

News and Market Developments

- + 15 June | Global Monetary Tightening Exacerbates Crypto Selloff, Prices Stabilize Over the Weekend.
 - Wednesday the U.S. Federal Reserve announced a 75 bps rate hike¹, raising the effective benchmark rate to 1.5% in an effort to curb inflation. Likewise, the Bank of England raised its benchmark rate by 25 bps² to 1.25%, and the Swiss National Bank raised its key rate to -0.25% from the -0.75% level it has held since 2015³. At the time of writing the Monday following the announcements, BTC and ETH prices as well as total crypto market capitalization have stabilized, recovering to levels slightly below those prior to the announcements, indicating much of the rate hikes were priced in by the market as any shock has dissipated.

- + 15 June | Tether Denies Rumors of Exposure to Asian Commercial Paper in USDT Collateral
 - Tether, the USDT stablecoin issuer denied claims of exposure to the commercial paper of potentially insolvent Three Arrows Capital, a prominent hedge fund based in Singapore⁴. This comes as a relief to stablecoin users, as broad market selloffs and waves of liquidations in leveraged positions roil the market. Furthermore, the recent TerraUSD collapse leaves investors highly attentive to the possible systemic and counterparty risk across the crypto ecosystem. Tether re-iterated its plans to reduce its commercial paper holdings, already decreased by 50% from March, to reach its eventual target of zero, replacing with US short term floating rate treasuries. Since the collapse of algorithmic stablecoin TerraUSD, investors have demanded more transparency around stablecoin collateralization to properly assess risk.

- + 12 June | Worries of Insolvency for Crypto Lender Celsius and Hedge Fund Three Arrows Capital
 - On the 12th June, Celsius announced a freeze on client withdrawals as they suffer from a liquidity crunch, needing to meet margin requirements at various centralized and decentralized finance counterparties for which they hold outstanding loans. One of which is a \$475MM outstanding loan on decentralized lending protocol Aave⁵, for which they posted additional funds nearly missing auto-liquidation. They did so by selling a large position in stETH, a token representing Lido staked Ethereum, which tends to trade in line with Ethereum price, but led to a steep discount in price. Likewise, another large seller of stETH during this time of stress was prominent hedge fund Three Arrows Capital⁶, also struggling to maintain solvency after suffering from steep losses in their multi billion-dollar crypto portfolio from exposure to Terra LUNA and the broad market downturn.

Sources:

1. <https://www.reuters.com/markets/us/fed-hikes-rates-by-075-percentage-point-flags-slowing-economy-2022-06-15>
2. <https://www.reuters.com/markets/europe/boe-raise-rates-25-bps-june-stick-slow-pace-coming-months-2022-06-13>
3. <https://www.reuters.com/markets/europe/swiss-national-bank-hikes-rates-by-half-point-franc-surges-2022-06-16/>
4. <https://www.coindesk.com/business/2022/06/15/tether-denies-claims-of-asian-commercial-paper-backing-exposure-to-three-arrows-capital/>
5. <https://decrypt.co/102812/celsius-liquidity-crunch-lido-staked-ethereum-steth>
6. <https://decrypt.co/103030/three-arrows-capital-unravel-heres-whats-going-on>

News and Market Developments (Continued)

- + 8 June | MasterCard Partners to Secure Mercado Libre Crypto Ecosystem
 - The largest online marketplace in Latin America, Mercado Libre recently announced the launch of its crypto program in which customers in Brazil would be able to buy, hold and sell cryptocurrencies¹. The Mercado Libre digital wallet will be secured by Mastercard's CipherTrace technology, allowing the firm to identify and monitor risks for the benefit of customers, as well as meet various regulatory and compliance obligations. Brazil already has a high level of cryptocurrency adoption, and by enabling secure crypto payments and investments on an already popular platform such as Mercado Libre, allows easy access to crypto for the broader population of Brazil.

- + 8 June | Salesforce Launches Cloud Platform for Minting and Selling NFTs
 - Popular CRM and cloud company Salesforce is piloting its NFT Cloud, a platform offering an easy, step-by-step process for the minting and selling of NFTs². This enables clients to leverage NFT technology to further the engagement of users with their brand by offering direct and personalized access to experiences, events, and discounts.

- + 7 June | US Senators Gillibrand and Lummis Introduce Bill for Future Rules and Regulations of Crypto
 - The proposed bill proposed by the two republican senators offers a comprehensive set of regulations, appointing the CFTC (Commodity Futures Trading Commission) as the primary institution overseeing the crypto industry³. The legislation covers a wide range of issues, from taxes, to the definition of a crypto security and its differences from other traditional assets, to stablecoin reserve requirements, and more. The bill's current impact is negligible in the legal sense but serves as a starting point for many dialogues to follow in Washington and may even lead to some tangible regulatory outcomes as soon as next year.

Basis point (bp): 1/100th of 1 percent.

Bitcoin (BTC): A decentralized digital currency, without a central bank or single administrator, that can be sent from user to user on the peer-to-peer bitcoin network without the need for intermediaries.

Blockchain: A shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network.

Cryptocurrency (crypto): A digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.

Ethereum (ETH): A decentralized, open-source blockchain with smart contract functionality.

Non-fungible token (NFT): A financial security consisting of digital data stored in a blockchain, a form of distributed ledger.

Stablecoin: Cryptocurrencies where the price is designed to be pegged to a cryptocurrency, fiat money, or to exchange-traded commodities.

Terra LUNA: Stablecoins that were launched in 2018 by Terraform Labs, a South Korean company run by Do Kwon.

TerraUSD: A blockchain protocol and payment platform used for algorithmic stablecoins.

Tether (USDT): A stablecoin cryptocurrency that is hosted on the Ethereum and Bitcoin blockchains, among others.

Sources:

1. <https://www.mastercard.com/news/press/2022/june/mastercard-to-secure-mercado-libre-crypto-ecosystem-in-brazil/>
2. <https://techcrunch.com/2022/06/08/salesforce-takes-crypto-plunge-with-new-nft-cloud/>
3. <https://www.coindesk.com/policy/2022/06/07/key-us-senators-introduce-bill-outlining-sweeping-plan-for-future-crypto-rules/>

Spot Market Summary | 1/3

TOP 10 BY MARKET CAP

#	Symbol	Name	Price	Market Cap, bn	7d Return	30d Return	13w Return	Volatility	Correlation to BTC
1	BTC	Bitcoin	20,473.05	391.44	-29.6%	-28.8%	-51.1%	69.9%	1.00
2	ETH	Ether	1,087.81	132.06	-34.6%	-43.2%	-63.1%	84.4%	0.81
3	USDT	Tether	1.00	68.28	0.0%	0.0%	-0.1%	2.5%	0.06
4	USDC	USD Coin	1.00	55.16	-0.1%	-0.2%	-0.0%	3.5%	0.02
5	BNB	BNB	216.15	35.29	-24.4%	-25.0%	-45.6%	80.5%	0.66
6	BUSD	Binance USD	1.00	17.62	-0.0%	-0.0%	0.2%	4.1%	0.01
7	ADA	Cardano	0.49	16.52	-15.0%	-3.7%	-42.8%	123.7%	0.66
8	XRP	XRP	0.32	15.58	-15.6%	-20.7%	-59.6%	85.7%	0.56
9	SOL	Solana	30.87	10.61	-16.8%	-38.0%	-65.7%	130.3%	0.40
10	DOT	Polkadot	7.33	8.24	-15.4%	-23.0%	-61.5%	122.6%	0.62

Volatility (annualised) and correlation on the past 13 weeks daily USD returns. Price and market cap in USD.
Source: WisdomTree, CoinGecko. As of 17 June 2022.

Spot market: A spot market or cash market is a public financial market in which financial instruments or commodities are traded for immediate delivery.

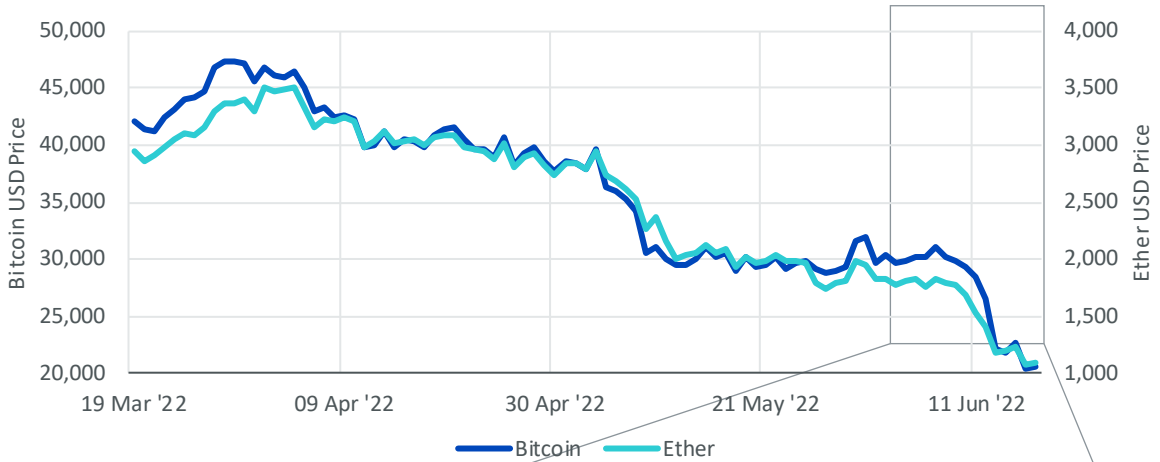
Market Capitalization: The total market value of a cryptocurrency's circulating supply (current price x circulating supply).
7d= 7-day, 30d=30-day, 13w= 13 week, bn=billion, USD= U.S. dollar

Volatility: A measure of the dispersion of actual returns around a particular average level.

Correlation : Statistical measure of how two sets of returns move in relation to each other. Correlation coefficients range from -1 to 1. A correlation of 1 means the two subjects of analysis move in lockstep with each other. A correlation of -1 means the two subjects of analysis have moved in exactly the opposite direction.

Spot Market Summary | 2/3

BITCOIN AND ETHER USD PRICE | 3 MONTHS



Source: WisdomTree, Glassnode. USD:US Dollar.

BITCOIN AND ETHER USD PRICE | 2 WEEKS

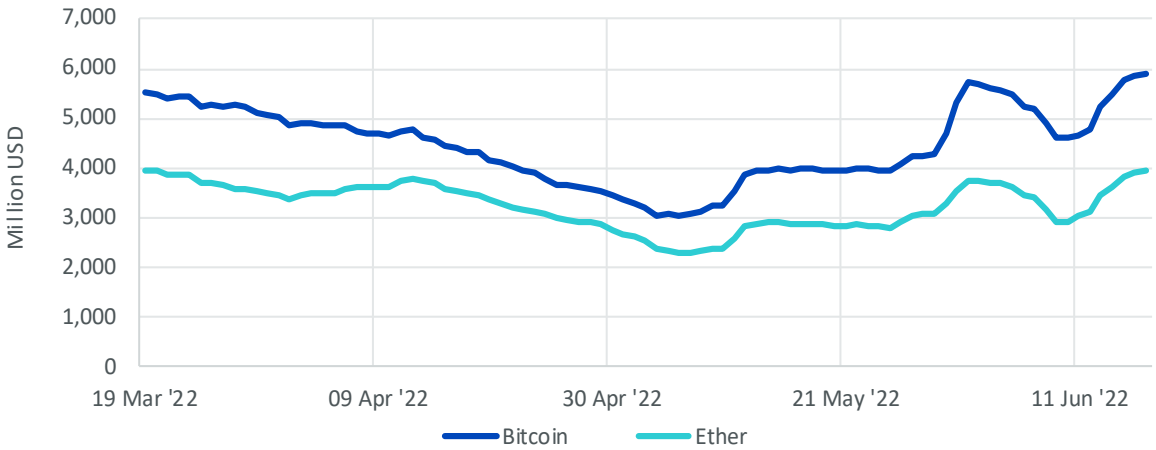


Source: WisdomTree, Glassnode.

Ethereum (ether): A decentralized, open-source blockchain with smart contract functionality.

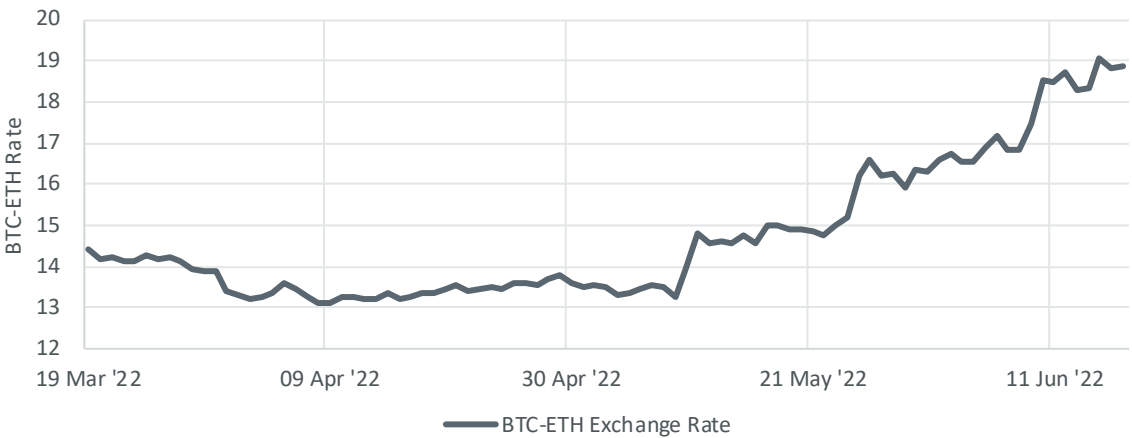
Spot Market Summary | 3/3

SPOT REAL VOLUME | ROLLING 30-DAY AVERAGE



USD Volume: USD value traded. Source: WisdomTree, Messari.
Messari regularly reviews which spot crypto exchanges are deemed to report reliable volume, and only take these into account for the calculation of real volume.

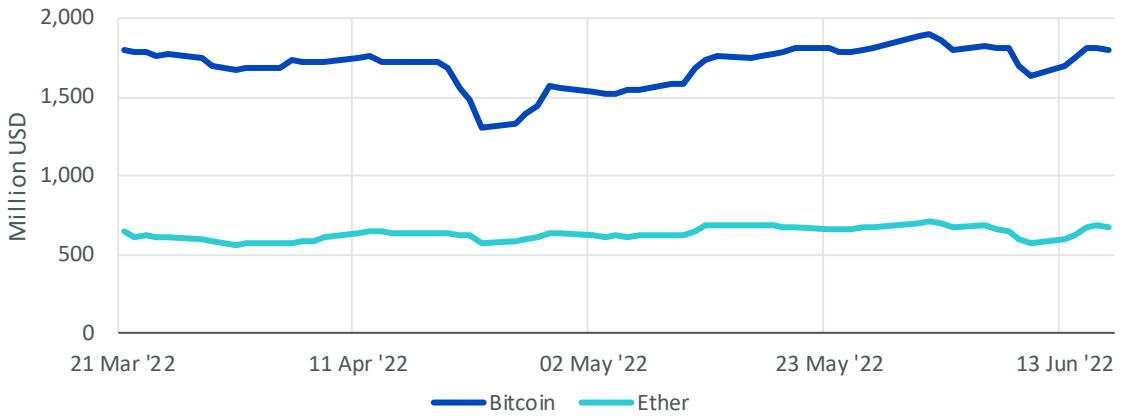
BTC-ETH EXCHANGE RATE



Source: WisdomTree, Glassnode.

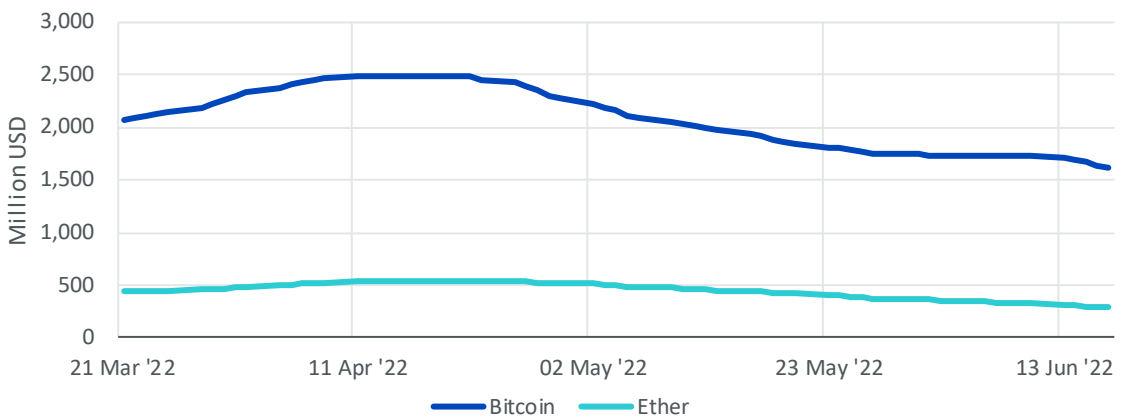
Regulated Futures Summary | 1/3

USD VOLUME | ROLLING 20-DAY AVERAGE



Source: WisdomTree, Bloomberg. The CME Group Ether futures launched on the 8th of February 2021.

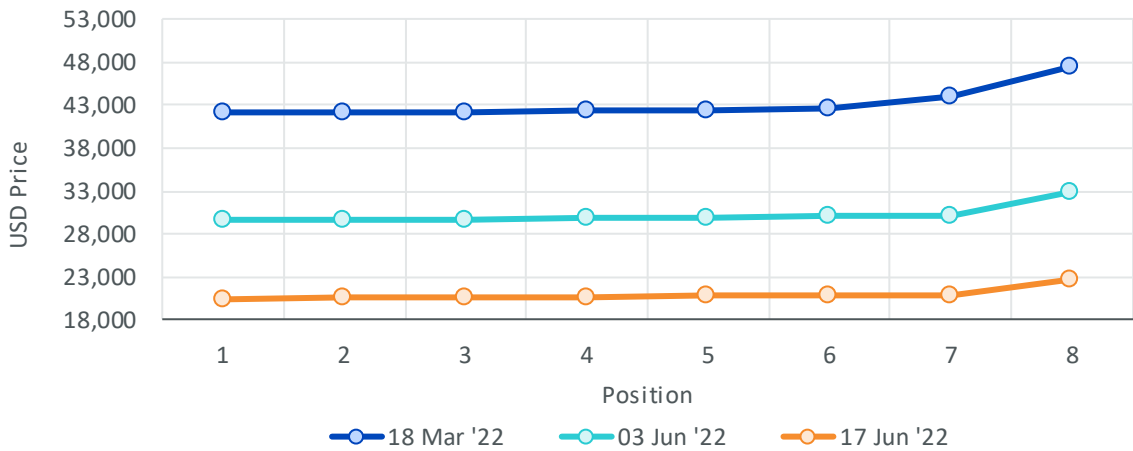
USD OPEN INTEREST | ROLLING 20-DAY AVERAGE



USD Open interest: aggregated USD value of outstanding contracts. Source: WisdomTree, Bloomberg. The CME Group Ether futures launched on the 8th of February 2021.

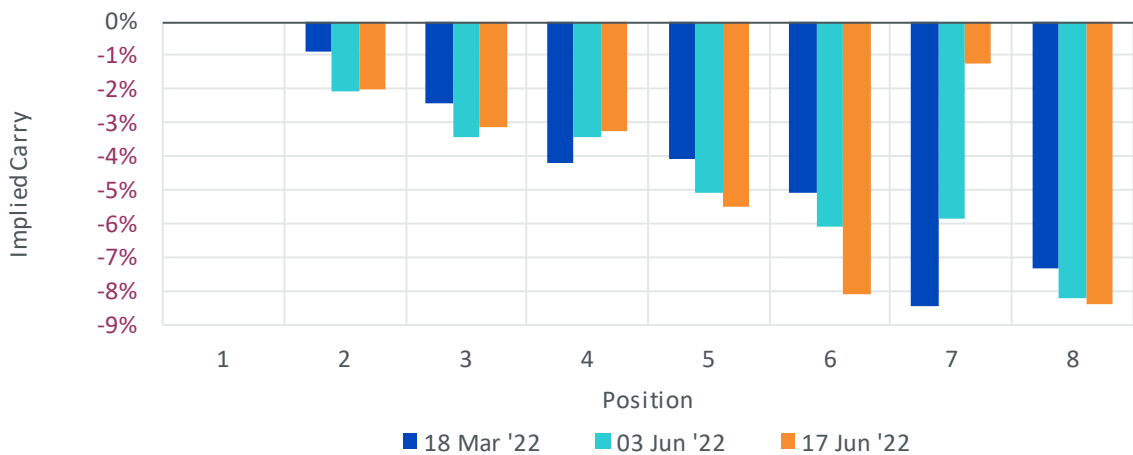
Regulated Futures Summary | 2/3

CME BITCOIN FUTURES CURVE



Last week, 2 weeks ago and 13 weeks ago. Source: WisdomTree, Bloomberg.

CME BITCOIN FUTURES ANNUALISED IMPLIED CARRY

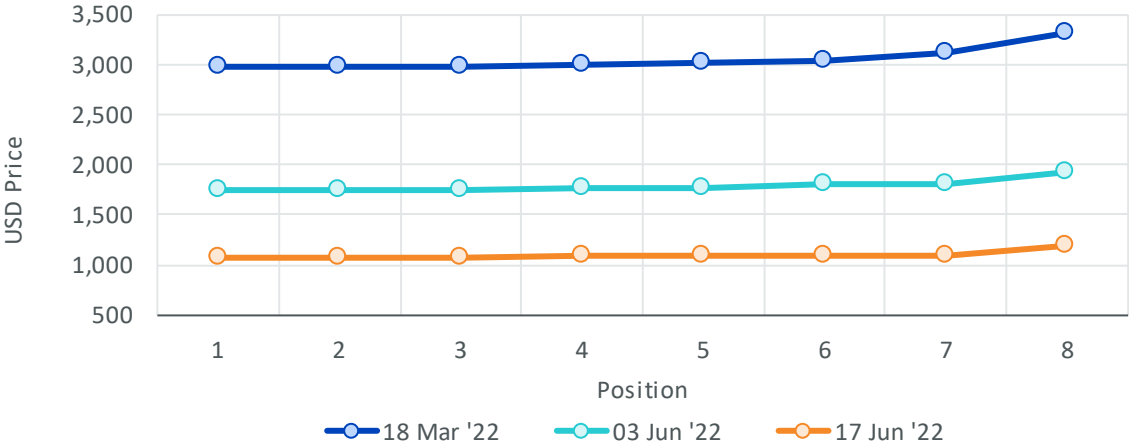


Last week, 2 weeks ago and 13 weeks ago. Source: WisdomTree, Bloomberg. Implied carry: The annualized yield implied by forward or futures contracts relative to spot rates, assuming no change in spot prices, valuation, or shape of futures curves.

Futures Curve: A futures curve is the graphical representation of the relationship between the price of forward contracts and the time to maturity of the contracts.

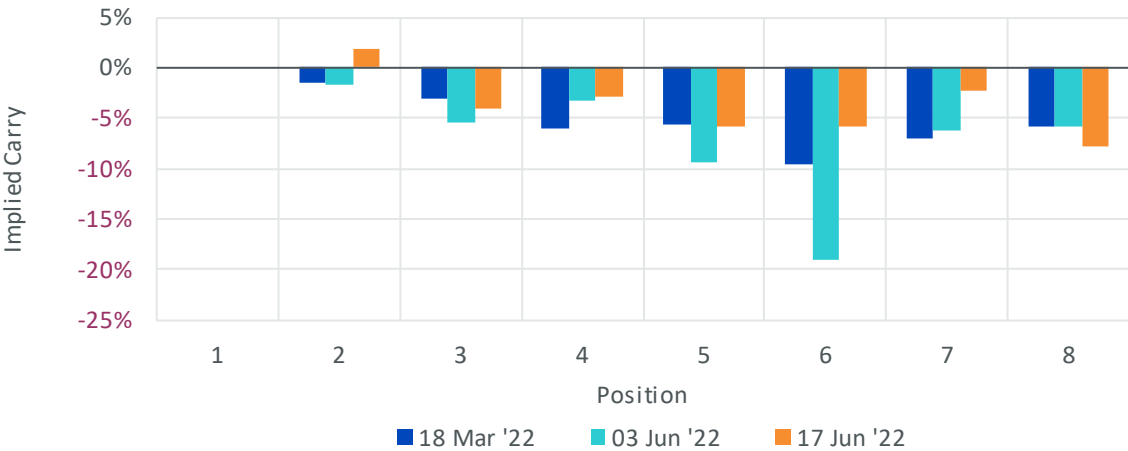
Regulated Futures Summary | 3/3

CME ETHER FUTURES CURVE



Last week, 2 weeks ago and 13 weeks ago. Source: WisdomTree, Bloomberg.

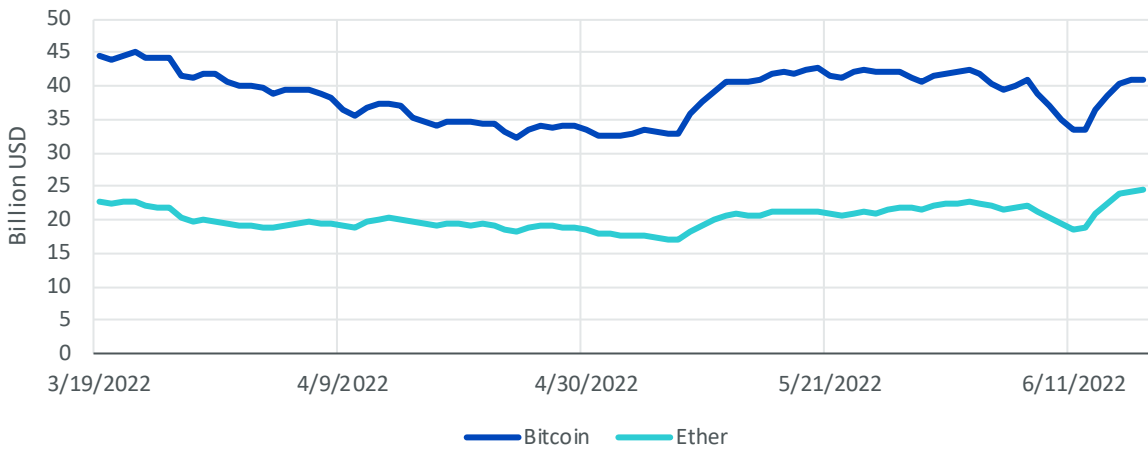
CME ETHER FUTURES ANNUALISED IMPLIED CARRY



Last week, 2 weeks ago and 13 weeks ago. Source: WisdomTree, Bloomberg.

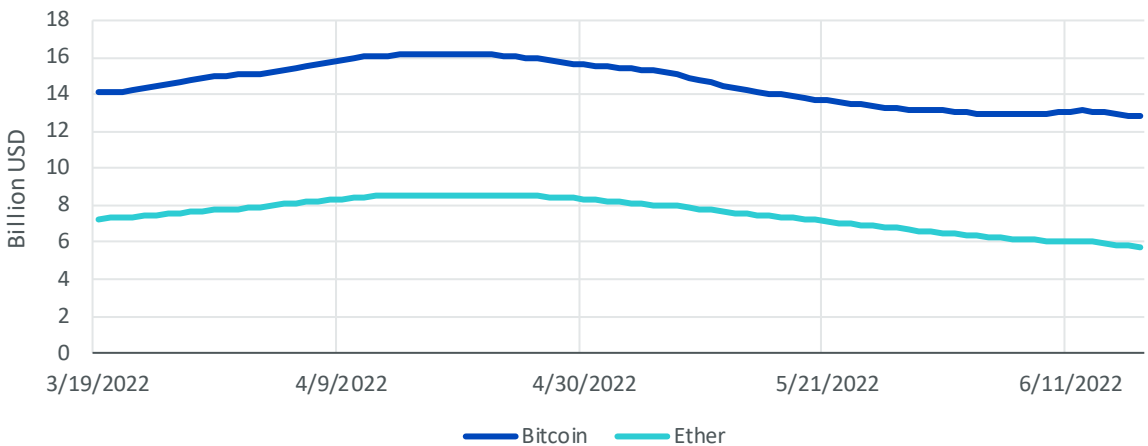
Unregulated Futures Summary | 1/3

UNREGULATED FUTURES USD VOLUME | ROLLING 30-DAY AVERAGE



Source: WisdomTree, Glassnode. This is volume on unregulated crypto exchanges.

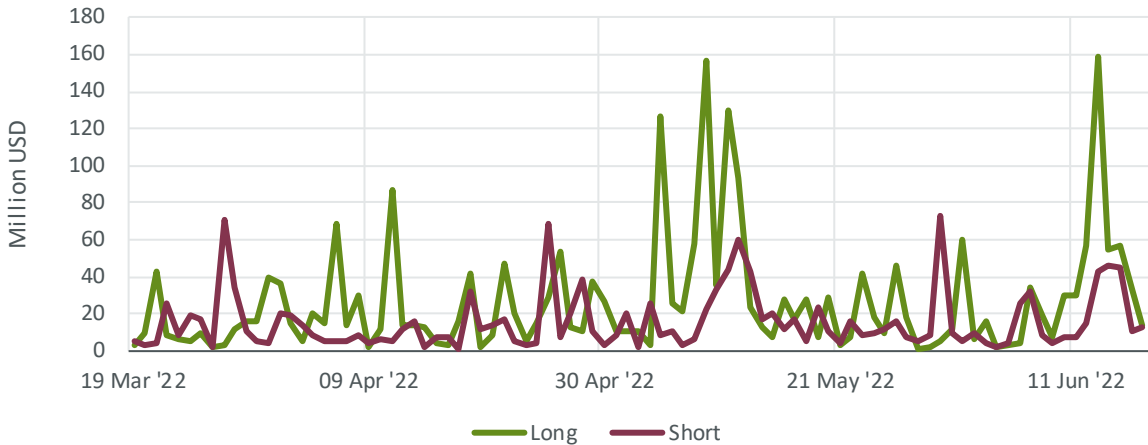
UNREGULATED FUTURES USD OPEN INTEREST ROLLING 30-DAY AVERAGE



Source: WisdomTree, Glassnode. This is open interest on unregulated crypto exchanges.

Unregulated Futures Summary | 2/3

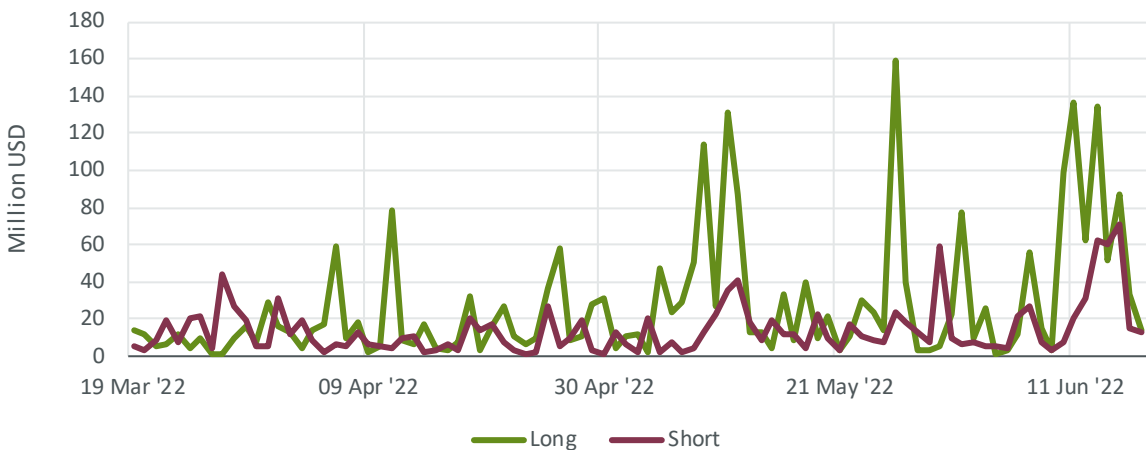
BITCOIN FUTURES LIQUIDATIONS



Source: WisdomTree, Glassnode.

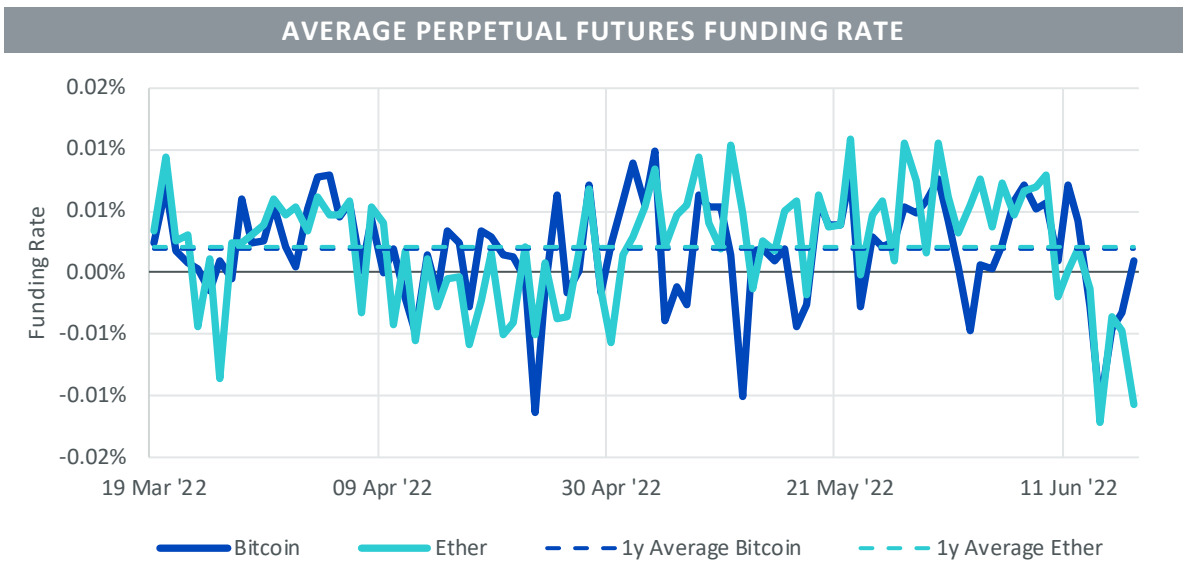
Liquidations refer to leveraged perpetual futures positions being closed by exchanges when adverse price movements bring a trade's balance to 0. In times of high volatility, liquidations tend to increase. For example, if the price of bitcoin suddenly drops significantly, long positions get liquidated, thus triggering a sell order, in turn putting even more downward pressure on price, triggering more liquidations, etc.

ETHER FUTURES LIQUIDATIONS



Source: WisdomTree, Glassnode.

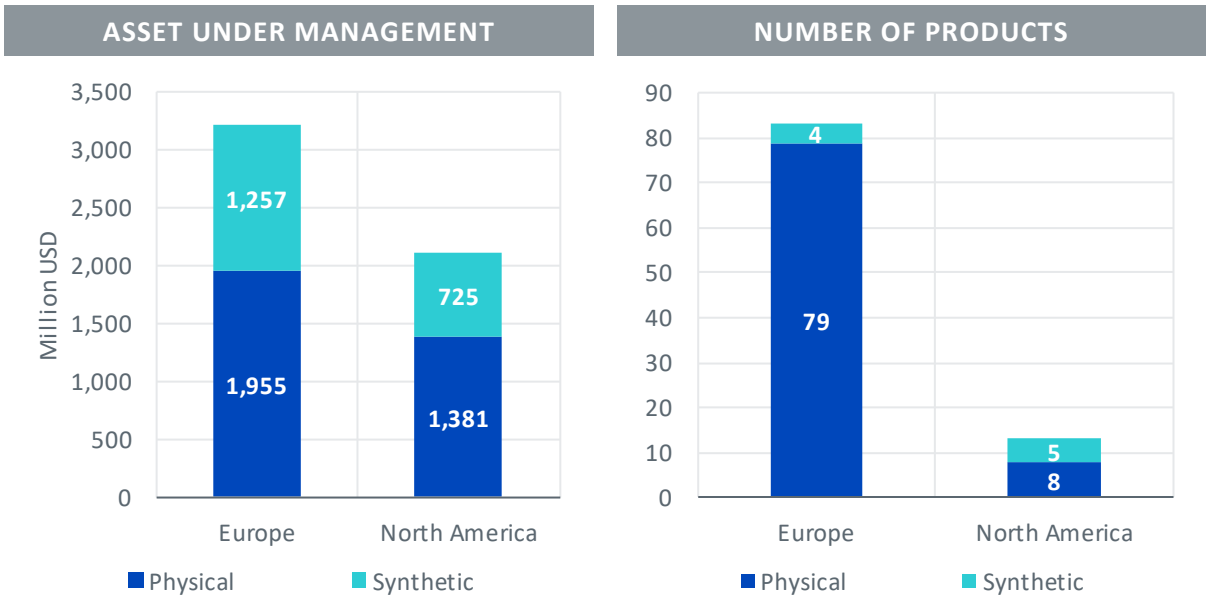
Unregulated Futures Summary | 3/3



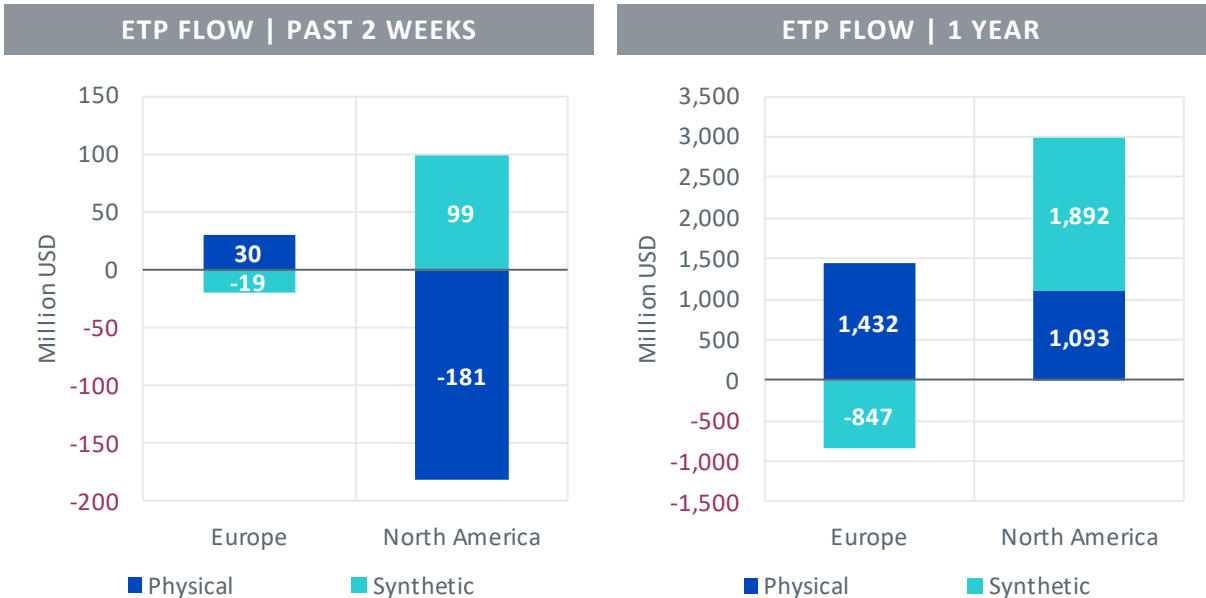
Source: WisdomTree, Glassnode. Average across covered crypto exchanges. 1y=1 year.
 Funding rates are periodic payments either to traders who are long or short based on the difference between perpetual contract markets and spot prices. Therefore, depending on open positions, traders will either pay or receive funding. When the rate is positive, long positions periodically pay short positions. Conversely, when the rate is negative, short positions periodically pay long positions. Funding rate tends to be seen as market sentiment indicator, a higher rate indicating a bullish sentiment, and vice versa.

Perpetual futures contract: An agreement to non-optionally buy or sell an asset at an unspecified point in the future. Perpetual futures are cash-settled, and differ from regular futures in that they lack a pre-specified delivery date, and can thus be held indefinitely without the need to roll over contracts as they approach expiration.

Exchange Traded Products | Overview



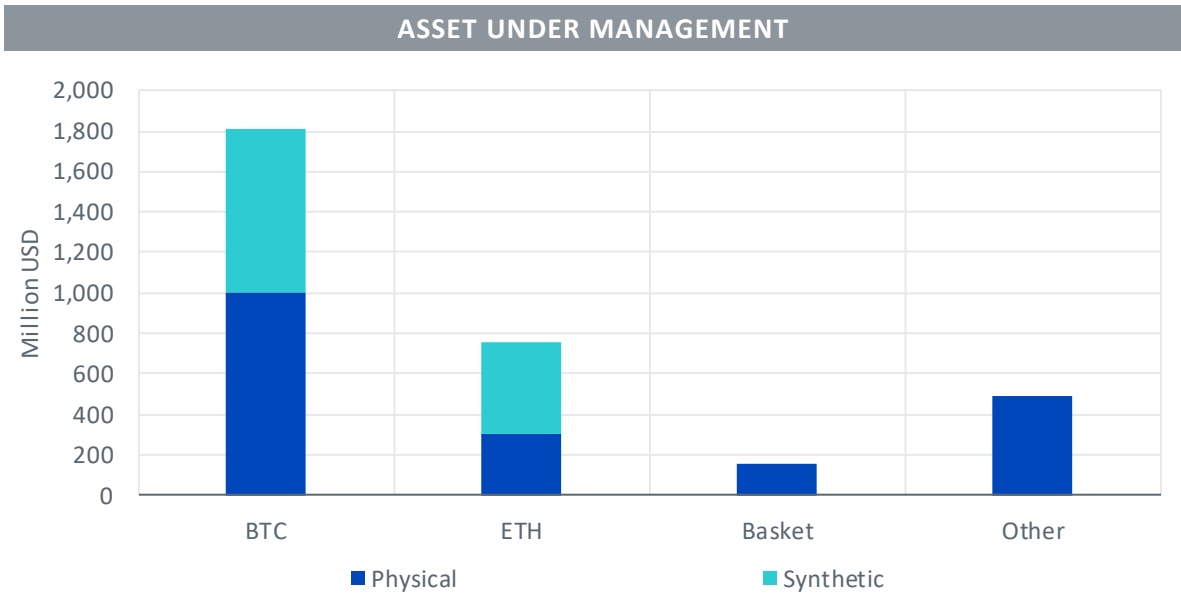
Source: WisdomTree, Bloomberg.



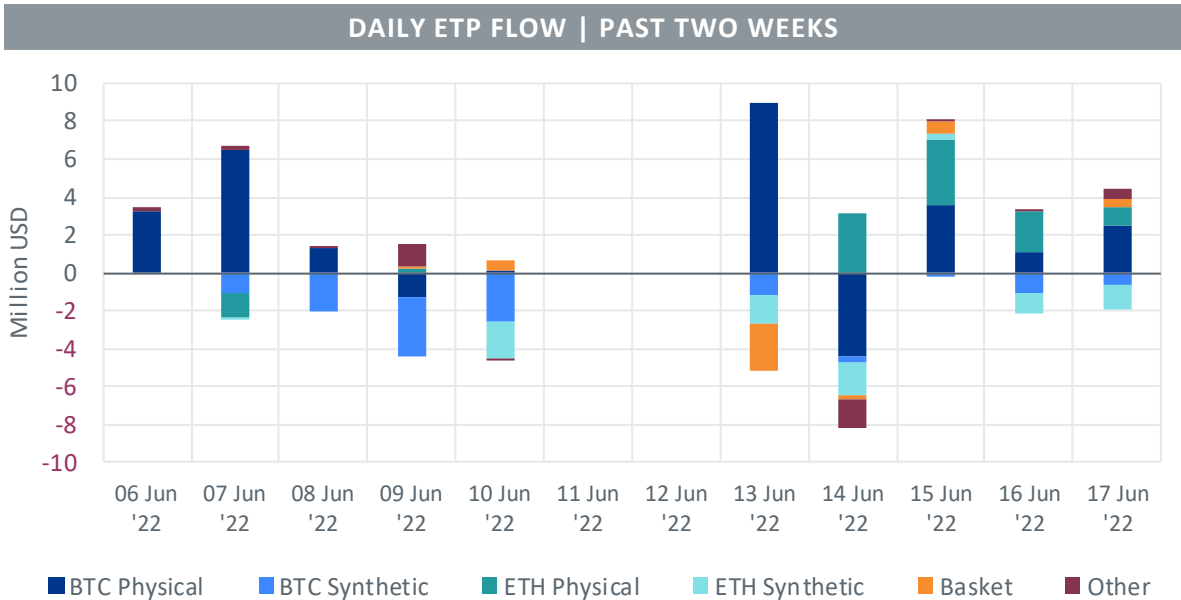
Source: WisdomTree, Bloomberg. ETP: Exchange Traded Product.

Exchange traded product (ETP): A regularly priced security which trades during the day on a national stock exchange.
 Flow: The sum of all cash inflows/outflows from and into a given financial asset.

Exchange Traded Products | Europe (1/2)



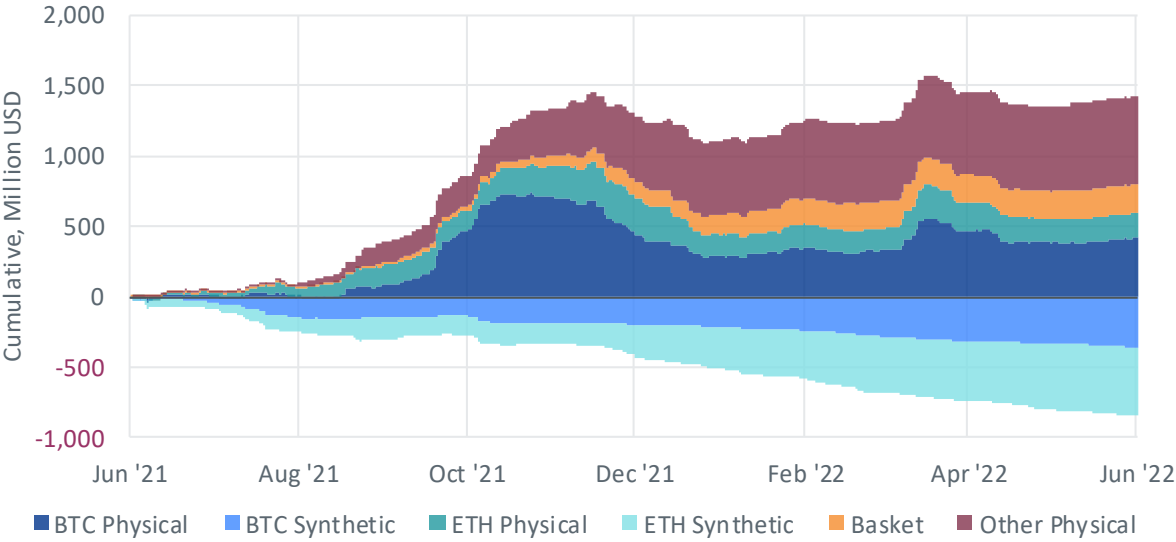
Source: WisdomTree, Bloomberg. BTC: Bitcoin, ETH: Ether.



Source: WisdomTree, Bloomberg. BTC: Bitcoin, ETH: Ether.

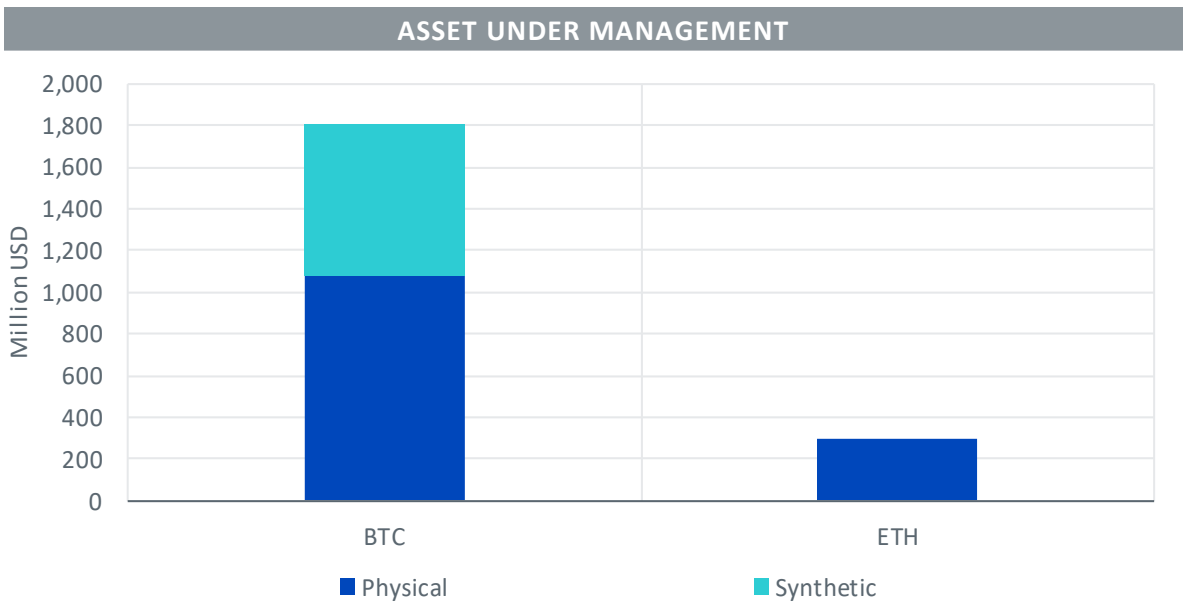
Exchange Traded Products | Europe (2/2)

CUMULATIVE ETP FLOWS | 1 YEAR

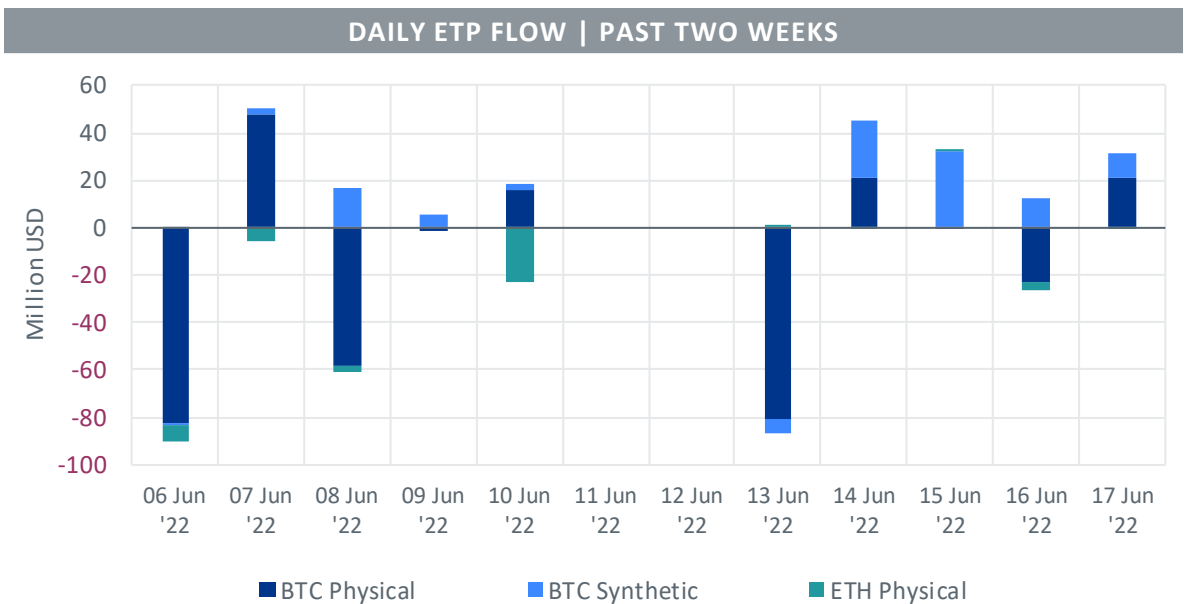


Source: WisdomTree, Bloomberg. BTC: Bitcoin, ETH: Ether.

Exchange Traded Products | North America (1/2)

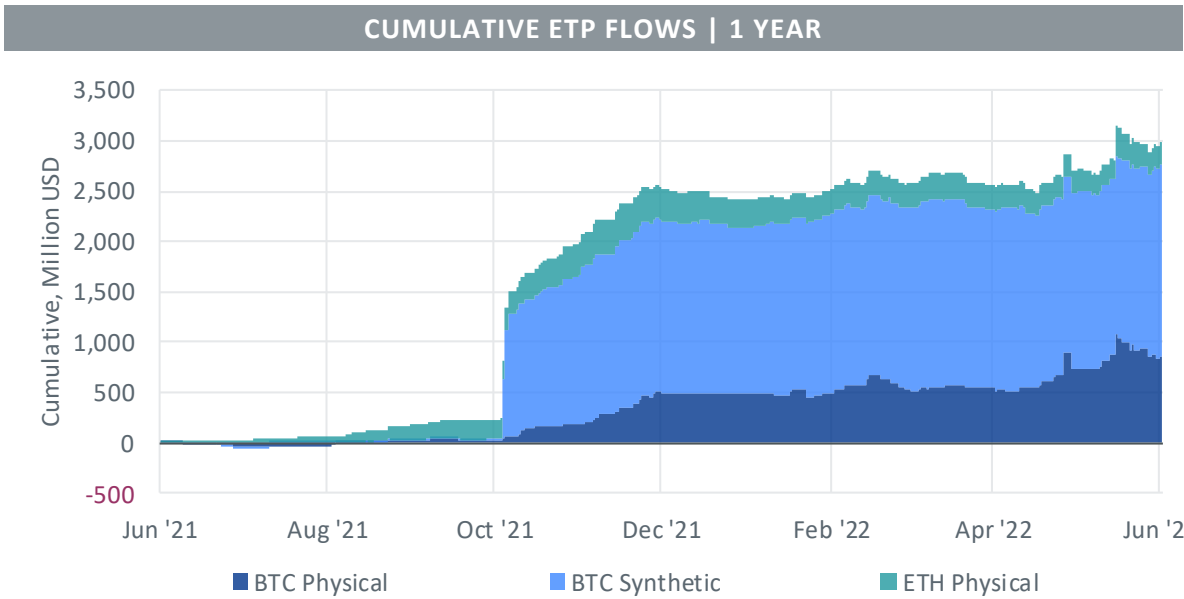


Source: WisdomTree, Bloomberg. BTC: Bitcoin, ETH: Ether.



Source: WisdomTree, Bloomberg. BTC: Bitcoin, ETH: Ether.

Exchange Traded Products | North America (2/2)



Source: WisdomTree, Bloomberg. BTC: Bitcoin, ETH: Ether.

IMPORTANT INFORMATION

There are risks associated with investing, including the possible loss of principal. Crypto assets, such as bitcoin and ether, are complex, generally exhibit extreme price volatility and unpredictability, and should be viewed as highly speculative assets.

Crypto assets are frequently referred to as crypto “currencies,” but they typically operate without central authority or banks, are not backed by any government or issuing entity (*i.e.*, no right of recourse), have no government or insurance protections, are not legal tender and have limited or no usability as compared to fiat currencies. Federal, state or foreign governments may restrict the use, transfer, exchange and value of crypto assets, and regulation in the U.S. and worldwide is still developing.

Crypto asset exchanges and/or settlement facilities may stop operating, permanently shut down or experience issues due to security breaches, fraud, insolvency, market manipulation, market surveillance, KYC/AML (know your customer/Anti-Money Laundering) procedures, non-compliance with applicable rules and regulations, technical glitches, hackers, malware or other reasons, which could negatively impact the price of any cryptocurrency traded on such exchanges or reliant on a settlement facility or otherwise may prevent access or use of the crypto asset.

Crypto assets can experience unique events, such as forks or airdrops, which can impact the value and functionality of the crypto asset. Crypto asset transactions are generally irreversible, which means that a crypto asset may be unrecoverable in instances where: (i) it is sent to an incorrect address, (ii) the incorrect amount is sent, or (iii) transactions are made fraudulently from an account. A crypto asset may decline in popularity, acceptance or use, thereby impairing its price, and the price of a crypto asset may also be impacted by the transactions of a small number of holders of such crypto asset. Crypto assets may be difficult to value and valuations, even for the same crypto asset, may differ significantly by pricing source or otherwise be suspect due to market fragmentation, illiquidity, volatility and the potential for manipulation.

Crypto assets generally rely on blockchain technology and blockchain technology is a relatively new and untested technology which operates as a distributed ledger. Blockchain systems could be subject to internet connectivity disruptions, consensus failures or cybersecurity attacks, and the date or time that you initiate a transaction may be different than when it is recorded on the blockchain. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. In addition, different crypto assets exhibit different characteristics, use cases and risk profiles.

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