

The pioneer Fintech-focused VC in LatAm

Crypto Perspectives: 2023 and Beyond

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AGENDA



I. Summary
II. 2023: A Pivotal Year for Crypto
III. Where we are in the Bitcoin cycle: halving and BTC's quadrennial pattern
IV. BTC outlook: 2024 price predictions and long-term investment case
V. Brazilian Market developments
VI. Parallax

SEVEN POINTS SUMMARY



- 2023 was a major year of inflection for crypto marked by significant regulatory advancements, robust market growth, and the approval of Bitcoin ETFs^[1]
- 2 BTC ETFs have structurally revolutionized the industry by turning Bitcoin into a US SEC-regulated security and paving the way for institutional investment
- 3 The indictments for fraud of players such as FTX and Binance were highly beneficial for the industry in terms of regulatory enforcement and market cleanup
- 4 We appear to be at the beginning of a Bitcoin bull cycle heralded by the BTC halving and its four-year historical pattern
- 5 There is a compelling long-term case for BTC as an investment due to its unique attributes, low correlation with other assets, and introduction of BTC ETFs
- 6 Binance facing escalating regulatory scrutiny with an SEC indictment, over \$4B in fines, and being forced to exit from several Countries good for market
- 7 Brazil had a pivotal crypto year with the Central Bank taking over as the crypto regulator, the Financial Pyramids PIC^[2], and main banks now offering crypto

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2023 WAS A PIVOTAL YEAR FOR CRYPTO: ROBUST GROWTH, MAJOR REGULATORY ADVANCES, NOTABLE MARKET MATURATION, AND CONVICTIONS OF FRAUDULENT PLAYERS



- Significant
 Industry maturation
- Crypto has risen to the top of regulators' priority lists in multiple jurisdictions including the US, the UK, Brazil, and countries of the Eurozone
- Over ten years after the first application^[1], the approval of BTC spot ETFs marked a pivotal milestone and a potentially major inflection point for the industry^[2] as the market witnessed a robust BTG ETF debut with \$1.5B^[1] of inflows and over \$4.6B of volume traded and in the first day^[3]
- 75% of US retailers are willing to accept crypto payments in the next 2 years^[4]
- Following the likes of JP Morgan and Goldman Sachs, BTG and Itaú have started offering crypto to, respectively, their institutional and retail clients^[5]
- BTC Market Cap broke the \$1T mark and the Crypto Market Cap surpassed \$2T in early 2024^[6]
- Robust Market
 growth and returns
- Over 150M new users joined the crypto user base, which now amounts to over half a billion people.
- BTC rose 156% in 2023, reached \$40,000 for the first time since April 2022^[8] and closed the year as the top-performing asset class^[9]
- Crypto Market Cap grew by ~\$1T more than doubling in size from March to December 2023^[6]
- Coinbase was the top-performing stock of 2023^[10]
- BTC trading volume reached USD 1T in December, the highest level since September 2020^[11]
- Several major crypto projects had impressive performances: Solana (SOL) was up 965%, Avalanche (AVAX) 266%, Cardano (ADA) 175%, and Polkadot (DOT) 96%[8]
- Market cleanup: FTX, Terraform etc.
- 2023 brought important resolutions for key events and actors of the 2022 crisis such as FTX, Terraform (LUNA), Genesis, Celsius Network, and BlockFi
- The market witnessed a very relevant cleanup with the conviction of fraudulent players FTX and Terraform (LUNA) and their respective founders, among others
- SEC-charged Sam Bankman-Fried[12], founder and CEO of FTX, found guilty on all seven criminal fraud counts and could face up to 115 years in prison[13],[14]
- Months after the SEC filed charges against Terraform and its founder Do Kwon for defrauding investors in Crypto Schemes^[15], the fugitive DK was arrested in Montenegro^[16], charged by an additional eight-count indictment by US prosecutors^[17], and will be extradited to the US for his trial^{[18],[19]}
- US SEC vs. Binance
- Four months after being charged by the SEC with 13 different allegations^[20], Binance pleaded guilty to failing to register as a money transmitting business and violating both the Bank Secrecy Act and the International Emergency Economic Powers Act^[21]
- Binance agreed to pay \$4.3B in penalties, undertake compliance enhancement and remediation, and retain an independent monitor^[21]
- The ruling is regarded as very beneficial for the Market^[22], as it unequivocally penalizes a company that *'favored market growth over strict compliance controls*^[23], violated regulations in multiple jurisdictions, and faces multiple accusations of tax fraud/evasion and facilitation of money laundering^{[24],[25]}
- Material regulatory advancements
- Regulation materially advancing across multiple jurisdictions: the EU has adopted a comprehensive crypto regulation^{[26],[27]}; the UK Gov. confirmed plans to regulate the Crypto Industry by 2024^{[28], [29]}; the Brazilian Gov. appointed the Central Bank as the regulator and overseer of crypto and virtual assets providers, including exchanges and banks^[30], and announced stringent regulations under development^[31]; and the Canadian CSA is seeking feedback on rules for public funds holding crypto assets^[32]
- The Grayscale vs. SEC ruling, in favor of Grayscale, marked a major milestone for the Crypto Industry, providing regulatory clarity and bolstering investor confidence
- The SEC vs. Binance case ruling and the indictment of Terraform and its founder and CEO Do Kwon stand out as recent, concrete examples of regulation closing in and creating precedents for a functional, transparent, regulation-compliant industry^[33]



MARKET MATURITY: CRYPTO MARKET CAP SURPASSES \$2T AND BITCOIN RETURNS TO THE TOP 10 MOST VALUABLE ASSETS IN THE WORLD



Top 10 Assets in the World

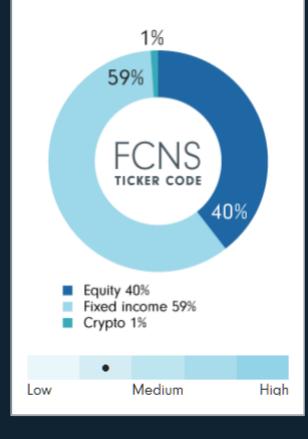




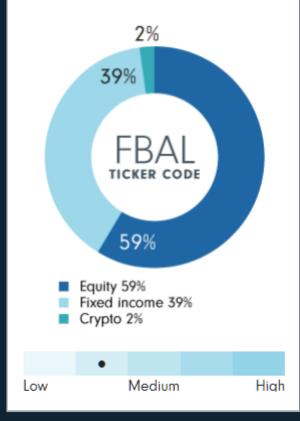
MARKET MATURITY: FIDELITY NOW RECOMMENDS CRYPTO ALLOCATION IN ALL OF ITS ALL-IN-ONE ETF PORTFOLIOS: CRYPTO ADOPTION HAS REACHED MAINSTREAM STATUS



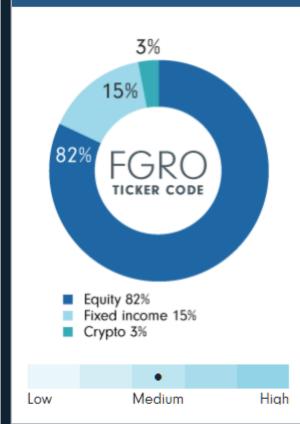




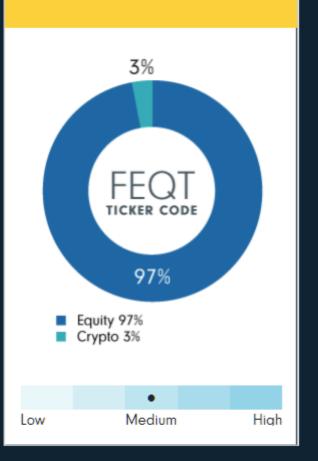
Fidelity All-in-One Balanced ETF/Fund



Fidelity All-in-One Growth ETF/Fund



Fidelity All-in-One Equity
ETF/Fund



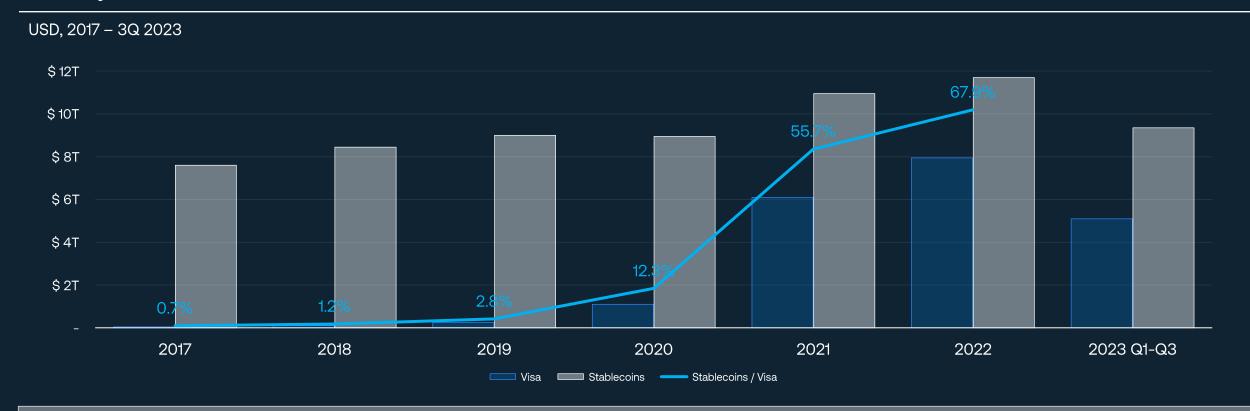
Sources: Fidelity



STABLECOINS: SURPASSING TWO-THIRDS OF VISA'S PAYMENT VOLUMES, RECOGNIZED BY THE US CENTRAL BANK AS A <u>DOLLAR-STRENGTHENING TOOL*</u>



Visa Payments volume vs. Stablecoin volumes[1]



"Most trading in decentralized finance (DeFi) involves trades using stablecoins, which link their value one-for-one to the U.S. dollar.

About 99 percent of stablecoin market capitalization is linked to the U.S. dollar, meaning that crypto-assets are de facto traded in U.S. dollars.

So, it is likely that any expansion of trading in the DeFi world will simply strengthen the dominant role of the dollar^{*[2]}

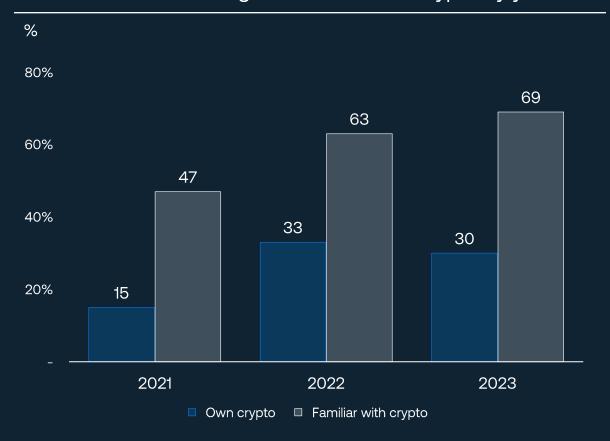
U.S. Federal Reserve Governor Christopher Waller, one of the seven members of the United States Central Bank Board

US CRYPTOCURRENCY ADOPTION AND FAMILIARITY HAVE INCREASED MATERIALLY, AND THERE IS NOTABLE ROOM FOR GROWTH AS EVIDENCED BY RETAIL TRENDS



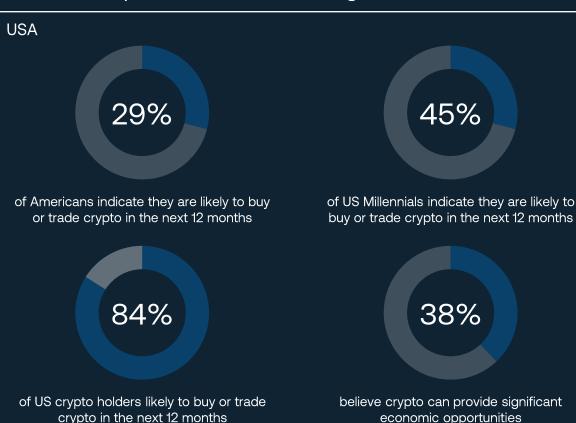
10

% of Americans owning and familiar with crypto by year



US adoption fell slightly, probably due to the 2022 crypto winter, but still 100% higher than in 2021; familiarity continues to increase and is now over two-thirds

Evidence of potential for continued growth



Despite recent headwinds, numbers indicate significant consolidation of the Crypto asset class with significant potential for increased adoption

Sources: Bain & Co, Parallax analysis

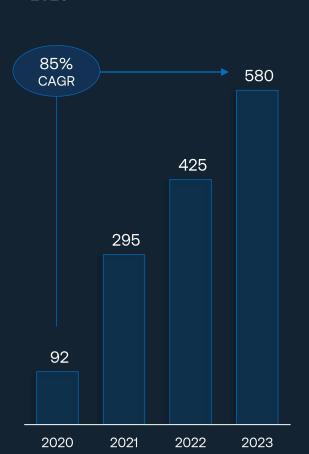
ROBUST GROWTH: CRYPTO USERS INCREASED BY 150M TO 580M, TRADING VOLUME SOARED IN Q3 AND THE CRYPTO MARKET CAP DOUBLED SINCE MAR-23 REACHING \$2T

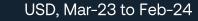


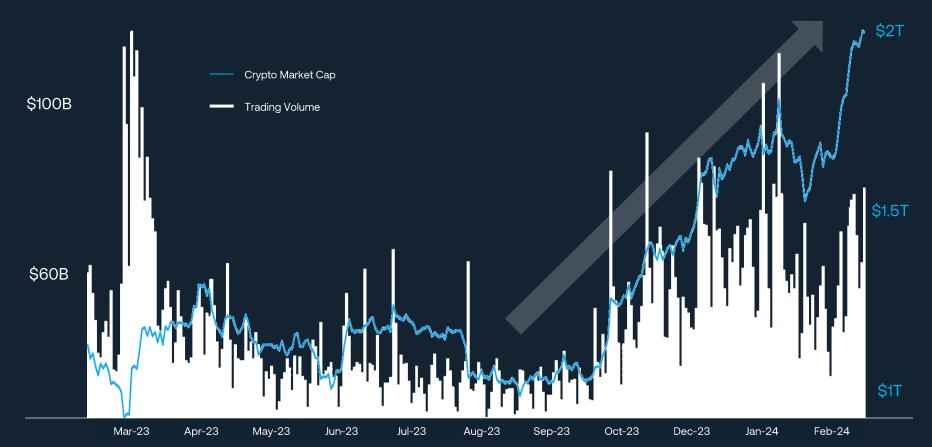
Global Crypto owners^[1]

Crypto Market Volume and Market Cap^[2]









Sources: [1] Crypto.com; [2] LiveCoinWhatch

RETURNS: IN 2023, BITCOIN SURGED 156%, INCREASING ITS MKT CAP TO US\$ 826 BILLION 💻



2023 Bitcoin price evolution and selected Crypto events





RETURNS: WITH A 156% GROWTH, BTC REGAINED THE STATUS OF BEST PERFORMING ASSET CLASS OF THE YEAR, POSTING RETURNS SIX TIMES HIGHER RUNNER-UP S&P 500



Best performing Asset Class by Year

2013 - 2023 2014 2015 2019 2020 2021 2022 2023 2013 2016 2017 2018 Legend **BTC BTC BTC BTC** BTC SPX **BTC BTC** AGG **BTC** CMT 37% 0% 5,516% 12% 119% 1.300% 92% 302% 58% 20% 156% Bitcoin BTC SPX AGG AGG HY HY SPX Gold CMT Gold SPX EM 26% 5% 0% 17% 35% -2% 29% 24% 1% 25% S&P 500 Total Return Index HY HY SPX EM SPX Gold EM SPX SPX HY HY 6% 2% 18% -11% -1% 15% -3% 21% 15% 29% 12% HY **US High Yield Corporate Bond Index** EM HY CMT Gold SPX Gold EM HY AGG Gold AGG -1% 1% -4% 12% 18% 14% 5% -12% 14% -7% 12% EM Dow Jones Emerging Markets TR Index **EM** Gold Gold SPX HY CMT HY AGG EM EM EM -3% 0% -18% -3% -11% 11% 7% -9% 14% 7% 9% AGG S&P US Aggregate Bond Index **SPX** CMT CMT EM Gold CMT EM CMT HY AGG AGG -14% 7% -15% 10% 7% -1% -20% -9% 6% 5% CMT Dow Jones Commodity Index **BTC** BTC AGG **BTC** CMT AGG AGG CMT CMT Gold Gold -29% -58% -65% -3%

Sources: <u>Visual Capitalist</u>



COINBASE: COMPLIANCE AND OPERATIONAL FOCUS PAID OFF: DRIVEN BY THE MARKET REBOUND AND BINANCE'S TURMOIL, COINBASE WAS THE BEST STOCK OF THE YEAR





Coinbase's focus on operational improvements and efficiency coupled with the market rebound and regulatory advancements led to a stellar COIN year

MARKET CLEANUP: 2023 WITNESSED IMPORTANT RESOLUTIONS FOR KEY PLAYERS OF THE 2022 CRISIS, REGULATORS CLOSED IN AND FRAUDSTERS ARE BEING PUNISHED



Entity

2022 Crisis

2023 Resolution

FTX

After Coindesk exposed the fraudulent financial entanglement between trading firm Alameda and FTX, both controlled by FTX founder and CEO Sam Bankman-Fried (SBF), FTX suffered a bank run and collapsed in what was one the largest bankruptcies in history

Luna, UST

Algorithmic stablecoin UST collapsed, causing a significant sell-off in its sister cryptocurrency, LUNA, erasing over 60 billion USD in market value*

Genesis

With significant loans to 3AC, crypto lender Genesis declared bankruptcy

Celsius Network

Crypto lending platform Celsius froze withdrawals and then filed for bankruptcy

BlockFi

BlockFi's exposure to FTX forced it into bankruptcy

Three Arrows
Capital

LUNA's collapse led high profile hedge fund Three Arrows Capital (3AC) into a liquidity crisis, forcing it into bankruptcy

SEC charged SBF with defaulting investors and the Southern District of NY convicted SBF on seven counts of fraud related to the collapse of FTX. A bankruptcy court granted the FTX estate approval to sell its assets. SBF was found guilty on all counts and could face up to 115 years in prison

Founder Do Kwon was charged by the SEC in 13 counts, was arrested in Montenegro, faces additional eight indictments in Manhattan's District Court, and will be extradited to the US, while his startup, Terraform Labs, faces SEC civil charges for orchestrating a multi-billion-dollar securities fraud. DK is also being charged in South Korea

Crypto lender Genesis reached a settlement with parent company DCG, involving \$620M in repayments. The SEC is suing Genesis for fraud, selling and unregistered offer and sale of securities

A bankruptcy court approved a restructuring plan for Celsius that will return assets to customers and establish a new company focused on mining and staking. CEO Alex Mashinsky faces criminal charges for allegedly misleading customers

BlockFi received court approval to liquidate, with partial in-kind repayment to creditors

The Monetary Authority of Singapore banned 3AC's co-founders from capital markets activity for nine years, and a court in the British Virgin Islands froze their assets

Sources: Ark Investments, Parallax analysis. Please refer to page 4 for additional source references

CLEANUP: AS REGULATION ADVANCES, INVESTORS UNDERSTAND THAT FRAUDSTERS ARE AND REPRESENTATIVE OF THE MARKET AND BEGIN TO EXPURGATE NOISE FROM PRICING



Regulators' concerns

2022







Regulators' actions and market leader indictment

2023



FINANCIAL POST

Canada's stricter crypto rules push trading platforms to comply or leave

Cracking down on asset class after last year's turmoil

Published Apr 17, 2023

cryptoassets







London DECEMBER 5 2023

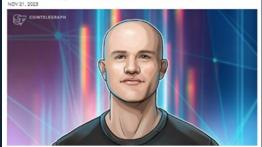
Aftermath and perspectives

Winners and additional regulation

CryptoSlate Coinbase champions regulatory compliance amid Binance woes - calls for clearer U.S. regulations



Binance charges prove 'following the rules' was the right decision — Coinbase CEO



MCNBC

Coinbase rallies more than 60% in same month that FTX and Binance founders brace for prison

◯ THE BLOCK

JP Morgan says Binance settlement 'positive' as it eliminates systemic risk from hypothetical collapse November 22, 2022



SEC VS. BINANCE RULING: VERY POSITIVE FOR THE INDUSTRY, A MAJOR ADVANCEMENT IN 🔀 REGULATION ENFORCEMENT, AND A SIGNIFICANT PENALTY FOR A FRAUDULENT PLAYER



US v. Binance and US v. Changpeng Zhao (CZ)

Case summary

- On June 5th, 2023, the U.S. SEC filed 13 charges against Binance and its CEO, CZ, for a series of alleged securities law violations. The allegations included operating an unlicensed money transmitting business and an exchange, acting as unregistered brokers and clearing agents, offering and selling unregistered crypto asset securities, misleading investors by engaging in manipulative trading to inflate trading volumes (wash trading). Further charges include failing to implement required KYC checks, commingling customer assets, and processing transactions for entities and individuals involved in illegal activities, including darknet marketplaces and sanctioned jurisdictions like Iran^{[1],[2]}
 - Changpeng Zhao knowingly operated a financial platform without basic anti-money laundering (AML) safeguards, the company caused illegal transactions between U.S. users and users in sanctioned jurisdictions such as Iran, Cuba, Syria, and Russian occupied regions of Ukraine - transactions for which Binance profited with significant fees. Among other things, Binance's activities reportedly facilitated over \$898 million in transactions between U.S. users and users in Iran^[2]
- · According to court documents, Binance admitted to prioritizing growth and profits over compliance with U.S. law. Since its launch in 2017, the exchange has focused on attracting high-volume customers, notably those based in the U.S., and quickly became the world's largest cryptocurrency exchange with a majority of its customers in the United States[2]
- On November 2^{1st}, 2023, Binance pleaded guilty to conspiring to violate the Bank Secrecy Act (BSA), failing to register as a money transmitting business, and infringing the International Emergency Economic Powers Act (IEEPA). Binance agreed to pay \$ 4.3B in penalties, enhance its compliance measures, undertake remediation efforts, and retain an independent monitor. Concurrently, Binance's founder, CZ, stepped down as CEO after personally pleading guilty to charges of violating the Bank Secrecy Act (BSA), acknowledging his role in the company's failure to implement adequate anti-money laundering measures[3]

Case implications and Parallax views

A very positive outcome and a pivoting point for the Crypto Industry

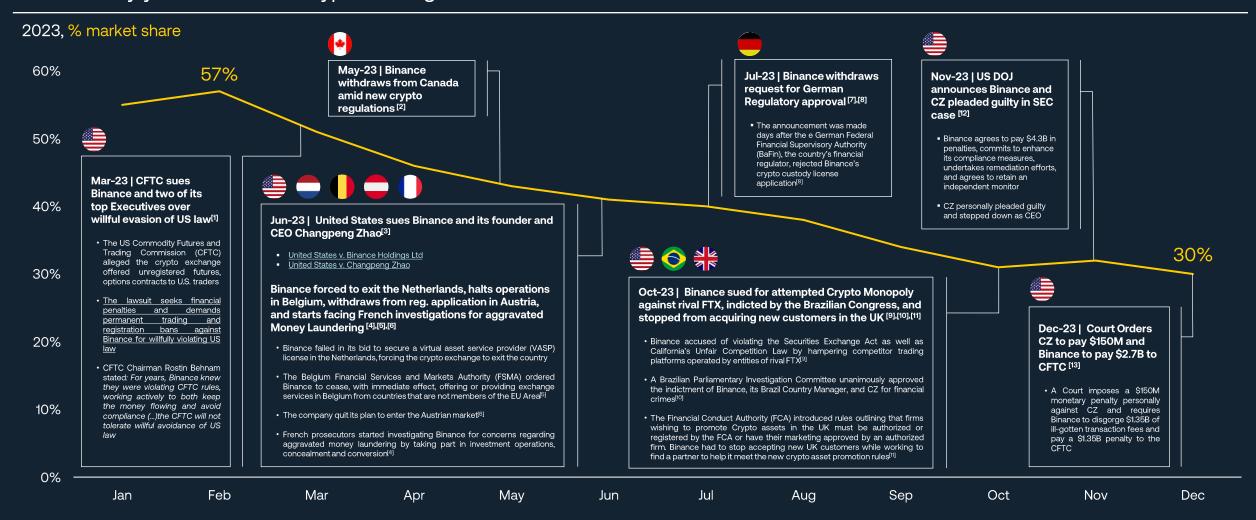
- The Binance Case represents a significant development and a major milestone in regulatory enforcement for the Crypto Industry
 - The ruling establishes a precedent for operational standards while addressing issues of unfair competition and delivering a severe punishment for a player that rapidly expanded its market share by violating numerous laws
 - This case represents one of the largest penalties ever obtained from a corporate defendant in a criminal matter^[4], it is the Justice Department's largest guilty plea involving both a company and its CEO^[3], and the US Treasury largest settlement in history^[5]
- The case triggered and catalyzed a series of international rulings and indictments against Binance in the UK, Germany, Austria, Belgium, Holland, and Brazil (next page)
 - · Binance was prohibited from operating in Germany, Austria, Belgium and Holland
 - A Brazilian Parliament committee recommended the indictment of Binance and its CEO*
- · Binance market share decreased significantly as a result o numerous legal cases, indictments and regulatory prohibitions (next page)
 - In the 24 hours following the filing Binance users withdrew \$ 800M from the platform^[6]
 - Market share in Europe fell from 30% in Jan to 15% in Jun^[7]
 - Binance started the year with 55% market share and finished the year with 30%[8]
- · Brazil: given the Central Bank of Brazil's new role in regulating and overseeing cryptocurrencies, we assess the likelihood of Binance obtaining a local license as low
- It is worth noticing that the emergence of the case did not significantly affect the prices of Bitcoin and other major cryptocurrencies



BINANCE HIT BY GLOBAL REGULATORY TSUNAMI: WITHDRAWAL FROM MULTIPLE JURISDICTIONS, OVER \$4B IN FINES, AND MARKET SHARE DECLINE



Binance key year events and crypto trading market share evolution





GRAYSCALE VS. US SEC: A LANDMARK VICTORY FOR CRYPTO, BOOSTING INVESTOR CONFIDENCE AND ENHANCING BTC ACCESSIBILITY



Grayscale vs SEC^{[1],[2],[3]}

Case summary

- With \$50B of AUM, Grayscale is the world's largest Crypto Asset Manager
- In 2022, the US SEC denied Grayscale's application to convert its \$20B Grayscale Bitcoin Trust (GBTC.PK) into a Bitcoin spot ETF listed on the New York Stock Exchange's Arca market
- Citing concerns of market manipulation, the SEC argued that BTC ETFs were not designed to prevent fraudulent and manipulative acts and practices
- Despite rejecting Grayscale's (and 20 other) spot BTC ETFs, the SEC had previously approved the listing of BTC futures ETFs on the Chicago Metals Exchange (CME)
- Grayscale and Arca contended that the same market manipulation safeguards approved for futures ETFs should be applicable to spot ETFs, but the SEC alleged Grayscale lacked data to determine whether the CME futures surveillance agreement could also detect potential manipulation in the spot markets
- Grayscale argued that the Bitcoin futures ETF surveillance arrangements should also be satisfactory for Grayscale's spot ETF, since both products rely on BTC's underlying price. <u>The Court ruled in favor of Grayscale</u>
- On January 11th, 2024, this precedent-setting ruling marked a notable regulatory advancement for the crypto industry, culminating in the first BTC ETF listing on the NYSE
- The ruling marks a significant regulatory advancement for the crypto industry, providing clarity and certainty for similar investment products and enabling investors who otherwise could not invest in Bitcoin to gain exposure to the asset class via SEC-regulated ETFs

Five implications for BTC and the Crypto industry^{[3],[4]}

How the case can impact the future of Crypto

- 1. Regulatory Clarity and Investor Confidence: The ruling provides significant clarity for the crypto industry, reinforcing regulators' willingness to embrace cryptorelated investment vehicles and boosting investor confidence
- 2. Enhanced Accessibility: ETFs are widely traded instruments, very familiar to most investors. They provide easier access to Bitcoin, allowing both institutional and retail investors to gain exposure to Bitcoin without needing to open an account at a Crypto Exchange or directly hold or manage the cryptocurrency. Furthermore, they enable investors who could not otherwise invest in BTC to do so through a SEC-regulated security. This increased accessibility is likely to attract a broader range of institutional and retail investors to the crypto market
- 3. Mainstream Adoption: The SEC's approval of Bitcoin ETFs enhances the credibility of Bitcoin and the broader crypto sector, reduces skepticism towards the asset class, and encourages widespread investment in BTC and the crypto space as a whole
- 4. Market Growth and Stability: Increased BTC exposure is likely to boost trading volumes, liquidity, and market stability, fostering market growth and potentially dampening volatility
- 5. Potential for Innovation: The ruling encourages innovation in the development of new investment vehicles and crypto-related financial products, such as ETFs for Ethereum (ETH) and other cryptocurrencies. It opens opportunities for new offerings and broadens the range of accessible investment options, promoting further growth and diversification in the market

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ETFs ARE A GAME CHANGER FOR BITCOIN: IMPRESSIVE DEBUT AND CONSISTENT GROWTH OF NET INFLOWS ARE RAPIDLY FUELING BITCOIN'S GROWTH POTENTIAL



Why BTC ETFs are a game-changer?[1],[2]

Key reasons

- Regulation: The approval of Bitcoin ETFs by the SEC signals a level of legitimacy and acceptance of Bitcoin as an asset class
- Market safety: As SEC-regulated securities, BTC ETFs and contain surveillance mechanics to address SEC's market manipulation concerns
- Institutional accessibility: ETF structures boost the accessibility of Bitcoin for institutional investors, some of whom are barred from investing directly in alternative assets or non-SEC regulated securities.
- Retail accessibility: ETFs are listed on tightly-regulated stock exchanges and are therefore accessible through retail investors' existing brokerage accounts, which are also closely supervised
- Risk Management ETFs allow investors to gain exposure
 to the price of BTC without the complications and risks of
 owning Bitcoin directly, which include setting up crypto
 wallets and accounts with crypto exchanges, some of
 which have poor cyber security records, are prone to
 hacks or may have liquidity issues
- **Liquidity:** ETFs typically trade on traditional stock exchanges, providing greater liquidity compared to purchasing Bitcoin on cryptocurrency exchanges

Grayscale Bitcoin Trust/ETF AUM^[2]



Cum. sum. of BTC and Gold ETP flows^[3]



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WHAT IS BITCOIN HALVING, HOW DOES IT WORK, AND WHY IS IT HAPENNING IN 2024?



Bitcoin halving explained

2024 halving estimated to take place in April

What is halving?

- Bitcoin halving is when the reward for <u>Bitcoin mining</u> is cut in half, and it takes
 place every four years. The halving policy was written into Bitcoin's mining
 algorithm to counteract <u>inflation</u> by maintaining scarcity. In theory, the
 reduction in the pace of Bitcoin issuance means that the price will increase if
 demand remains the same
- Bitcoin's production scarcity is what defines its finiteness, and when reward goes down, supply is constrained. Increasing demand at a time when supply is constrained has a positive impact on price

How does it work?

- A decentralized network of validators verifies all Bitcoin transactions in a process called mining. They are paid 6.25 BTC when they are the first to verify a block of transactions, using complex math to add it to the Bitcoin blockchain as part of its proof-of-work (POW) mechanism
- Currently, miners are awarded 6.25 BTC for each block they mine (~\$290,000 as of Jan-24), but after the halving in 2024, this reward will be reduced to 3.125 BTC
- Those blocks of transactions are added roughly every 10 minutes, and the Bitcoin code dictates that the reward for miners is reduced by half after every 210,000 blocks are created. That happens roughly every four years in periods that are often accompanied by heightened Bitcoin price volatility

Bitcoin halving history

Three halving events to date

Date	Block reward reduction	Price at halving vs. following year's peak	Comment
2012 Nov 28 th	\$50 > \$25	13 (8,762%)	 Prior to the first halving, BTC was unknown to almost everyone but the cypherpunks who worked on the tech in its infancy When the price s ballooned from double digits to over \$1,000, BTC began to make some headlines However, for the most part, the burgeoning asset class wasn't taken seriously by anyone outside the crypto community In 2015, when BTC fell back to ~\$200, critics proclaimed the bubble had burst and BTC was dead. This trend would continue during the cycles to follow
2016 Jul 16 th	\$23 > \$12.5	17,760	 The second halving saw Bitcoin and crypto burst into the spotlight attracting a wider audience and leading to increased public scrutiny The publicity of BTC was followed by a wave of media criticism washing over the asset class The altcoin and ICO boom occurred during this time, bringing with it many unfortunate scams and failed crypto startups
2020 May 11 th	\$12.5 > \$6.25	9,734	 The third halving was different in that it occurred during the COVID-19 pandemic of 2020, when most of the global economy had been shut down Despite this, the price pattern for BTC-to-USD mostly held true to previous cycles Also during this time billionaire investors like Paul

Tudor Jones and Michael Saylor first began to

announce they had made allocations to Bitcoin

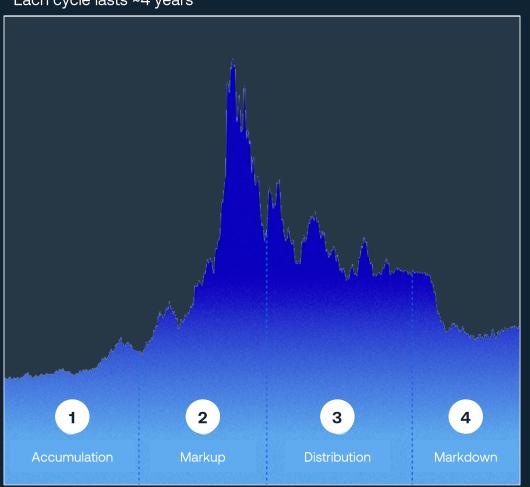
Sources: Forbes, BitPay, Parallax analysis

UNDERSTANDING BITCOIN CYCLES: MACRO PATTERN, PHASES, AND CHARACTERISTICS



The four phases of the Bitcoin market cycle

Each cycle lasts ~4 years



	Description	Key characteristics
1 Accum	The market cycle initiates with the accumulation phase, which occurs after a bear market and is characterized by diminished interest and trading activity. During this phase, prices tend to stabilize as selling pressure decreases, leading to a period of consolidation	 Market sentiment: dominated by disbelief and uncertainty Price volatility: low, with assets trading within a narrow range Trading volume: lower than average due to limited interest
2 Markup	Often called the bull market phase, it's marked by a rapid increase in asset prices, propelled by rising demand. As optimism grows, trading volume escalates, and the market conditions turn favorable	 Market sentiment: optimism and excitement prevail Price trend: steadily upward Trading volume: increased due to growing interest
3 Distribu	Emerging after a prolonged bull run, the Distribution phase is characterized by a balance between buyers and sellers that leads to fluctuating prices. Market sentiment transitions from optimism to uncertainty	 Market sentiment: mixed, colored by overconfidence and greed, along with uncertainty Price volatility: relatively moderate Trading volume: elevated but without significant price gains
4 Markdo	This phase sees bearish sentiment as supply starts to outweigh demand. Fear takes hold, resulting in significant selling pressure and declining prices	 Market sentiment: dominated by anxiety and panic Price trend: downward, with high-volume price declines Trading volume: elevated due to heightened uncertainty

Sources: Crypto.com, Centurion Invest, Parallax analysis. Note: past cycles did not have the impact of BTC ETFs

HALVINGS AND BITCOIN CYCLES PATTERN: A SUBSTANTIAL RALLY PRIOR TO THE HALVING AND BRIEF CORRECTION PERIOD FOLLOWED BY A MAJOR BULL RUN AND BLOW-OFF TOP



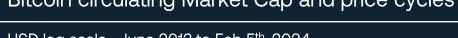
Bitcoin halving history and All-Time-Highs (ATH) streaks



WE ARE AT THE START OF A NEW BTC BULL CYCLE THAT COULD MATERIALLY INCREASE TRADING VOLUMES AND BOOST PRICES, BENEFITING BOTH INVESTORS AND EXCHANGES (1/2)



Bitcoin circulating Market Cap and price cycles





WE ARE AT THE START OF A NEW BTC BULL CYCLE THAT COULD MATERIALLY INCREASE TRADING VOLUMES AND BOOST PRICES, BENEFITING BOTH INVESTORS AND EXCHANGES (2/2)

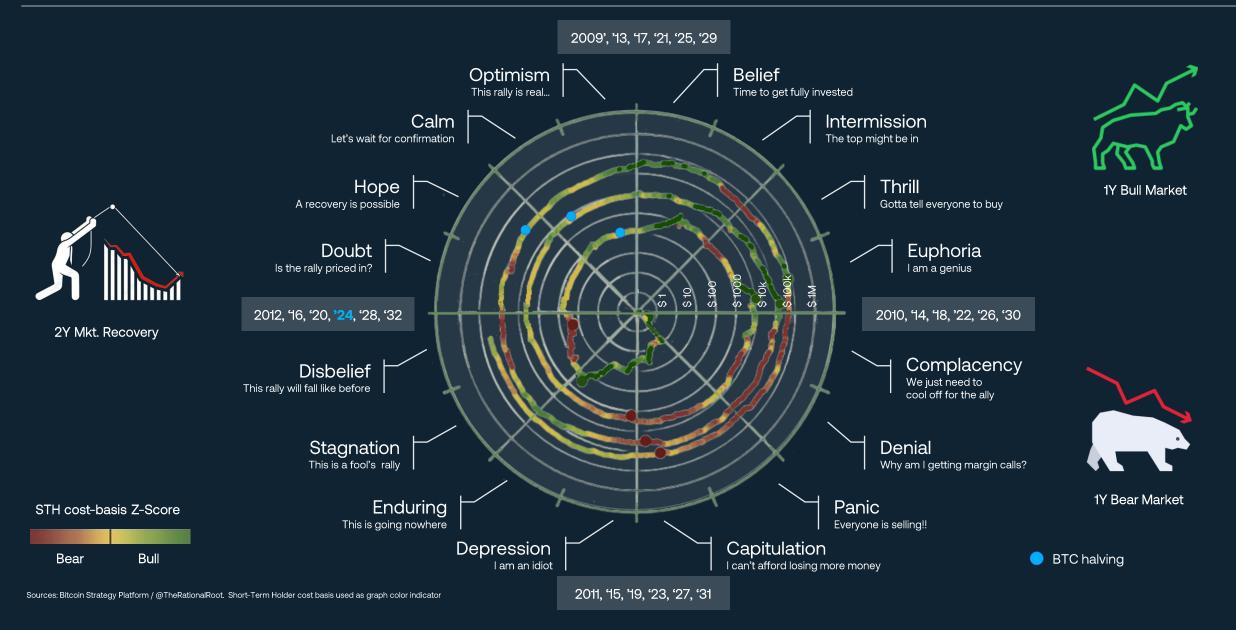


Bitcoin circulating Market Cap and price cycles



DECODING BITCOIN'S QUADRENNIAL CYCLE: A THREE-PHASE BEHAVIORAL PERSPECTIVE OF THE CYCLE'S BULL, BEAR, AND RECOVERY PERIODS





AGENDA



Ι.	Summary

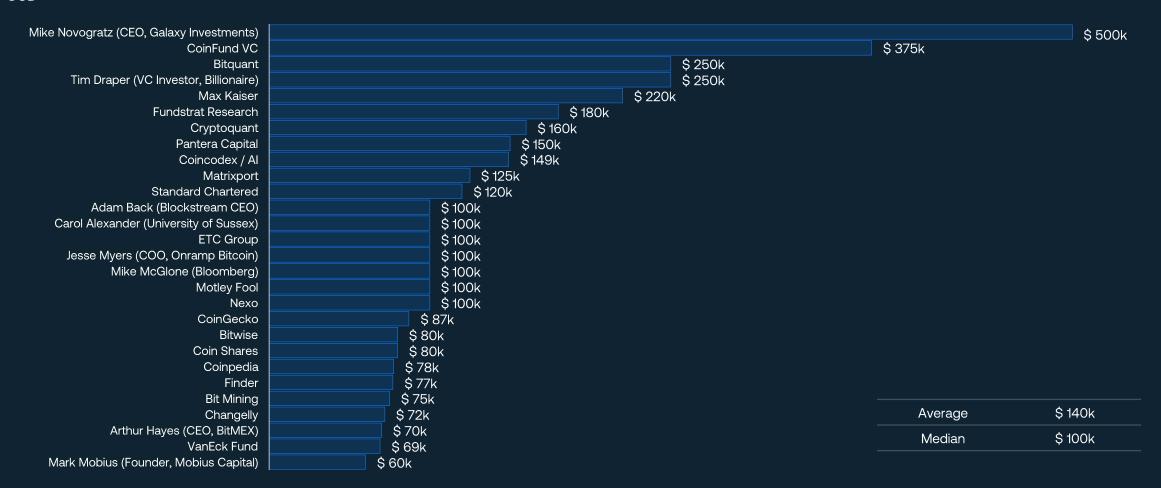
- II. 2023: A Pivotal Year for Crypto
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2024 BTC PRICE FORECASTS: EXPERTS PREDICT PRICES COULD REACH UP TO USD500K



BTC 2024 predictions

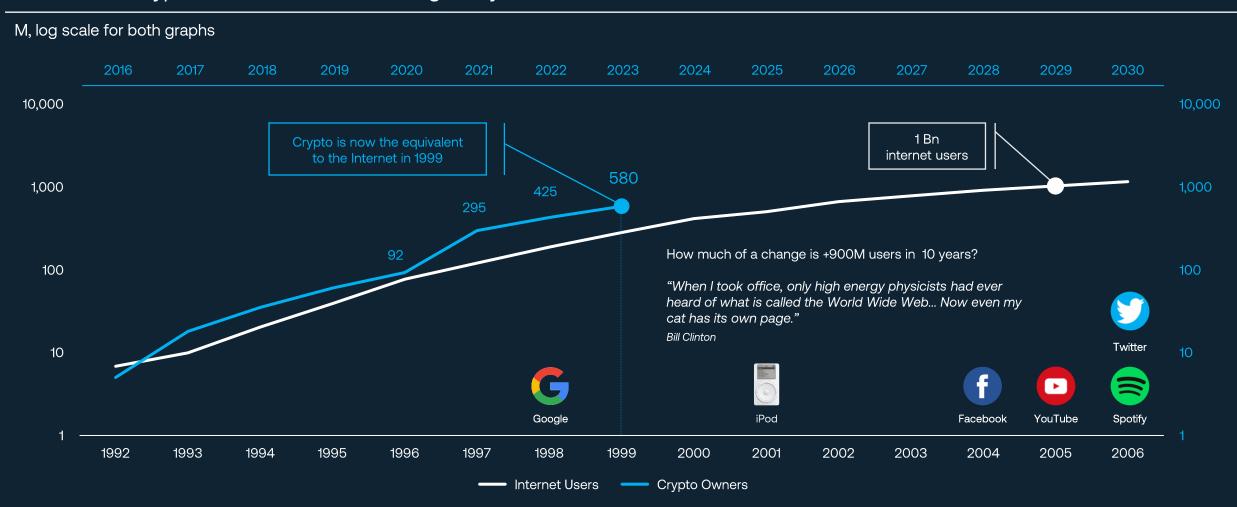
USD



LONG-TERM CASE FOR BTC: DESPITE HAVING FEWER USE CASES THAN THE INTERNET, CRYPTOCURRENCIES HAVE WITNESSED A FASTER ADOPTION RATE ON A RELATIVE BASIS



Evolution of Crypto users vs. Internet users globally



LONG-TERM CASE FOR BTC: NEGLIGIBLE OR LOW CORRELATION WITH US TREASURIES, GOLD, SUBJUSTICE DOLLAR, COPPER, S&P 500, AND VOL INDEXES MAKE BTC A GREAT PORTFOLIO DIVERSIFIER



BTC correlation matrix*

2023, Jan 1st to Nov 30th

r	BTC (USD)	Copper	CRY	DXY	ETH/USD	Gold	MOVE	S&P 500	US 10Y	US 2Y	US Bond	VIX
BTC (USD)	1.00	0.07	0.12	(0.12)	0.84	(0.05)	(0.02)	0.20	0.07	0.09	0.08	(0.19)
Copper		1.00	0.26		0.11	0.40	(0.17)	0.25	(0.03)	(0.01)	0.01	(0.20)
CRY			1.00		0.12	0.11	0.02	(0.02)	0.48	0.53	0.46	0.15
DXY				1.00	(0.12)	(0.17)	0.17	(0.25)			(0.46)	0.19
ETH/USD					1.00	0.01	(0.09)	0.19	0.02	0.02	0.04	(0.19)
Gold						1.00	(0.07)	0.15	(0.09)	(0.13)	(0.07)	(0.10)
MOVE					-		1.00	(0.25)	(0.21)	0.08	(0.27)	0.40
S&P 500								1.00	0.03	(0.15)	0.15	(0.74)
US 10Y									1.00	0.79	0.98	0.03
US 2Y										1.00	0.76	0.28
US Bond											1.00	(0.06)
VIX												1.00

LONG-TERM CASE FOR BTC: TOP-PERFORMING ASSET CLASS IN 11 OF LAST 14 YEARS (i.e., EXC. THROUGH-CYCLE YEARS) WITH UNCOMPARABLY HIGHER YEARLY AND CUM. RETURNS



Asset Class*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Cumulative	Annualized
Highest Return	ВТС	ВТС	ВТС	ВТС	US RE	ВТС	ВТС	ВТС	T-BILL	ВТС	ВТС	ВТС	CMDTY	BTC	ВТС	ВТС
Bitcoin (BTC)	378.5%	1,316.7%	156.4%	5,531.7%	(55.7%)	33.3%	124.7%	1,323.9%	(72.2%)	88.2%	301.6%	59.9%	(64.2%)	155.3%	56,790,208%	157.6%
Nasdaq 100	19.9%	3.4%	18.1%	36.6%	19.2%	9.5%	7.1%	32.7%	(0.1%)	39.0%	48.6%	27.4%	(32.6%)	54.9%	918.29%	18.03%
US Growth (Russell 1000)	16.5%	2.3%	15.2%	33.1%	12.8%	5.5%	7.0%	30.0%	(1.7%)	38.9%	38.3%	27.4%	(29.3%)	42.6%	633.68%	15.30%
S&P 500 / US Large Caps	15.1%	1.9%	16.0%	32.3%	13.5%	1.3%	12.0%	21.7%	(4.6%)	31.2%	18.4%	28.8%	(18.2%)	26.2%	455.83%	13.03%
EAFE Stocks	8.2%	(12.3%)	18.8%	21.4%	(6.2%)	(1.0%)	1.4%	25.1%	(13.8%)	22.0%	7.6%	11.5%	(14.4%)	18.4%	106.15%	5.30%
US Small Caps (Russell 2000)	26.9%	(4.4%)	16.7%	38.7%	5.0%	(4.5%)	21.6%	14.6%	(11.1%)	25.4%	20.0%	14.5%	(20.5%)	16.8%	290.28%	10.22%
US Mid Caps (S&P 400)	26.3%	(2.1%)	17.8%	33.1%	9.4%	(2.5%)	20.5%	15.9%	(11.3%)	25.8%	13.5%	24.5%	(13.3%)	16.1%	358.38%	11.49%
Convertible Bonds	14.3%	(7.7%)	15.9%	20.5%	7.7%	(0.8%)	10.6%	15.7%	(2.0%)	22.4%	53.4%	2.2%	(20.8%)	14.5%	243.52%	9.21%
Emerging Mkts Stocks	16.5%	(18.8%)	19.1%	(3.7%)	(3.9%)	(16.2%)	10.9%	37.3%	(15.1%)	18.2%	17.0%	(3.6%)	(20.6%)	9.0%	30.32%	1.91%
US Value (Russel 1000)	15.5%	0.1%	17.5%	32.1%	13.2%	(4.0%)	17.3%	13.5%	(8.4%)	26.1%	2.7%	25.0%	(7.7%)	11.4%	295.86%	10.33%
Gold	29.3%	9.6%	6.6%	(28.3%)	(2.2%)	(10.7%)	8.0%	12.8%	(1.9%)	17.9%	24.8%	(4.2%)	(0.8%)	12.7%	78.16%	4.21%
EM Bonds USD	10.8%	7.6%	16.9%	(7.8%)	6.1%	1.0%	9.3%	10.3%	(5.5%)	15.5%	5.4%	(2.2%)	(18.6%)	10.6%	68.15%	3.78%
Preferred Stocks	31.8%	(2.0%)	18.2%	(1.0%)	14.1%	4.3%	1.3%	8.1%	(4.6%)	15.9%	7.9%	7.1%	(18.2%)	9.2%	124.81%	5.96%
High Yield Corp Bonds	11.9%	6.8%	11.7%	5.7%	1.9%	(5.0%)	13.4%	6.1%	(2.0%)	14.1%	4.5%	3.8%	(11.0%)	11.5%	97.81%	4.99%
US Real Estate	28.4%	8.6%	17.6%	2.3%	30.4%	2.4%	8.6%	4.9%	(6.0%)	28.9%	(4.7%)	40.5%	(26.2%)	11.8%	241.59%	9.17%
Investment Grade Bonds	9.3%	9.7%	10.6%	(2.0%)	8.2%	(1.3%)	6.2%	7.1%	(3.8%)	17.4%	11.0%	(1.8%)	(17.9%)	9.4%	74.54%	4.06%
Cash (1m to 3m T-Bill)	(0.0%)	(0.0%)	(0.0%)	(0.1%)	(0.1%)	(0.1%)	0.1%	0.7%	1.7%	2.0%	0.4%	(0.1%)	0.1%	4.9%	9.80%	0.67%
US Total Bond Market	6.2%	7.9%	3.9%	(2.1%)	5.8%	0.6%	2.5%	3.6%	(0.1%)	8.8%	7.7%	(1.9%)	(13.1%)	5.7%	38.96%	2.38%
TIPS	6.1%	13.3%	6.4%	(8.5%)	3.6%	(1.8%)	4.7%	2.9%	(1.4%)	8.4%	10.8%	5.7%	(12.2%)	3.8%	46.34%	2.76%
LT Treasuries (+20Y)	9.1%	34.0%	2.6%	(13.4%)	27.3%	(1.8%)	1.2%	9.2%	(1.6%)	14.1%	18.2%	(4.6%)	(31.2%)	2.8%	60.68%	3.45%
Commodities (CMDTY)	11.9%	(2.6%)	3.5%	(7.6%)	(28.1%)	(27.6%)	18.6%	4.9%	(11.6%)	11.8%	(7.8%)	41.4%	19.3%	(6.2%)	(2.67%)	(0.19%)

LONG-TERM CASE FOR BTC: ADDING DIGITAL ASSETS TO A PORTFOLIO MATERIALLY INCREASES BOTH RETURNS AND SHARPE RATIO



33

Net total return of portfolio simulations and Sharpe ratio with various digital assets allocations

%, Cumulative, Sep-13 through Nov-21



Sources: <u>Grayscale</u>

LONG-TERM CASE FOR BTC: BITCOIN HAS A SET OF PROPERTIES THAT SET IT APART FROM ALL OTHER ASSET CLASSES



Property	Description
Decentralization	Bitcoin operates on a decentralized network, not controlled by any single entity such as a government or financial institution, hence with no central point of failure susceptible to manipulation or hacking
Security	Transactions are secured by cryptographic algorithms and consensus mechanisms like proof-of-work (PoW), providing robust protection against fraud, counterfeiting, and unauthorized spending
Transparency	Transactions are recorded on a public ledger (blockchain), which is transparent (anyone can view) and immutable, enhancing trust and accountability within the network
Reserve Value	Many proponents view Bitcoin as a digital store of value akin to gold, citing its limited supply, fungibility, and censorship resistance, which has led to increasing adoption by institutional investors and asset managers seeking to diversify their portfolios
Ownership control	Bitcoin holders have full control over their funds, as long as they possess the private keys to their wallets, which eliminates the risk of asset seizure or freezing by third parties
Cost efficiency	Due to its decentralized nature and lack of intermediaries, Bitcoin transactions typically involve lower fees compared to traditional financial services, offering cost-effective solutions for transfers and payments
Continuous market access	Bitcoin allows for 24/7 seamless trading

Financial inclusion

Bitcoin offers financial services to individuals who lack access to traditional banking infrastructure, especially in regions with limited banking services or unstable economies

The introduction of ETFs not only provided much-needed regulatory comfort but also further enhanced Bitcoin's attributes as a unique asset class

Sources: <u>Ark Investments,</u> Parallax analysis

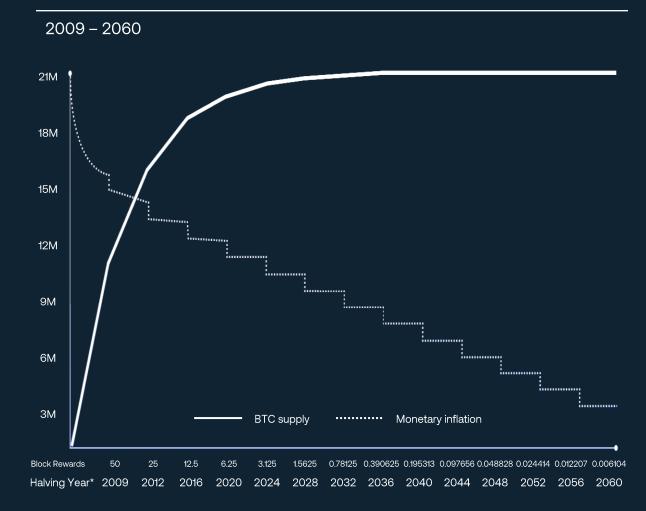
LONG-TERM CASE FOR BTC: BEST MONEY? BTC'S UNIQUE ATTRIBUTES OF DECENTRALIZATION, ENCRYPTION, DIVISIBILITY, PROGRAMMABILITY, AND SCARCITY SUPPORT THE ARGUMENT

Bitcoin traits vs. other types of money

2013 - 2022

Traits of Money	Bitcoin	Crypto	Gold	Fiat** (US Dollar)
Fungible (Interchangeable)	High	Low	High	High
Non-consumable	High	High	High	High
Portability	High	High	Moderate	High
Durable	High	High	High	Moderate
Highly Divisible	High	High	Moderate	Moderate
Secure (cannot be counterfeited)	High	Low	Moderate	Moderate
Easily Transactable	High	Moderate	Low	High
Scarce (predictable supply)	High	Low	Moderate	Low
Decentralized	High	Low	Low	Low
Smart (programmable)	High	High	Low	Low
Sovereign (Government issued)	Low	Moderate	Low	High

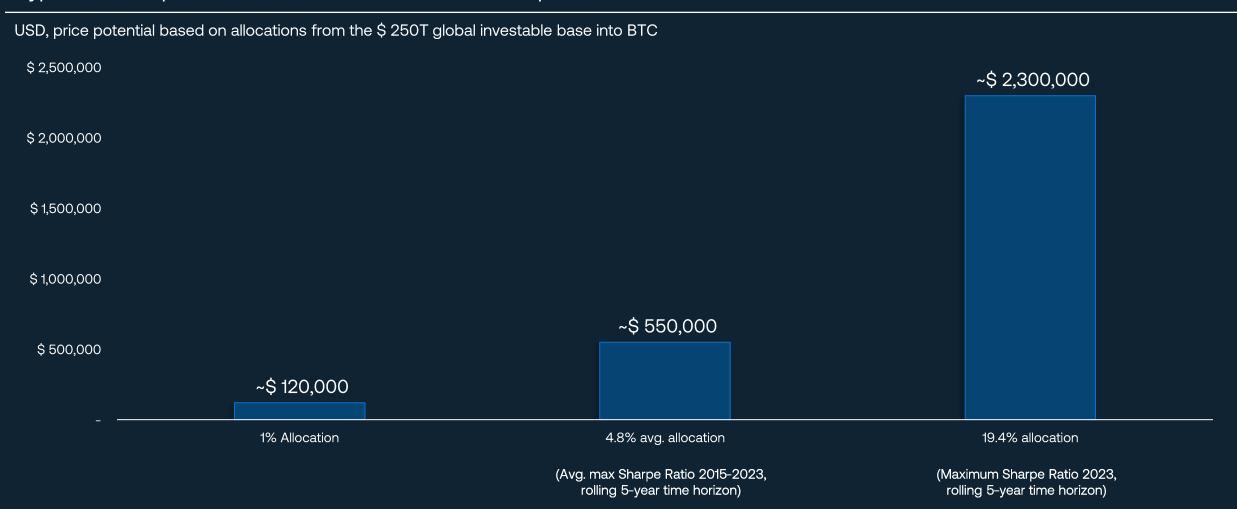
Bitcoin supply, halving, and monetary inflation



LONG-TERM CASE FOR BTC: POTENTIAL PRICE IMPACT OF INCREASED INSTITUTIONAL ADOPTION - PENSION FUNDS, SOVEREIGN WEALTH, HEDGE FUNDS, ETC.



Hypothetical impact of Institutional Investments on the price of Bitcoin^{[1],[2]}



Sources: Ark Investment based on data and calculation from PortfolioVisualizer.com, with bitcoin price data from Glassnode, as of December 31, 2023. [1] This chart was calculated by dividing each percentage allocation of the estimated global investable asset base of \$250 trillion USD (Chung 2021) by the fully diluted expected bitcoin supply of 21 million. When dividing the investable asset base by the bitcoin supply of 19.5 million as of 12/31/2023, the price potential increases to ~\$127k (1% allocation), and ~\$2.5 million (19.4% allocation). [2] Asset classes are represented by the following instruments: SPDR S&P 500 ETF Trust (SPY, equities) and Vanguard Total Bond Market Index Fund Investor Shares (VBMFX, bonds). The performance used to represent each asset class reflects the net asset value (NAV) performance of each ETF/fund for the time periods shown

AGENDA



Ι.	Summary	
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- II. 2023: A Pivotal Year for Crypto
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A TOP 10 CRYPTO MARKET, BRAZIL HAD A PIVOTAL 2023: CB ASSIGNED AS CRYPTO REGULATOR, GOV. INDICTMENT RECOMMENDATION FOR BINANCE, AND BTC MAINSTREAMING



Brazilian Crypto year in review: key facts and events

2023

- A Brazil is a global crypto powerhouse: 9th largest Crypto market globally and 4th highest ownership penetration
- B Crypto Legal Framework concrete advancement: Central Bank officially appointed as regulator and overseer of the Crypto industry
- C Crypto Pyramids Parliamentary Investigatory Commission: serious implications for Binance and very positive for the industry
- D BTC crossed the chasm as Itaú and BTG, two of the four largest privately-owned banks, are now offering Crypto to their clients
- E Very positive outlook with encouraging signs of increasing crypto adoption, significant potential for growth, and tangible DREX* progress



BRAZIL IS ONE OF ONLY THREE TOP 10 GLOBAL ECONOMIES THAT IS ALSO A TOP 10 CRYPTO MARKET



Country	Overall ranking	GDP ranking (top 20)	Centralized service value received	Retail centralized service value received	P2P exchange trade volume	DeFi value received	Retail DeFi value received
India	1	5	1	1	5	1	1
Nigeria	2		3	2	1	4	4
Vietnam	3		4	4	2	3	3
United States	4	1	2	8	12	2	2
Ukraine	5		5	3	11	10	10
Philippines	6		6	6	19	7	7
Indonesia	7	16	13	13	14	5	5
Pakistan	8	-	7	7	9	20	20
Brazil	9	9	9	11	15	11	11
Thailand	10	-	8	15	44	6	6
China	11	2	10	5	13	23	23
Turkey	12		11	9	35	12	12
Russia	13	-	12	10	36	9	9
United Kingdom	14	6	15	20	38	8	8
Argentina	15		14	12	29	19	19
Mexico	16	11	17	18	30	16	16
Bangladesh	17	-	18	19	33	22	22
Japan	18	4	22	21	49	18	18
Canada	19	10	25	23	62	14	14
Morocco	20		27	25	21	26	26

Sources: ChainAnalysis.com, Statistics Times, Parallax analysis

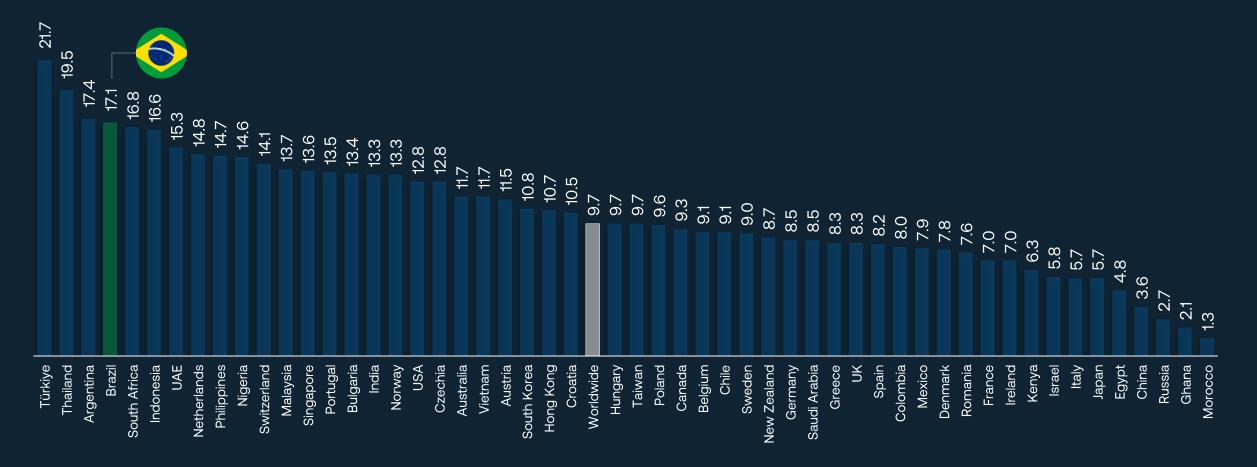


BRAZIL HAS THE 4TH HIGHEST CRYPTO OWNERSHIP PENETRATION IN THE WORLD



Ownership of Cryptocurrencies

%





A MAJOR REGULATORY DEVELOPMENT: CENTRAL BANK OFFICIALLY ASSIGNED AS CRYPTO REGULATOR BY THE GOVERNMENT, SIGNALS STRINGENT REGULATION*



Central Bank officially assigned as the Crypto Regulator...[1]

Key information

- On June 14th, 2023, the Federal Government issued <u>Decree No. 11,563</u> designating the Central Bank ("CB") as the regulator of the digital asset sector in the Country
- The Decree builds upon the Cryptocurrency Legal Framework <u>Law No. 14,478</u>, enacted on December 21, 2022. It specifies the regulatory roles and responsibilities of the CB in overseeing providers of crypto and <u>virtual asset</u> services, including crypto exchanges and <u>banks that offer cryptocurrencies</u>, among others
- The Decree also reinforces that both (i) the competencies of both the Brazilian Securities and Exchange Commission (CVM) and the National Consumer Defense System, and (ii) the prevention and repression of crimes provided for in the Cryptocurrency Legal Framework will remain unchanged
- This regulatory tightening benefits compliant-oriented players such as the local champion Mercado Bitcoin. Conversely, it presents a challenge for Binance, which was targeted by the <u>Parliament Inquiry Commission (CPI)</u> with a unanimous conviction recommendation
- In the weeks following the Decree, the Central Bank's Governor stated that the CB will work on a strict regulation for cryptocurrencies
- While advocating for stringent crypto regulation, Roberto Campos Neto, Governor of the Central Bank, is also an avid enthusiast of blockchain technology. He has stated that crypto assets 'are here to stay' and that blockchain's technology 'creates efficiency' in the market^[2]

... and plans to create a robust Crypto Regulation in 2024^[2]

2023, public consultation on regulation was announced in November

"Central Bank wants to 'tighten' cryptocurrencies regulation, says Governor Roberto Campos Neto"

exame. FUTURE OF MONEY

Banco Central quer "apertar" regulação de criptomoedas, diz Roberto Campos Neto

Durante audiência na Câmara dos Deputados, presidente da autarquia falou sobre expansão do mercado cripto no Brasil



"Crypto companies will have to follow bank-like rules, says Central Bank"

exame. FUTURE OF MONEY

Empresas de cripto precisarão seguir regras de bancos, diz Banco Central

tulador deverá realizar consulta pública e estabelecer regras para as empresas do setor de os digitais no Brasil



"We want to be close, not far from Blockchain (technology), says CB Governor"

Future of Money

Drex: 'Não queremos nos distanciar, queremos nos aproximar de blockchain', diz presidente do BC

Durante evento, Roberto Campos Neto diz que Banco Central do Brasil está em moviment contrário de outros bancos centrais, que querem se distanciar do setor blockchain com su moedas digitais





PARLIAMENTARY INVESTIGATION INTO FINANCIAL PYRAMIDS IN THE CRYPTO MARKET: BINANCE, MAJOR LOSER, FACES GOVERNMENT INDICTMENT RECOMMENDATION



Parliamentary Investigatory Commission's key findings and recommendations impacting Binance

Summary and selected excerpts*



REL n.1/202

CÂMARA DOS DEPUTADOS

CPI PIRÂMIDES FINANCEIRAS

COMISSÃO PARLAMENTAR DE INQUÉRITO DESTINADA A INVESTIGAR INDÍCIOS DE OPERAÇÕES FRAUDULENTAS SOFISTICADAS NA GESTÃO DE DIVERSAS EMPRESAS DE SERVIÇOS FINANCEIROS QUE PROMETEM GERAR PATRIMÓNIO POR MEIO DE GESTÃO DE CRIPTOMOEDAS, O QUE TEM TRAZIDO PREJUÍZOS VULTOSOS AOS INVESTIDORES E A TODA SOCIEDADE, ENTRE OS ANOS DE 2019 E 2022 - CPIPIRAM

RELATÓRIO FINAL

Presidente: Deputado AUREO RIBEIRO Relator: Deputado RICARDO SILVA

OUTUBRO DE 2023



- In June 2023, the House of Representatives approved the establishment of a Parliamentary Inquiry Commission to investigate financial pyramids and other crimes related to the local crypto market^{[1],[2]}
- In October 2023, the Commission's Final Report unanimously recommended the indictment of Binance, its founder CZ, and Binance's Country Manager, as well as that of other 43 individuals and 12 entities, several of which used the Binance platform as part of their financial schemes. The Commission also proposed 4 new bills, aimed at improving industry regulation and punishing fraudster players, and further investigations on other 22 entities for potential illegal practices [3],[4],[5],[6]
- Binance, the most mentioned entity in the Commissions' Final Report, emerged as the most impacted party of the investigation^[6]
- Below are selected excerpts from the Report[7]:
 - i. Based on information collected by this Commission from various sources, including testimonies and international authorities, BINANCE (...) has set up an opaque network of legal entities, all controlled directly or indirectly by CZ, with no defined business purpose other than to evade compliance with the Law
 - ii. Binance's director of compliance previously stated 'we do not want BINANCE.com to be regulated ever'
 - ii. According to the Central Bank, in 2021 Binance reportedly moved R\$ 40 Billion without properly identifying its clients and the origin of the funds it managed, as would be required by the Anti-Money Laundering regulations applicable to its Central Bank regulated service provider Acesso at the time, Acesso**, provided Binance with the digital payment account where Binance's clients made their deposits to trade in the platform
 - iv. Binance users had their deposits pooled into a single account managed by a Payment Institution regulated by the Central Bank (...). According to Central Bank regulations, Payment Institutions are prohibited from using the deposits made in their managed payment accounts without the explicit consent of the account's ultimate beneficiary... (furthermore) ...as per Law 12.865, such accounts must be 'registered in the name of the account's ultimate beneficiary
 - v. ...the Commission issued an Official Letter to Binance (Letter No. 345/2023), seeking critical information for its investigation. Binance deployed a range of untenable arguments to dodge the Commission's key inquiries. During a hearing, Binance's Country Manager pledged to provide on Binance's 700 largest Brazilian clients, with no objections noted at that time. Yet, when responding to the Official Letter, Binance oddly claimed that it didn't understand the requests considering Binance is a global company, and refused to disclose its 700 largest clients in Brazil
 - vi. Binance established a sophisticated corporate structure with the specific goal of evading scrutiny from regulatory agencies and sidestepping regulations. It operated under the premise that their activities occurred beyond the jurisdiction of Brazil and, consequently, were not bound by Brazilian law. This perspective is further evidenced in the testimony provided by Binance's Country Manager
 - vii. The Brazilian Securities and Exchange Commission (CVM) ordered that Binance shut down its futures trading platform as the company was not authorized to offer such securities. Binance never effectively complied with the ruling as it continued to rely on the argument that it was an international company. Furthermore, Binance instructed its clients to circumvent the CVM's ruling by informing them that derivatives could still be accessed by switching to the English version of the website, which remained accessible to local users, despite the shutdown order of derivative products on the Portuguese version



MARKET MATURATION: BTC GOES MAINSTREAM AS BTG AND ITAÚ, THE TWO LARGEST LOCAL PRIVATE BANKS, ARE NOW OFFERING CRYPTOCURRENCIES TO THEIR CLIENTS*



"BTG started offering crypto to its institutional clients"

Valor, 2023.08.22^[1]

Valor

BTG Pactual passa a oferecer custódia cripto para investidor institucional

Plataforma critpo terá taxa zero para negociação de bitcoin, ether e mais quatro criptomoedas até o final de outubro ^{22/08/2023}



André Portilho, do BTG Pactual — Foto: Divulgação

- BTG will start offering selected tokens to its institutional clients through its proprietary crypto platform, Mynt
- The service will be available to asset managers, funds, family offices, and other large clients seeking exposure to cryptocurrencies
- Tokens available include Bitcoin (BTC), Ethereum (ETH), Solana (SOL), Chainlink (LINK), Lido (LDO), and Polygon (MATIC), among others

"Itaú started offering BTC and ETH to its retail clients"

Exame, 2023.12.14^[2]



Itaú começa a oferecer compra e venda de bitcoin e ether com custódia no banco

Itaú Digital Assets também participa ativamente do projeto piloto para implementação da moeda digital do BC



Marcas como MB, Binance, Foxbit e Mynt, do BTG Pactual já trabalham com criptoativos Kanchanara/Unsplash

- Crypto assets will be available at lon, Itau's digital banking platform
- Initially, only BTC and ETH will be available
- The offering will be initially limited to a selected number of clients and gradually expanded over time
- Itaú will serve as the custodian of the assets and ensure total asset segregation



POSITIVE OUTLOOK: BRAZIL RANKS 3rd IN GLOBAL CRYPTO READINESS



Top 10 Countries for most ready for Crypto

2023

	*	00	<u></u>	G	Q	i		ট্রা ড	
	Crypto readiness score (/10)	Adoption rate	Increase in adoption since 2020	Google searches per 100k people	Increase in m. searches since 2020	Crypto ATMs	Increase in Crypto ATMs since 2020	Legality score	Cryptocurrency articles per 100k p.
Australia	7.37	18%	10%	312	196%	240	1,163%	2	6.8
US	7.07	16%	10%	206	166%	33,639	403%	2	7.5
Brazil	6.81	24%	13%	13	355%	25	2,500%	2	1.5
UAE	6.41	34%	24%	267	261%	6	600%	1	0.1
Hong Kong	6.40	16%	5%	307	209%	146	152%	2	7.6
Taiwan	6.20	14%	9%	82	278%	40	300%	1	7.9
India	6.12	25%	16%	34	316%	2	100%	2	1.4
Canada	6.10	14%	9%	264	185%	2.640	225%	1	3.8
Turkey	6.07	40%	24%	21	123%	14	1.300%	1	11.9
Singapore	6.02	25%	15%	540	234%	0	0%	2	5.1

Sources HedgewithCrypto, Investment Monitor



POSITIVE OUTLOOK: BRAZILIANS BELIEVE CRYPTO IS A REVOLUTIONARY TECHNOLOGY, NON-USERS WILLING TO INVEST AND HIGHLY OPEN TO LEARNING HOW TO BUY CRYPTO

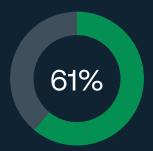


Non crypto users: building conviction

Total survey n = 750, users and non-users



have a friend or a relative that invests in crypto (whole sample)*



would like to purchase cryptocurrencies but do not feel they have a sufficient understanding of the subject



believe that crypto is a revolutionary technology that can transform Financial Services and other industries**



are open to learning about how to buy cryptocurrencies

Crypto users: crypto is the future

Total survey n = 750, users and non-users



trust that investing in crypto offers greater financial freedom and less dependence from the traditional banking system



see crypto as a viable alternative for financial inclusion



view cryptocurrencies as investment assets



believe that crypto currencies are the future of money

Sources: OKX. Notes: (*) Refers to entire sample. (**) Among users this figure was 91%

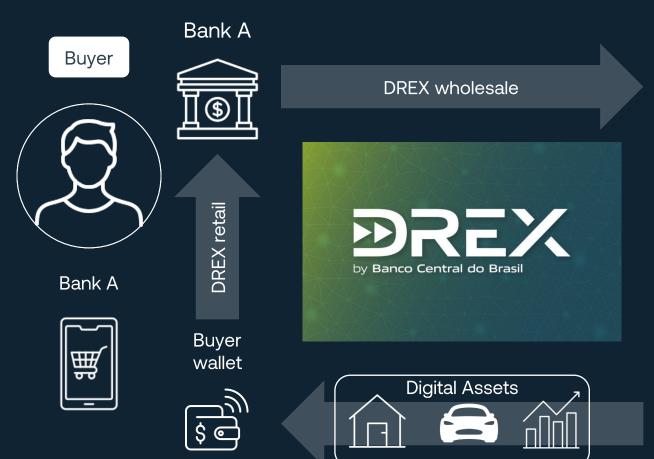


THE MONEY 3.0 REVOLUTION: DREX CAN MAKE PAYMENTS FASTER, PROGRAMMABLE, TRACEABLE, CHEAPER, SAFER, AND WILL FACILITATE CROSS-BORDER TRANSACTIONS



DREX platform at a glance*

Central Bank's graphic perspective of fully implemented DREX



Bank B



DREX retail

Seller

wallet

Seller







Key features of CBDCs

- ✓ Legal tender
- Programmability / smart contracts
- ✓ Delivery vs. payment
- Increased efficiency: 24/7, fast, no intermediaries
- Lower counterparty risk: settled with the Central Bank
- Enhanced security: can incorporate security features
- Traceability
- Facilitated cross-boarder transactions

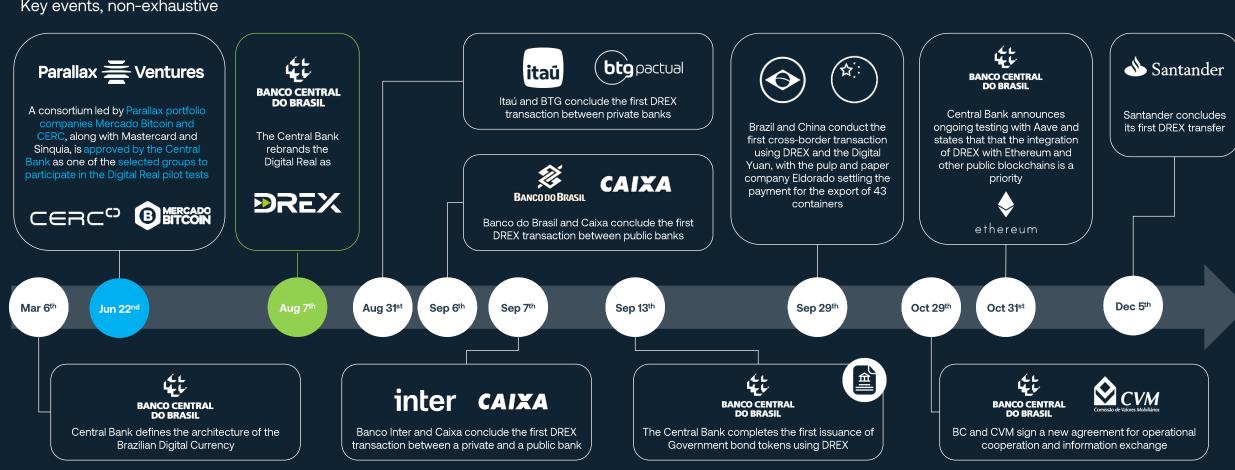


DREX ACHIEVED MULTIPLE MILESTONES IN 2023: TRANSACTIONS BETWEEN PRIVATE AND PUBLIC BANKS, FIRST GOVERNMENT BOND ISSUANCE, AND INTERNATIONAL PAYMENTS



2023 DREX timeline

Key events, non-exhaustive



AGENDA



- I. Summary
- II. 2023: A Pivotal Year for Crypto
- III. Where we are in the Bitcoin cycle: halving and BTC's quadrennial pattern
- IV. BTC outlook: 2024 price predictions and long-term investment case
- V. Brazilian Market developments
- VI. Parallax

PARALLAX IS THE PIONEER AND ONLY FINTECH-FOCUSED VC IN LATAM



Parallax key figures*

USD









Selected portfolio

Company	Sector	Description	Co-investors
ASMAS	B2B SaaS	Digital account with comprehensive financial management and automation solutions for SMBs to streamline their financial operations, manage accounts receivable and networking capital, reduce overdue payments, boost operational productivity, and foster enhanced customer relations	InovaBra, TM3
CERCO	Financial Markets Infrastructure, Exchange, Capital Markets	Leading tech-enabled Financial Market Infrastructure platform operating a as centralized database for validation, registration, monitoring, and settlement of several types of credit receivables and debt securities	Mubadala, Valor, G2D
"S" monkey	Marketplace, Credit access	Buyer-anchored reverse auction supply chain finance marketplace that allows SMBs suppliers of large companies to access instant credit at materially cheaper rates	Quona Capital, Kinea

Selected blockchain-related portfolio

Company	Sector	Description	Co-investors
B MERCADO BITCOIN	Exchange, FMI, Blockchain, Crypto, Tokenization	LatAm's leading Crypto Exchange and tokenized assets distribution platform allowing users to trade cryptocurrencies, digital assets, and other tokens	Softbank, Endeavor Catalyst
abra Asset Management,		Crypto financial and wealth management services personalized for private clients and family offices	Pantera, Blockchain Capital, Jungle Ventures, American Express
Wert	Payments, Embedded Finance, Crypto, Blockchain	A built-in module enabling seamless and instant conversion between Fiat and Cryptocurrency for payments made with credit cards on partner websites and apps	Element Ventures, Tagus Capital



The pioneer Fintech-focused VC in LatAm