



C A P I T A L

Uniting Capital with Purpose



Unlock Blockchain 2018

Current and Future State of Cryptocurrencies

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By Muhammed Taha Yesilhark
Founder & CIO of Q2Q Capital



Would you say you have basic understanding of what Blockchain technology is and how it works?



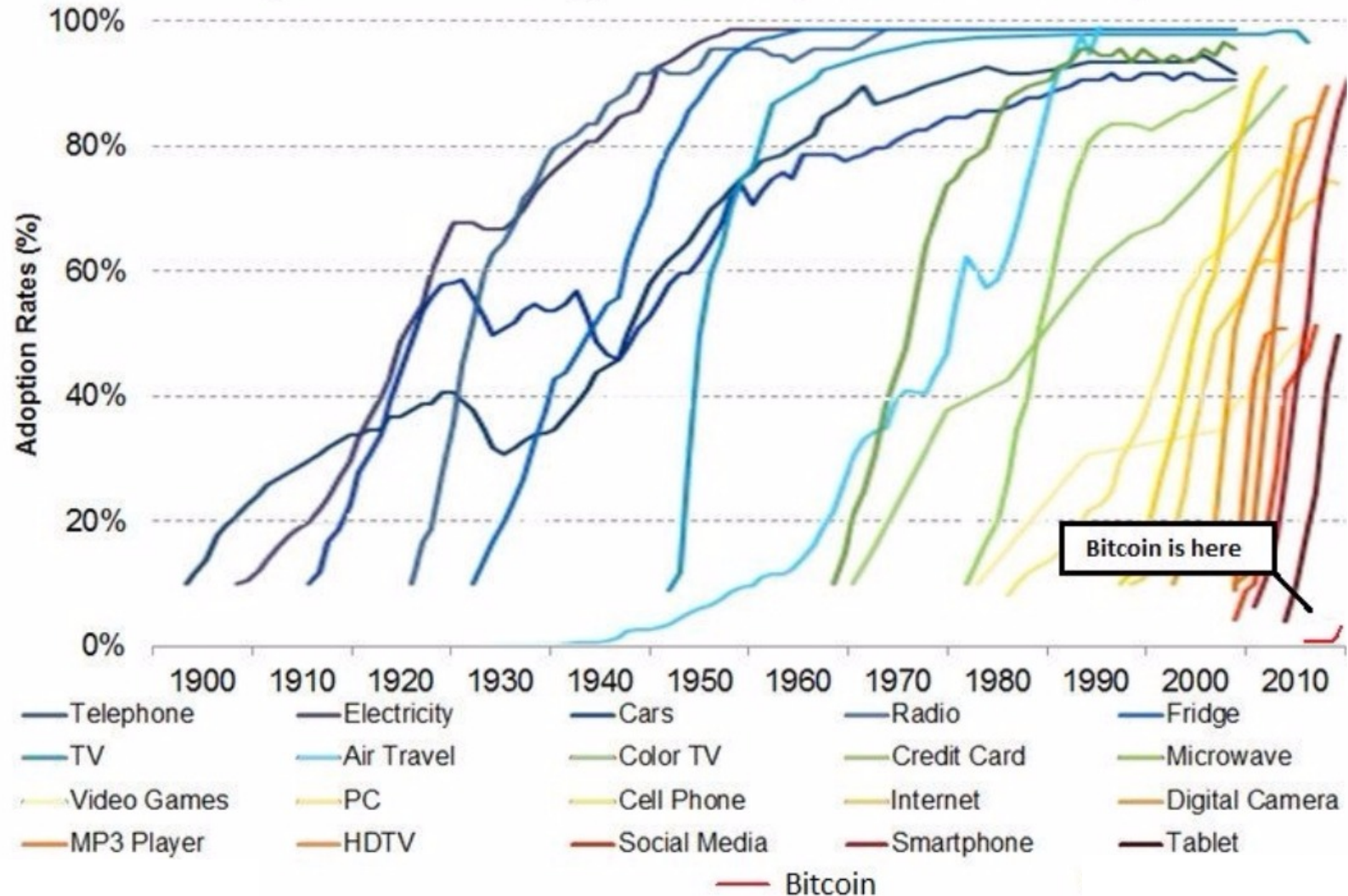
Do you own Bitcoins?



What is Blockchain?



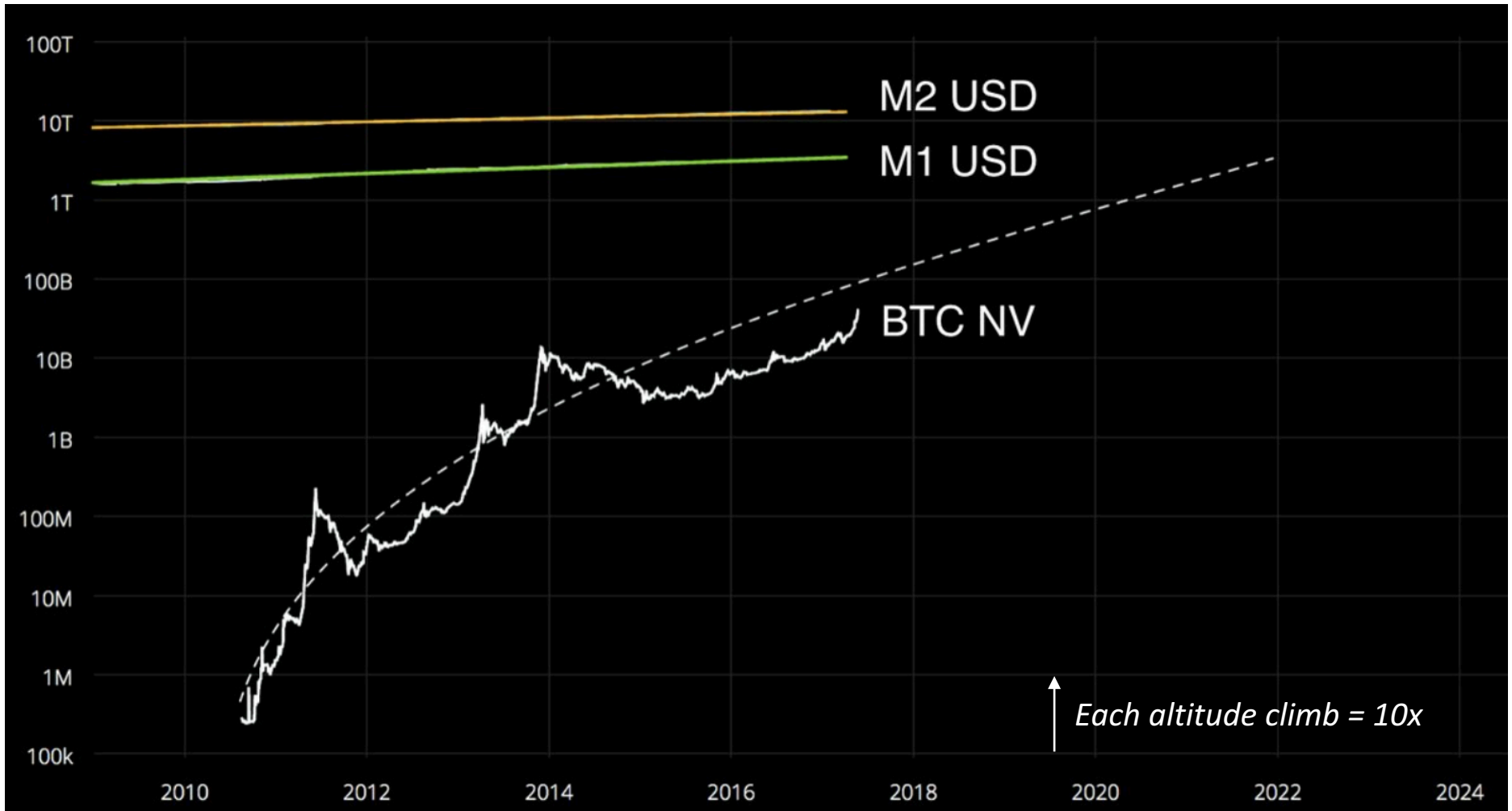
Adoption of Technology in the US (since 1900)



Source: BlackRock



BTC less than 0.5% of world M2 money



Source: Willy Woo

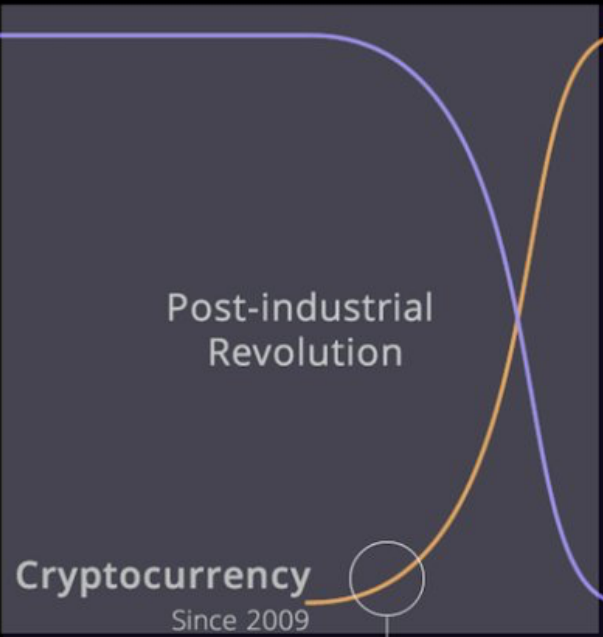


Gold Money

Since the Agrarian Revolution
Circa 10,000 BC

Fiat Money

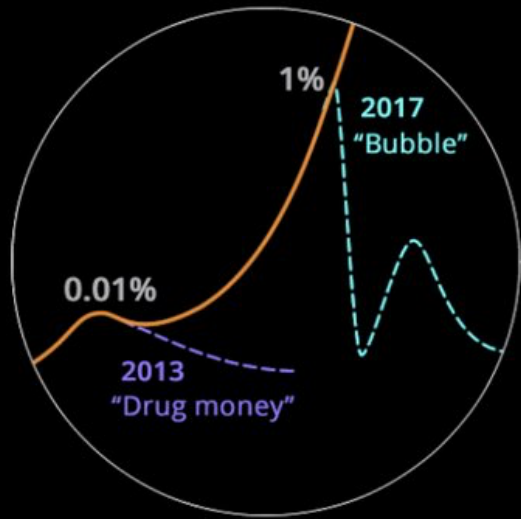
Since 1973



Agrarian Age → Industrial Age →

Post-industrial
Revolution

→ Digital Age



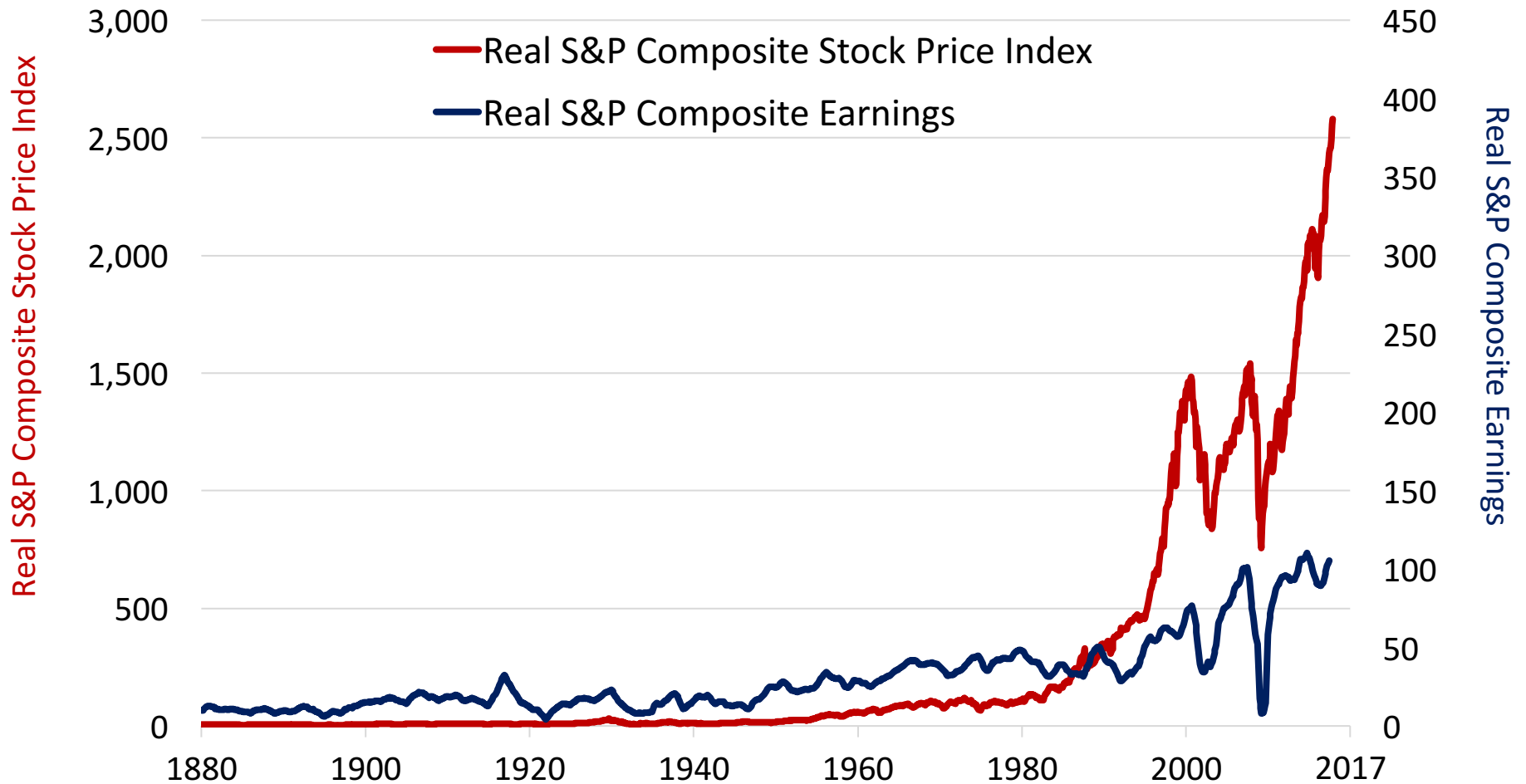
The 10,000 Year View

Source: Willy Woo



Markets at all-time highs

S&P Composite Price Index vs. S&P Composite Earnings

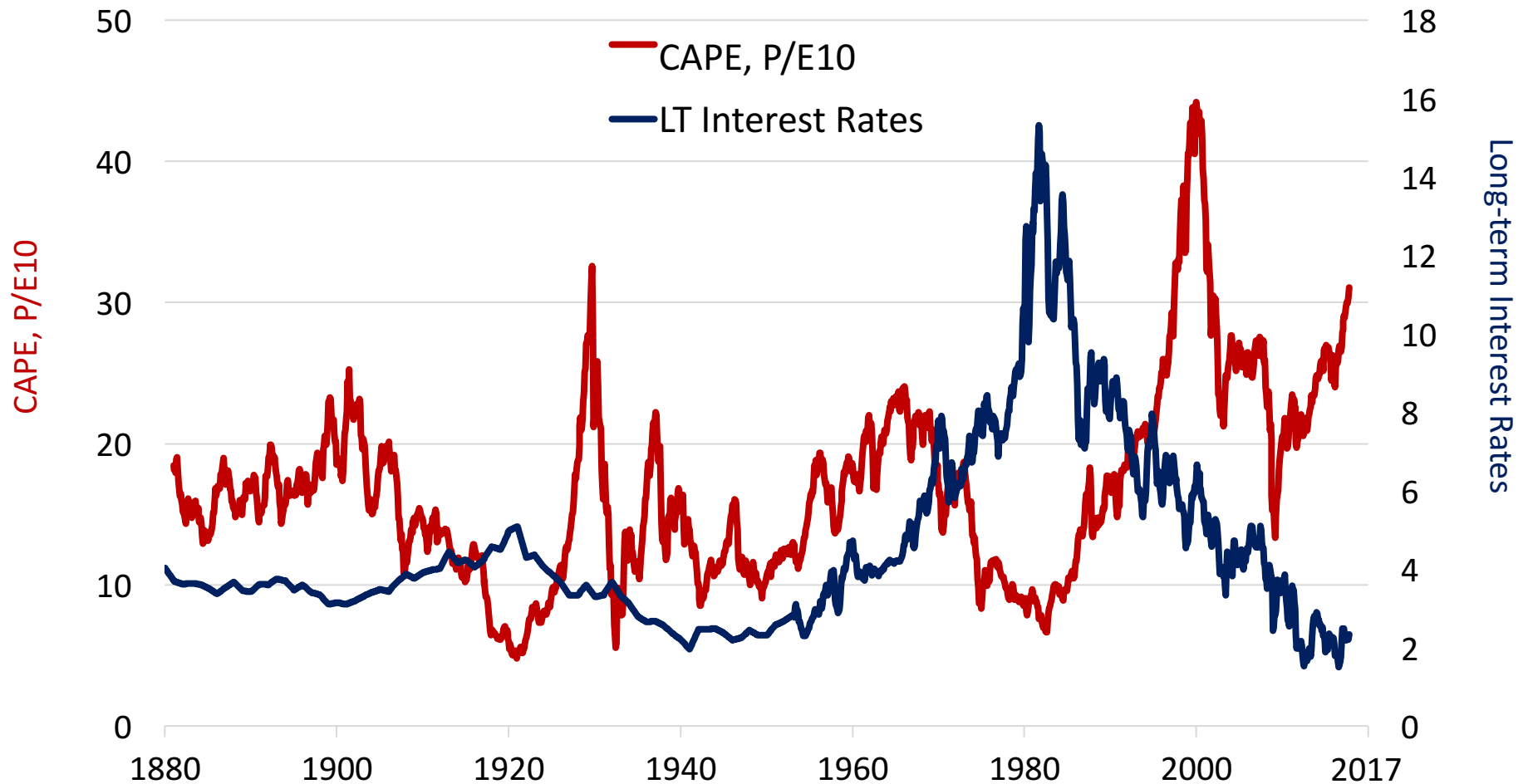


Source: Bloomberg, Shiller



Major market correction expected

CAPE PE10 vs. Long-term Interest Rates

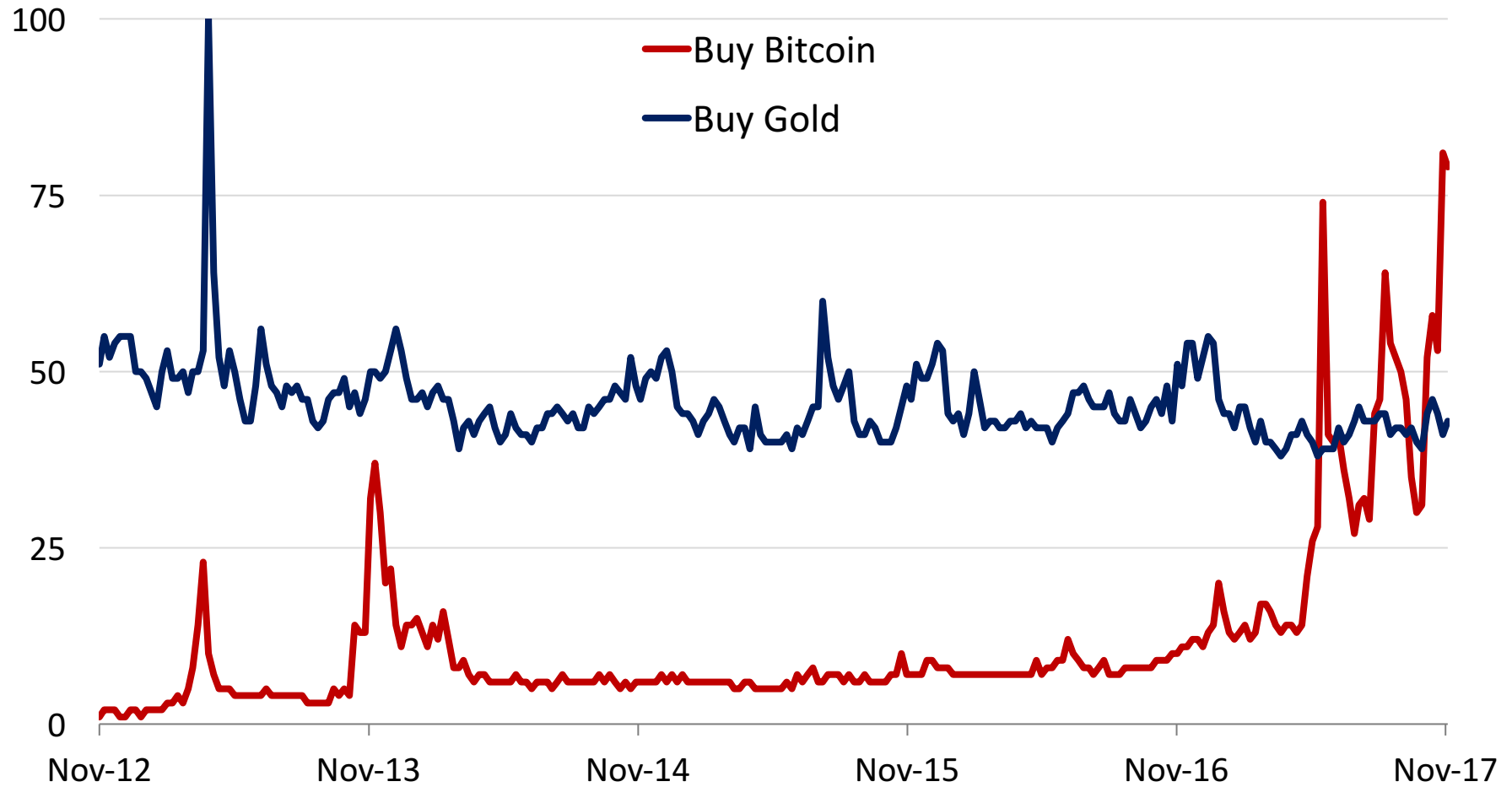


Source: Bloomberg, Shiller



“Buy Bitcoin” has overtaken “Buy Gold”

Google Trends Search

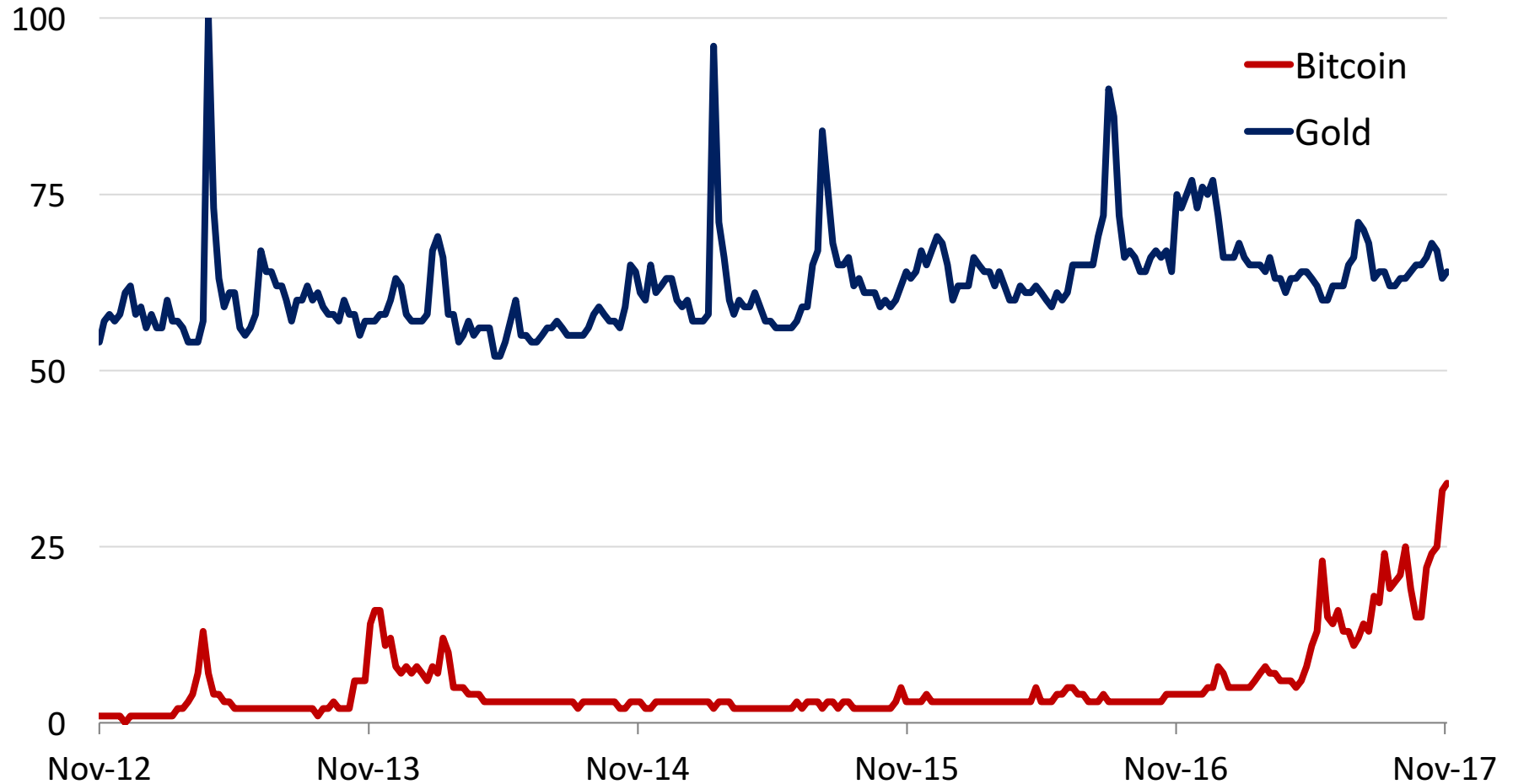


Source: Google Trends



“Bitcoin” still lagging “Gold” but further closing the gap

Google Trends Search



Source: Google Trends



Bitcoin, a new decentralized “currency”

Economists definition of money:

Store of value

Unit of accounts

Medium of exchange

Standard of deferred payment

Characteristics of Bitcoin

- Limited supply
- Resistant to innovation
- Independent from any nation-state or economy

- Common unit
- Highly divisible
- 1 Bitcoin can be divided into 100m Satoshi

- Increasing acceptable as payment
- Greatest brand awareness within digital assets
- Most universal digital asset

- Can serve as standard of payment contracted to be made at some future date. Facilitating borrowing and lending



Why Bitcoin serves as digital gold

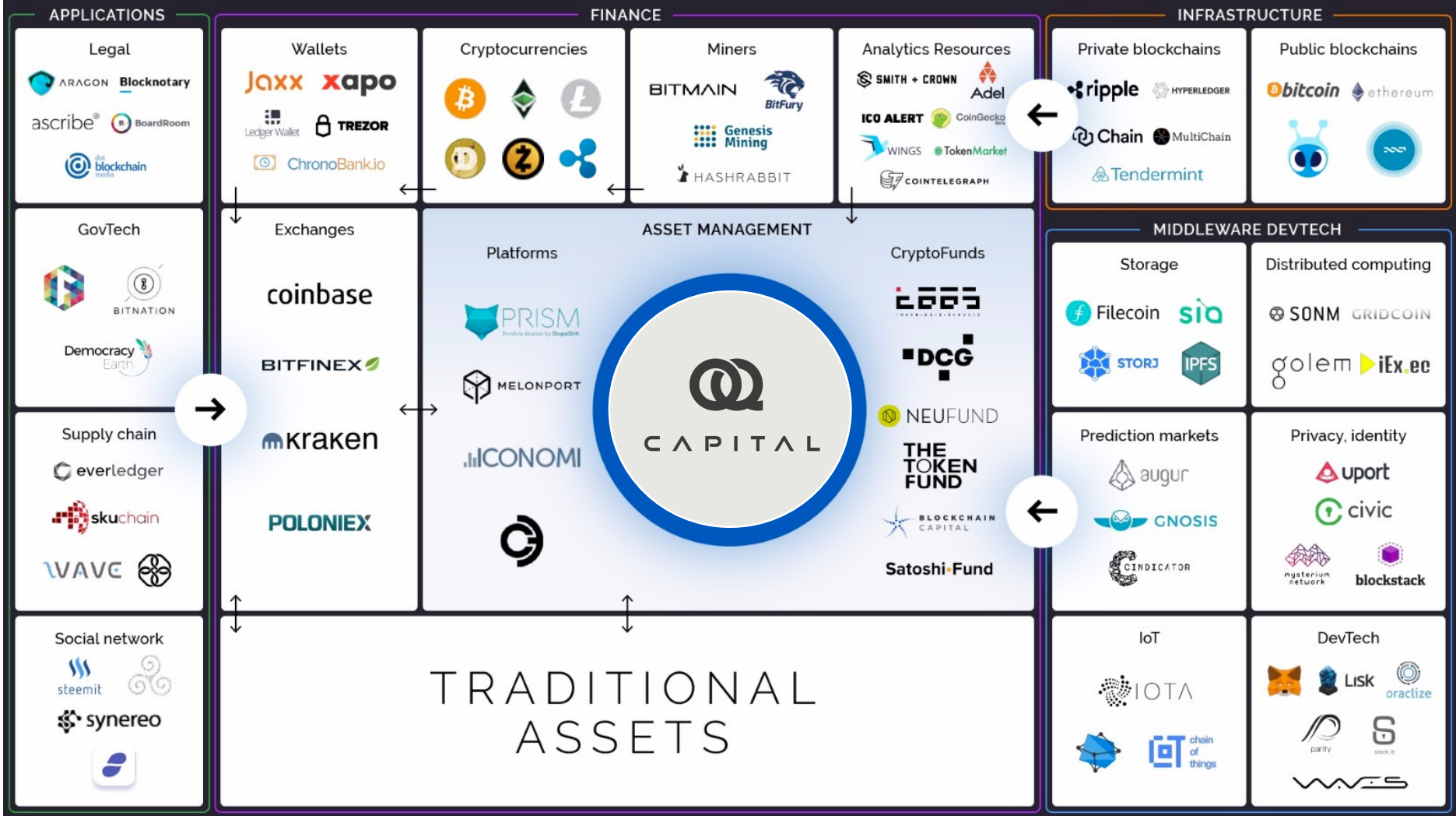
Bitcoin's features

- Uncorrelated to any asset class
- Can be acquired and traded from anywhere in the world regardless of local market and banking infrastructure (destination for capital flight)
- **Stable roadmap for inflation**
- **Mined at a predictable rate, average one block every 10.5 minutes**
- Most hashing power results in the most secure digital asset
- Most liquid
- **Most ubiquitous**
- **Smallest price movements compared to other digital asset: U.S. Treasury of the digital assets world**

**Gold-like
features**



The Crypto Ecosystem



Source: Q2Q Capital, Blackmoon



We are early on the adoption curve for cryptocurrencies

Too many alternative coins and ICOs floating in the crypto space,
highly speculative to identify future winners

Q2Q focuses on Bitcoin, the digital gold of the cryptocurrency space





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Uniting Capital with Purpose

Appendix



Blockchain's distributed ledger model has the potential to take steps, time and cost out of financial flows

Blockchain is a distributed ledger database that uses a cryptographic network to provide a single source of truth. Blockchain allows untrusting parties with common interests to co-create a permanent, unchangeable, and transparent record of exchange and processing without relying on a central authority

In contrast to a traditional payment model where central clearing is required to transfer money between the sender and the recipient, Blockchain relies on a distributed ledger and consensus of the network of processors, i.e. a super majority is required by the servers for a transfer to take place

Financial Intermediaries (present)

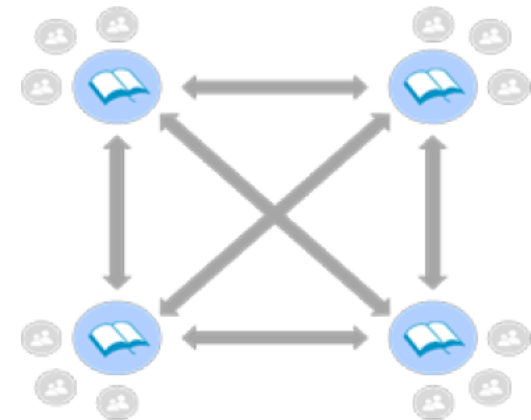
- Requires trusted, centralized intermediaries
- Batch clearing and settlement
- Higher fees and costly infrastructure



Clearing House
(Centralized Ledger)

Financial Intermediaries (emerging)

- No (or fewer) intermediaries required
- Near real-time processing and management
- Lower fees and reduced infrastructure cost

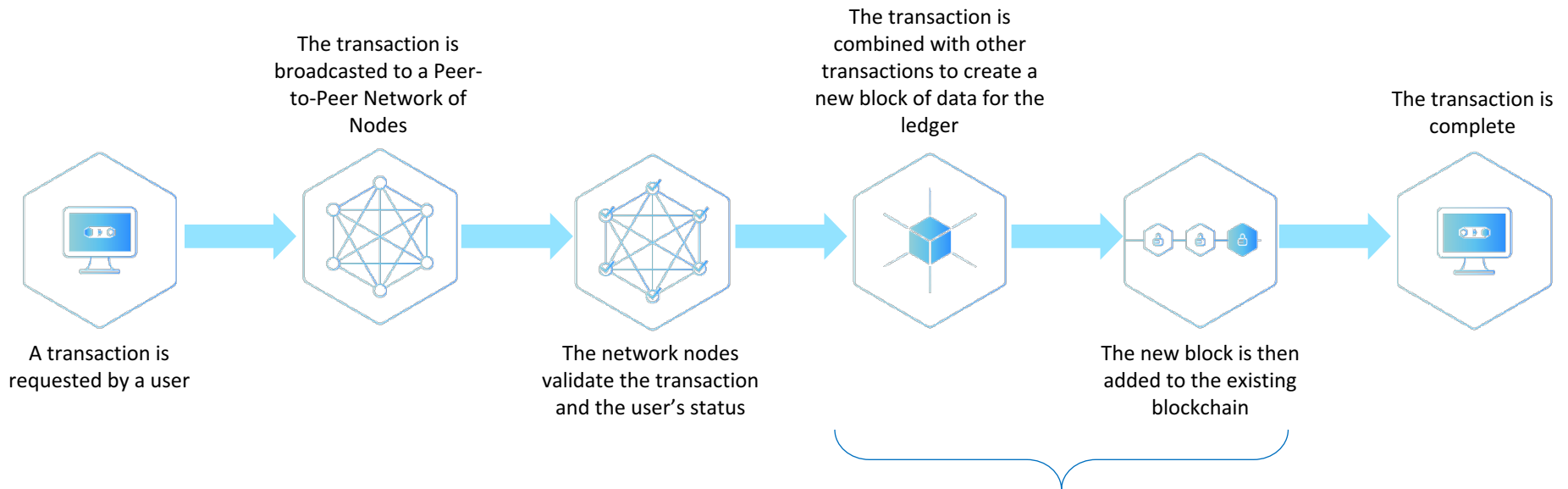


Financial Network
(Distributed Ledgers)



How mining works

- The blockchain is secured and maintained by miners, which are nodes of computers that validate and process the transactions on the blockchain
- Validation and processing requires substantial computational power

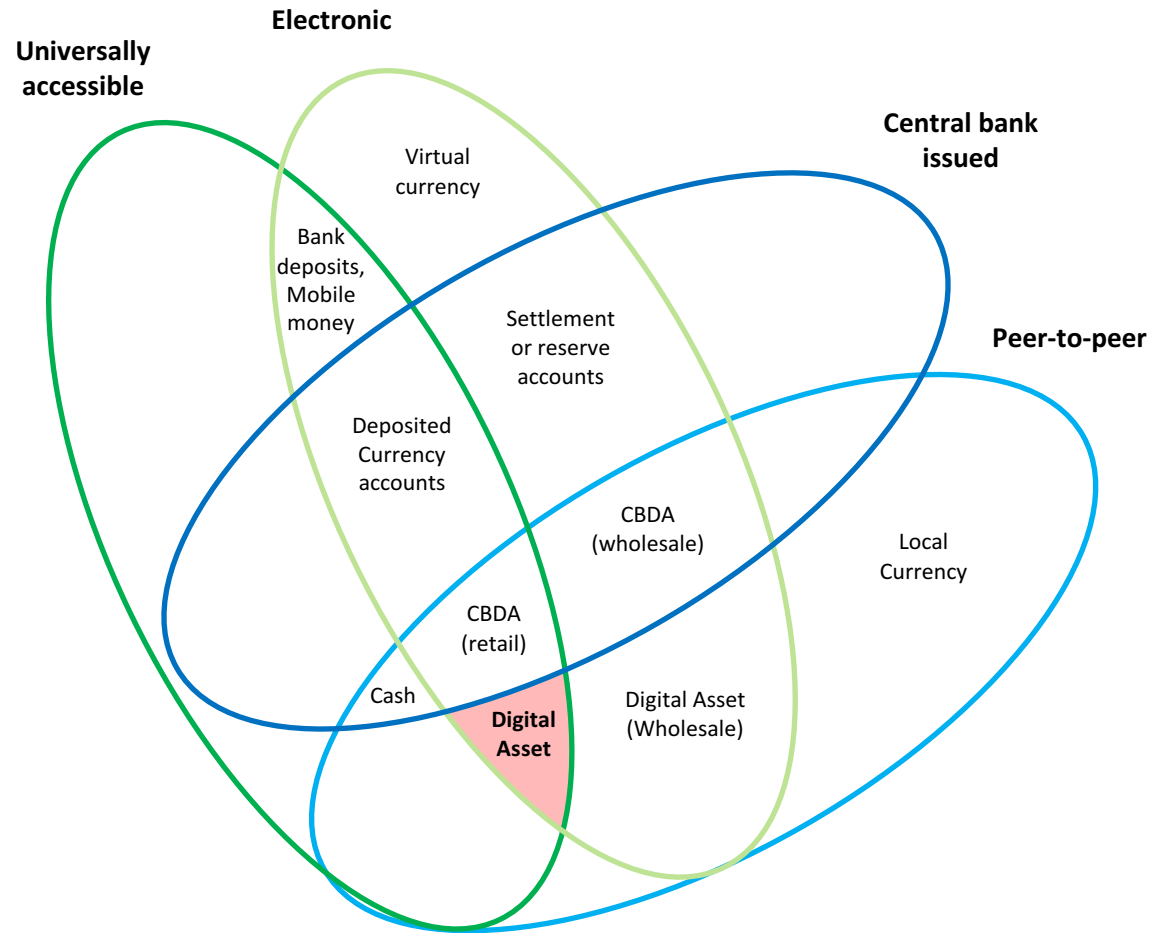


- Miners get rewarded for creating such a block (block reward)
- Miners get rewarded for including the transaction into the block (transaction fees)



The Money Flower: “A Taxonomy of Money”

- The Bank of International Settlement recently unveiled what it names “a new taxonomy of money”, whose properties are as follows:
 - **Issuer** (central bank or other)
 - **Form** (electronic or physical)
 - **Accessibility** (universal or limited)
 - **Transfer mechanism** (centralised or decentralised)
- Central Bank Digital Assets (“CBDA”) are similar to Digital Assets with the major difference of being issued by a Central Bank rather than being decentralised as is the case with Digital Assets



Source: Bank of International Settlement (BIS), Citi Research

