

## Ether ETF

The Evolve cryptocurrency ETFs provides investors with exposure to the daily price movements of the U.S. dollar price of bitcoin and ether while experiencing minimal tracking error by utilizing the benefits of the creation and redemption processes offered by the exchange traded fund structure.



ETHR (USD)



ETHR (Unhedged)

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### MACROECONOMIC HIGHLIGHTS:

As a sign of cryptocurrency's growing mainstream presence, Google Finance now includes a dedicated "crypto" field at the top of the page. Where users are given the option to "compare markets," crypto is listed alongside default markets like the US, Europe, Asia, and "Currencies." For now, Google Finance tracks Bitcoin, Ethereum, Litecoin, and Bitcoin cash.

In testimony before the US House Financial Services Committee, new Securities and Exchange Commission (SEC) Chairman Gary Gensler suggested Congress could grant a federal regulatory oversight authority over cryptocurrency. Gensler said that regulation of crypto exchanges would help protect cryptocurrency investors given that, as of now, the SEC has limited jurisdiction in the crypto space.

Gensler made no specific suggestions for what kind of regulatory regime he might propose for greater oversight by either the SEC or its sister agency, the Commodity Futures Trading Commission (CFTC). However, what is clear is that Gensler is particularly concerned with preventing possible fraud or manipulation around the cryptocurrency markets.

Gensler's testimony comes as the market capitalization of decentralized finance (DeFi) applications—which represents a range of lending, trading, and betting activities carried out via blockchain—has reached an all-time high valuation. According to research by DeFi Pulse and CoinGecko, total value locked (TVL) deposits on the Ethereum blockchain are \$66 billion US, representing more than a fourfold increase since January 1 of this year TVL was \$15 billion US. Overall, estimates for the TVL of all DeFi across all blockchains are in excess of \$128 billion US.

Analytics suggest that at least 2 million wallets have interacted with DeFi protocols. This likely means a user base of somewhere between 1 and 2 million individuals, as some investors participate in DeFi via third parties, so a single wallet may represent groups of users.

Online payments company PayPal made several cryptocurrency announcements in the first half of the year.

PayPal, which last year added the ability for users to buy, hold and sell cryptocurrency, announced

they will now allow customers who hold digital currencies to convert their holdings into fiat currencies at checkouts to make purchases. The crypto payments will work the same as a credit card or a debit card currently works inside a PayPal wallet. By pushing cryptocurrency as a payment method to its 29 million+ online merchants, PayPal makes itself one of the largest mainstream financial companies to open its network to cryptocurrencies.

PayPal will also allow users to withdraw cryptocurrency held in PayPal accounts off-platform and into third-party wallets. Previously, customers have been prevented from moving their digital coins out of the PayPal system.

The first half of the year saw good news from the Ethereum Foundation about the potential green benefits of upgrades to the Ethereum network.

When Ethereum completes its transition to Proof-of-Stake (PoS) in the coming months (and away from PoW, or Proof-of-Work), one of the many improvements will be to the energy efficacy of the Ethereum blockchain. While the current PoW standard consumes as much energy as a medium-sized country to keep the PoW chain safe, with the switch to PoS, energy consumption will drop by a staggering 95.5%. Instead of a medium-sized country, PoS Ethereum will use approximately the same amount of energy as a small American town of just 2100 homes.

The Chinese government ordered a crackdown on cryptocurrency mining in May, and ordered banks and payment firms, like China Construction Bank and Alipay, to prevent cryptocurrency trading and purchases on their platforms. To date, while China has banned crypto exchanges and initial coin offerings, it has not barred its citizens from holding cryptocurrencies.

According to estimates, China accounts for between 50% and 70% of the world's crypto mining, and the crackdown on mining had significant impacts on global crypto markets. Trading volumes on major cryptocurrency exchanges fell by more than 40% in June because of the Chinese ban and lower volatility overall.

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## PERFORMANCE ATTRIBUTION:

ETHR provides investors with exposure to the daily price movements of the U.S. dollar price of Ether while experiencing minimal tracking error by utilizing the benefits of the creation and redemption processes offered by the exchange-traded fund structure.

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**Evolve ETFs**

The world is evolving.  
Your investments should too.

Evolve ETFs

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