



# INVESTMENT REPORT

BLOCKCHAIN SELECT AMC  
Q3 2023

**VIRA**  
VENTURES

# Our Accumulative Investment Strategy for the Current Environment

Building on the foundational analysis highlighted in our past reports, it's essential to reiterate our unwavering commitment to a strategic investment approach tailored for longevity and robustness. We believe that the world is on the precipice of profound technological shifts, and blockchain protocols stand at the forefront of this transformation. With their potential to redefine industries and spawn entirely new economic models, we consider these protocols not just as fleeting opportunities, but as the bedrock of the next economic epoch.

In cognizance of the inherent volatility and uncertainties tied to emerging technologies, our strategy embraces an accumulative approach, leveraging the dollar cost averaging effect. This not only ensures that we buy into these protocols at an averaged price over time, mitigating the effects of short-term price fluctuations, but also underscores our faith in the long-term potential of blockchain technologies, regardless of the immediate market sentiment.

Our focus remains steadfast on risk minimization, while simultaneously ensuring that our portfolio is well-poised to benefit from the anticipated upswing in the blockchain domain. As the old investment adage goes, "It's not about timing the market, but time in the market." We're gearing up for a future where blockchain protocols emerge as the linchpins of a new economic order, and our accumulative strategy is tailored to ensure that we are primed to reap the rewards of this forthcoming revolution.

In conclusion, as we continue our journey through this dynamic financial landscape, we remain ever committed to our foundational principles, seeking sustainable growth opportunities for the long haul. We extend our gratitude for the continued trust and support that is brought to us and assure you of our relentless dedication to securing a prosperous future.

# Tokenization: Bolstering the Value of Infrastructure Protocols

The transformative potential of tokenization is rapidly reshaping the investment landscape. Within the purview of our investments at the Blockchain Select AMC, we've closely examined the symbiotic relationship between tokenization of assets and the subsequent enhancement of underlying blockchain protocols. At the epicenter of this evolution is the fundamental concept of 'value capture,' which can be best elucidated by considering the intrinsic value of the blockchain networks themselves.

As assets - be they real estate, fine art, or even intellectual property - get tokenized, the digital representation of these assets is intrinsically tied to blockchain protocols. This results in an increased transaction volume, both in terms of frequency and diversity. Consequently, these underlying blockchain protocols, akin to the foundational layers of software infrastructure, capture an increasing amount of value. This phenomenon is somewhat analogous to the rise of internet protocols like HTTP and TCP/IP.

Considering Ethereum, for example. As more assets are tokenized on its platform, the Ethereum network becomes more valuable - not only because of the direct usage of Ether for transaction fees but also due to the intricate smart contracts and decentralized applications (DApps) that emerge, interweaving the tokenized assets within the Ethereum ecosystem.



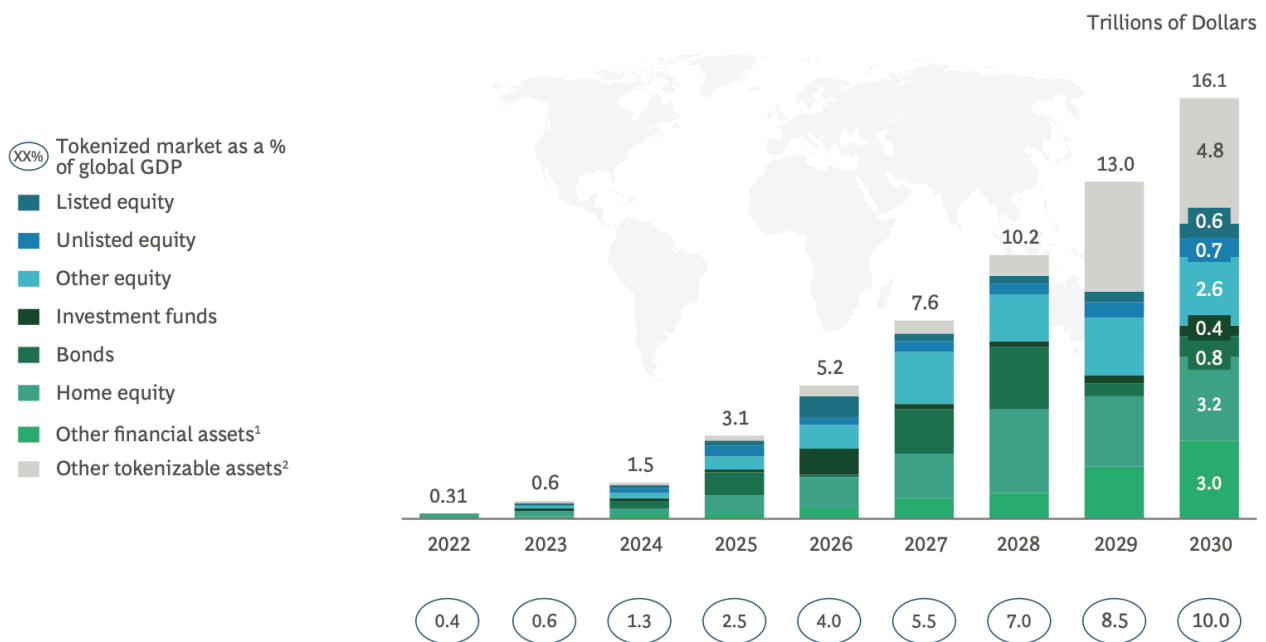
Transactions on the Ethereum Network (Daily, 7DMA) (Source: The Block)

As demonstrated in the recent illustration, despite the downtrend in the digital asset market, the Ethereum network maintains a consistently high transaction volume, underscoring the sustained demand and robust utilization of the platform.

In the same vein, as the importance of real-world assets on blockchain networks constantly grows, it creates a compounding effect on the perceived and actual value of these networks. For every piece of real estate, bond or artwork tokenized, the underlying blockchain's importance grows because it becomes a direct representation of tangible, real-world value.

### Who is entering the market?

Further examining the landscape of tokenized assets reveals prominent entrants such as JP Morgan, Barclays, UBS, and Bank Frick, signaling a transformative shift in the financial arena.



Tokenization Volume of Global Illiquid Assets by 2030 (Source: BCG and ADDX)

As illustrated in the recent data, the tokenized asset market is poised for a significant surge in market size and traded volume. BCG deems the forecast of USD 16 trillion to be very conservative, suggesting a potential tokenization value of up to USD 68 trillion by 2030 in the most optimistic scenario.

Looking ahead, the rise of tokenization might also result in an increased demand for other complementary technologies and platforms. Just as the AI boom led to a surge in GPU demand, the tokenization of trillions of dollars worth of assets might pave the way for specialized blockchain protocols, enhanced security solutions, and sophisticated decentralized exchanges.

These assets become liquid, tradeable, and most importantly, deeply integrated into the blockchain's fabric, thereby boosting the infrastructure's inherent value. As tokenization of assets continues, we're not just creating digital representations of assets; we're amplifying the inherent value of the blockchain networks that house them. For astute investors, the implications are profound, offering a unique confluence of real-world assets and digital infrastructure appreciation.

For this reason, the utilization of layer 1 infrastructure protocols and blockchain infrastructure networks forms the core focus of our Blockchain Select AMC, as we strongly believe in their potential for widespread acceptance and high activity.

Through targeted investments in this sector, we can seize the opportunities presented by the continuous development and integration of layer 1 technologies. Our goal is to build a diversified portfolio that benefits from the most promising and forward-thinking projects in the layer-1 space, thereby enabling long-term value appreciation.

# Impending Bitcoin Spot ETF and Ethereum Futures ETF Approval: A Game-Changer for Crypto Markets

In the ever-evolving landscape of digital asset investments, significant developments are on the horizon that promise to reshape the market as we know it. One of the most anticipated events in recent times is the approval of the Bitcoin Spot ETF and Ethereum Futures ETF. This impending approval stands to bring about an enormous influx of new capital into the crypto sphere, marking a pivotal moment in the evolution of digital assets.

## Historical Parallels: Drawing Insights from the Gold ETF Era

To grasp the potential implications, one need only look back to a time when a comparable financial instrument reshaped the landscape of a traditional asset: the Gold ETF approval. In a parallel to the present situation, the approval of Gold ETFs opened the floodgates for a massive influx of capital into the gold market. The ensuing rally in gold prices was nothing short of historic, underlining the transformative power such regulatory decisions can exert on a commodity's value.



Gold's Performance after ETF Approval in 2004



Hypothetical BTC Price Projection after Spot ETF Approval

### Institutional Giants Entering the Fray

What makes the impending approval of Bitcoin Spot ETF and Ethereum Futures ETF even more significant is the involvement of institutional behemoths such as BlackRock, Fidelity, and others. These asset management giants collectively oversee trillions of dollars in assets. As these institutions gain exposure to the digital asset market through these ETFs, it's not a mere inflow of capital we anticipate; it's a tidal wave. This influx will not only drive up the value of digital assets in the long run but also validate them as a legitimate asset class in the eyes of the broader financial community.

Considering the latest developments, the surge in Bitcoin ETF applications marks a critical turning point in financial history, highlighting the merging of traditional investment methods with digital currencies. Numerous financial entities are now contending to establish a spot ETF for Bitcoin, aiming to offer investors a more streamlined access to its yields.

As the applications undergo scrutiny by the US Securities and Exchange Commission, below is a comprehensive rundown of spot Bitcoin ETF submissions:

- ARK 21Shares Bitcoin ETF (ARKB) by 21Shares & ARK
- iShares Bitcoin Trust by BlackRock
- Bitwise Bitcoin ETP Trust by Bitwise
- VanEck Bitcoin Trust by VanEck
- Wisdomtree Bitcoin Trust (BTCW) by Wisdomtree
- Invesco Galaxy Bitcoin ETF by Invesco & Galaxy
- Wise Origin Bitcoin Trust by Fidelity
- Valkyrie Bitcoin Fund (BRRR) by Valkyrie

### **Anticipating a Rally in Digital Assets: A Perfect Storm of Factors**

The immediate ETF approval, coupled with advancements in infrastructure developments, presents a perfect storm for the digital asset market. Moreover, the challenging economic situation is expected to culminate in monetary stimulus measures and sooner or later, in lower interest rates. This economic backdrop is conducive to driving asset prices higher, including digital assets. It is under these circumstances that we confidently assert our belief: crypto will be a robust investment over the next five years.

### **Conclusion: Navigating the Tide of Change**

As we move forward, it's imperative for our Blockchain Select AMC to position itself strategically in anticipation of this transformative event. The impending approval of Bitcoin Spot ETF and Ethereum Futures ETF signifies more than just a market trend; it marks a paradigm shift in the financial world's perception of digital assets. By aligning our strategies with this imminent wave of capital influx and the broader economic factors at play, we stand poised not only to weather the changes but also to thrive in this new era of digital asset investments.



# Conclusion

As we draw to a close on this quarter's letter, we find ourselves immersed in reflection upon the vast, multifaceted, and ever-evolving landscape of digital assets. This realm, characterized by its innovative spirit and transformative potential, interlaces deeply with global financial structures and behaviors. The tides of change, driven by impending Bitcoin Spot ETF approvals, the entry of major institutional players into the digital asset markets, and the massive potential of tokenization for the value generation of layer-1 infrastructure protocols, all signal the dawn of an unprecedented era in investment opportunities and complexities.

Our role is not merely to observe these shifts but to proactively engage, adapt, and lead with foresight. We understand that the digital asset ecosystem is not a static entity; it's a living and evolving organism that requires an agile yet firm approach.

Currently, we are utilizing a Dollar-Cost Averaging (DCA) strategy at strategically selected timeframes, to mitigate the effects of market volatility and enhance the long-term potential of our portfolio.

We're not just witnessing a financial revolution; we're actively shaping a new era in global finance.

If you would like to learn more about our services and investment opportunities, visit us at [www.vira.ventures](http://www.vira.ventures).



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