



2021

CRYPTOASSETS REVIEW:

BITCOIN, ETHER,
AND WEB 3.0

DECEMBER 2021

INTRODUCTION

2021 will be remembered as the year that Bitcoin and Ethereum went mainstream. We saw regulatory gyrations, major financial services firms investing in infrastructure, entire nation states adopting digital assets, and much more. This report will seek to recollect and analyze this movement through the use of charts, infographics, and other metrics from a variety of sources such as aggregators, markets data, and even the blockchain itself.

While it's impossible to gather all possible variables and events, we have isolated a number of key metrics and trends we saw in 2021 that we think investors, developers, and enthusiasts may find insightful.

We have organized this report into four chapters: Cryptoassets as a Store of Value, Growing Networks and Mass Adoption (Bitcoin), Ecosystem Expansion and Growing Applications (Ethereum), and The Trends of 2021.



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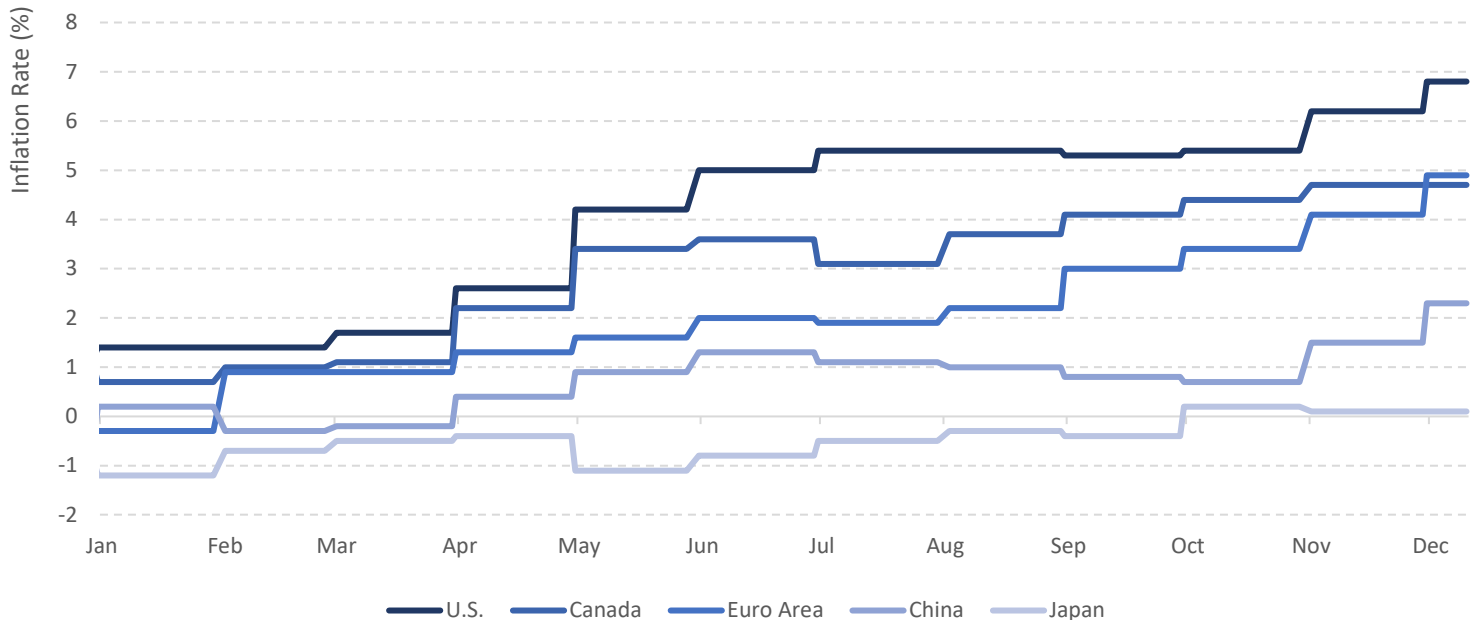
CHAPTER 1: CRYPTOASSETS AS A STORE OF VALUE

HEADLINE INFLATION

IN VARIOUS ECONOMIES

2021 saw global inflation rates rise, reinforcing the narrative that alternative stores of value, such as bitcoin (BTC) and ether (ETH), may be valuable hedges against inflation. Feeling the after-effects of COVID-19 stimulus, we can see in the chart below that several of the world’s largest economies all faced increasing inflation rates year-over-year (YoY), as monetary expansion across these economies edged higher.

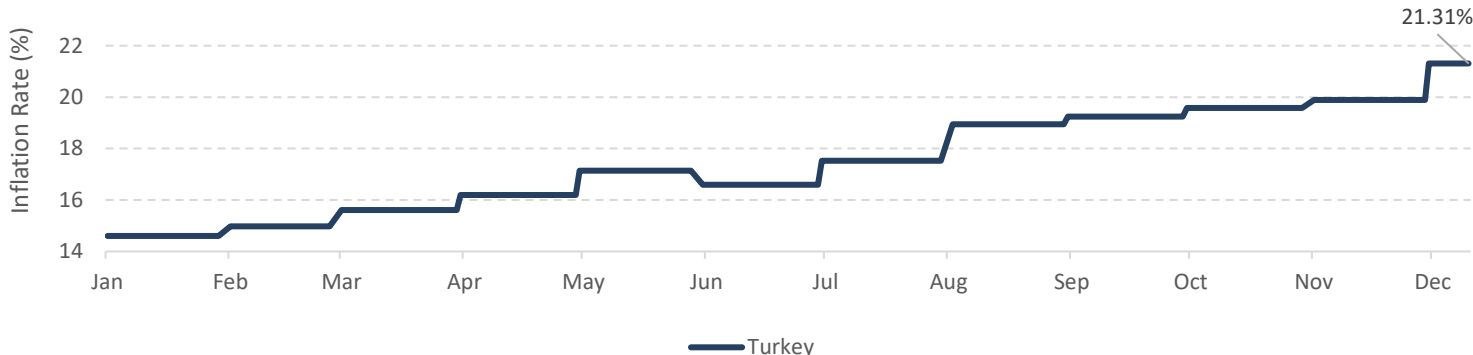
Various Consumer Price Indices YoY (%)



Source: 3iQ Corp. Data uses the following consumer price indices: US CPI Urban Consumer YoY NSA, STCA Canada CPI YoY NSA, Eurostat Eurozone MUICP All Items YoY, Japan CPI Nationwide YoY, China CPI YoY. Data sourced from Bloomberg as at December 12, 2021.

Turkey suffered dramatic inflation in 2021. As of December 2021, the inflation rate of the Turkish Lira was over 21%. Unlike fiat currency, the money supply and inflation rate of BTC is pre-determined, and otherwise known with 100% mathematical certainty.

Turkey CPI Index YoY (%)



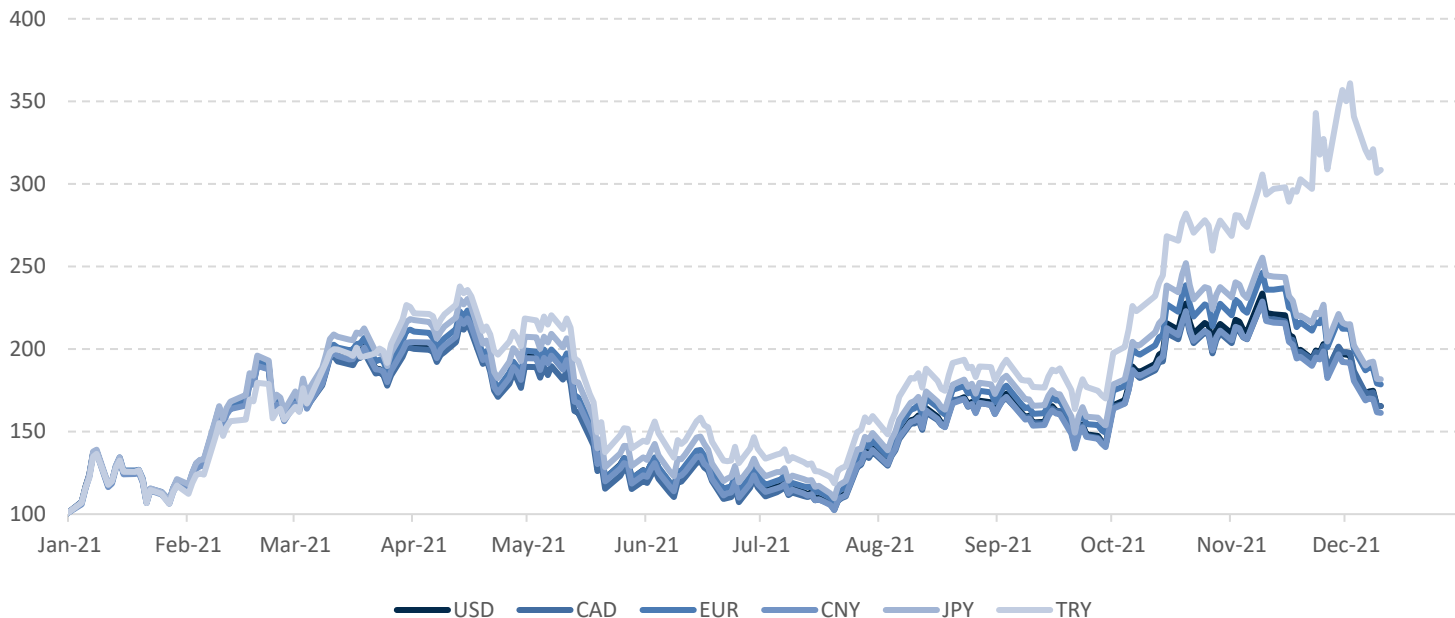
Source: 3iQ Corp. Data uses the following consumer price index: Turkey CPI YoY. Data sourced from Bloomberg as at December 12, 2021.

BITCOIN PRICES AND RETURNS

IN VARIOUS CURRENCIES

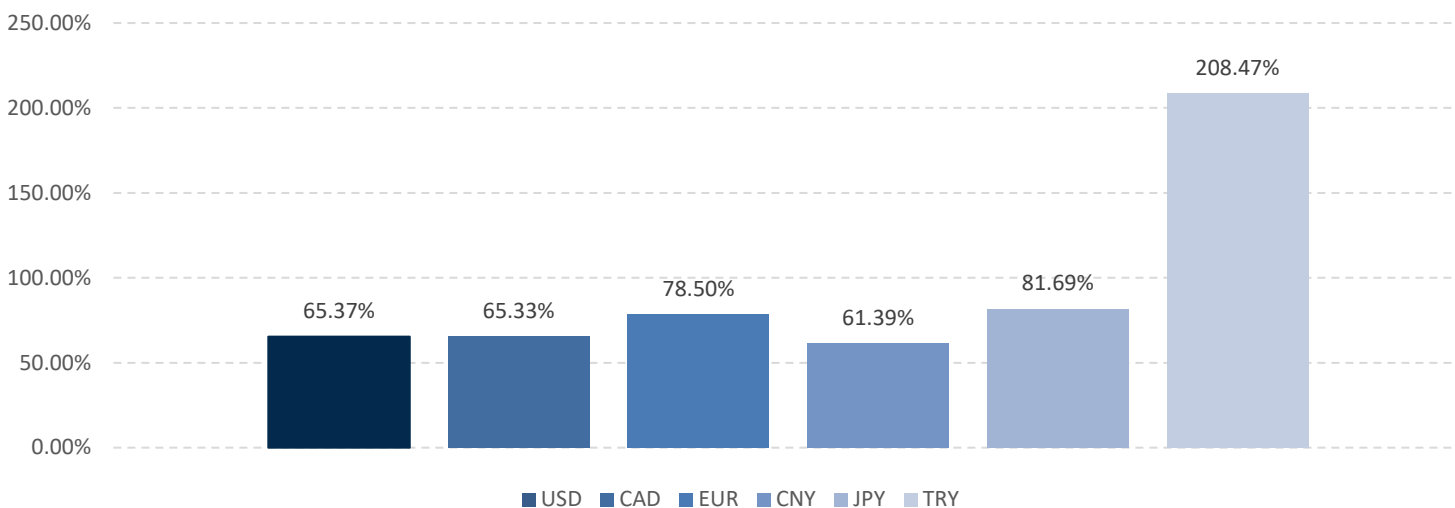
Despite being a global network, market participants often gauge the performance of BTC based off its value in US dollars only. The reality is that BTC is a global asset which can be paired against a variety of different divisors. As an opt-in system, BTC could act as a valuable savings tool for people who live within countries which suffer dramatic rates of inflation. Here is the price and performance of BTC against various global currencies.

Normalized Bitcoin Performance (YTD)



Source: 3iQ Corp. Data shows normalized returns of XBTUSD. Returns in CAD, EUR, CNY, JPY, TRY were derived using historical FX rates over the set time period. Data sourced from Bloomberg as at December 12, 2021.

Bitcoin Performance (YTD)



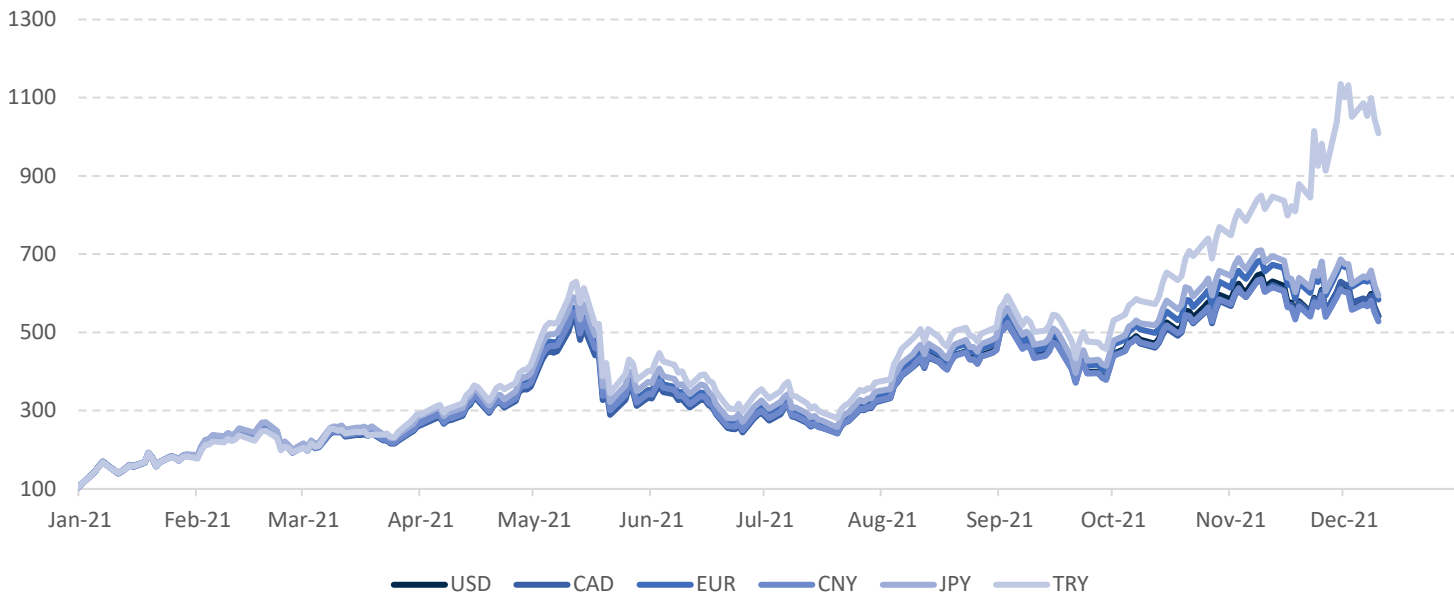
Source: 3iQ Corp. Data shows normalized returns of XBTUSD. Returns in CAD, EUR, CNY, JPY, TRY were derived using historical FX rates over the set time period. Data sourced from Bloomberg as at December 12, 2021.

ETHER PRICES AND RETURNS

IN VARIOUS CURRENCIES

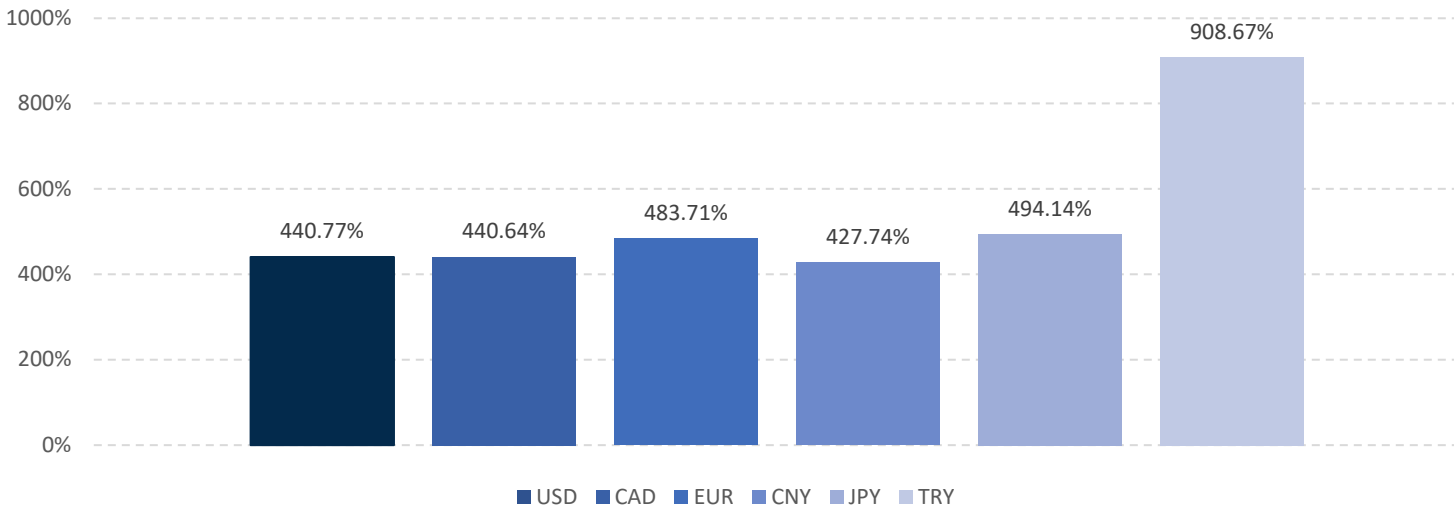
Like BTC, ETH is also a global asset which can be paired against a variety of divisors. Despite not having a maximum supply like BTC, ETH is disinflationary cryptoasset like BTC, with a generally forecastable supply schedule. The performance of these cryptoassets can be impacted drastically depending on the economics behind the divisor.

Normalized Ether Performance (YTD)



Source: 3iQ Corp. Data shows normalized returns of XETUSD. Returns in CAD, EUR, CNY, JPY, TRY were derived using historical FX rates over the set time period. Data sourced from Bloomberg as at December 12, 2021.

Ether Performance (YTD)



Source: 3iQ Corp. Data shows normalized returns of XETUSD. Returns in CAD, EUR, CNY, JPY, TRY were derived using historical FX rates over the set time period. Data sourced from Bloomberg as at December 12, 2021.

BITCOIN TRADING VOLUMES

ACROSS SPOT MARKETS

While BTC can be transacted across wallets on-chain through peer-to-peer transactions on the Bitcoin blockchain, real trading volume is derived from spot cryptocurrency exchanges such as Coinbase, Gemini and Bitfinex which allow their users to trade bitcoin for US dollars, stablecoins, or other global currencies.

Bitcoin Price and Real Volume Traded (YTD)



Source: 3iQ Corp. Data shows USD price and daily “real volume” of BTC as derived by Messari.
Data sourced from Messari as at December 12, 2021.

While we consider that BTC is possibly an effective hedge against inflation and acts as a modern store of value, it’s also an effective tool to transfer value. The Bitcoin blockchain allows for any participant, regardless of their domicile, race, or gender, to send and receive value anywhere in the world, at any time. The metrics in this page do not include peer-to-peer transactions, only transactions where fiat values were converted to BTC, or vice-versa.

Bitcoin Trading Volumes (YTD)

Average Daily Volume Traded (YTD)	Total Volume Traded (YTD)
\$9,553,060,377	\$3,314,911,950,939

Source: 3iQ Corp. “Real volume” data sourced from Messari as at December 12, 2021. All values in USD.

In 2021, the average daily volume of BTC traded was approximately \$9.5 billion USD. The total volume of BTC traded in 2021 was approximately \$3.3 trillion USD. To put things into perspective, BTC traded over 3-times its total market capitalization this year as of December 12, 2021.

ETHER TRADING VOLUMES

ACROSS SPOT MARKETS

Similarly to BTC, ETH can also be transacted across wallets on-chain through peer-to-peer transactions on the Ethereum blockchain. 2021 marked significant growth for decentralized exchanges, such as Uniswap, which allows users to swap other digital assets such as stablecoins for ETH with other users, or vice-versa, using liquidity pools in which any participant can contribute. The following real volume traded takes into account global spot exchanges such as Coinbase, Gemini and Bitfinex, as well decentralized exchanges such as Uniswap.

Ether Price and Real Volume Traded (YTD)



Source: 3iQ Corp. Data shows USD price and daily “real volume” of ETH as derived by Messari. Data sourced from Messari as at December 12, 2021.

Ether Trading Volumes (YTD)

Average Daily Volume Traded (YTD)	Total Volume Traded (YTD)
\$7,737,949,042	\$2,685,068,317,705

Source: 3iQ Corp. “Real volume” data sourced from Messari as at December 12, 2021. All values in USD.

In 2021, the average daily volume of ETH traded was approximately \$7.7 billion USD. The total volume of ETH traded in 2021 was approximately \$2.7 trillion USD. To put things into perspective, ETH traded over 5-times its total market capitalization this year as of December 12, 2021.

BITCOIN AND ETHER VERSUS OTHER ASSET CLASSES

Over the last year, BTC and ETH remained tightly correlated with one another while also exerting some positive correlations with other risk-on asset classes such as Emerging Markets.

Correlation Matrix vs. Other Asset Classes (YTD)

	BTC	ETH	Gold	Commodities	US Real Estate	Oil	S&P 500	TSX 60	Emerging Markets	U.S. Bonds
BTC	1									
ETH	0.77	1								
Gold	0.01	0.05	1							
Commodities	0.19	0.16	0.23	1						
US Real Estate	0.15	0.14	0.18	0.24	1					
Oil	0.14	0.11	0.07	0.93	0.26	1				
S&P 500	0.24	0.21	0.18	0.36	0.67	0.33	1			
TSX 60	0.29	0.27	0.20	0.38	0.48	0.35	0.77	1		
Emerging Markets	0.25	0.24	0.25	0.38	0.33	0.31	0.60	0.59	1	
U.S. Bonds	-0.09	-0.05	0.20	-0.27	-0.03	-0.30	-0.13	-0.18	-0.13	1

Data shows correlation of XBTUSD, XETUSD, GLD, DBC, IYR, USO, SPY, XIU, EEM, TLT from December 31, 2020 to December 12, 2021.

Data sourced from Bloomberg as at December 12, 2021.

Returns vs. Other Asset Classes

	1-Month	3-Month	6-Month	YTD
BTC	-25%	6%	32%	65%
ETH	-13%	22%	65%	441%
Gold	-4%	-1%	-6%	-6%
Commodities	-5%	5%	5%	39%
US Real Estate	1%	4%	6%	30%
Oil	-7%	6%	8%	57%
S&P 500	1%	6%	11%	26%
TSX 60	-4%	3%	6%	23%
Emerging Markets	-3%	-4%	-9%	-3%
US Bonds	1%	0%	4%	-6%

Data shows price returns of MVIBTC, MVIETH, GLD, DBC, IYR, USO, SPY, XIU, EEM, TLT. Data sourced from Bloomberg as at December 12, 2021. You cannot invest directly into an index.

BITCOIN PRICE CHART (USD)

WITH CHART ANNOTATIONS

The price of BTC had an infatuation with round numbers throughout much of 2021. It was not uncommon to see BTC find support and resistance at various psychological handles such as \$30,000 USD, \$40,000 USD, and so on. Several occurrences of this phenomenon have been annotated on the chart below, where the price would either break above or below these pivot points to run stop-losses, to later reverse in the weeks following:

Bitcoin Price (YTD)



Source: 3iQ Corp. Data sourced from Bloomberg as at December 12, 2021.

Moving Averages (YTD)

Price Below 200-day Moving Average	Price Above 200-day Moving Average
99 Days	247 Days
Price Below 50-day Moving Average	Price Above 50-day Moving Average
126 Days	220 Days

Source: 3iQ Corp. Data sourced from Bloomberg as at December 12, 2021.

ETHER PRICE CHART (USD)

WITH CHART ANNOTATIONS

ETH also had an infatuation with round numbers throughout much of 2021. Unlike the price of BTC, which had annotated round numbers at increments of \$10,000 USD, ETH had notable pivot points around increments of \$1,000 USD.

Ether Price (YTD)



Source: 3iQ Corp. Data sourced from Bloomberg as at December 12, 2021.

Moving Averages (YTD)

Price Below 200-day Moving Average	Price Above 200-day Moving Average
14 Days	332 Days
Price Below 50-day Moving Average	Price Above 50-day Moving Average
103	243 Days

Source: 3iQ Corp. Data sourced from Bloomberg as at December 12, 2021.

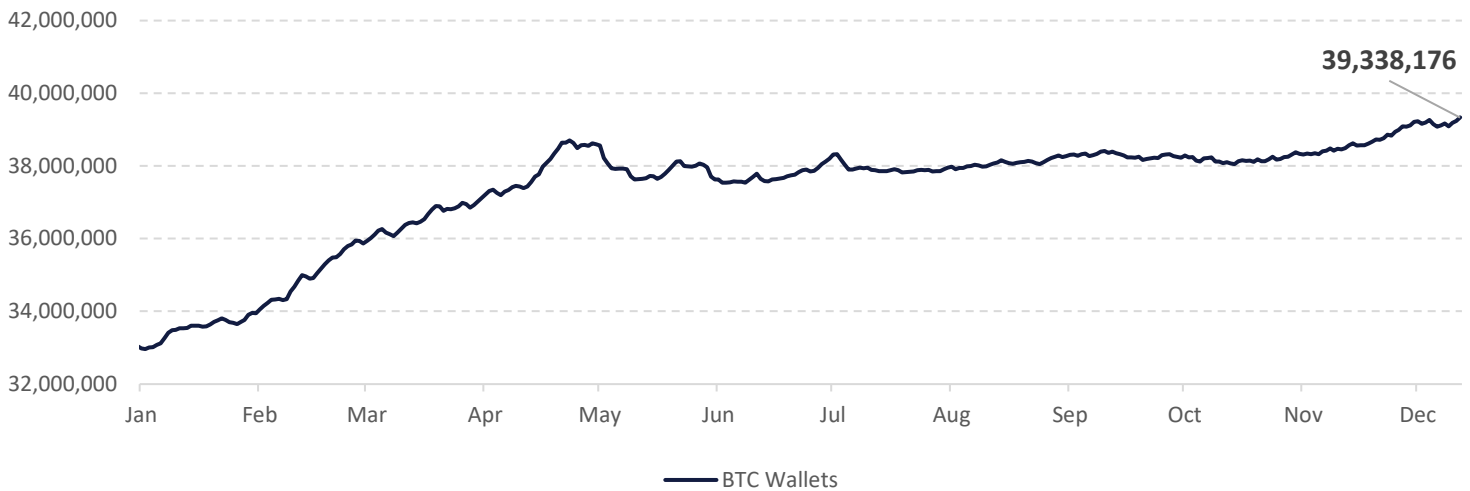


CHAPTER 2: GROWING NETWORKS AND MASS ADOPTION (BITCOIN)

BITCOIN WALLETS GROWTH

While there are many metrics available to visualize growth in a blockchain network such as Bitcoin, analyzing the number of wallets with non-zero balances can act as a suitable proxy as each one of these wallets is unique. 2021 marked notable growth in the number of funded wallets. Generally, an increasing number of funded Bitcoin wallets can paint a demand picture for the network, as shown below:

Number of Wallets With Non-Zero Balances (YTD)



Data sourced from Glassnode as at December 12, 2021.

Since 2020, the number of Bitcoin wallets with non-zero balances has grown by 6,300,346 an over 19% increase. This means that in 2021 there were 39,338,176 Bitcoin wallets with values above \$0. Note that any person or entity can own any number of Bitcoin wallets.

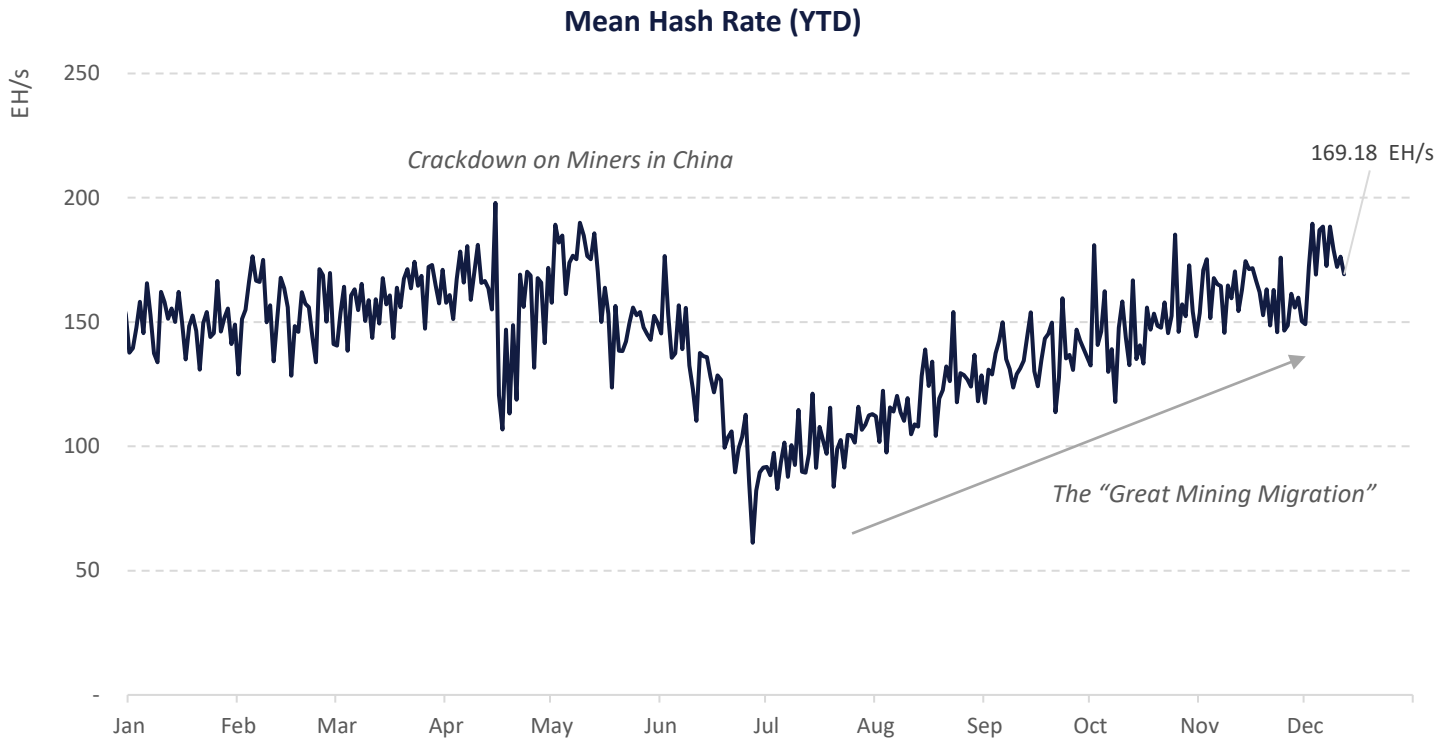
Number of Bitcoin Wallets With Non-Zero Balances

3-Month	6-Month	YTD	Number of Wallets
2.46%	4.48%	19.07%	39,338,176

Source: 3iQ Corp. Data sourced from Glassnode as at December 12, 2021.

BITCOIN HASH RATE

In May 2021, China announced a crackdown on both Bitcoin mining and trading. Up until this point, China had been known to house a majority of Bitcoin's hash power, with estimates in the 70% range. From July onwards, participants witnessed the "Great Mining Migration" from authoritarian regimes, to democratic countries such as Canada, USA, and others which welcomed the industry.



Source: 3iQ Corp. Data sourced from Glassnode as at December 12, 2021.

Hashrate refers to the total combined computational power of all participating miners on a Proof-of-Work blockchain such as Bitcoin. This metric is important for assessing the strength and security of a blockchain network. Figures are expressed in Exa Hashes per Second (EH/s), which equates to one quintillion hashes per second.

Hash Rate Growth in Bitcoin (YTD)

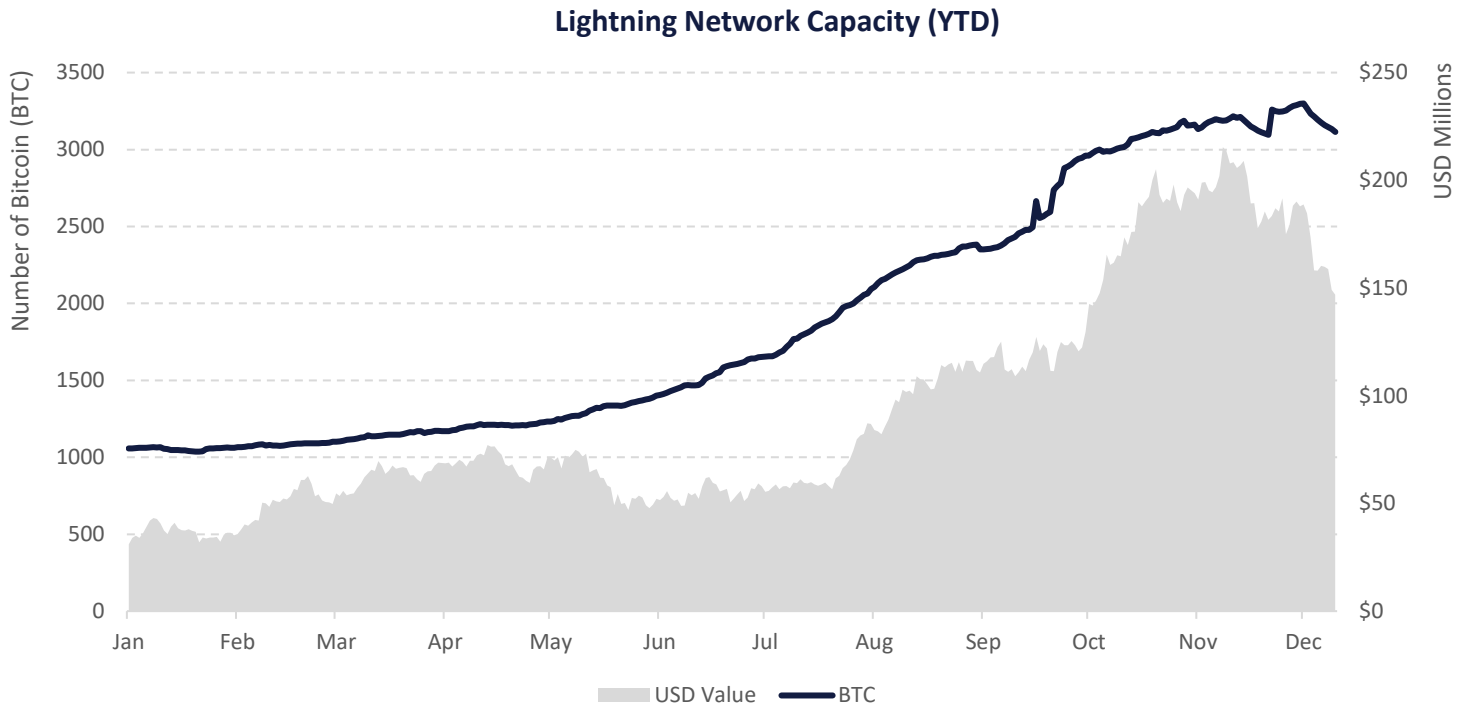
Growth (YTD)	Exa Hashes per Second
10.57%	169.18

Source: 3iQ Corp. Data sourced from Glassnode as at December 12, 2021.

BITCOIN LIGHTNING NETWORK

METRICS (YTD)

Total capacity of the Bitcoin Lightning Network (LN) increased greatly throughout 2021. LN is a layer-2 protocol on top of Bitcoin that aims to improve scalability by moving small and frequent transactions off the main Bitcoin blockchain, allowing for faster peer-to-peer transactions and lower fees. Users can bridge their BTC assets to-and-from the protocol. Capacity represents the total number of BTC which are currently being used by LN.



Source: 3iQ Corp. Data sourced from Glassnode, DeFi Pulse as at December 10, 2021.

Lightning Network Growth in BTC (YTD)

Growth (YTD)	Number of BTC in Lightning
194.21%	3114.79 BTC

Lightning Network Growth in USD (YTD)

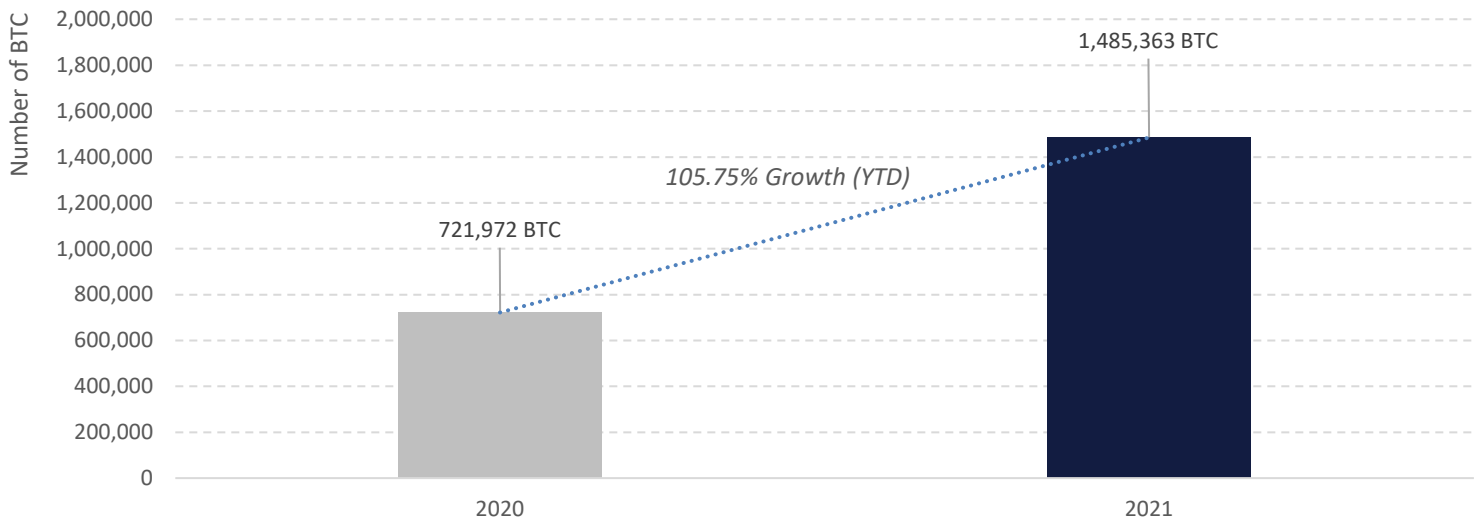
Growth (YTD)	USD Value in Lightning
372.09%	\$146,948,243 USD

Source: 3iQ Corp. Data sourced from Glassnode, DeFi Pulse as at December 10, 2021.

BITCOIN HELD IN TREASURIES

Bitcoin's store of value narrative was reinforced throughout 2021 as both private and public entities started new positions in BTC or increased their positions year-over-year. These figures could be underestimated as private businesses may not publicly disclose positions in BTC, nor is every global entity accounted for. Bitcoin wallets are pseudonymous but can be white-labelled based on activity.

Number of BTC Held in ETFs, Funds, Countries, Public Companies, and Private Companies (as disclosed)



Source: BitcoinTreasuries.net, Woonomic, BuyBitcoinWorldwide as at December 12, 2021.
This example is for illustrative purposes only and values are estimated based on data currently available.

As a percentage of the maximum supply of BTC (21 million), these reporting entities made up over 7% of the maximum supply. 3iQ manages over 33,000 BTC across its public funds and manages additional BTC on its balance sheet and in its private funds.

Category	Number of BTC	Value (USD)	% of Maximum 21M BTC
All Funds and ETFs	807,401	\$38,348,271,147	3.85%
3iQ BTCQ	21,127	\$620,054,277	0.10%
3iQ QBTC	12,845	\$1,020,063,874	0.06%
Countries	263,137	\$12,497,939,716	1.25%
Public Companies	240,757	\$11,434,980,532	1.15%
Private Companies	174,068	\$8,267,523,649	0.83%
Totals:	1,485,363	\$71,002,728,756	7.07%

Source: 3iQ Corp, BitcoinTreasuries.net, Woonomic, BuyBitcoinWorldwide as at December 12, 2021.
This example is for illustrative purposes only and values are estimated based on data currently available.

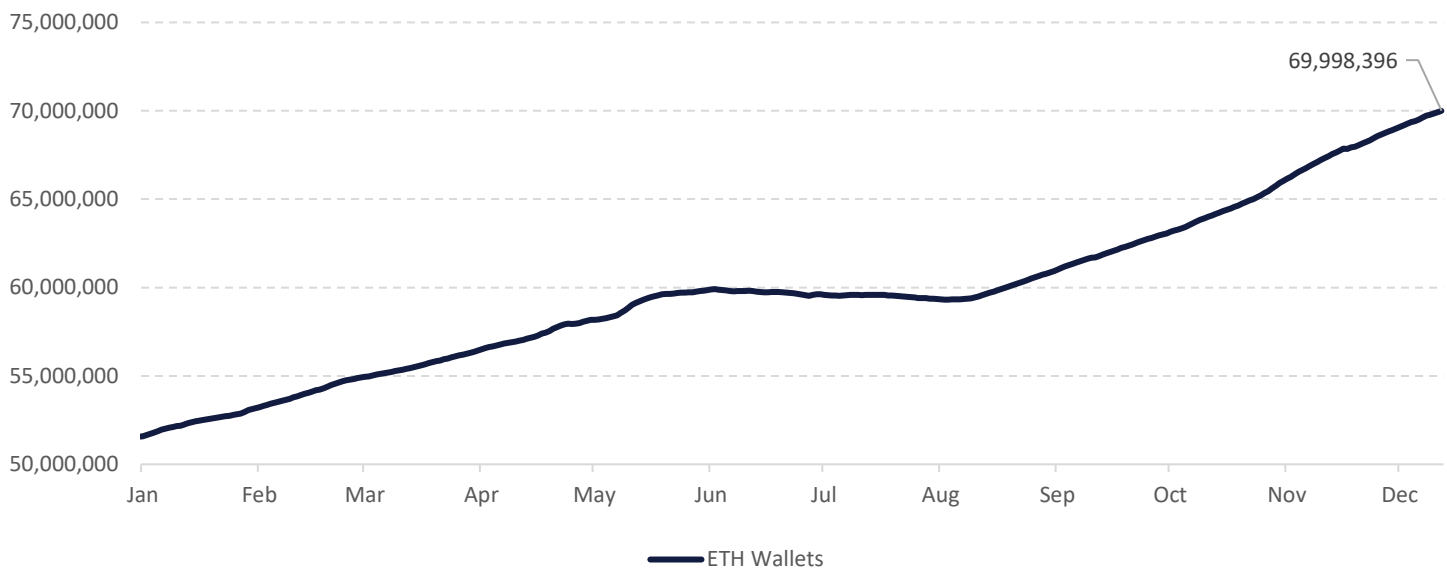


CHAPTER 3: ECOSYSTEM EXPANSION AND GROWING APPLICATIONS (ETHEREUM)

ETHEREUM WALLETS GROWTH

The growth in the number of Ethereum wallets was strong in 2021. While any person or entity can create a Ethereum wallet, we can isolate wallets based on those with non-zero balances of ETH and other tokens in the wallets to paint a demand proxy picture. In 2021, the number of wallets with non-zero balances grew by over 35% YTD. Generally, an increasing number of Ethereum users puts upside pressure on prices in USD or other divisors, given that ETH is a scarce, disinflationary digital asset like BTC.

Number of Wallets With Non-Zero Balances (YTD)



Data sourced from Glassnode as at December 12, 2021.

Since 2020, the number of Ethereum wallets with a non-zero balance has grown by 18,434,688, an over 35% increase. This means that in 2021 there were 69,998,396 Ethereum wallets with values above \$0 USD. Note that any person or entity can own any number of Ethereum wallets.

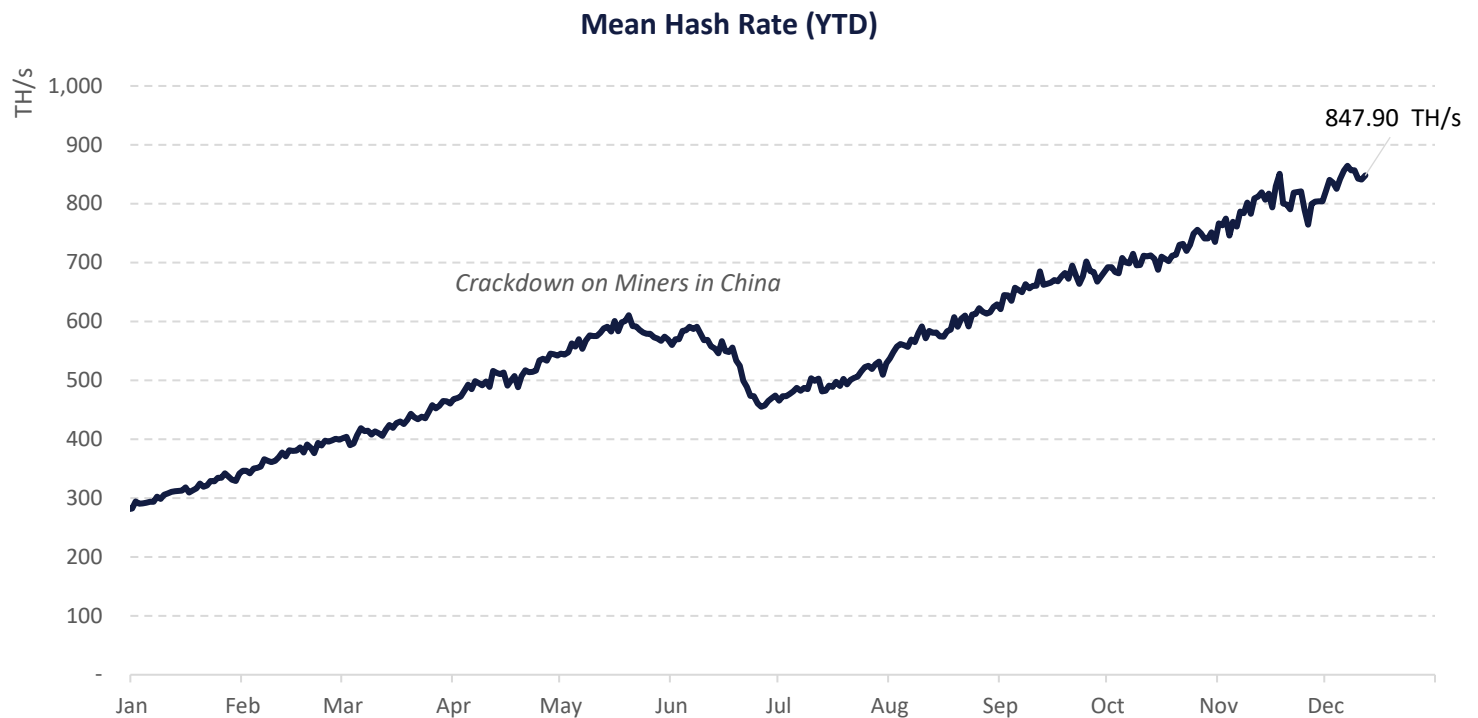
Number of Ethereum Wallets With Non-Zero Balances

3-Month	6-Month	YTD	Number of Wallets
13.30%	17.05%	35.75%	69,998,396

Source: 3iQ Corp. Data sourced from Glassnode as at December 12, 2021.

ETHEREUM HASH RATE

Similarly to Bitcoin, Ethereum also saw a decline in its hash rate from May 2021 to July 2021. On a percentage basis, the hash rate on Ethereum grew significantly greater than that of Bitcoin in 2021.



Source: 3iQ Corp. Data sourced from Glassnode as at December 12, 2021.

Hashrate refers to the total combined computational power of all participating miners on a Proof-of-Work blockchain such as Ethereum. This metric is important for assessing the strength and security of a blockchain network. Figures are expressed in Tera Hashes per Second (TH/s), which equates to one trillion hashes per second.

Hash Rate Growth in Ethereum (YTD)

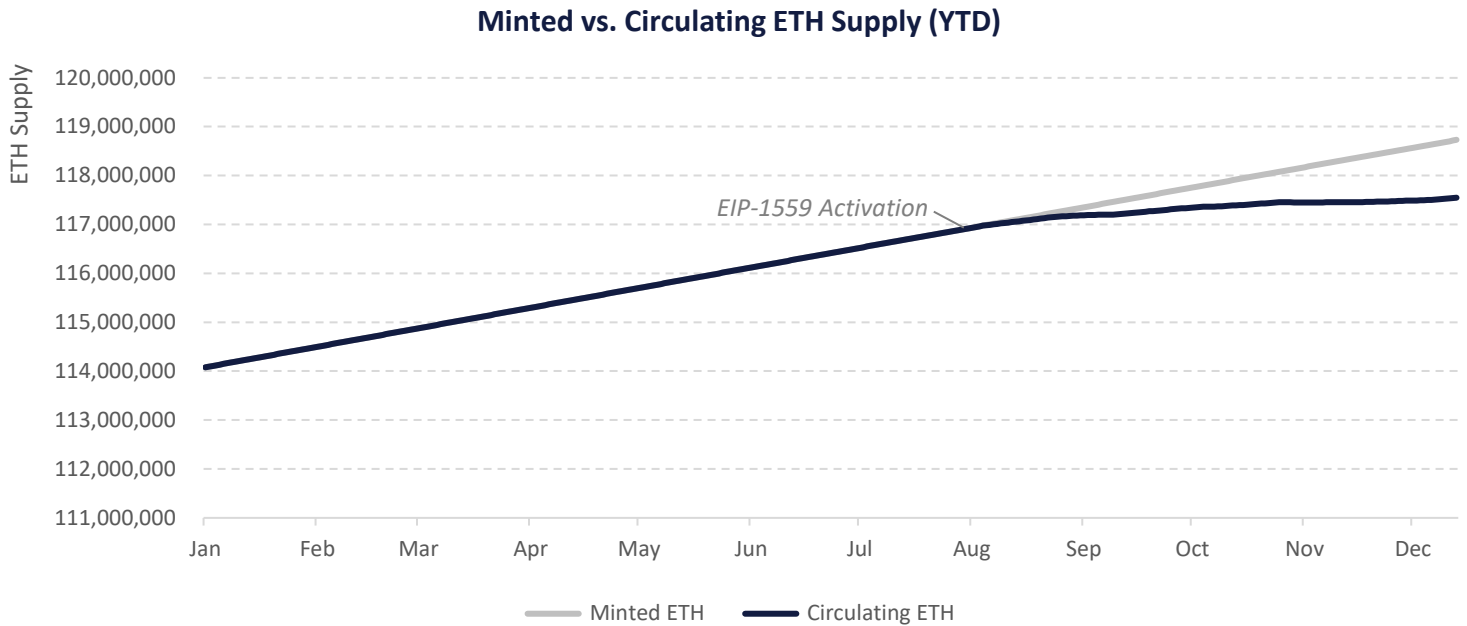
Growth (YTD)	Tera Hashes per Second
201%	847.90

Source: 3iQ Corp. Data sourced from Glassnode as at December 12, 2021.

EIP 1559

METRICS (YTD)

The London Hardfork, or EIP-1559, was activated on the Ethereum Mainnet on August 5, 2021. This upgrade changed the way that gas fees were estimated, introduced a tipping system to miners, and started passively burning ETH fees along with other changes. The impacts of EIP-1559 have started to visually impact the supply trajectory of ETH, as per the below chart.



Source: 3iQ Corp. Data sourced from Glassnode as at December 14, 2021.

EIP-1559 Impact Since August 5, 2021

Total ETH Burned	1,191,355 ETH
	\$4.6 billion USD
Rewards	1,762,128 ETH
	\$6.8 billion USD
Tips	228,542 ETH
	\$878 million USD
Net Issuance	570,755 ETH
	\$2.2 billion USD
Net Reduction	67.61%

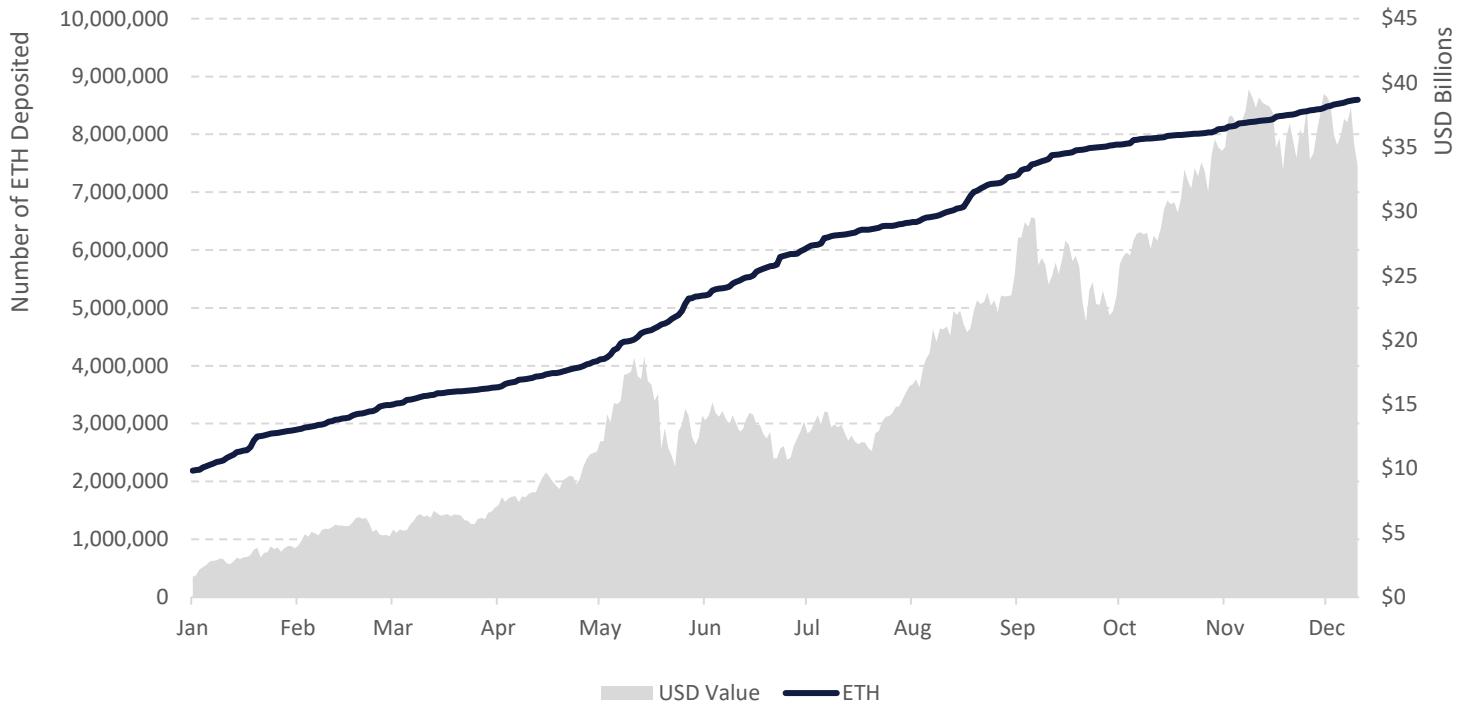
Data sourced from Watch the Burn as at December 14, 2021.

ETH 2.0 DEPOSIT CONTRACT

GROWTH (YTD)

As Ethereum begins to pivot to a Proof-of-Stake consensus mechanism from its current Proof-of-Work mechanism, we've visualized the number of ETH and dollar value deposited to the ETH 2.0 contract. An increasing number of ETH being locked into this contract can have implications on the price of ETH, as the total tradeable float of ETH decreases until the contract is unlocked.

ETH 2.0 Deposit Contract Size (YTD)



Source: 3iQ Corp. Data sourced from Etherscan.io as at December 10, 2021.

Source: ETH2.0 Deposit Contract 0x00000000219ab540356cbb839cbe05303d7705fa.

ETH 2.0 Deposit Contract Total Value Locked

Total Value Locked (USD)	Total Value Locked (ETH)
\$33,541,178,741	8,597,330
Contract Growth in USD (YTD)	Contract Growth in ETH (YTD)
2001.67%	293.33%

Source: 3iQ Corp. Data sourced from Etherscan.io as at December 10, 2021.

ETHEREUM DEFI

GROWTH (YTD)

DeFi, or decentralized finance, is a term used for various products and services which are built as open-source financial softwares on top of blockchains such as the Ethereum blockchain. Users can obtain loans, generate yields, and conduct other strategies to boost their returns within the cryptoasset economy. 2021 saw notable growth for a variety of protocols, most of which offering their products and services on the Ethereum mainnet, Ethereum layer-2 solutions, or even other blockchains.

Total Value Locked in DeFi (YTD)



Data sourced from Glassnode as at December 14, 2021.

Total Value Locked in DeFi

Total Value Locked (TVL)	\$244 Billion USD
TVL Growth (YTD)	1028%

Top 5 DeFi Protocols by TVL

Curve (CRV)	\$18.52 Billion USD
MakerDAO (MKR)	\$17.62 Billion USD
Convex Finance (CVX)	\$17.10 Billion USD
AAVE (AAVE)	\$15.59 Billion USD
WBTC (WBTC)	\$14.09 Billion USD

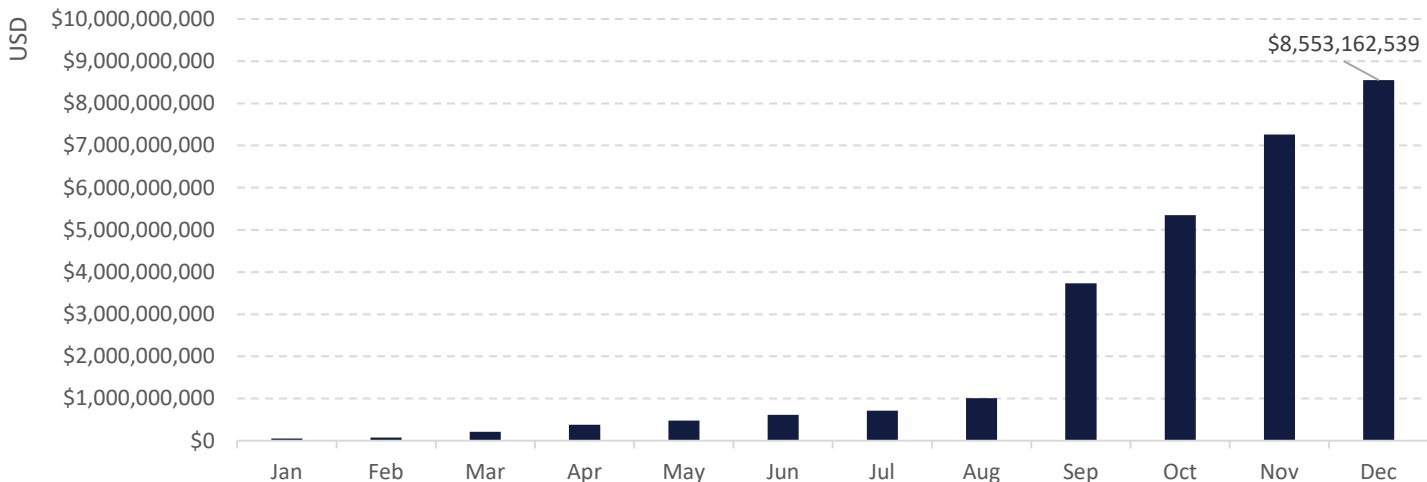
Data sourced from DeFi Llama as at December 14, 2021.

NON-FUNGIBLE TOKENS (NFTs)

ON ETHEREUM

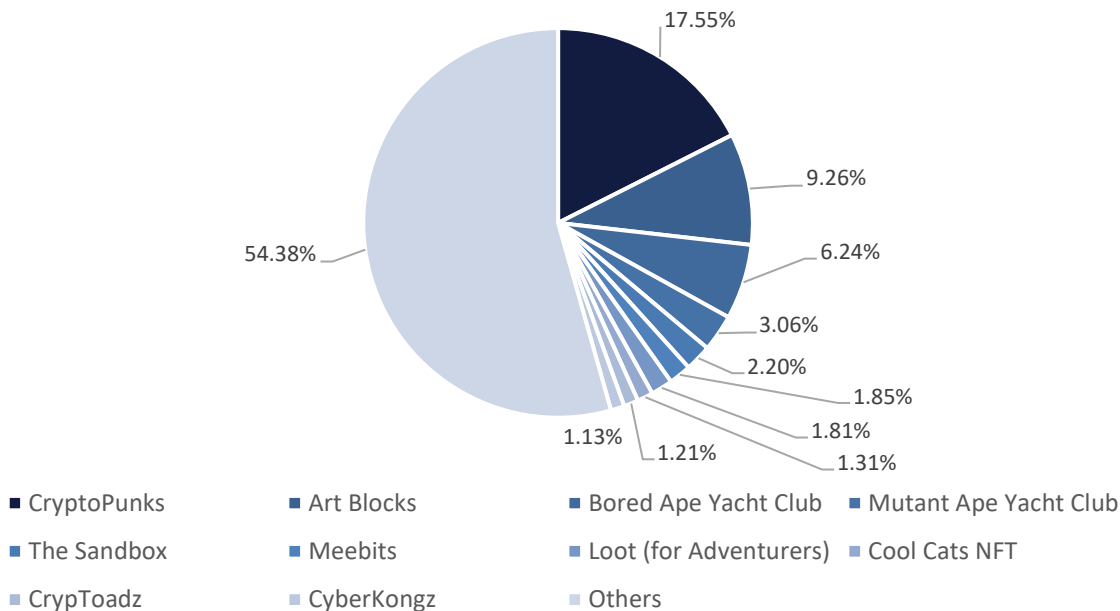
NFTs are tokens that can represent ownership of unique items. 2021 marked the rise of several high-profile projects, artists, and games which utilize the technology. NFTs can be used to enforce digital ownership in things like art, collectibles, and even real-world items. The most prolific NFT collections are traded on the Ethereum mainnet; however, 2021 marked the emergence of competing layer-1 blockchains, and other centralized blockchains which may or may not have the finality and security offered by the Ethereum blockchain. The following charts may greatly underestimate the total market capitalization of NFTs issued on Ethereum, as there are likely hundreds of collections unaccounted for with this methodology.

Total Market Capitalization of Ethereum NFTs (YTD)



Source: 3iQ Corp. Data sourced from NFTGO.io as at December 10, 2021. This example is for illustrative purposes only and values are estimated based on data currently available.

NFT Collection Market Capitalization Dominance (%)

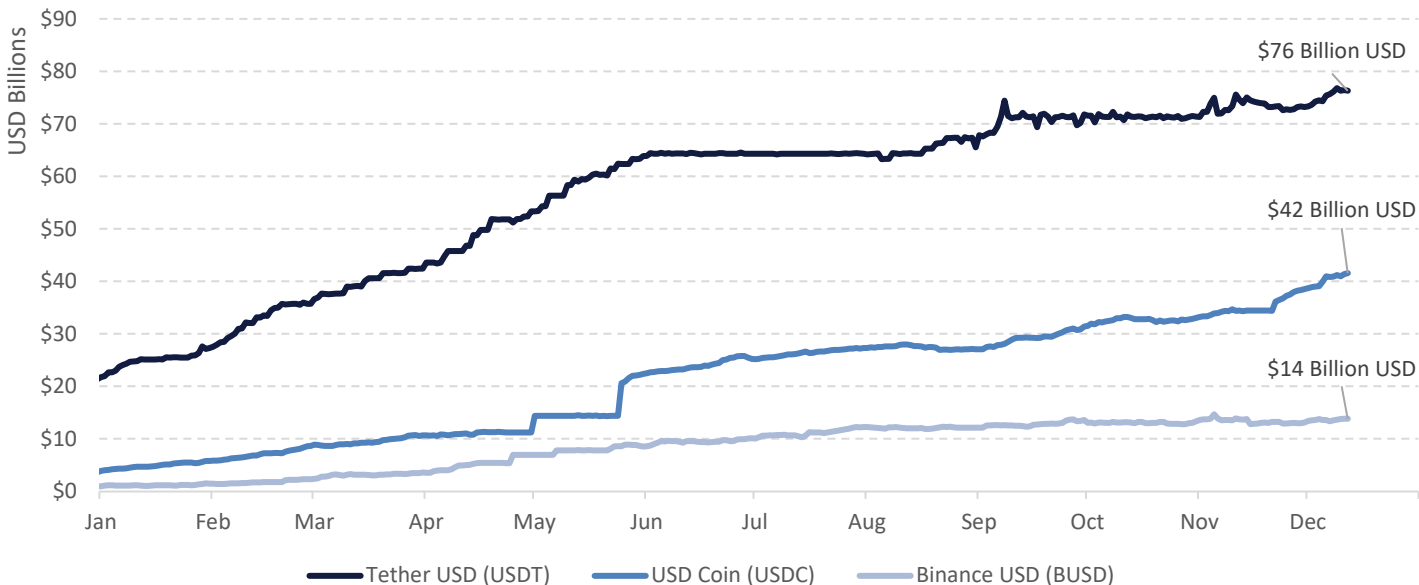


Data sourced from NFTGO.io as at December 10, 2021. This example is for illustrative purposes only and values are estimated based on data currently available.

STABLECOINS

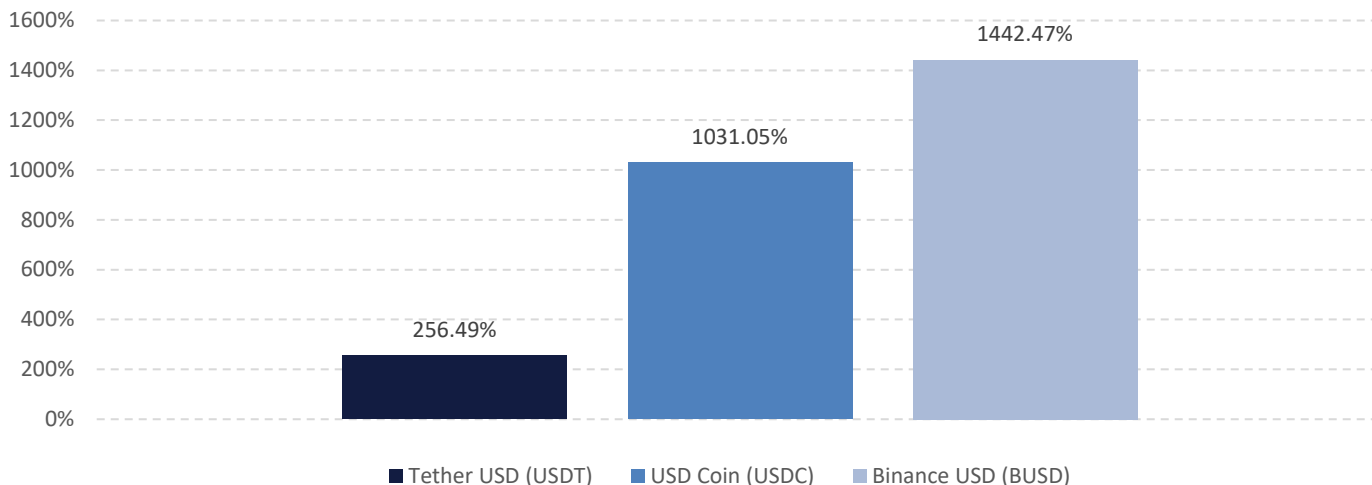
Stablecoins saw tremendous growth and use throughout 2021. They are generally used as an on-and-off ramp into the cryptoassets economy and are issued by some entities which typically back their reserves 1:1 with either a combination of cash, short-term treasury notes, or other money market products. Stablecoin issuers generally maintain attestation reports to verify that the total number of token issuances matches the real dollar amounts held in their reserves. Stablecoins are issued in the primary market, and later traded on secondary markets such as centralized or decentralized exchanges. Most stablecoins have a majority of their token issuances on the Ethereum blockchain, however the following graphs take into account all other layer-1 blockchains:

Top 3 Stablecoins by Market Capitalization (YTD)



Data sourced from Messari.io as at December 12, 2021.

Top 3 Stablecoins % Growth (YTD)

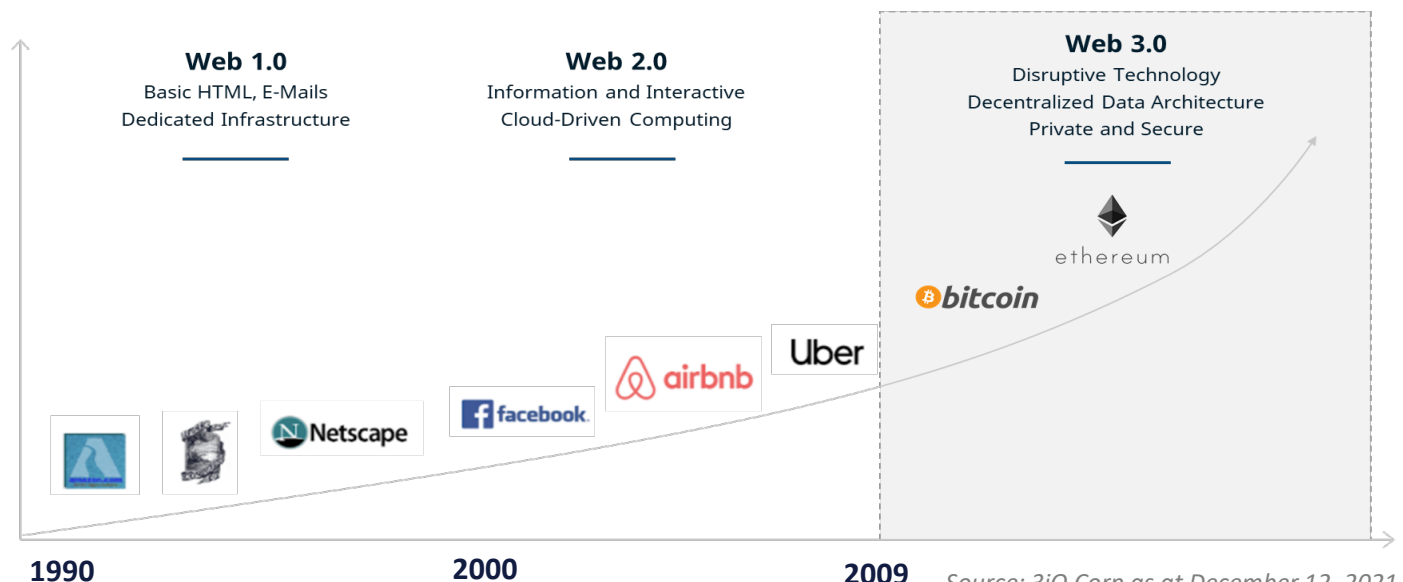


Source: 3iQ Corp. Data sourced from Messari.io as at December 12, 2021.

CHAPTER 4: THE TRENDS OF 2021

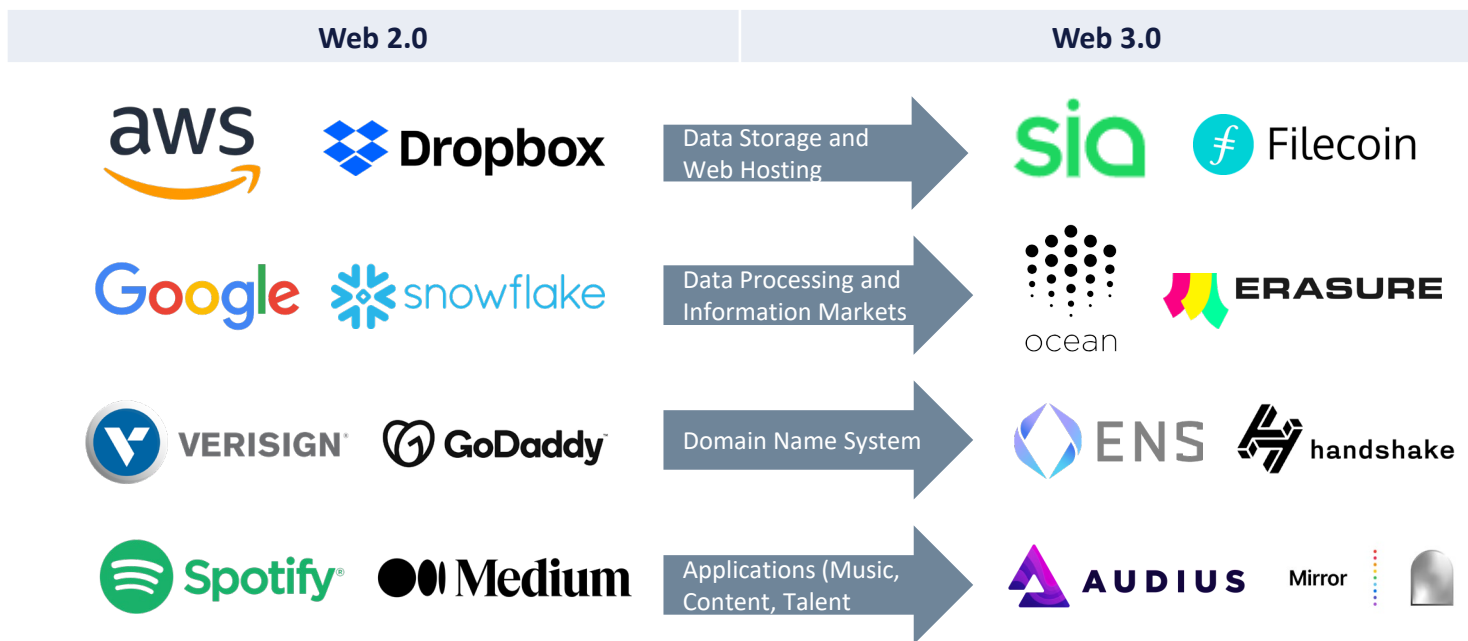
MEGATREND WEB 3.0 IS COMING

HTTP protocol unlocked the “World Wide Web” in Web 1.0. The rise of pervasive computing and intelligent devices was the main theme of Web 2.0. We are currently entering Web 3.0, where blockchain and cryptoassets drive the next phase of network evolution and create new business models and innovative applications based on the “Internet of Value”. Unlike the “Read-Only” Web 1.0 and “Read-Write” Web 2.0, ownership is one of the key features of Web 3.0 which means network participants have full ownership of their content, data, and cryptoassets. Value is created as an incentive to the participants and property rights are well preserved by distributed ledgers.



Source: 3iQ Corp as at December 12, 2021. This example is for illustrative purposes only.

Web 2.0 – Web 3.0

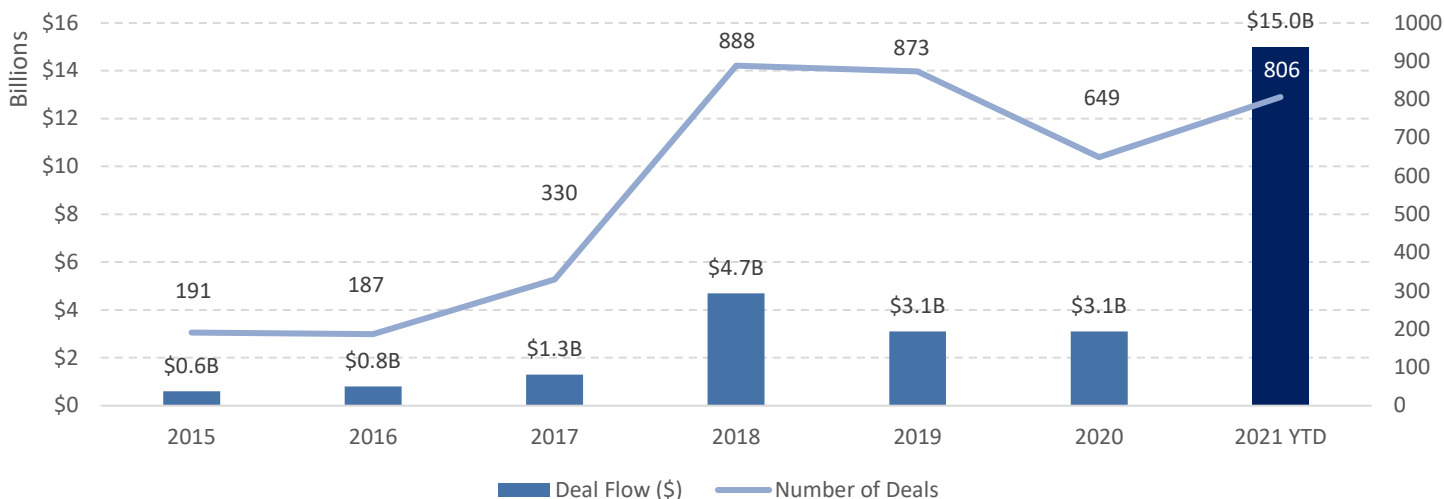


Source: 3iQ Corp, Messari as at December 2021. This example is for illustrative purposes only.

TRADFI CONVERGENCE WITH THE TOKEN ECONOMY

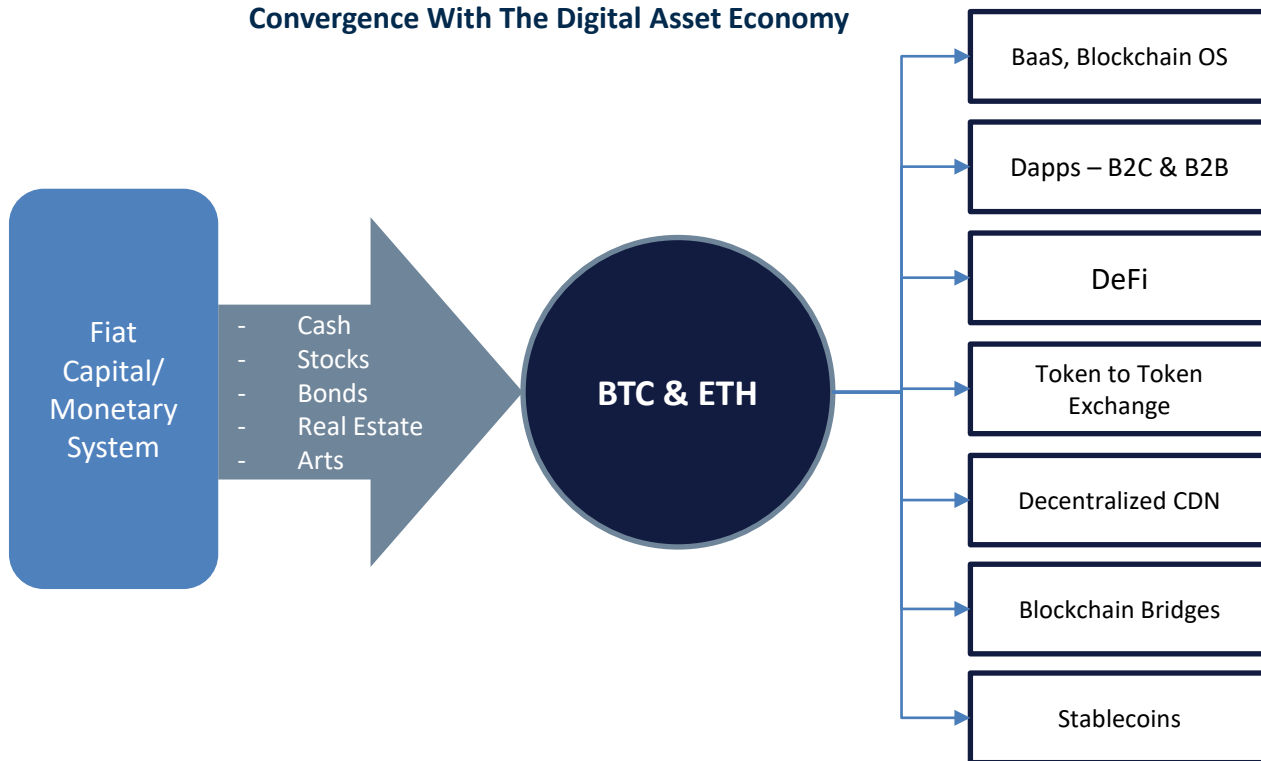
TradFi, the traditional financial markets (which includes cash, stock markets, bond markets, property markets and art markets) will gradually evolve to converge with the cryptoassets economy. The blockchain operating system (OS), decentralized apps (Dapps), decentralized finance (DeFi) protocols, token-to-token exchanges, decentralized content delivery networks (CDN), blockchain bridges, and stablecoins will form seven verticals of the Web 3.0 based cryptoassets economy.

Global Blockchain Funding



Source: 3iQ Corp. Data sourced from CBInsights as at September 30, 2021.

Convergence With The Digital Asset Economy



Source: 3iQ Corp as at December 12, 2021. This example is for illustrative purposes only.

RAPID SECTOR GROWTH

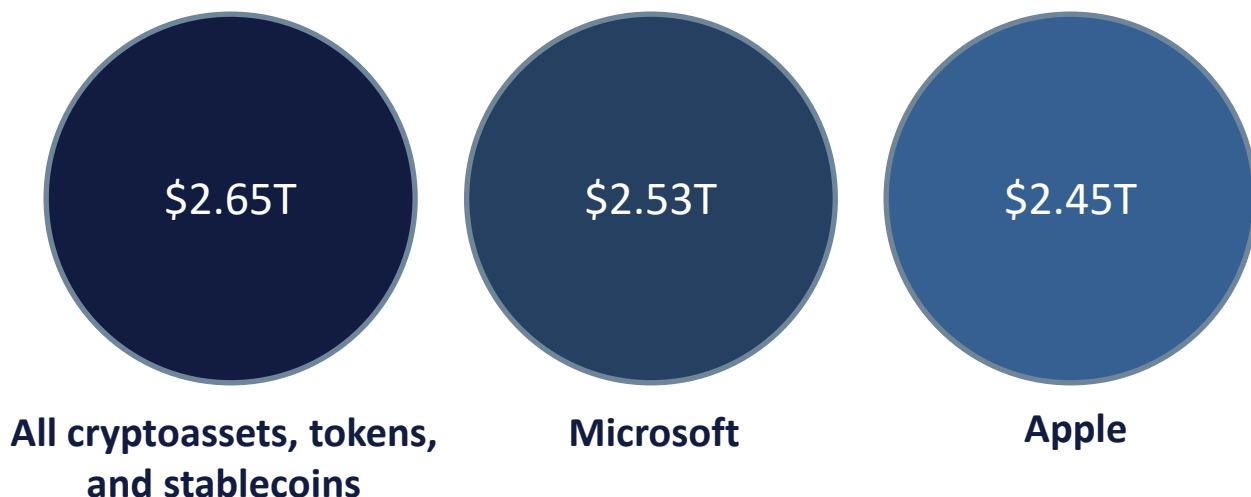
Bitcoin is still the dominant player in the cryptoassets economy with a market weight of 41% as of December 2021. Ethereum is the number two player with a market weight of 21%. However, 2021 marked the rapid growth within various sectors, especially in the Smart Contract, Financial, and Gaming sectors, as new contenders have emerged to challenge existing incumbents. Like the traditional equity and bond markets, the cryptoassets ecosystem has quickly evolved into various market segments, requiring sector expertise to truly understand the value proposition of each sector.

Cryptoasset Sectors and Market Capitalizations

Payments	Smart Contracts	Services	Financial	Gaming
Bitcoin (\$1.1T)	Ethereum (\$526.0B)	Chainlink (\$15.2B)	Uniswap (\$16.0B)	Axie Infinity (\$9.2B)
XRP (\$46.5B)	Solana (\$70.9B)	Theta Network (\$7.6B)	PancakeSwap (\$4.6B)	Enjin Coin (\$2.4B)
Dogecoin (\$34.3B)	Cardano (\$65.7B)	Filecoin (\$7.6B)	Aave (\$4.3B)	The Sandbox (\$2.2B)
Litecoin (\$13.7B)	Polkadot (\$50.6B)	The Graph (\$5.0B)	THORChain (\$3.5B)	Illuvium (\$823M)
Bitcoin Cash (\$11.9B)	Terra (\$19.7B)	Helium (\$2.9B)	Maker (\$2.9B)	Yield Guild (\$462M)
\$1.2 Trillion	\$732.9 Billion	\$38.3 Billion	\$31.3 Billion	\$15.0 Billion

Figures expressed in USD. Data sourced from Messari as at October 29, 2021.

Comparing Market Capitalizations

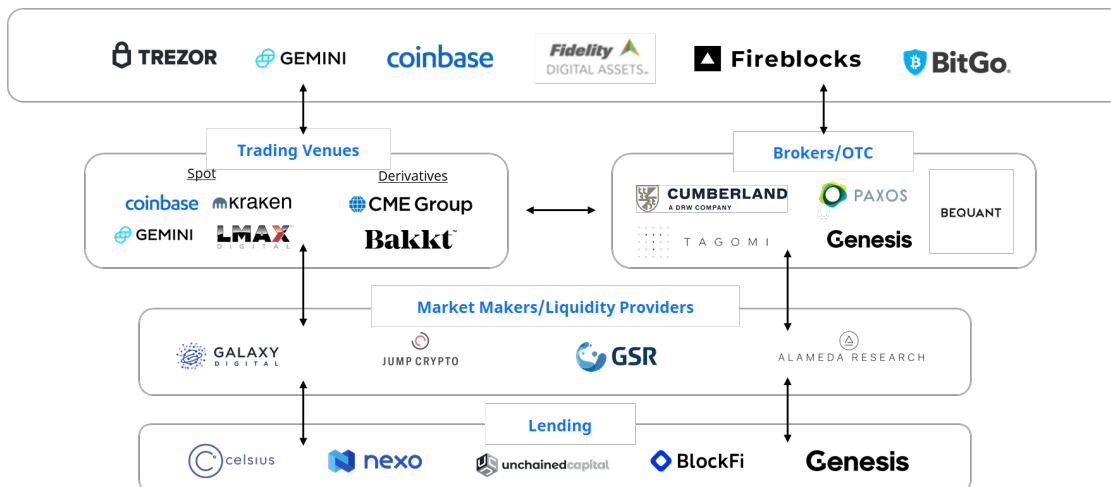


Figures expressed in USD. Data sourced from CB Insights as at November 16, 2021.

ROBUST INFRASTRUCTURE

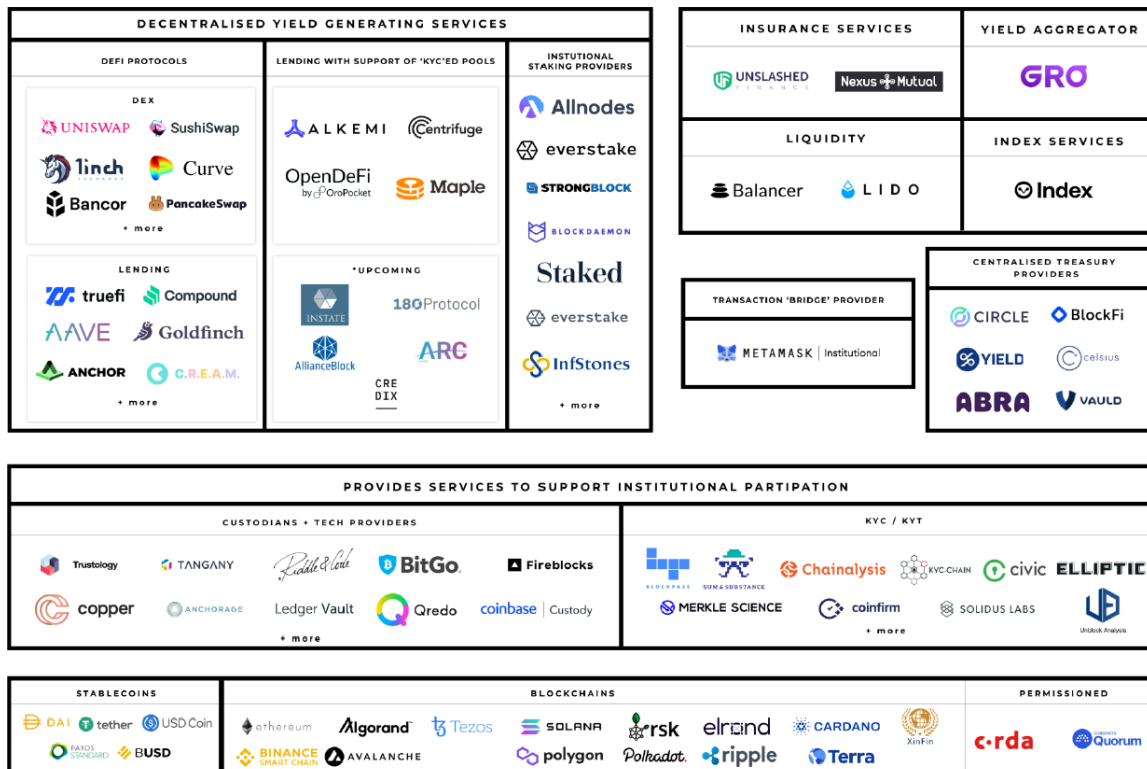
2021 was a year filled with massive infrastructure developments for the cryptoasset space. In the Centralized Finance (CeFi) world, more and more service providers including traditional asset managers and banks entered the crypto world to offer custodial services, investment products, and trading venues. In contrast, in the Decentralized Finance (DeFi) world, we were witnessing a Cambrian explosion of financial innovation. For crypto-native investors, these assets may be stored, transferred, exchanged, and invested to realize their values frictionlessly across various platforms.

CeFi Infrastructure



Source: 3iQ Corp as at December 12, 2021. This example is for illustrative purposes only and may not include all participants.

DeFi Infrastructure

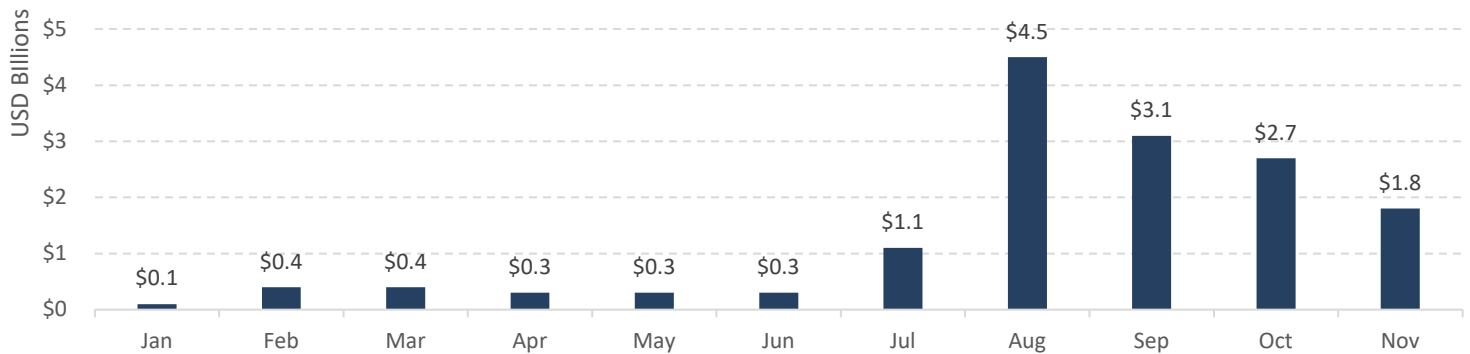


Data sourced from BlockData, September 2021. This example is for illustrative purposes only and may not include all participants.

NFT BOOM LED THE CULTURAL REVOLUTION OF WEB 3.0

NFTs in 2021 caught the general public's attention with record sales, excessive prices, and booming internet culture. However, many investors believe that NFTs will be part of a larger cultural revolution because they represent verifiably scarce, portable, and programmable pieces of digital property. The potential of NFTs can be further expanded, as they can facilitate the monetization of both virtual properties and physical properties, which are either easy to be replicated or difficult to divide in the past. Users have expressed these NFTs inside Metaverse applications.

NFT Secondary Market Sales



Note: Data includes only NFT secondary market sales tracked by CryptoSlam, likely underestimating total NFT sales.

Data sourced from Cryptoslam, Messari as at November 24, 2021.

Leading NFT Marketplaces

Name	OPENSEA	AXIE INFINITY	RARIBLE	SUPERRARE	SORARE	FOUNDATION	DECENTRALAND
Volume (all time)	\$9.24B	\$2.62B	\$230.91M	\$157.5M	\$150M	\$93.44M	\$42.09M
Blockchain	Ethereum	Ethereum	Ethereum	Ethereum	Ethereum	Ethereum	Ethereum
Founding Date	2017	2018	2020	2017	2018	2020	2017
Team Size	~48	~25	~50	~50	~50	~25	~50
HQ	Newark, United States	Ho Chi Minh, Vietnam	Moscow, Russia	Newark, United States	Paris, France	San Francisco, United States	Beijing, China
Currencies	ETH, WETH, DAI, USDC	SLP, DAL, KNC	ETH, WETH, DAI, RARI, ARTI	ETH	ETH	ETH	MANA
Total Amount of Funding	\$127M	\$158M	\$16M	\$9M	\$737M	\$200K	\$24M

Values expressed in USD. Data sourced from BlockData as of November 2021.

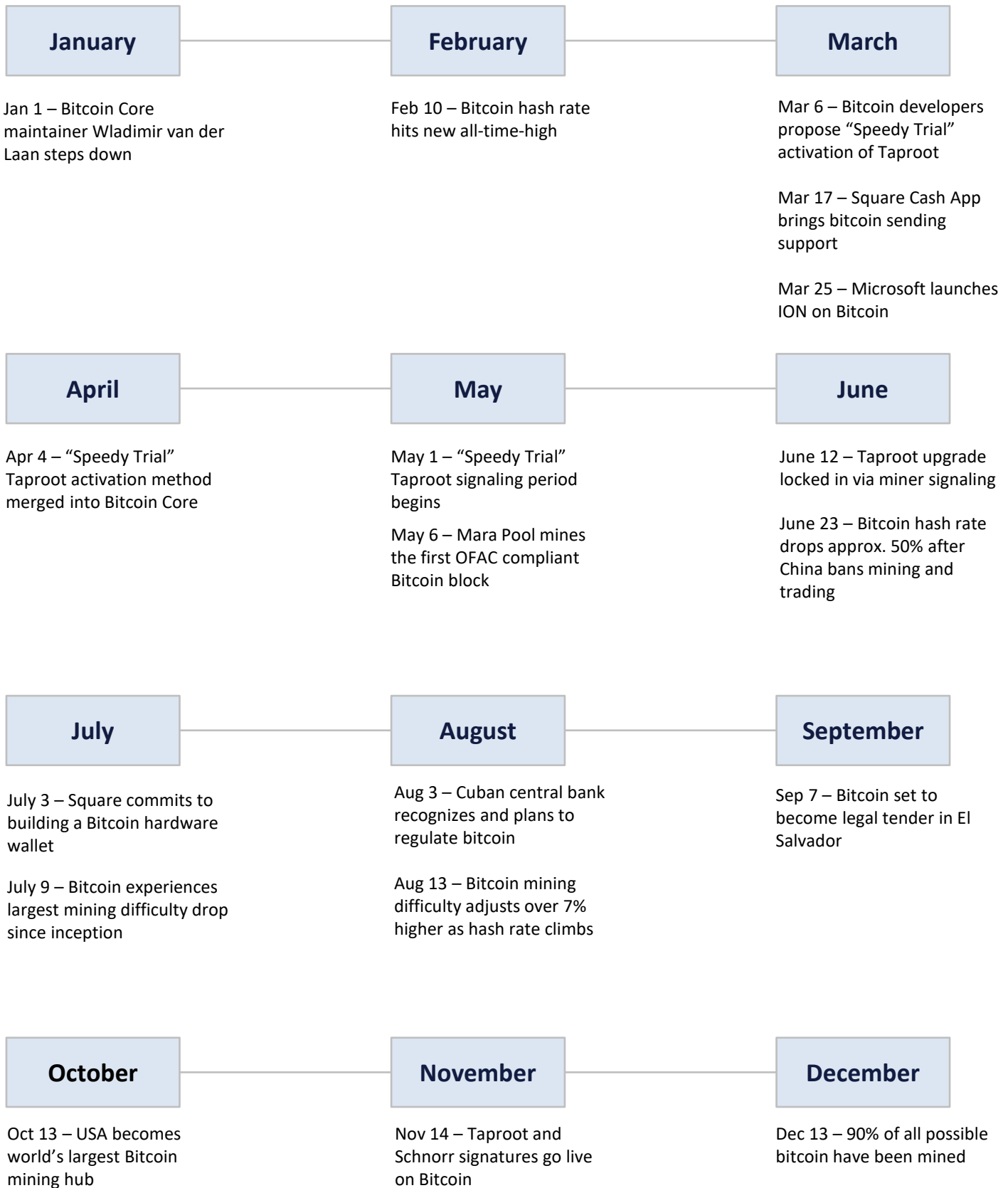
CLOSING REMARKS

2021 was an eventful year for the Bitcoin and Ethereum networks. The proliferation of internet culture within Web 3.0 helped expand and broadcast the power of decentralized blockchain networks to the broader public. These networks are quickly being recognized as perhaps the most powerful tools for individual and institutional financial empowerment.

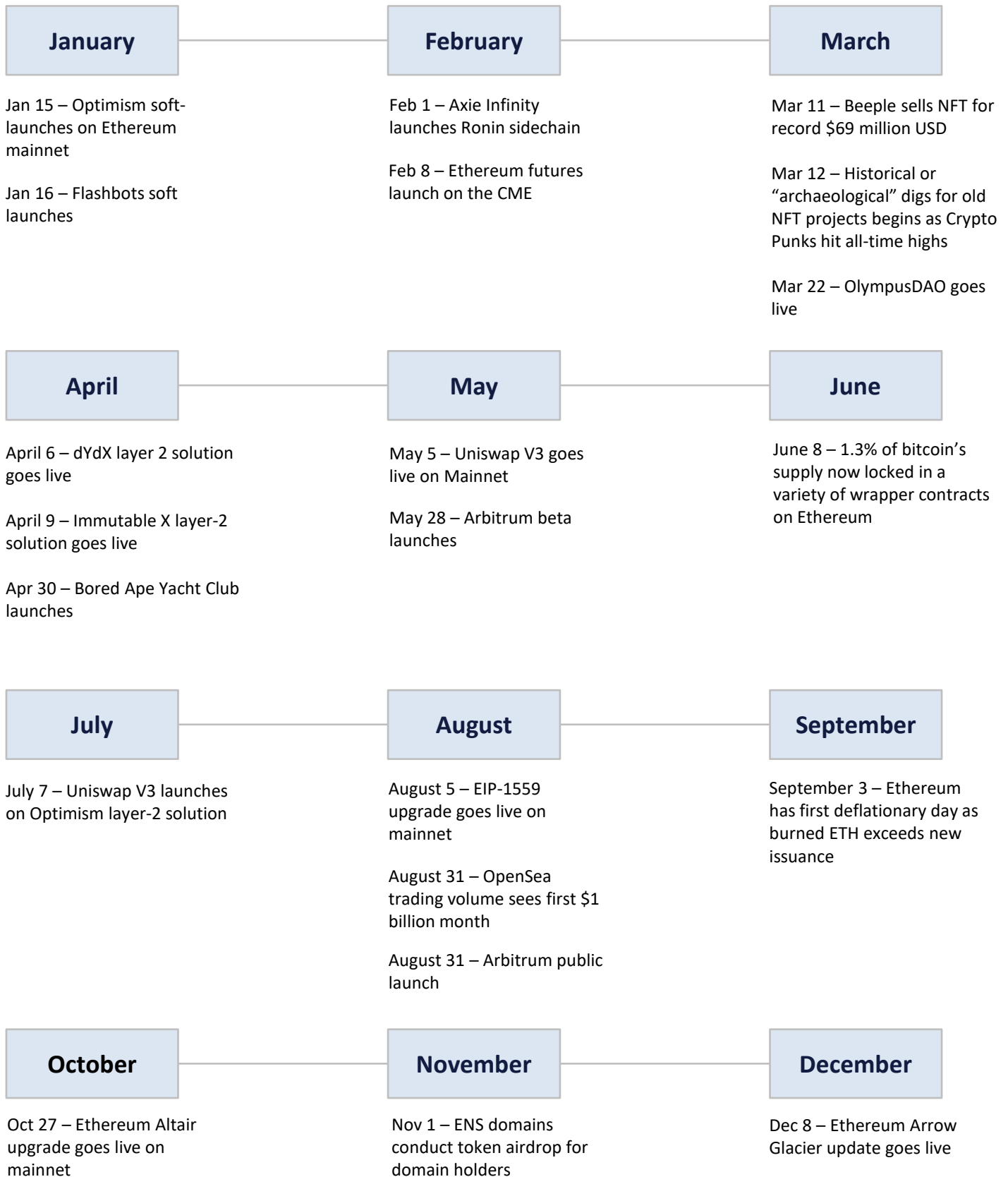
What struck us most in 2021 was the increase in institutional involvement at both the protocol layers and applicational layers of these networks. Many of the world's largest financial institutions, tech giants, and brands are beginning to take strides and utilize cryptoassets such as BTC and ETH. We may continue to witness greater value creation from these networks as worldwide adoption presses-on in 2022.

As Canada's largest cryptoasset fund manager, 3iQ will continue to expand its product offerings and will push to find innovations within its existing suite of closed-end funds (CEFs) and exchange-traded funds (ETFs). We envision ourselves as the enablers – those who will continue to build bridges between traditional finance and the new cryptoasset economy. With an established track record being at the forefront of cryptoasset product innovation, 3iQ is planning to further grow its footprint in the years ahead, and we invite you to take part in the journey.

TIMELINE: BITCOIN IN 2021



Source: 3iQ Corp. Data sourced from The Block Research – 2022 Crypto Outlook, CNBC. Data as at December 13, 2021.

TIMELINE: ETHEREUM IN 2021

Source: 3iQ Corp. Data sourced from The Block Research – 2022 Crypto Outlook, Twitter @Leonidas.eth, CNBC as at December 13, 2021.

TIMELINE: INSTITUTIONS IN 2021

January

Marathon Patent Group buys \$150 million USD worth of BTC as a part of its treasury

Elon Musk adds #bitcoin to his Twitter Bio

February

MicroStrategy offers \$1.05 billion USD in convertible senior notes to buy BTC

Tesla buys \$1.5 billion in BTC

Blackrock's Rick Rieder notes the firm is starting to "dabble" in BTC

March

Morgan Stanley announces access to three funds which provide HNW clients with BTC exposure

Goldman Sachs re-opens its cryptocurrency trading desk

April

3iQ launches BTC and ETH ETFs on the TSX

Venmo adds support for buying and selling cryptocurrency

WeWork begins accepting BTC as payment, intends to hold it on balance sheet

May

Goldman Sachs announces first BTC derivatives trades

Tesla announces that they are no longer accepting BTC as payment due to energy usage concerns

June

State Street announces new digital asset finance division

BBVA launches new BTC trading and custody services in Switzerland

July

State Street partners with Lukka to provide crypto-related services to select clients

August

Visa buys Crypto Punk for \$150,000 USD

Substack begins accepting BTC as a means of payment

September

EY announces it is building technology and designing programs for banks and other institutions to tokenize financial assets

October

ProShares BTC futures ETF lists on the NYSE

November

VanEck BTC futures ETF begins trading in USA

Citi hires head of digital assets, commits to 100-person team

December

Nike acquires RTFKT, a virtual sneakers and NFT collectibles startup on Ethereum

Source: 3iQ Corp. Data sourced from The Block Research – 2022 Crypto Outlook, Twitter @Visanews, Marketwatch, TechCrunch as at December 13, 2021.

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There are ongoing fees and expenses associated with owning units of an investment fund. An investment fund must prepare disclosure documents that contain key information about the fund. You can find more detailed information about the fund in these documents.

You will usually pay brokerage fees to your dealer if you purchase or sell units of the Fund on the Toronto Stock Exchange, or other alternative trading system (an “exchange”). If the units are purchased or sold on an exchange, investors may pay more than the current net asset value when buying units of the Fund and may receive less than the current net asset value when selling them.

Information contained in the prospectus or applicable offering documents, includes the investment objectives and potential strategies of the Fund, a description of management fees, other charges and expenses, and risk factors. Please read the prospectus or applicable offering documents before investing. You can find more detailed information about 3iQ Funds and their public filings available at www.sedar.com.

About 3iQ Corp.

Founded in 2012, 3iQ is Canada’s largest digital asset investment fund manager with more than C\$3 billion in assets under management. 3iQ was the first Canadian investment fund manager to offer a public bitcoin investment fund, The Bitcoin Fund (TSX: QBTC, QBTC.U), and a public ether investment fund, The Ether Fund (TSX: QETH.UN, QETH.U). More recently, 3iQ launched the 3iQ CoinShares Bitcoin ETF (TSX: BTCQ, BTCQ.U) and the 3iQ CoinShares Ether ETF (TSX: ETHQ, ETHQ.U). 3iQ offers investors convenient and familiar investment products to gain exposure to digital assets. For more information about 3iQ and its digital asset investment funds, visit www.3iQ.ca or follow us on Twitter @3iQ_corp.

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