



NZ Funds x Galaxy DeFi Fund Overview

October 2021

NZFunds

Not currently available for retail investors

NZ Funds are Fund Managers and Financial Advisers

NZ Funds uses new investment strategies – for new market realities.

30+

Year track record managing
New Zealanders' wealth

2+ billion

We manage over \$2 billion of
investments for New Zealanders

6

Private Wealth offices
throughout New Zealand

20,000+

New Zealand individuals,
families and trusts invest with us

10+ years

Average tenure for NZ Funds
Private Wealth client

100%

Of the Private Wealth and investment
teams are invested in our funds

Galaxy Digital is a world-leading digital assets platform

Galaxy Digital is a diversified investment bank specialising in products and services pertaining to digital assets, cryptocurrencies, and blockchain technology.

5x

Synergistic
business lines

\$8.8B

Market capatilisation of
Galaxy Digital listed company²

\$1.6B¹

Assets under management

200+

Team of experts



Headquarters in New York
with global presence

1. Assets under management at 31 August 2021.
2. Market capatilisation at 31 October 2021.

Galaxy Fund Management Team

The GFM team has extensive experience at top-tier traditional finance firms building managed accounts and working closely with bank platforms across sales, client service, operations, and portfolio management:

- Leadership
- Portfolio Management
- Finance & Operations
- Product Development
- Marketing
- Client Services
- Business Strategy
- Business Development & Investor Relations



accenture

BlackRock

BREVAN HOWARD



EVERCORE



J.P.Morgan
Asset Management



Morgan Stanley



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**What is
decentralised
finance?**

What is decentralised finance?

Broadly speaking, DeFi refers to the set of protocols and applications that offer financial services without a central financial intermediary.

1

Global, open alternative to traditional financial services.

2

Replicates financial functions such as borrowing, lending and exchanging assets.

3

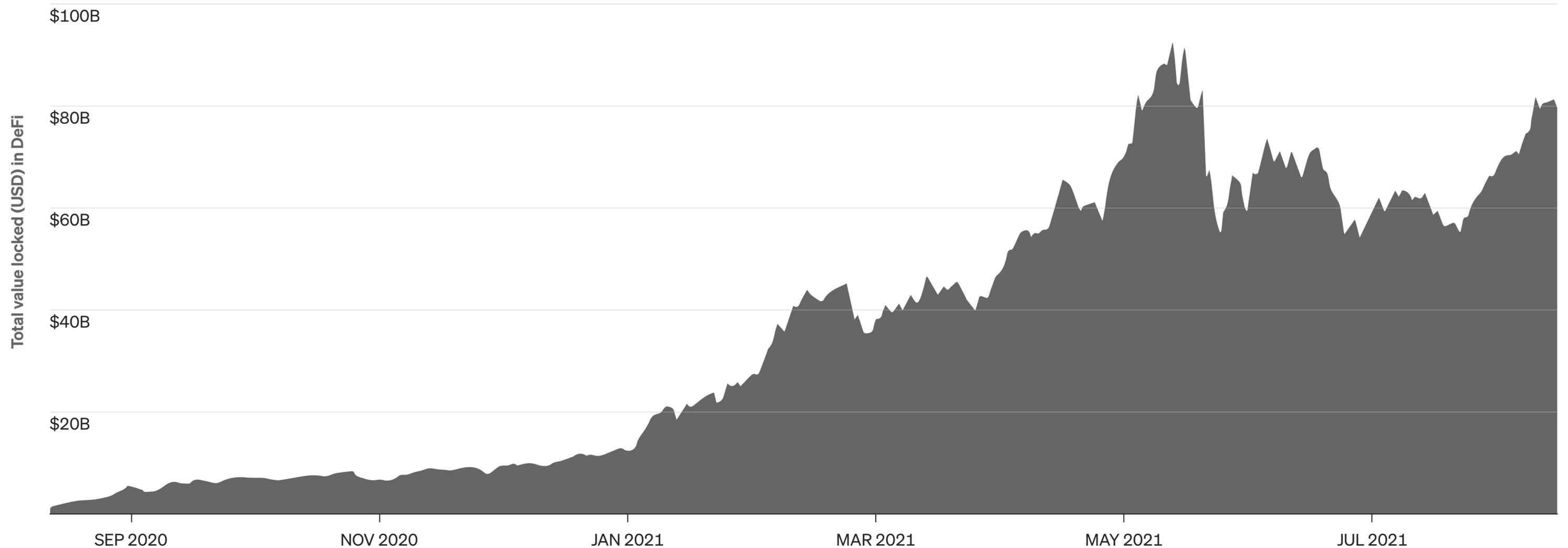
Does not rely on central financial intermediaries such as brokerages, exchanges, or banks.

4

Powered by a native digital asset and utilises smart contracts.

Decentralised finance is on the rise

One of the most popular measures of DeFi's progress is Total Value Locked (TVL), the amount of assets that are currently being staked in DeFi protocols. While DeFi has made incredible strides within the last year, it is still in the early innings.



Investing in DeFi

We've all heard the phrase FinTech, but the FinTechs that have become household names have only solved half of the problem over the past few years. They put a nice front-end on the same broken systems built for paper rather than for technology. DeFi solves the real problems, optimising the systems themselves and disintermediating the entire financial services industry.

Phase 1:

FinTech fixing front-end – ex. Venmo makes a strong user interface, but still takes three days to pull out your money.

Phase 2:

Uniswap, Compound, etc. creating strong back-end technology.

Phase 3:

The real FinTech revolution – putting a robust front-end on these DeFi protocols to integrate with their improved back-end systems.

Decentralised finance protocols & the Oracle network

What makes these specifically designed blockchain protocols unique is that most of them are fully programmable, permissionless, and composable.

- Programmable means business logic can be programmed into these systems.
- Composable means elements of one system can be used by another system.

DEXs¹



Asset Management



Lending



AAVE



Derivs

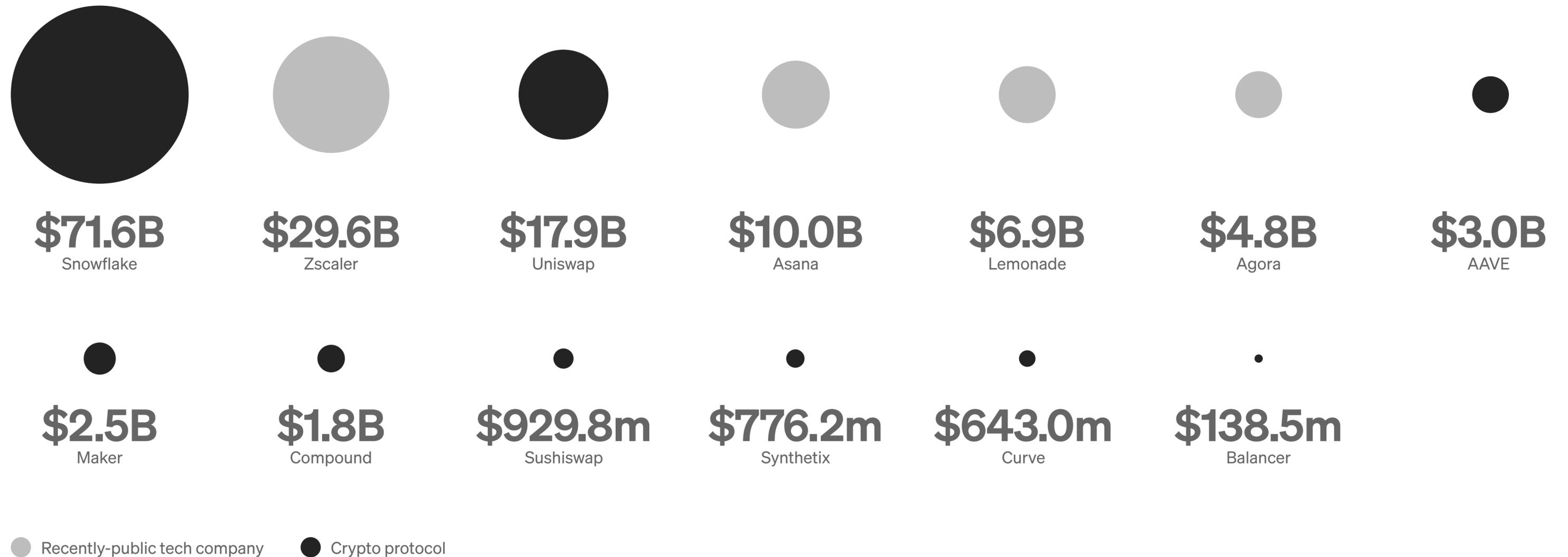


SYNTHETIX

1. DEX is a 'decentralised exchange'.

Market capatialisatation of protocols vs. select recently-public tech stocks

Peer-to-peer 'decentralised finance' protocols on Ethereum are becoming increasingly valuable. Despite having comparable revenues in some cases, these protocols are valued at a discount to newly-public technology stocks.



Uniswap

Another step-function improvement in DeFi – Revolutionising trading

Uniswap pioneered the 'Automated Market Maker' model (AMM), which allows traders to get filled on an order instantly, giving them the ability to swap between any Ethereum-based assets. Uniswap and AMMs in general are enabled by Liquidity Providers, users who deposit assets into a Liquidity Pool and facilitate trading by others, earning a pro-rata share of trading fees collected by the pool. The AMM model of price adjustments means no human order books are required. This translates to more liquidity, lower slippage, and a higher volume of trades available.

\$12.4B

Market Cap¹

Anonymous

KYC verification not required.

Security

Ethereum blockchain is very secure.

Trustless

You hold your private keys.

New tokens

Uniswap grants instant trading access to new tokens faster than anywhere else.

Low fees

0.3% per trade unlike 0.5% per spot with centralised exchange.

1. As at 31 July 2021.

The future of decentralised finance

One of the unique features about DeFi is that all of these projects can use and leverage each other and, more importantly, other developers can use any and all of these when they build their own products. This level of permissionless interoperability is a major factor in the continued growth of the entire space.

DeFi is actively innovating to rebuild the current financial infrastructure in a way that is not only faster and more cost-efficient but also fully transparent. This is a future where transaction settlement is not only instant but openly verifiable and one in which counterparty risk no longer exists. This is the future of finance.

NZ Funds x Galaxy DeFi Fund

The Bloomberg Galaxy DeFi Index

Key features

- Pricing sources assessed for risk and suitability.
- Calculated using a minimum of three vetted price sources.
- Rebalanced and reconstituted monthly.
- Rules-based methodology.
- Leverages strengths of Bloomberg L.P. – data, pricing, analytics, distribution, and research.

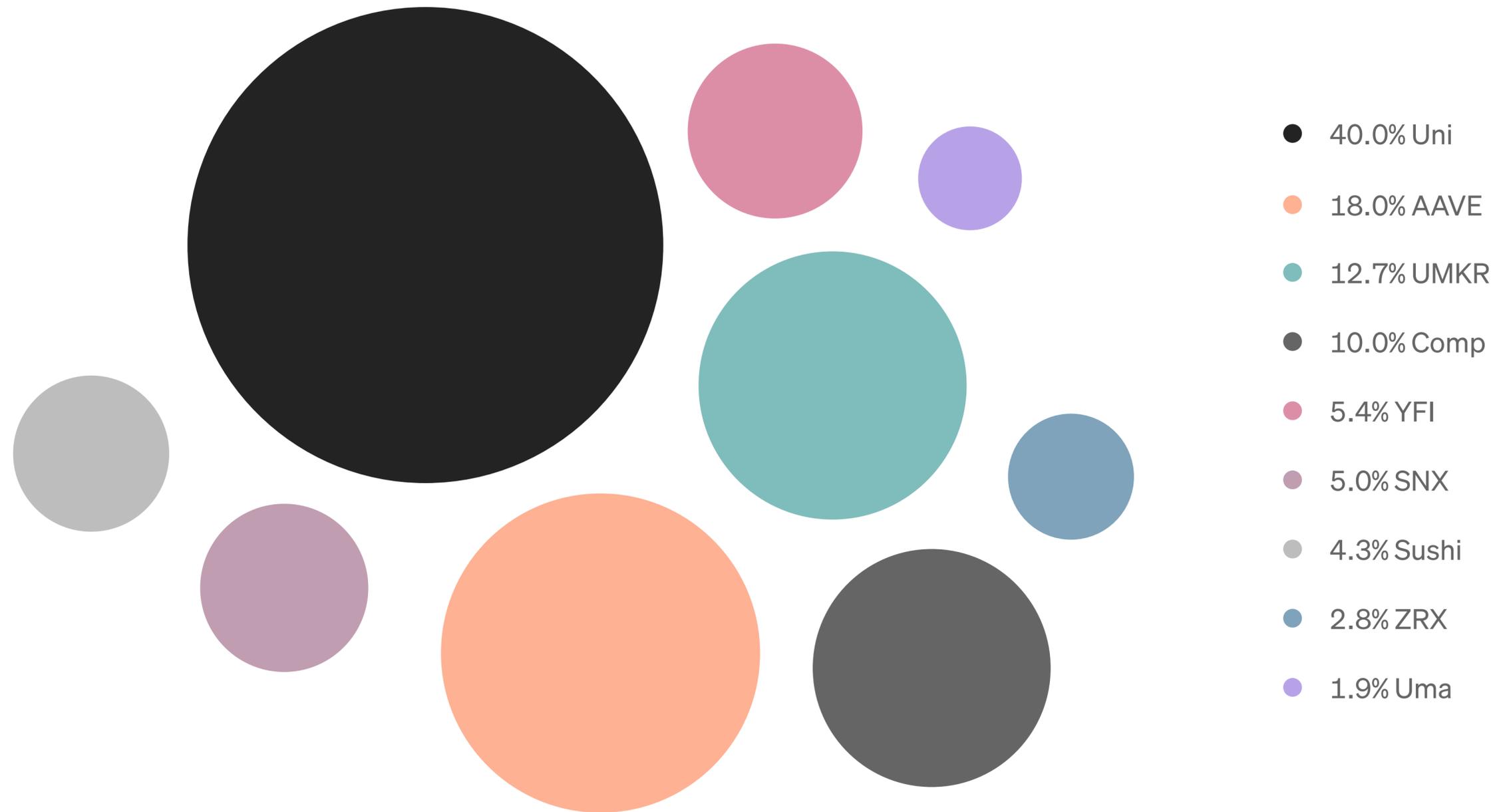
Guiding principles

- Data Integrity: pricing sources selected for liquidity and reliability.
- Diversification: no protocol can exceed 40% or be less than 1% of portfolio at the point of rebalance.
- Representative: provides proxy for broader market.
- Continuity: intended to respond to changing nature of market in manner that does not completely reshape character of the data set from year to year.

Selection of assets

- Classified by Digital Asset Research, Inc. (DAR) as a DeFi asset; one that leverages decentralised protocols mirroring the financial contracts and corporate structures found in traditional finance.
- Institutional trading offered by US-based institutions.
- Custody services offered by US-based institutions.
- Ability to source pricing for the asset from a minimum of three Vetted Sources.
- Not deemed a security by the US Securities and Exchange Commission.
- Hard forks considered with same criteria as existing assets.

Initial Index weightings¹



1. August 2021. Weightings are rounded to the nearest tenth of a percent, therefore, the aggregate weights for the index may not equal 100%.

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Transforming Wealth