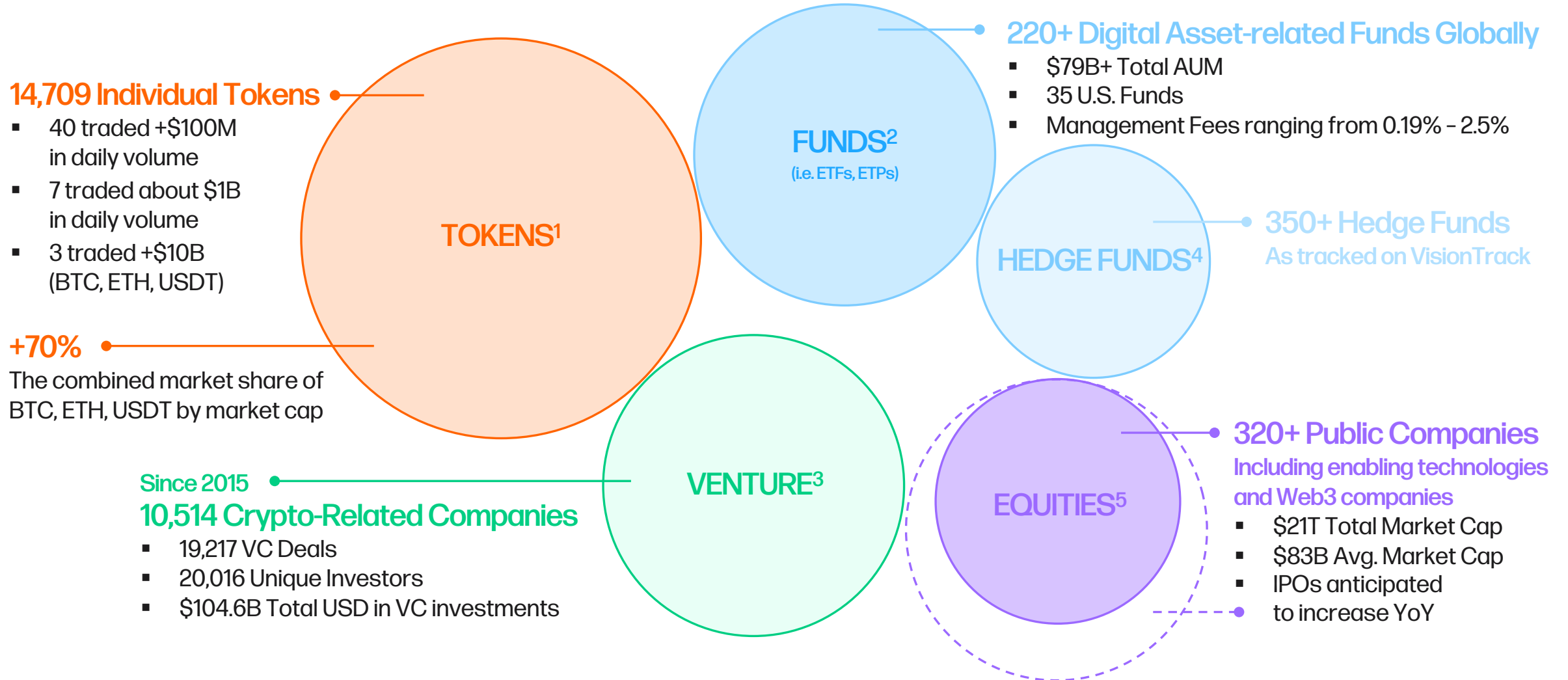
Galaxy Research's Mid-Year Mining Report



[Learn More](#)



The Global Digital Asset Industry by Investment Category



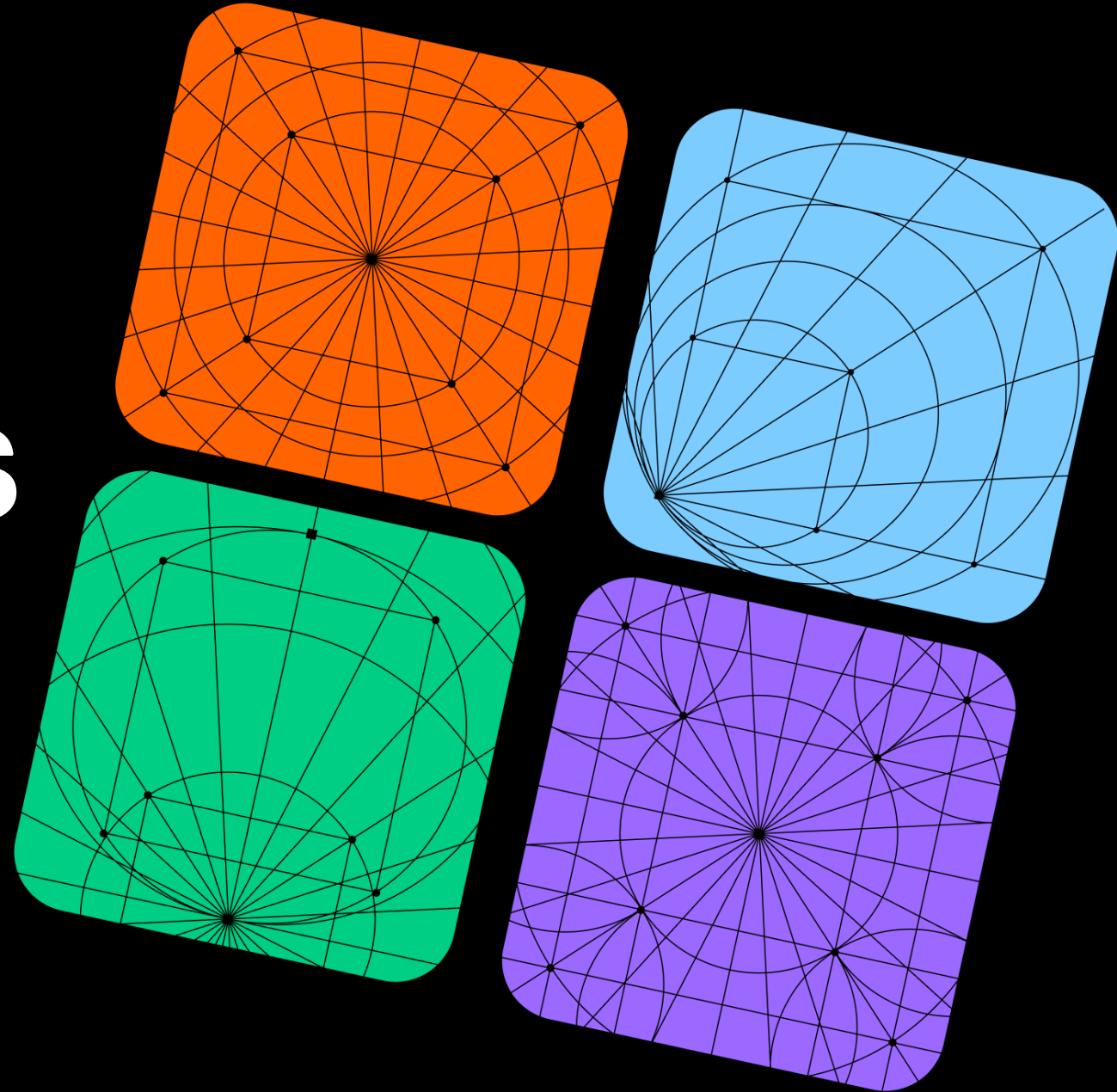
[1] Galaxy Research, September 12, 2024, Data: CoinGecko.com. [2] Galaxy Research, September 12, 2024, Data: Bloomberg Intelligence. [3] Galaxy Research, September 12, 2024, Data: Pitchbook.

[4] Galaxy Research - VisionTrack, as of August 31, 2024. [5] Galaxy Asset Management, Data: VettaFi, September 4, 2024.



2. Accessing Digital Assets

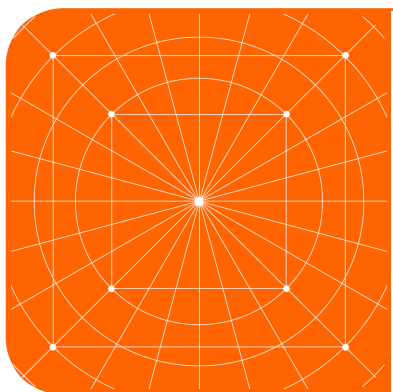
Today, the digital asset universe has expanded far beyond tokens, encompassing a diverse array of startups, publicly traded companies, ETFs, and other investment products.





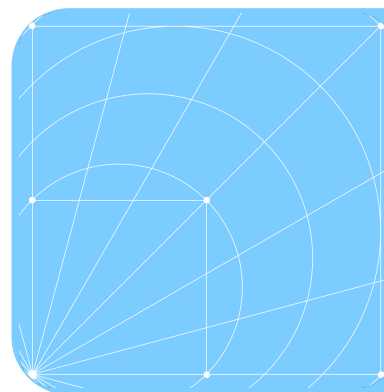
How to gain exposure to the digital asset universe today?

From venture capital and pension funds to crypto hedge funds, the consensus among investors is that digital assets, including cryptocurrencies, have an important role to play in asset allocation. It is not just bitcoin. Today, investors can access digital assets in more ways than ever before. In this report, we break down the four major entry points to gain exposure:



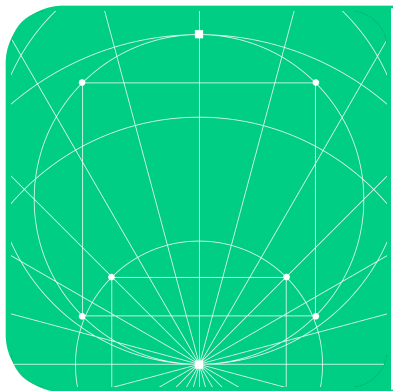
Direct Ownership

Investors may own and stake tokens directly in a wallet or third-party account and trade spot, lending, or derivative products on exchanges.



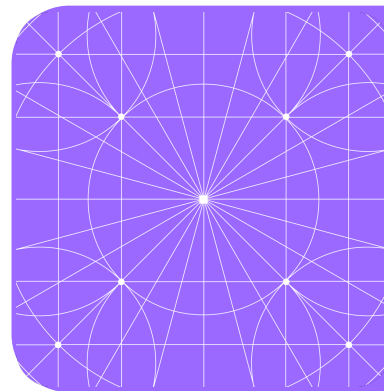
Fund Exposure

Investors can choose to gain indirect exposure through fund structures, including private and public funds (i.e. ETFs).



Venture Investing

Investors may invest in early-stage projects and young companies that are working toward the proliferation of blockchain technology.



Public Equities Exposure

Investors can seek exposure through the public markets and invest in more established companies.



Pros & Cons: The four major entry points into digital assets

With a wide range of investment vehicles – spot ETFs, VC investments, and crypto derivatives – each entry point into the digital asset universe comes with unique advantages and risks. Investors should align their strategy to their preferred risk tolerance and desired level of digital asset exposure:

Direct Ownership

001

Pros

- + Direct access to the blockchain
- + Self-custody of assets
- + Ability to stake assets for yield

Cons

- Exchange and custody risk
- Steep learning curve
- Potential for lost keys

Fund Exposure

002

Pros

- + Familiar investment vehicle
- + Reduced custody risk
- + Multiple fund strategies

Cons

- No access to the blockchain
- No ability to self-custody
- Annual management fees

Venture Investing

003

Pros

- + Access to early-stage deals
- + Potential for outsized returns

Cons

- Must be a qualified investor
- High cost of ownership
- Long path to liquidity

Public Equities Exposure

004

Pros

- + No custody fees
- + High transparency
- + Regulated, audited financials

Cons

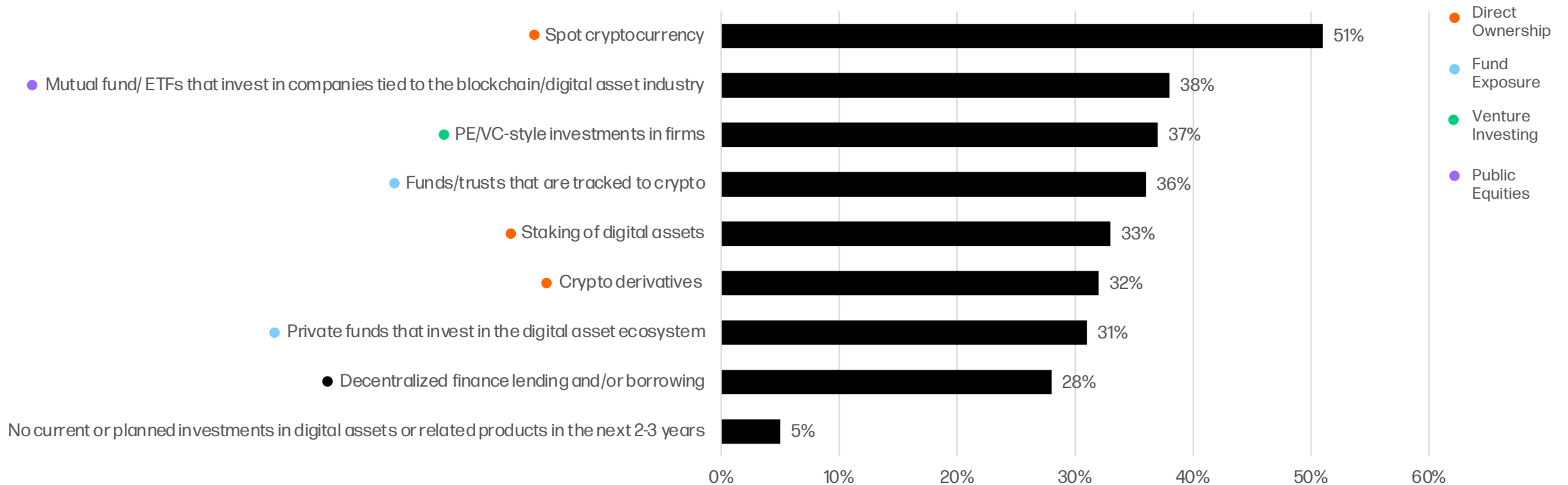
- Limited investable landscape
- Credit risk
- Management execution risk



Institutional investors' appetite for different investment strategies

A 2022 EY survey highlights the ranging interest among institutional investors in allocating their portfolios to different crypto products, based on their expected investments over the next two to three years.¹

Institutional investors anticipated investments over the next 2-3 years (2022)

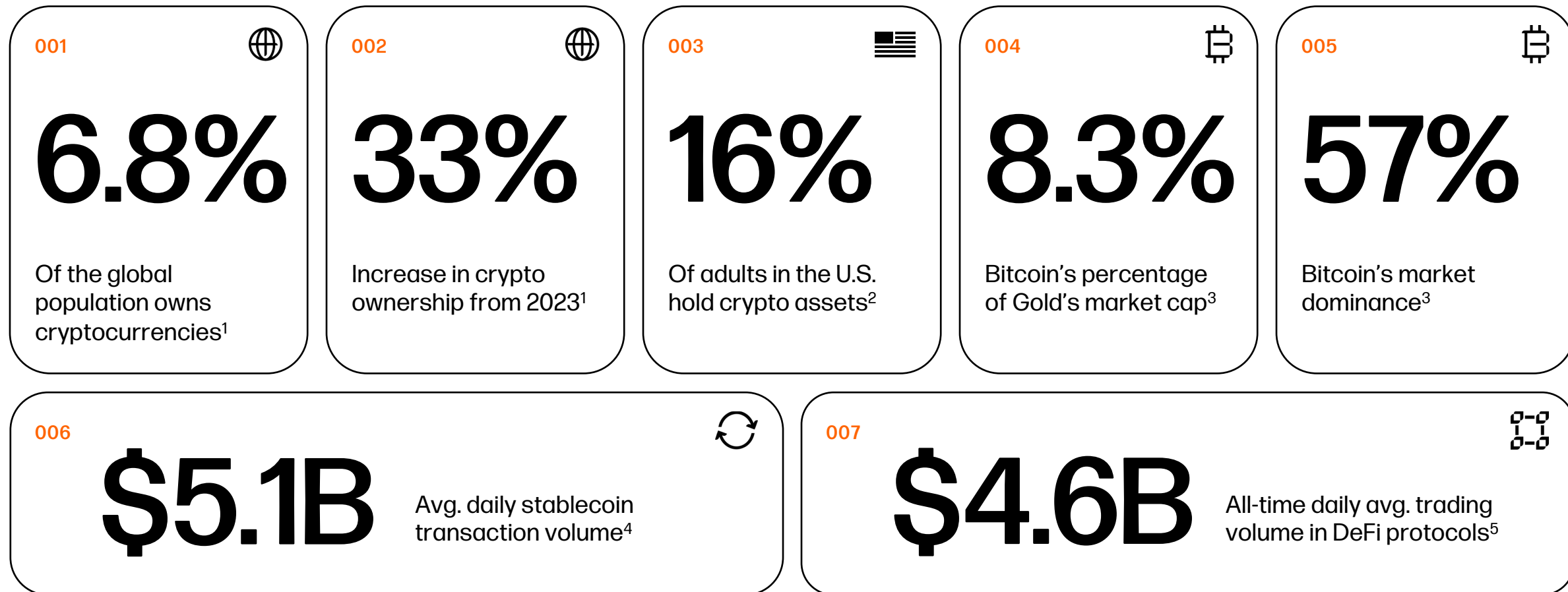


[1] EY, "Staying the course: institutional investor outlook on digital assets", https://www.ey.com/en_us/insights/financial-services/how-institutions-are-investing-in-digital-assets.



Direct Ownership

By the Numbers:



[1] Triple-A, "The State of Global Cryptocurrency Ownership in 2024", as of May 2024. [2] "Cryptocurrency adoption in 56 different countries worldwide," Statista, as of March 2024.

[3] Source: Galaxy Research, as of September 17, 2024. [4] Source: Allium Data from August 1, 2023 - August 1, 2024. [5] Source: Dune Analytics, as of November 2, 2018 - August 2, 2024.



Adoption Often Starts with Bitcoin and Ether

The low correlation of digital assets with more established asset classes, like equities and fixed income, makes them well-suited to diversify a multi-asset portfolio.

1. Clearest Entry Point

- Bitcoin and Ether are the largest cryptocurrencies by market cap

2. Most Accessible

- High liquidity and often more accessible for investors
- More regulatory clarity than other cryptocurrencies

3. Compelling Risk-Return Profile

- Strong performance over the past 10 years
- Low correlation to traditional assets
- Potential hedge against market volatility and inflation

Correlation Matrix Explained:

+1.0 means that the two assets are moving together in lockstep.
0.0 means that the two assets have no correlation to each other
-1.0 means the two assets are moving in completely opposite directions.

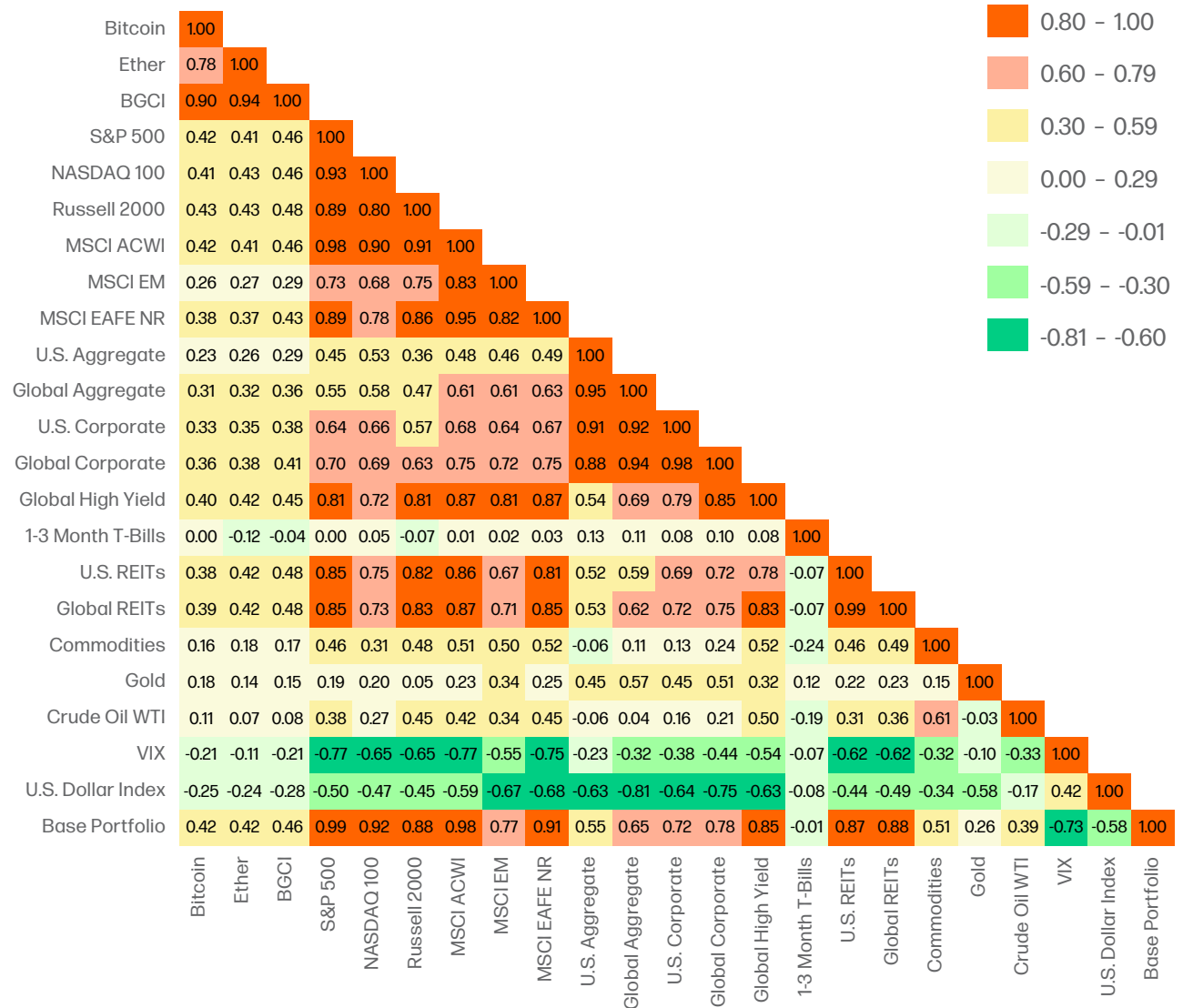
[1] Data: Bloomberg, as of June 28, 2024.

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The Expanded Correlation Matrix tracks a 6-year correlation period.

*Base Portfolio = 35% S&P 500, 35% U.S. Aggregate, 10% Commodities

Expanded Correlation Matrix¹

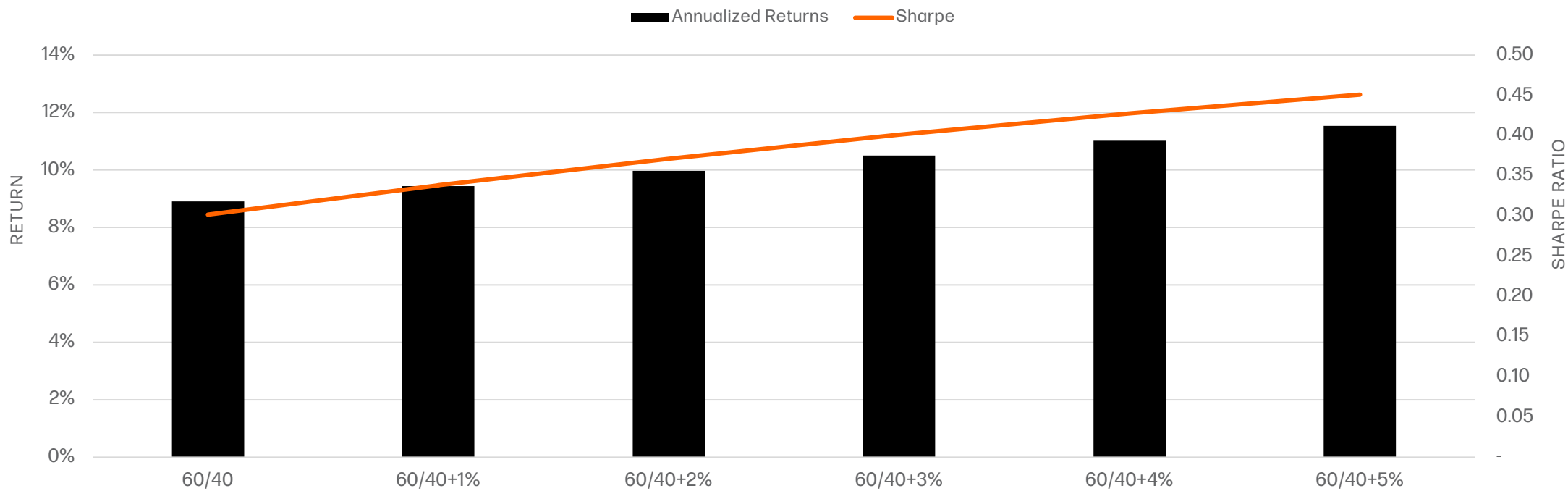




Getting Off Zero: Bitcoin in a Portfolio

Integrating bitcoin into traditional investment portfolios is no longer a speculative bet; it's a forward-thinking strategy for holistic financial planning and wealth preservation. Adding bitcoin incrementally to a diversified portfolio may provide asymmetric benefits without sacrificing the portfolio's risk profile.

Impact on return and Sharpe Ratio from adding crypto to 60/40 portfolio (2019 - 2024)



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The selected 5-year time period includes both crypto's bull and bear market cycles.

Source: Galaxy Asset Management, as of July 2024.



How to Manage Direct Ownership of Digital Assets

Investors may value the autonomy of self-custody. (“Not your keys, not your coins”). On the other hand, third-party and institutional custody can provide convenience, support, and at times more security.

Custody regulations are starting to solidify, and the user experience is improving. Which method fits an individual’s preferences often differ based on expenses and security.

	Self-Custody	Retail Custody	Institutional Custody
Expenses	Commission fees Hardware Wallet Cost	Commission fees	Commission and custody fees
Tax Treatment	Taxed as property with gains and losses recognized at sale or disposition; no wash trading rules; may also produce ordinary income, depending on the asset		
Protections	Wallets may provide some protections; risk of loss or theft; importance of private key management and secure backup	Custodians may provide some protections; FDIC insurance for fiat balances, potential hacking risks	Custodians and advisors may provide some protections; insurance policies, regulatory oversight, fiduciary responsibility, professional risk management



Custody Risk Management

Direct ownership demands a comprehensive understanding of the technology-related risks in the digital asset ecosystem:

Cybersecurity Risks

Counter Party Risk*

Transaction Irreversibility

Loss of Private Keys

The availability of user-friendly custody solutions and the rise of institutional-grade custodians enable investors to capitalize on direct ownership of digital assets. We believe the participation of more traditional financial institutions, including custodial banks, will strengthen infrastructure, build trust, reduce risks, and encourage widespread participation.



Learn how to manage self-custody using hot and/or cold wallets for private key management.



Perform rigorous due diligence before selecting a custodian or utilizing a custody solution.

Only work with licensed custodians.



Institutional custody providers must ensure transparency and verify security audits through:

- Regulatory Compliance
- Asset Segregation
- Proof of Reserves



Implement security measures like encryption protocols, multi-factor authentication, and regular security audits.



Strengthen security with multi-signature wallets that require multiple keys to perform transactions.

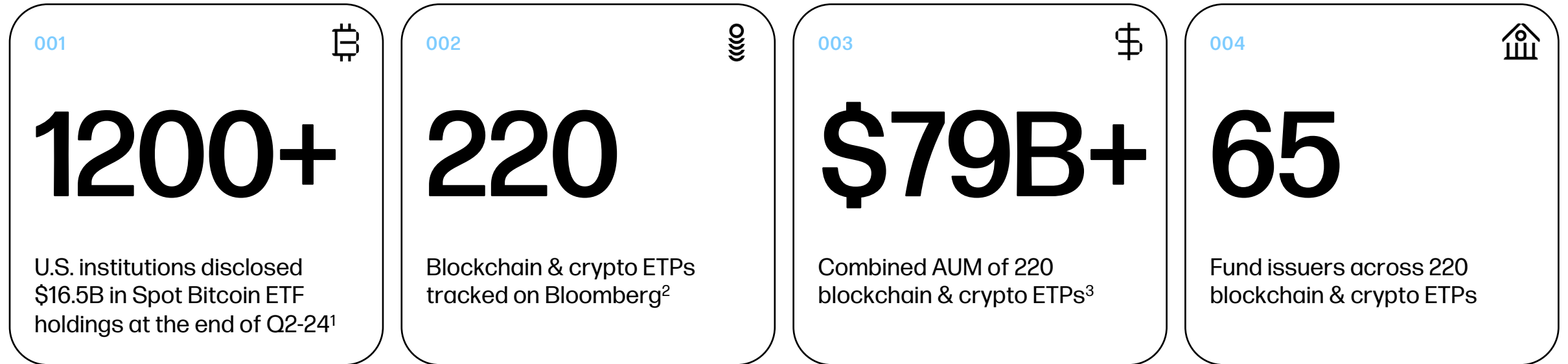
*Unless the user chooses self-custody.

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Fund Exposure

By the Numbers:



Traditional fund issuers have entered the chat.

Many of the largest fund issuers globally are launching digital asset products.



BlackRock



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[1] Bloomberg, as of August 31, 2024. [2] Bloomberg, as of September 10, 2024. [3] Bloomberg, as of September 20, 2024.



Overview: Fund Exposure of Digital Assets

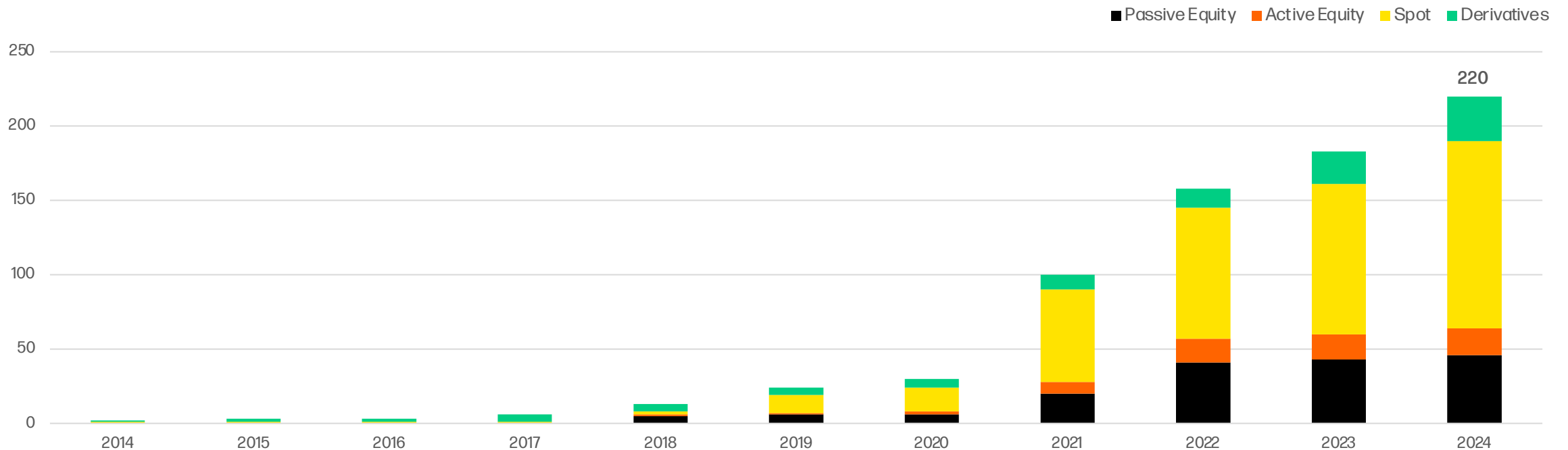
Funds provide easy exposure to underlying investments in digital assets, related companies, or digital asset-related indices. These structures are more familiar to investors and can be held in traditional brokerage accounts. The 2024 launch of BTC and ETH spot ETFs in the U.S. marked a pivotal moment in the passage of digital asset regulation.

	Private Funds (i.e. Hedge Funds, Venture)	Public Funds (i.e. ETPs)
Liquidity	Longer lockups, illiquid secondary market	Trades on exchange; easy to enter/exit
Expenses	Higher fees (management + performance)	Lower fees (management)
Tax Treatment	Depends on tax structure and can vary from product to product	ETFs are more tax efficient due to in-kind redemptions
Assets	Larger universe of tokens; can engage in on-chain activities, like staking	Limited to Spot Crypto, Derivatives (Futures), Equities, Multi-assets
Strategies	Passive and Active Strategies (Traditional active hedge fund-like strategies include fundamental Long/Short, quantitative Long/Short, market neutral, and multi-strategy)	Passive and Active Strategies
Protections	Well-regulated, audited funds; transparent with filings; custodians and investment managers may provide additional protection (Private funds report less frequently; ETFs report daily holdings)	
Other	Easier to incorporate into a traditional investment portfolio and investment management workflow (Private funds typically require investor accreditation status of net worth or income minimums)	



Over the past decade, the number of ETPs has surged globally, cementing digital assets as a new asset class and giving investors more familiar investment options.

Cumulative Number of Crypto-related ETP Inceptions, Globally (2014 - 2024)¹



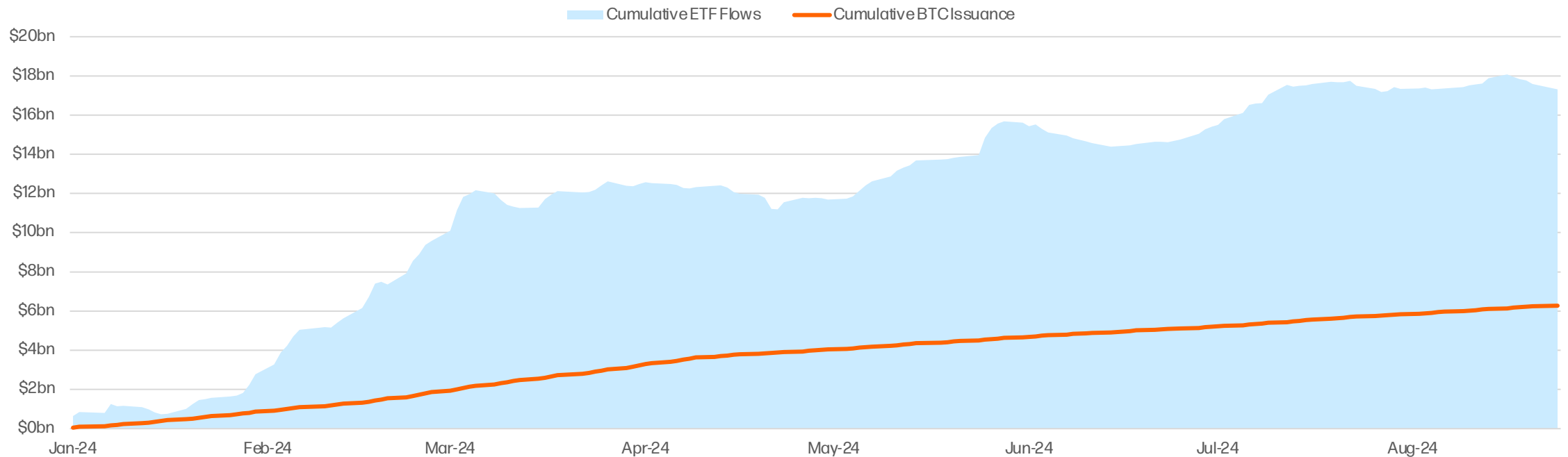
[1] Source: Galaxy Research, as of August 31, 2024. Data: Bloomberg.



U.S. Spot ETFs were a significant source of new demand.

Since the spot ETFs began trading, demand from ETFs has significantly outpaced new bitcoin issuance. BTC ETF Inflows in Q1 and Q2 of 2024 demonstrate the demand for more easily accessible exposure. Measured by the asset flows within the first six months, the BTC ETF launch can be considered the most successful ETF launch (across all issuers) of all time.

Bitcoin ETF Flows vs. BTC Issuance (Cumulative)¹



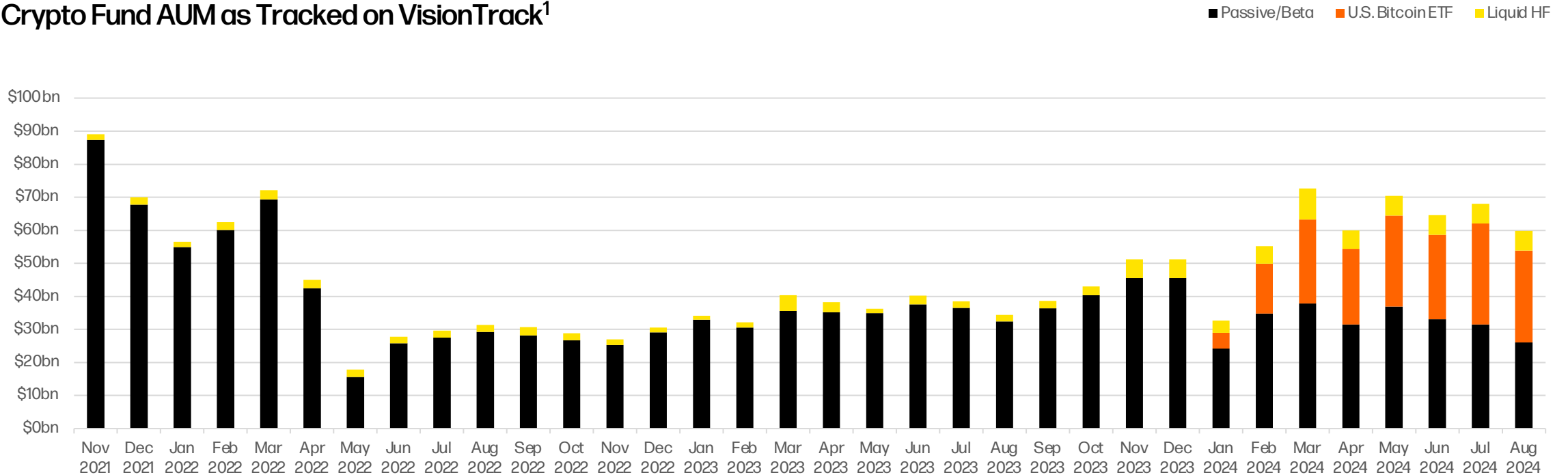
[1] Source: Galaxy Research, Data: Bloomberg, as of August 31, 2024.



Private funds struggled amid the spot ETF surge in 2024.

Galaxy's VisionTrack monitors ~350 hedge funds, providing investors with insights into the performance of quantitative, fundamental, and market-neutral crypto strategies. Liquid hedge funds still represent a small share of the total capital allocated toward crypto fund strategies. In 2024, AUM growth was largely driven by the launch of U.S. Spot Bitcoin ETFs.

Crypto Fund AUM as Tracked on VisionTrack¹



*Liquid Fund AUM data for Jun., Jul., Aug. is not finalized

[1] Galaxy Research, as of August 31, 2024. Data Source: Bloomberg, VisionTrack.

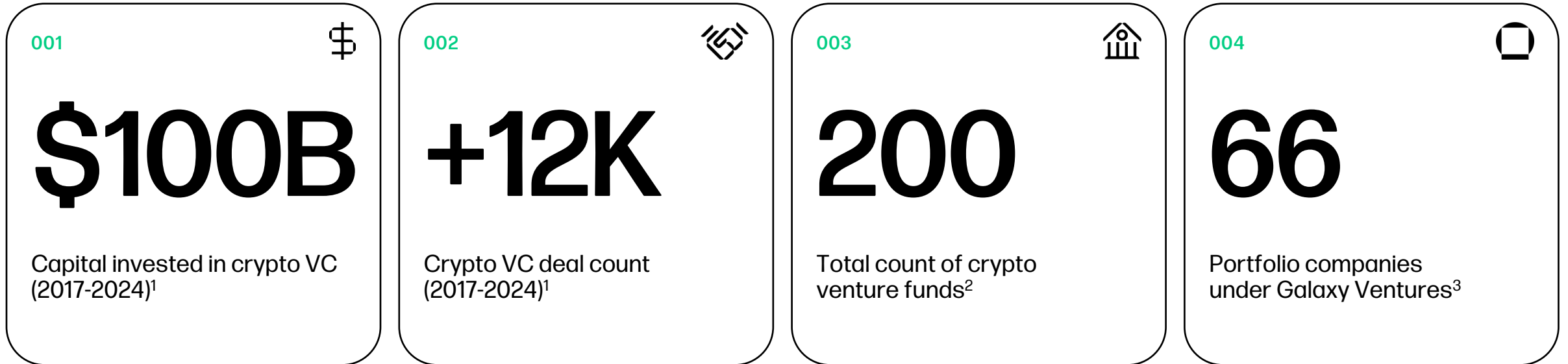
visiontrack.galaxy.com/indices/

[Learn More](#)

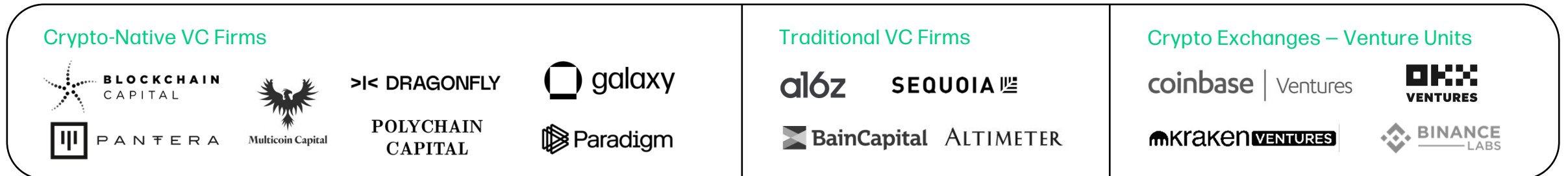


Venture Exposure

By the Numbers:



Biggest Crypto VC Players:









In Q2 2024, venture capitalists invested roughly \$3.2 billion into crypto and blockchain-focused companies across 500+ deals.

 Capital Invested
  Number of Deals



Web3
NFTs
Metaverse
Gaming

 \$768M
  110



Layer 1
Layer 2
Interoperability

 \$608M
  40



Mining

 \$192M
  6



Compliance

 \$32M
  17



Infrastructure

 \$480M
  86



DeFi | Tokenization

 \$256M
  81



Artificial Intelligence

 \$64M
  17



Trading | Lending
Investing

 \$384M
  63

Data | Privacy
Security

 \$320M
  75

Payments | Rewards
Wallets | Custody

 \$128M
  40



Crypto VC investments started to slowly rebound in 2024 ...

Entrepreneurs are coming back.

Increased VC activity and capital invested signal an increase in deal activity for crypto VCs.

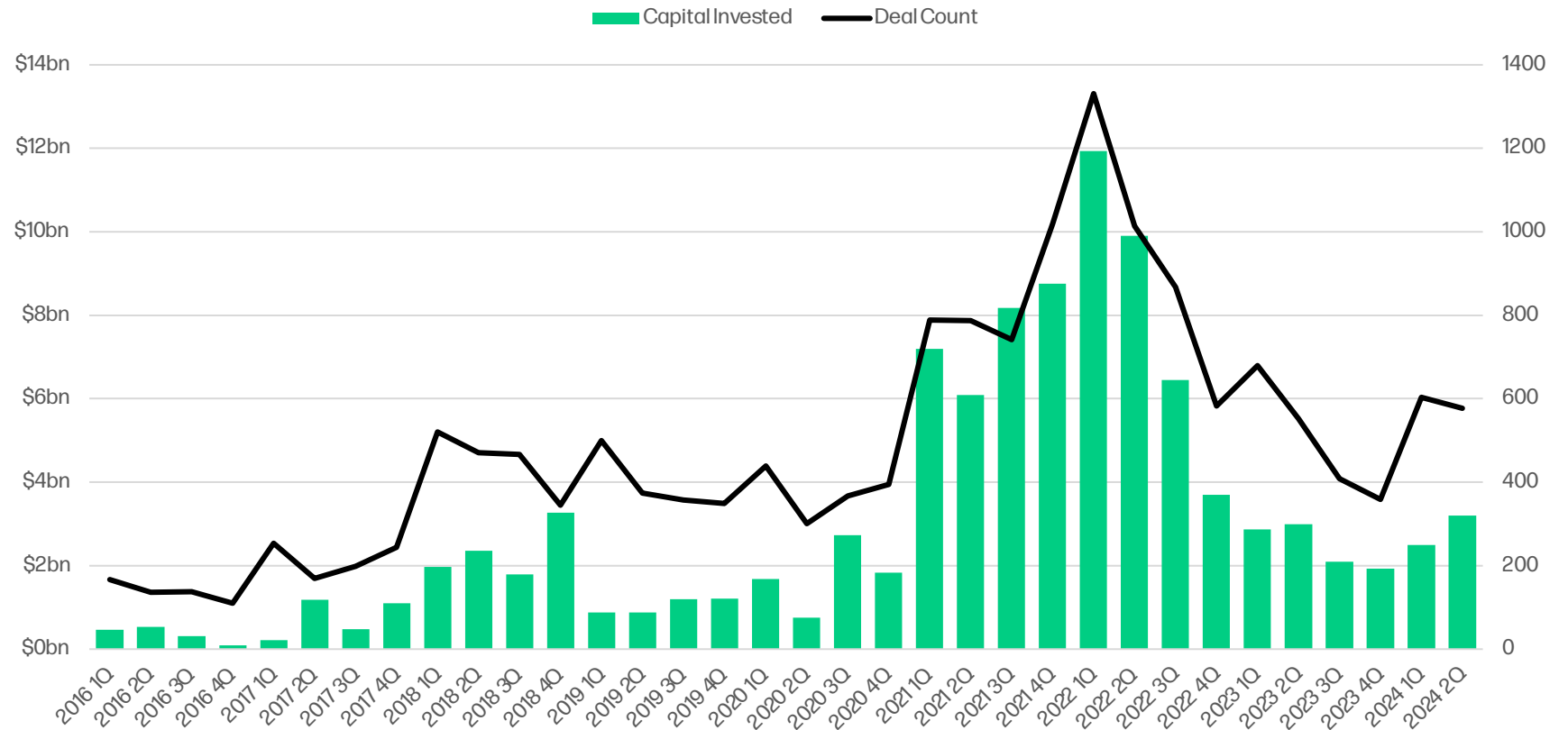
Q1 2024

Both capital invested and deal count rose after 3 consecutive quarters of decline.

Q2 2024

Capital invested in crypto and blockchain-focused companies rose +28% QoQ, signaling fierce competition and renewed interest among investors.

Crypto VC Deal Count and Capital Invested



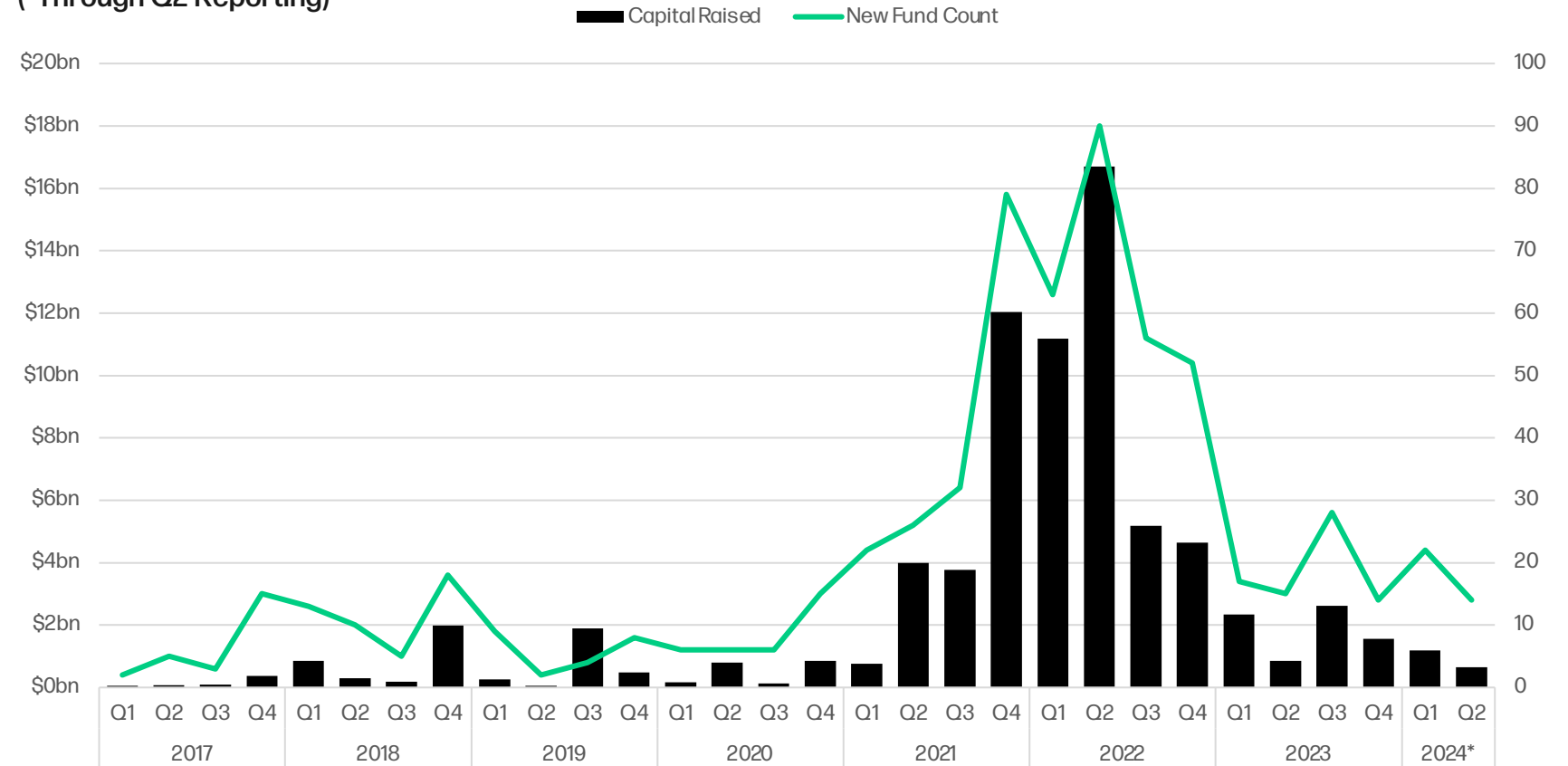


... however, allocators are still slower to return.

In a challenging market where many crypto projects have yet to prove product-market fit, investors remain cautious.

However, this presents an opportunity for more seasoned VC funds with strong deal access.

Allocation to Crypto VC
(*Through Q2 Reporting)





Converging Universes: **Crypto and AI**

001 Capital Invested (2017-2024) ¹	\$	002 Deal Count (2017-2024) ²	📄
Crypto	AI	Crypto	AI
\$100B	\$600B	+12K	+85K

Recent Trends
While VC investments in AI have skyrocketed in 2023-2024, investors seeking less crowded opportunities may consider areas integrating both blockchain and AI technology.

Cross-Sector Opportunities
Developments in Decentralized Compute, zkML, and AI Agents are promising verticals that are building the foundation for a future where crypto and AI are seamlessly integrated.

AI/Crypto Market Map³

Decentralized Compute truebit akash golem exaBITS LILYPAD PHALA NETWORK CUDOS Flux NOSANA ID.NET RDR	zkML Infrastructure Giza EZKL ModulusLabs SPECTRAL HYPER ORACLE	AI Agents Dawn Wallet ChainML polywrap Autonolas Shinkai Morpheus fetch.ai VAIoT DAIN asm Singularity Net
ML Training gensyn together.ai KOSEN LABS Tromero	zkML DeFi Teller MOZAIC robonet N:O:Y A Lyra Yearn Finance	
Artificial General Intelligence bittensor UPSHOT	zkML Gaming LELA THE WORLD PARALLEL AI Arena Cartridge	
	Coprocessors AXIOM Ritual RISC ZERO	

“Understanding the Intersection of Crypto and AI” [→ Read the Report](#)

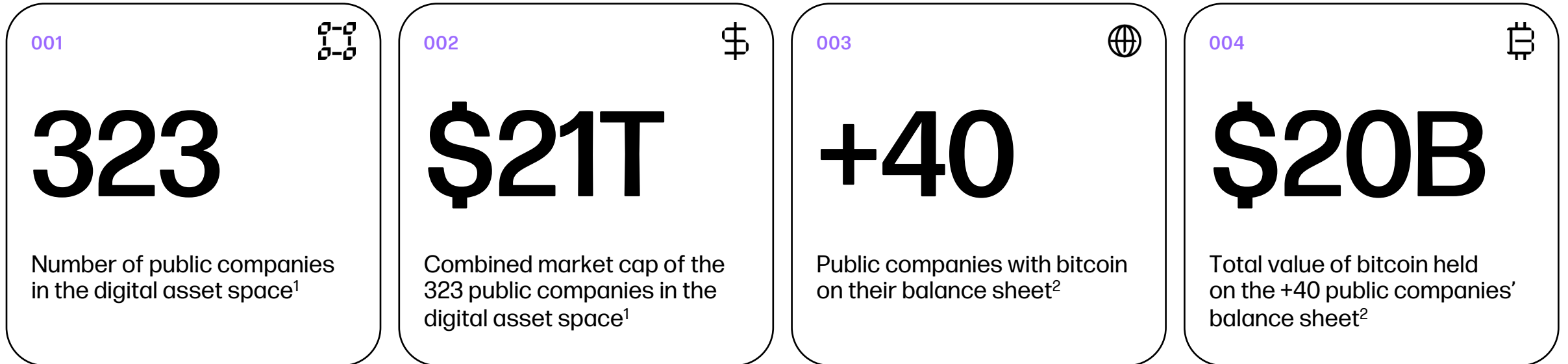
For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security. All third-party company product and service names in this presentation are for identification purposes only. The product names, logos, and brands are property of their respective owners. Use of these names, logos, and brands does not imply endorsement.

[1] Data: Pitchbook, category defined as artificial intelligence/machine learning capital raised from August 2017 to August 2024. [2] Data: Pitchbook, category defined as artificial intelligence/machine learning deal count from August 2017 to August 2024. [3] Source: Galaxy Research, as of February 2024.



Public Equity Exposure

By the Numbers:



Prominent Public Companies Investing in the Digital Asset Ecosystem:



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[1] Source: VettaFi, as of August 4, 2024. [2] Source: bitcointreasuries.com, as of April 30, 2024; BTC value represented as the average closing price of \$66,175.97 throughout April 2024.



Digital Asset Equity Exposure Breakdown

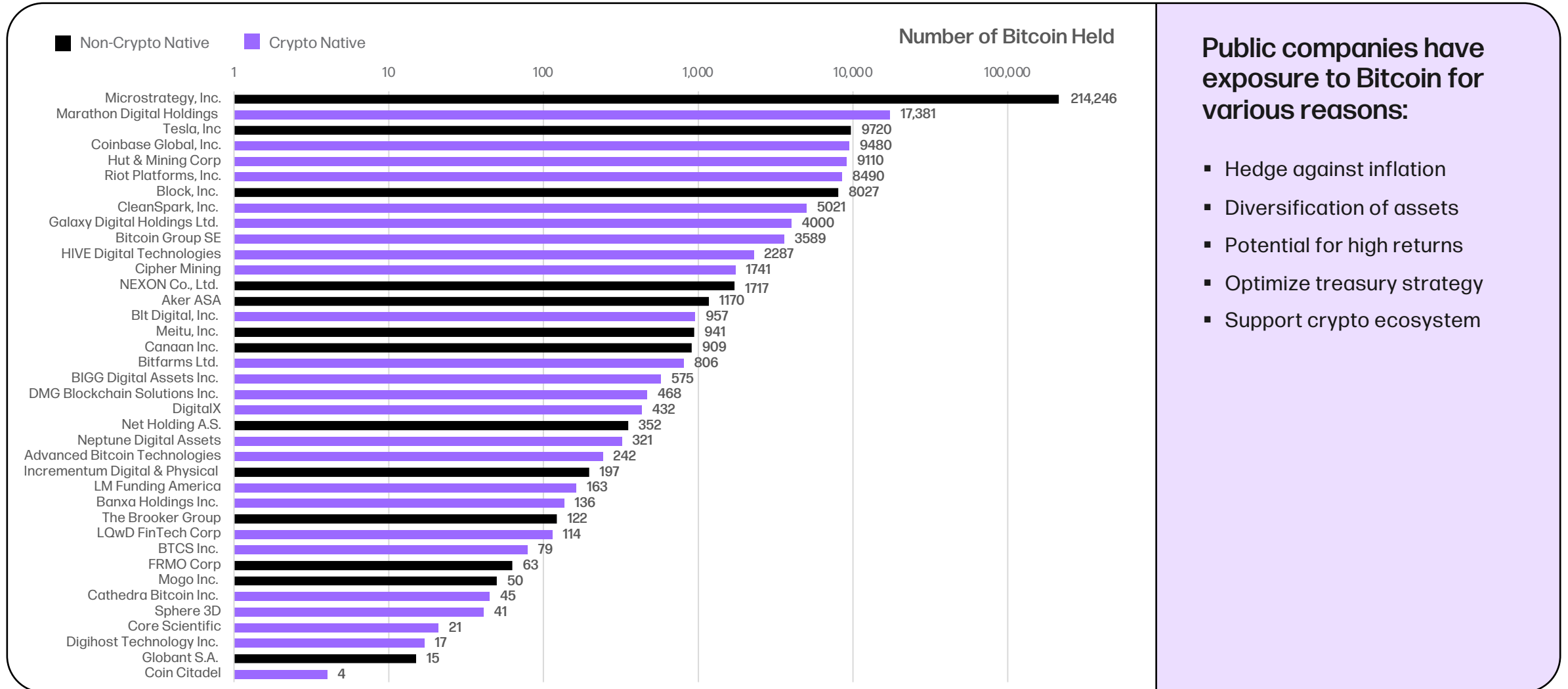
Investors can access digital assets by investing in publicly traded companies that are involved in the ecosystem and its underlying infrastructure in multiple ways. VettaFi Database tracks a total of 323 public companies in the following categories:¹

Equity Category	Description	Company Count
Blockchain Users	Companies utilizing blockchain technology as a core part of their business operations for various functions, such as supply chain management, data verification, or decentralized applications.	145
Cryptocurrency Enabling Technologies	Companies developing and providing the infrastructure necessary for crypto transactions, digital wallets, exchanges, custody solutions, and the issuance of digital assets.	83
Cryptocurrency Miners	Companies involved in the process of validating and recording transactions on the blockchain, known as mining, and investing in the hardware and software to enable the creation of new tokens.	47
Web3	Companies developing the next generation of the Internet by providing web3 enablement, content, experiences, connectivity, and customer interaction.	40
Cryptocurrency Buyer	Institutional investors or publicly traded companies allocating a portion of their balance sheet to digital assets, either as an investment or as part of strategic treasury management	8

[1 Source: VettaFi Database, as of August 31, 2024.



Public Companies with Bitcoin on Balance Sheet



Public companies have exposure to Bitcoin for various reasons:

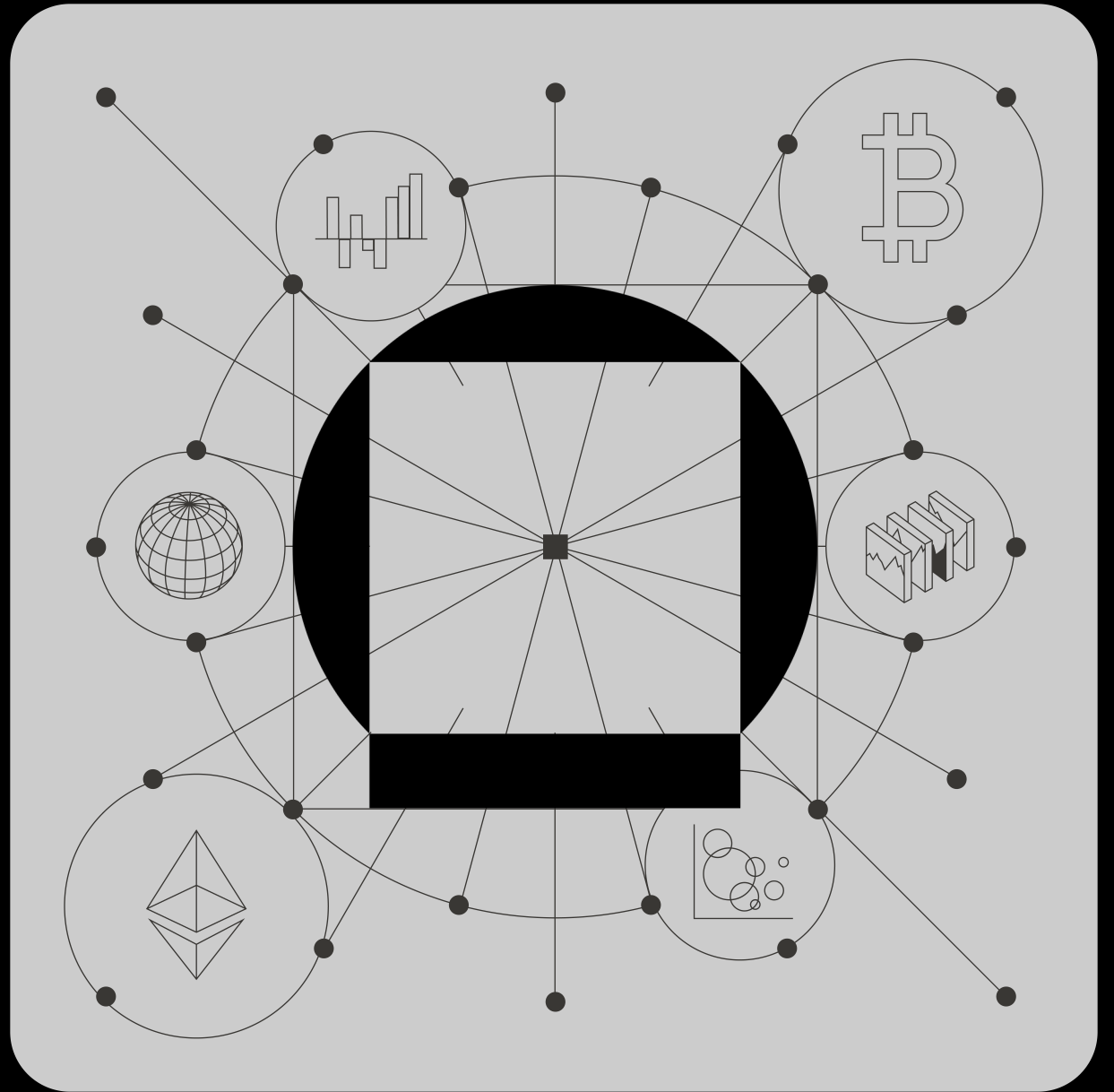
- Hedge against inflation
- Diversification of assets
- Potential for high returns
- Optimize treasury strategy
- Support crypto ecosystem

For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security.

[1] Chainalysis, The 2024 Crypto Spring Report, as of April 2024. Public disclosures, press releases, SEC filings.



Galaxy



The Galaxy

Galaxy considers itself as one of the most diversified leaders in the digital asset space, offering institutional-grade financial services and actively developing blockchain infrastructure.

Our full suite of services touches most areas of the “Investable Universe.”



Trading

Galaxy's 24/7 global electronic and over-the-counter trading desk grants access to a vast network of exchanges and market makers.

Investment Banking

Galaxy's advisory team provides M&A and capital-raising services for both public and private clients in the digital asset industry.

Asset Management Investment Solutions

Galaxy Asset Management provides institutional-grade access via passive, active, and venture strategies.

Single-Asset Core

Multi-Asset Core

Fundamental

Venture

galaxy | Global Markets

galaxy | Asset Management



GalaxyOne – a unified platform built for institutions providing full-service access to trading, custody, financing, staking, and research.

Mining

Galaxy owns and operates proprietary bitcoin mining operations, bespoke financing for miners, and strategic investments.

galaxy | Digital Infrastructure Solutions



Staking

Our blockchain infrastructure operates multiple validator nodes on a wide range of protocols. Use staked assets as collateral when you partner with Galaxy's lending, derivatives, and OTC trading desks.



GK8 Custody Technology

GK8 provides secure self-custody technology, enabling custodians, exchanges, banks, and other institutions to take full control of their digital assets.

Galaxy Solutions: Galaxy Asset Management provides institutional-grade access via passive, active, and venture strategies.

Passive Strategies

Single-Asset Core

Multi-Asset Core

Galaxy Bitcoin Funds
Galaxy Ethereum Funds
Galaxy Crypto Index Fund

Active Strategies

Fundamental

Galaxy Liquid Crypto Fund ¹
Galaxy Absolute Return Fund ²
Opportunistic (Bankruptcy Mandates) ³

Venture Strategies

Crypto

Interactive

Galaxy Ventures Fund I ⁴
Galaxy Interactive Strategies



Model Portfolios

Bespoke Mandates

Opportunistic Investments

SPVs / Co-invests

Galaxy Partnerships

Funds & ETFs

US [Active]

STATE STREET GLOBAL ADVISORS

US [Passive]

Invesco

EU [Passive]

DWS

Canada [Passive]

CI GLOBAL ASSET MANAGEMENT

Brazil [Passive]

Itaú Asset

Indices

Bloomberg

VettaFi

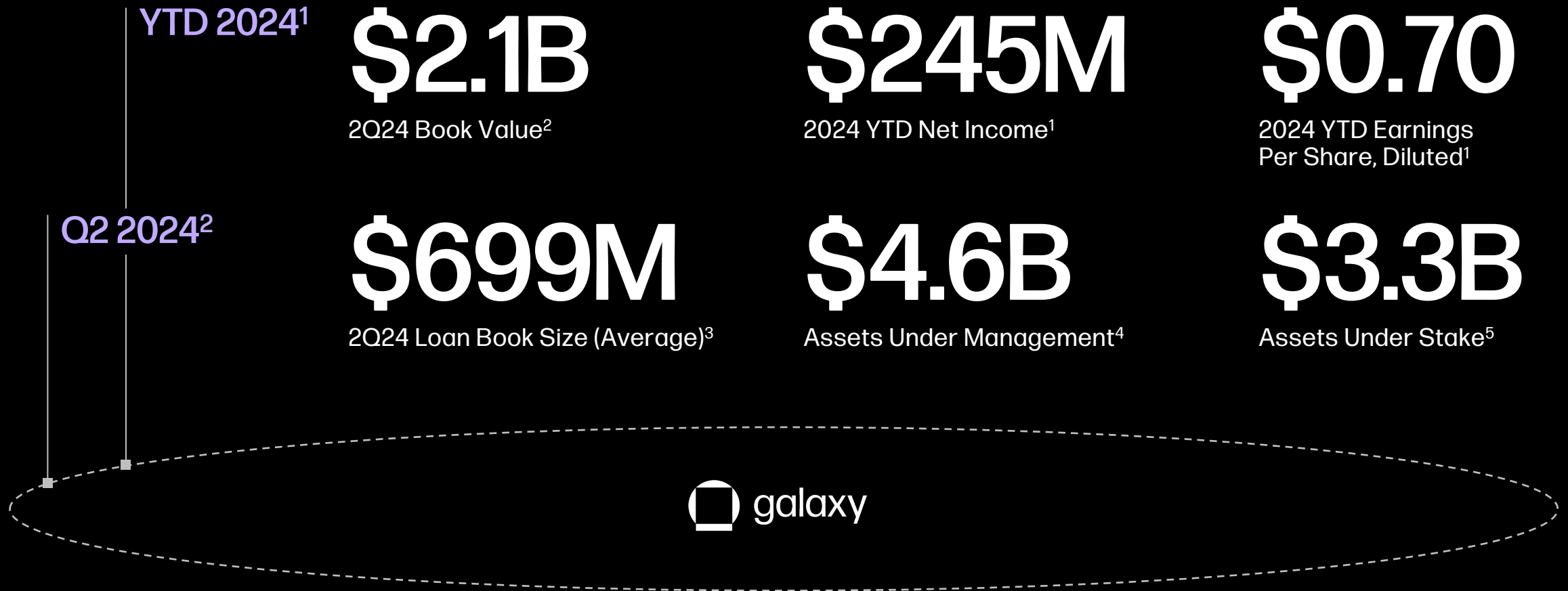
+1.5B

AUM in Venture Strategies ⁵

[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 Q4 2024. [3] Near-term or mid-term engagements to unwind portfolios managed by GAM. [4] Currently in market. Held an initial close of \$113M in July 2024. Anticipate holding subsequent closes through year-end 2024. Fund name subject to change. [5] As of June 30, 2024.



Galaxy Overview: Key Financial and Business Metrics



[1] For the period January 1, 2024, through June 30, 2024. [2] As of June 30, 2024. [3] For the period March 31, 2024, through June 30, 2024. [4] 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. [5] The total notional value of assets bonded to Galaxy validators, based on prices as of July 18, 2024.



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