



PANTERA

THE FUTURE OF DIGITAL CURRENCY & BLOCKCHAIN

PRINCETON REUNION

MAY 2022

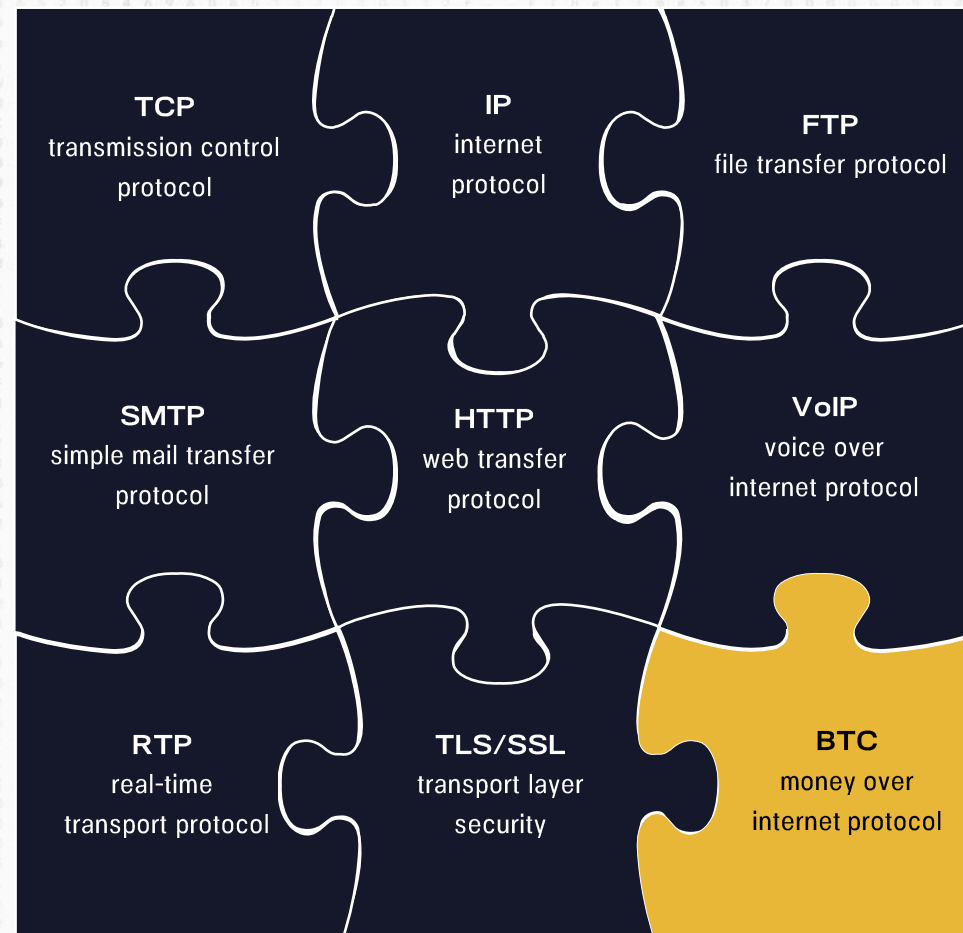


Final Piece

Of the protocol puzzle

“The one thing that’s missing, but that will soon be developed, is a reliable e-cash, a method whereby on the Internet you can transfer funds from A to B, without A knowing B or B knowing A.”

– Milton Friedman, 1999





Pantera Thesis

Cryptocurrency and blockchain technologies are the underpinnings of a new financial infrastructure, similar to how the internet was the underpinning of a new information infrastructure.

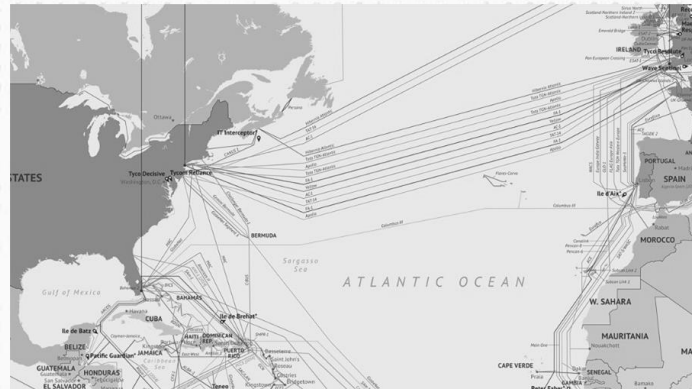


MoIP

Money over Internet Protocol

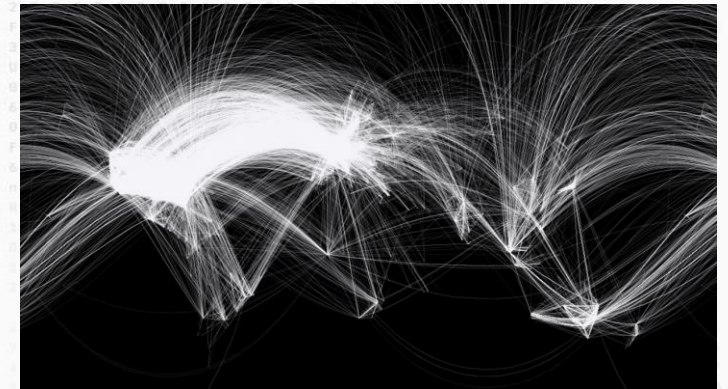
Blockchain technology is to payment monopolies/oligopolies what VoIP was to telephone monopolists, only more extreme

Blockchain technology enables a borderless, socially-connected world



VoIP

Routed around telephone monopolists
Offered 99+% lower cost and operational improvements
Removed gates to international communication



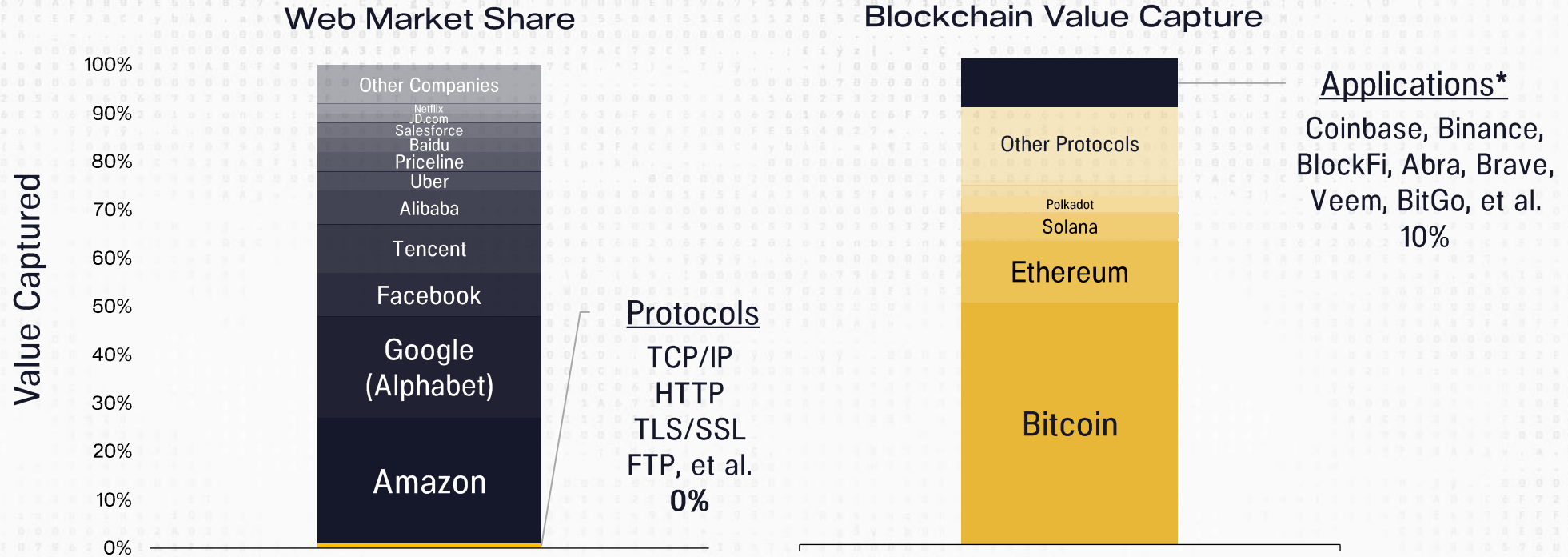
MoIP

Routes around existing payment rails
Offers cheaper and faster payments
Low-friction, cross-border money movement



Fat Protocols, Thin Apps




In the sharing economy, value is disproportionately distributed to the application layer. In blockchain, most value will accrue to the underlying protocols.





Protocol Evolution





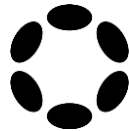

Blockchain protocols have evolved over the past decade.

Protocol	Enables	Breakthrough
 Bitcoin	Global transactions & store-of-value	Decentralized, trustless value transfer. Solved the double spend problem
 Ethereum	Smart contracts, token issuance	Self-enforcing contracts that allow for programmatic control over financial transactions
 Polkadot	Blockchain interoperability & enhanced scalability	Cross-blockchain transfers of any type of asset. Scalability enhancements



Multi-Chain Ecosystem

Cross-chain infrastructure allows for a diverse ecosystem of blockchains with distinct characteristics.

	 Bitcoin	 Ethereum	 Solana	 NEAR	 Polkadot	 Avalanche
Launch	Jan 2009	Jul 2015	Mar 2020	Apr 2020	May 2020	Sep 2020
Focus	Store-of-value	Smart contracts	Smart contracts	Smart contracts	Interoperability	Smart contracts
Strengths	First of its kind, very decentralized, most widely known	First of its kind, decentralized, most developers	Fast transactions, low fees, strong community	High throughput via sharding, developer friendly tools	Parachains, high throughput, strong founders	Fast transaction speeds, high throughput
Weaknesses/Tradeoffs	Energy intensive, low throughput	Low throughput, high transaction costs	Less decentralized, occasional network outages	Strong competition, fewer applications developed	Early development, limited parachain availability	Late start relative to competitors, expensive to be a validator



Decentralized Finance

Cryptocurrency and blockchain technologies will disrupt a myriad of industries, but we believe most value will be created in the decentralized finance or “DeFi” sector. This is how the basic financial primitives will look in this ecosystem.

UNIT OF ACCOUNT

Stable currencies can be used for trade and commerce.

EXCHANGE

Decentralized exchanges allow for trading of assets with no intermediary.

LENDING & ISSUANCE

Globally-accessible lending products enabled through programmable tokenized debt.

MARGIN

Borrow cryptocurrencies on margin using other cryptocurrencies as collateral.


























LEVERAGE

Smart contracts can be structured to allow for leverage.



Web3

Web3 is the next evolution of the internet where users control their own data and platforms are owned by the community. Decentralized applications offer the ability to remove rent-seeking incumbents that extract value from both merchants and consumers.

	 WEB2 APPS		 WEB3 DAPPS
Sharing Economy	 	→	 Origin
Music	 	→	 Audius
Online Gaming	 	→	 Decentraland
Freelance		→	 Braintrust
Video Streaming		→	 Livepeer
Browser		→	 Brave
Storage	 	→	 Filecoin
Social Media	 	→	 DeSo
Payments		→	 USDC



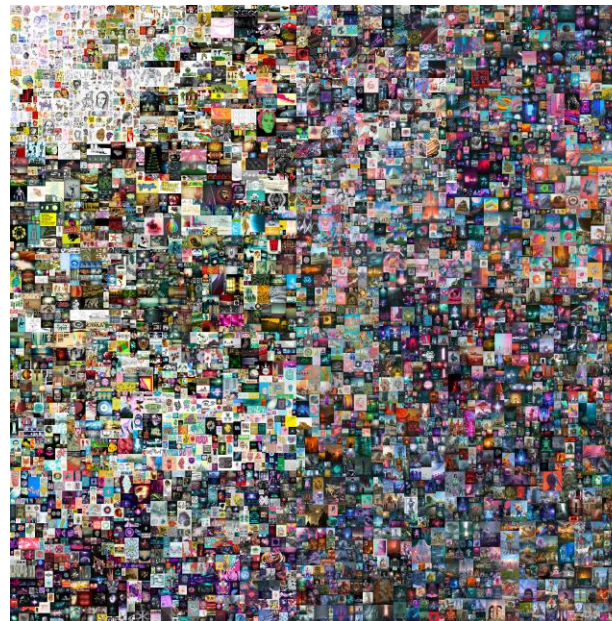
NFTs

Non-Fungible Tokens

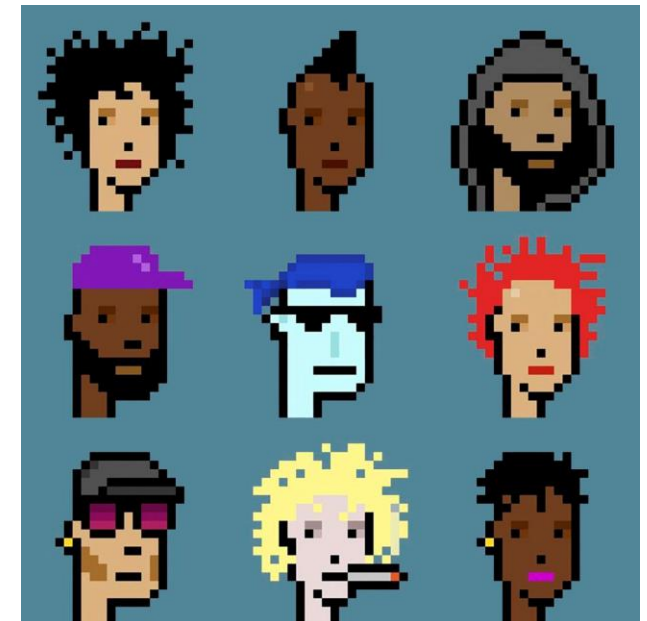
A unit of data on a blockchain, where each NFT can represent a unique digital item, and thus they are not interchangeable. Tokens can represent virtually anything, including assets like music, art, video, game items.

Marketplaces like MakersPlace and OpenSea allow users to buy, sell, and create NFTs.

\$41 billion
Market¹



Beeple: EVERYDAYS: THE FIRST 5000 DAYS
Sold for 39k ETH or \$69mm



CryptoPunks are 10,000 uniquely generated characters
CryptoPunk #7523 Sold for \$11.7mm

1. Source: Chainalysis, The NFT Market Report



Gaming and the Metaverse

The integration of NFTs with the metaverse and blockchain-based games enables players and creators to generate value in digital realms. The play-to-earn model turns the adage “video games are a waste of time” on its head.



Decentraland

A virtual world where people can buy plots of land in the form of NFTs. Users can build businesses, rent out land, and partake in live events within the community.



Genopets

A move-to-earn game built on Solana where players evolve their NFT pets through daily activity. Users can battle each other and sell pets they've raised for crypto.

Asymmetric Opportunity

We're still in the early stages of adoption.

Cryptocurrency may serve as a global reserve currency or a viable alternative to fixed-supply assets like gold.

Smart contract platforms can be the underpinning of a new open financial system.

Cryptocurrency Market Size \$1.5 trillion
Bitcoin, Ethereum, Polkadot, etc.

Global Bonds
\$120 trillion

Global M2
\$100 trillion

Gold
\$11 trillion

Global Digital Payments
\$6 trillion

Visa, Amex, MasterCard,
PayPal, Square, Apple, Amazon,
Google, Starbucks



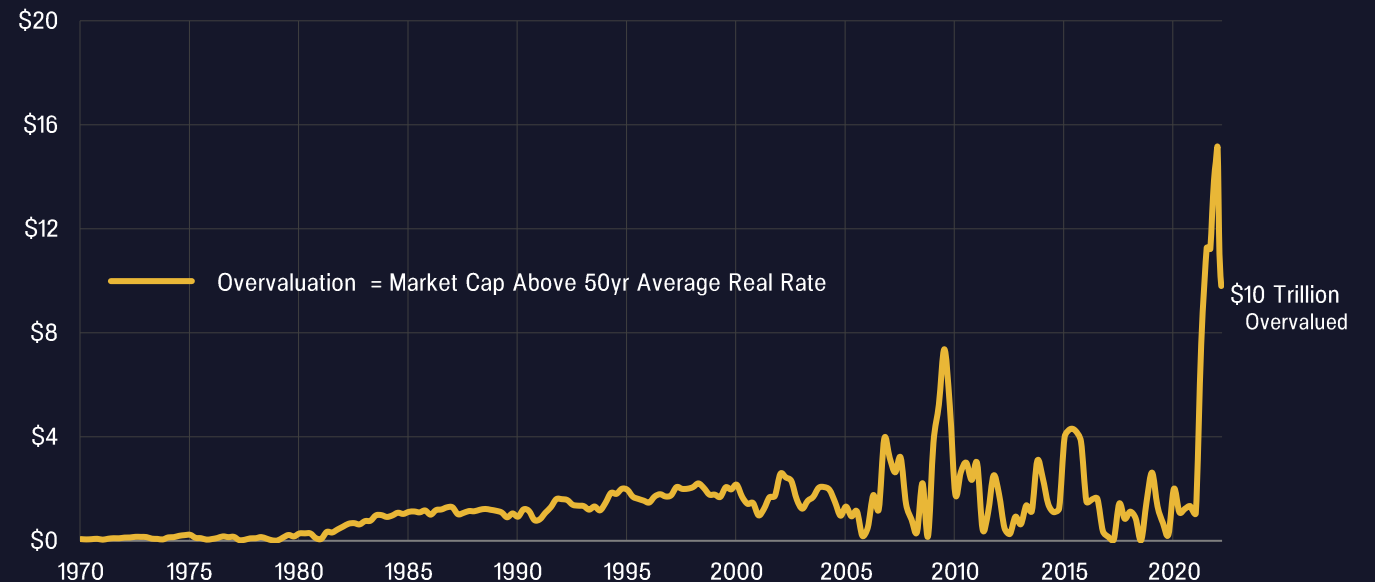


Fed Bond Bubble

The Fed's manipulation of the U.S Treasury and mortgage bond market was so extreme that it was \$15 TRILLION overvalued (relative to the 50-year average real rate).

Real Rates – the interest rate one gets after inflation – are at a negative 5.46%, a 50-yr low. No economically-rational investor would buy something guaranteed to lose that much money every year.

Treasury+Mortgage Bonds Overvaluation



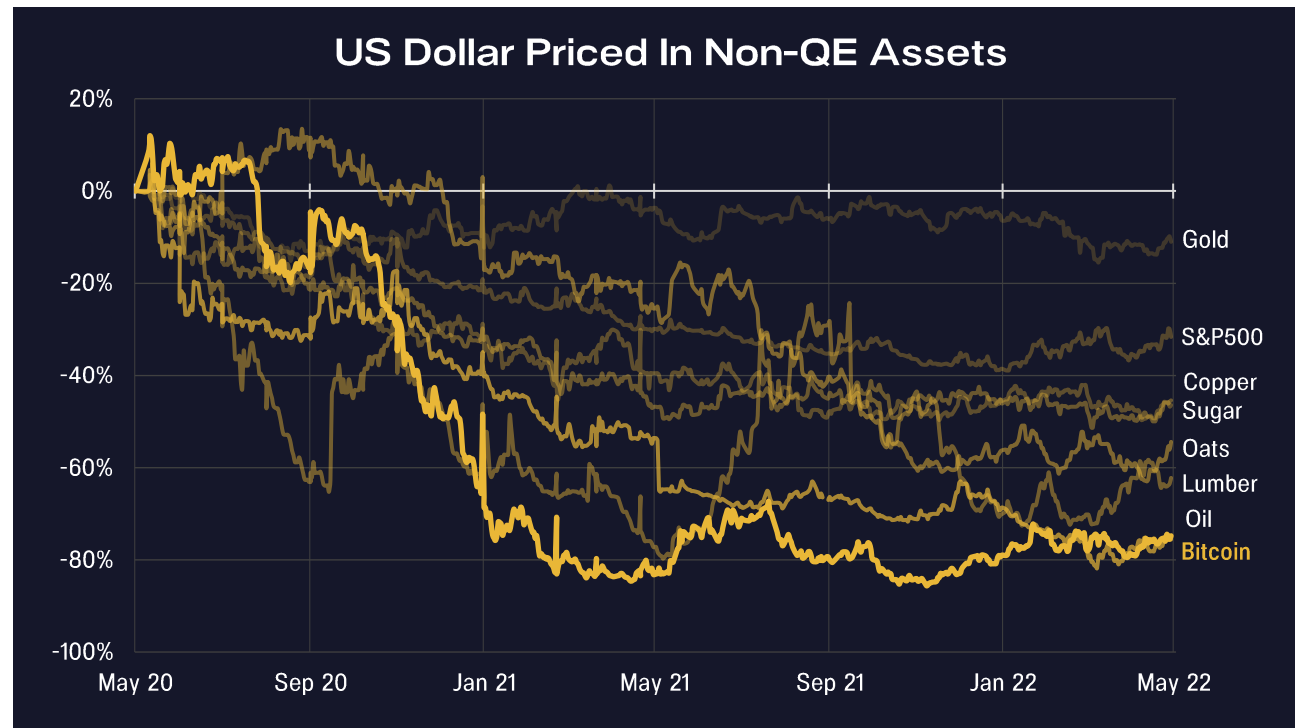


WHY NOW

The Price of Paper Money

It seems like the price of everything is surging up. A better perspective is that the value of most things is relatively stable – it's just the value of paper money that is moving.

To help visualize what Quantitative Easing is doing to the price of the US dollar we've plotted the value of the US dollar – as quoted in terms of things that cannot be quantitatively eased.



PANTERA

pan terra (Latin), 'spanning the earth'

pantera (Italian and Spanish), 'panther'

pan era, 'spanning eras'



Investor Relations
+1 650 854 7000
ir@panteracapital.com

San Francisco

Menlo Park

New York City

San Juan