



# **Ether Capital Corporation**

## ***Presentation***

*December 1, 2020*

# Cryptocurrency in Context

## Gold



*Decentralized,*  
*NOT Digital*

## Fiat



*Digital,*  
*NOT Decentralized*

## Cryptocurrency

 **bitcoin**

 **ethereum**

*Decentralized,*  
*AND Digital*



# Bitcoin vs. Ethereum – Apples to Oranges

- Bitcoin and Ether are fundamentally different assets
  - While both are digital stores of value, each has distinct goals, risks & key success factors



2008: peer-to-peer digital cash

Simple platform – apps are NOT possible

“Bitcoin is digital gold”

Strong brand recognition

**Bitcoin is a calculator**



2013: blockchain for apps

Programmable money

“Ether is like owning a piece of the internet”

Growing brand recognition

**Ethereum is an operating system**



# Why Own Ether?

## #1 *Store of Value +*

- Hedge against central bank money printing and the upcoming “great reflation”
- Comparable thesis to gold and bitcoin, but with additional venture-type upside
- Crypto “blue chip” token but with leverage to emerging applications

## #2 *Yield Opportunities*

- Upgrade to proof of stake means Ether holders will be able to generate yield
- Fintech platforms already live on Ethereum (e.g., Compound, Aave, Yearn, etc.) allow for yield generation in an efficient, peer-to-peer fashion

## #3 *Platform Use*

- Recent explosion in decentralized finance (aka “DeFi”), with over \$17 billion of US dollar-backed “stablecoins” currently being used on Ethereum
- Approx. US\$3 billion of bitcoin is currently tokenized on Ethereum
- DeFi and on-chain exchanges pushing platform usage/fees to all time highs

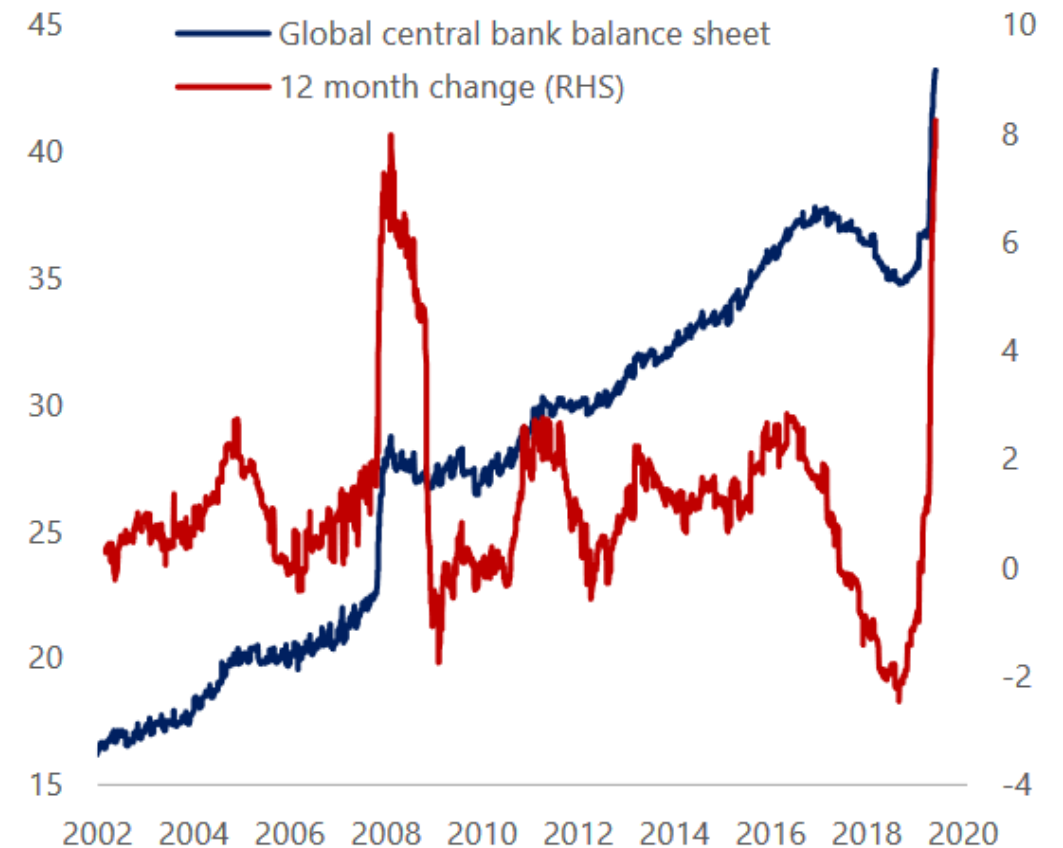


# Thesis #1: Store of Value +

- We are witnessing unprecedented monetary expansion in the developed world
  - Exposure to a crypto “store of value” is an important investment hedge
- Ether is a crypto “store of value” like bitcoin
  - Transparent, algorithmic supply issuance
  - Since Ether is paid to access the Ethereum network, high demand is bullish for Ether price
- Unlike Bitcoin, Ether gives you additional venture-type leverage from projects built on Ethereum
  - Project success on Ethereum bolsters network effect → “own a piece of the internet” thesis

## Global Central Bank Balance Sheet

% GDP; Source: Haver and Bloomberg



Source: Tudor Investment Corporation

# Thesis #2: Ether as a Digital Bond

- Beginning in late 2020, Ethereum will transition to proof of stake
  - Staking means holders of Ether will be paid to perform validation services to the network
  - Ether will therefore become a yield-bearing instrument, or “digital bond”
- Think of the staking yield as akin to interest or dividends on deployed capital
  - Yields will be variable, however, depending on total Ether staked
- Staked Ether is “locked up” which could lead to higher Ether prices given reduced sell-side liquidity

## Ether Staking Yields

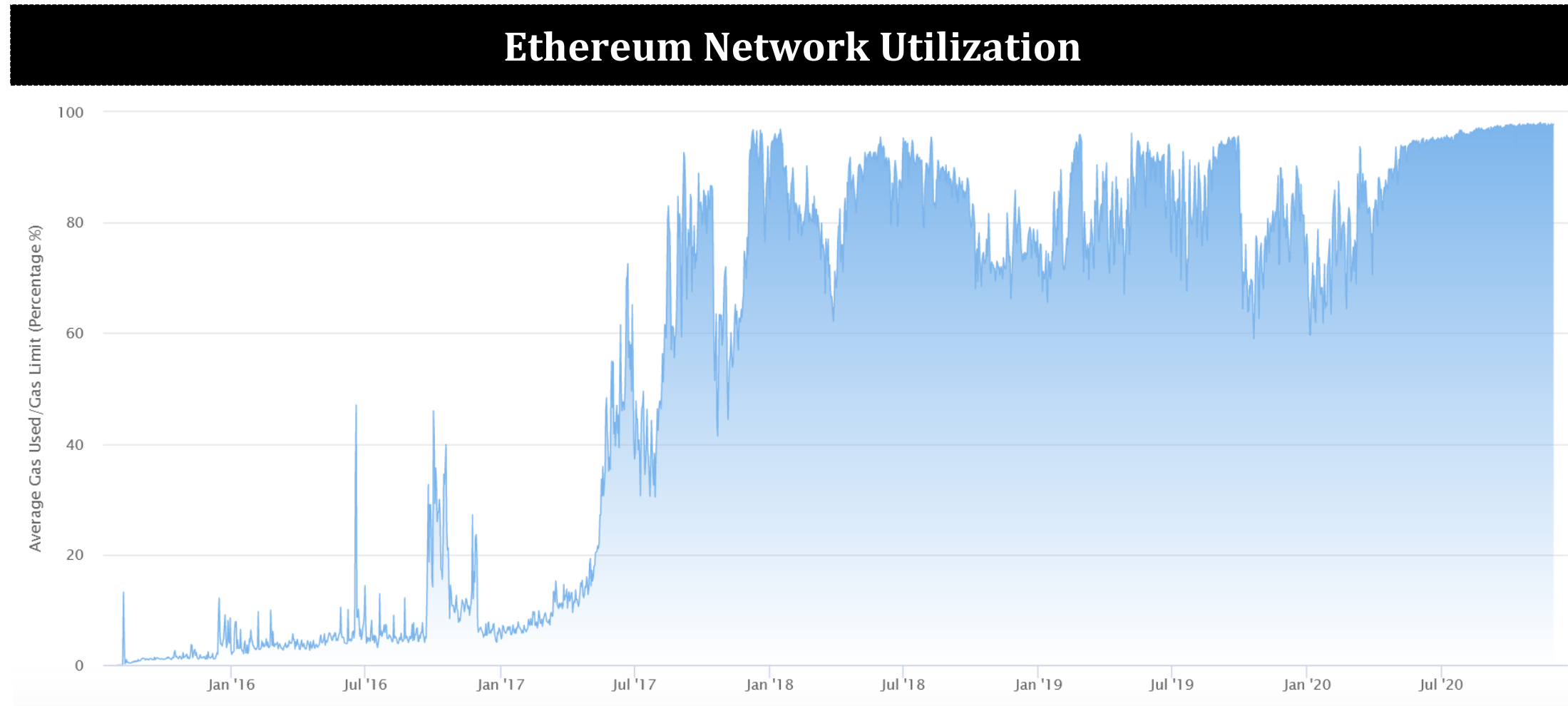
Higher Yields		Lower Yields	
<i>Total ETH Staked</i>	<i>Staking Yield</i>	<i>Total ETH Staked</i>	<i>Staking Yield</i>
525k	20.7%	20m	3.4%
750k	17.3%	30m	2.7%
1.0m	15.0%	40m	2.4%
1.5m	12.3%	50m	2.1%



Source: Consensus ETH2 Calculator

# Thesis #3: Ethereum's Robust Usage

- Network utilization is at all time highs, leading to strong demand for Ether

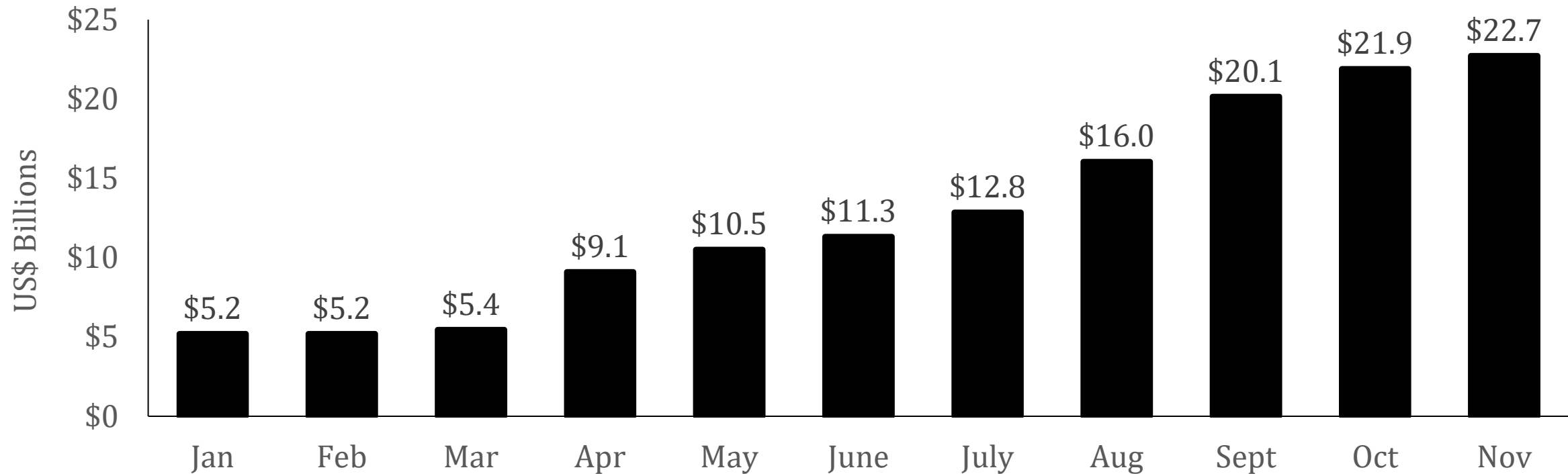


Source: Etherscan.io

# Thesis #3: Ethereum's Robust Usage *(Cont'd)*

- \$17+ billion of USD stablecoins are tokenized on Ethereum (~75% market share)
  - Stablecoins are more useful on Ethereum (e.g. DeFi applications) than other blockchains

## USD Stablecoins Outstanding – YTD 2020




Source: CoinGecko, includes USDT, USDC, BUSD, TUSD, PAX and DAI

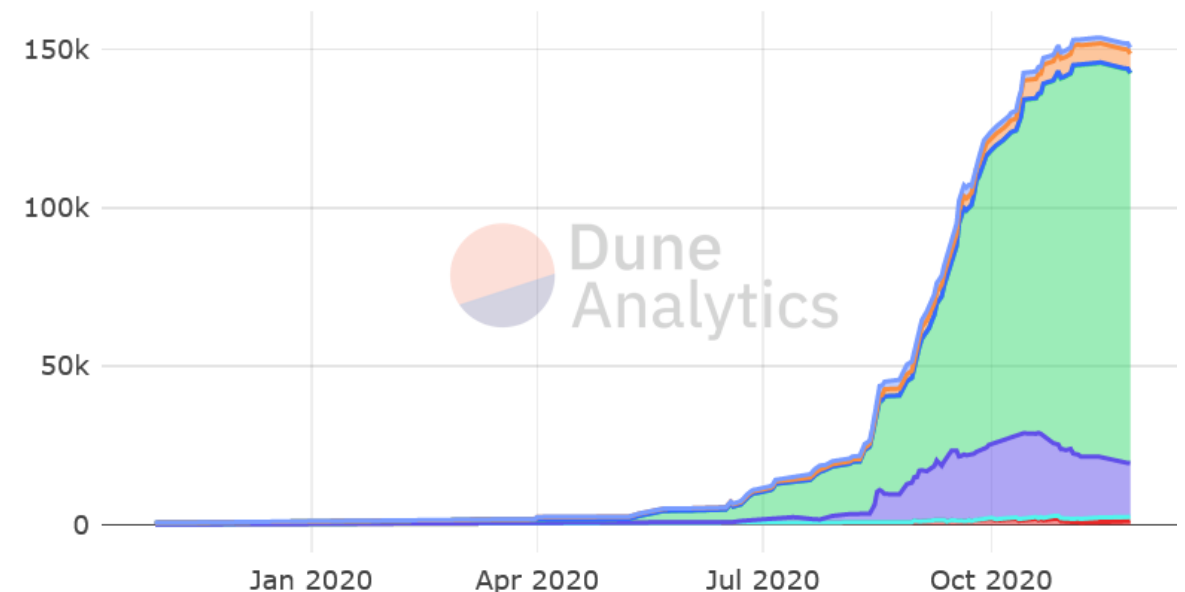


# Thesis #3: Ethereum's Robust Usage *(Cont'd)*

- There are ~US\$3 billion of bitcoin on Ethereum
  - Over 100x growth since January
  - Bitcoin on Ethereum can be plugged in to DeFi, decentralized exchanges and other Ethereum applications, unlike native BTC
- Decentralized exchange volume on Ethereum recently reached over \$28 billion per month
  - Over 40x growth since January
  - Trading fees on these venues can often beat centralized alternatives (e.g., Coinbase, Kraken, Gemini, Binance, etc.)

## Bitcoin on Ethereum

Balances Over Time (Stacked)  BTC on Ethereum



Source: Dune Analytics

# Why Ether Capital?



- ☑ Insider Knowledge of Ethereum & Web 3
- ☑ Low Cost Approach to Crypto Access
- ☑ Transparent and Secure Custody Solution
- ☑ Unique Ability to Stake and Generate Yield
- ☑ Experienced Board & Executive Team



# Ether Capital Team



## **Brian Mosoff (CEO)**

Entrepreneur and angel investor focused on blockchain and cryptocurrencies. Expert on web 3 technologies, decentralization and peer-to-peer models. Investor in Ethereum's 2014 crowdfunding, Bitcoin, Filecoin, Polkadot, Urbit and Tezos.



## **Som Seif (Executive Chairman, Co-CIO)**

Founder & CEO of Purpose Investments established in 2013. Previously, founded Claymore Investments before being sold to Blackrock Inc. in 2012. Prior to Claymore, worked in investment banking with RBC Capital Markets.



## **Stefan Coolican (President, CFO)**

Previously a Director in the investment banking group at Cormark Securities, specializing in corporate finance and M&A advisory for a variety of sectors including technology, cleantech, industrials and media. He is a member of the Law Society of Ontario.



## **Ben Roberts (co-CIO)**

Co-Founder & CEO of Citizen Hex, an algorithmic market making business for Ethereum tokens. Founder of Lendingbot.io, which was acquired by Aivren in 2017. Previously worked at Thalmic Labs. Early adopter and miner of Bitcoin and Ether.



Liam Horne  
Board Member



Joey Krug  
Board Member



Cam Di Prata  
Board Member



Boris Wertz  
Board Member



John Ruffolo  
Board Member



Colleen McMorrow  
Board Member



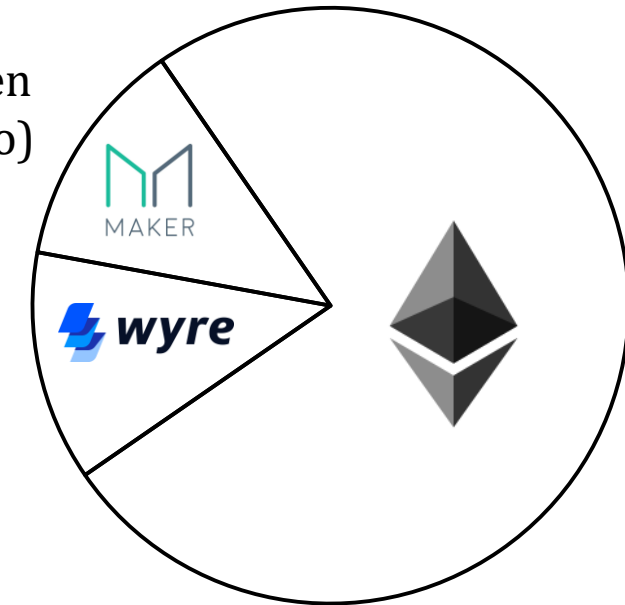
# Ether Capital – Current Corporate Snapshot

Ticker	NEO: ETHC
<b>Share Price</b>	<b>C\$1.03</b>
Shares Outstanding (Basic)	23.3 million
Insider ownership	~16%
Market Capitalization (Basic)	C\$24.0 million

<b><u>Ether Capital Portfolio<sup>(1)</sup></u></b>	
Ether Held (32,407 ETH)	\$25.3 million
Maker Held (2,300 MKR)	\$1.6 million
Investment in Wyre (book value)	\$2.0 million
Portfolio Value	\$28.9 million
<b>Portfolio Value / Share<sup>(2)</sup></b>	<b>\$1.17</b>

**MKR**  
Application Token  
(~5% of portfolio)

**Wyre, Inc.**  
Traditional Equity  
(~5% of portfolio)



**ETH**  
Protocol Token  
(~90% of portfolio)

➔ **~12% Portfolio Value Discount**



(1) Portfolio holdings are as at Sept. 30, 2020; For Ether and Maker, pricing is as at Dec. 1, 2020; Wyre book value is as at Sept. 30, 2020

(2) Fully diluted calculation (treasury stock method) incorporates in-the-money warrants and options outstanding at Sept. 30, 2020

NOTE: Pricing source for ETH and MKR is CoinGecko

# Ether Capital –Flexible Approach

- Ether Capital provides a very flexible approach for public market access to Ethereum

- ☑ Ability to stake Ether early and earn high yields, where risk/reward is attractive
- ☑ Ability to earn a yield on Ether via on-chain DeFi applications (e.g. yETH vault)
- ☑ Ability to pursue non-Ether opportunities subject to risk and cost tolerance
- ☑ Potential for low cost access to Ethereum ecosystem in the public markets
- ☑ Fixed elements of cash burn reflect decreasing percentage as assets grow

*Flexibility offered by corporate structure*

