BEST OF VFIII CONFERENCE CALLS

Transcript In Prose

Since launching Venture Fund III last year, the investment team has hosted monthly conference calls to discuss recent fund investments, fundraising progress, and the broader opportunity we see in the developing blockchain ecosystem – answering any questions that come up along the way. We've compiled all of the best commentary and content from the VFIII conference calls into a single, readable Transcript in Prose. The prose includes our history of investing in disruption (before the advent of Bitcoin), stories from Pantera's six years of experience investing in blockchain, and, finally, what we are seeing in the blockchain venture space today.

VFIII TRANSCRIPT IN PROSE

EXECUTIVE SUMMARY

The following is a summary of the key topics discussed in the prose. Feel free to start from the beginning, or you can jump to specific topics of interest listed below

BEFORE BITCOIN - PRESENT

About Pantera

You can read this entire section, or you can jump to specific topics of interest hyperlinked below.

- History of firm and its Founder and CEO, Dan Morehead - Dan started his career at Goldman Sachs as their first asset-backed securities trader before transitioning into his role as a global hedge fund manager. Then he joined Tiger Management as the head of macro trading and the CFO before founding Pantera in 2003.
- Pantera and its team have been in Investing In Disruptions, even before Bitcoin existed
- Investment Team - We have the most experienced blockchain investors in the world as well as one of the most brilliant innovators in crypto
- Management Team - Years of experience in traditional and institutional finance
- Unique Deal Access - As a result of investing in blockchain projects longer than almost any other firm, Pantera has unique access to some of the best deals in the space

Industry Trends

You can read this entire section, or you can jump to specific topics of interest hyperlinked below.

- Blockchain is borderless as are innovations in the space. We have been investing in Global Innovations in Blockchain since the beginning and will continue to do so
- Innovations in Silicon Valley
- Acquisitions in blockchain have picked up in the last couple of years.
- More and more Legacy Institutions and Fortune 500 Companies Investing in Blockchain
- Investment Growth has been steadily up since we started investing in 2013

Blockchain Venture

You can read this entire section, or you can jump to specific topics of interest hyperlinked below.

- Advantages of Venture (including Low-Beta Returns)
- Venture Portfolio Success Rate - Pantera vs Industry
- Venture Fund I & II Performance

PANTERA

Venture Fund III

You can read the entire VFIII section, or you can jump to specific topics of interest hyperlinked below.

- Investment Process
- Portfolio Construction
- Strategy and Investment Themes

VENTURE FUND III

Portfolio

In this section, we discuss the 11 different companies the Fund has invested in to date, including deals that are finalized but not yet public and the deals we have in the pipeline. Our 11 Venture Fund III portfolio companies fall into five categories:

- **Exchanges:** Bakkt, LATAM Exchange (Not Public)
- **Payments:** Fiat On-Ramp for dApps (Not Public)
- **Infrastructure:** Staked, StarkWare, Scaling Solution (Not Public), Custody Solution (Not Public)
- **Finance:** Blockfolio, Tagomi, Crypto Quant Fund (Not Public)
- **Enterprises:** Synthetic Minds

We have two deals in the Deal pipeline: a Developer Tool *and a* Derivatives Exchange.

VENTURE FUND III

Administration

- Summary of Terms - The minimums are $100,000 for Qualified Clients and $250,000 for Qualified Purchasers. The fund has an SEC limit of 99 investors who are not qualified purchasers.
- US$ 160 million raised, of US$ 175 million target—of which US$ 43 million has been called
- Currently have 230 LPs
- Co-Investment Opportunities
    - Co-investment share class US$7.8 million
    - If VFII and I have pro rata rights in the future fundraising rounds, VFIII LP co-investors will secure these rights;
    - Secondary sales may be secured from portfolio companies.
- Timeline Extension of March 28th Final Close for individuals investing US$2.5 million or more—and pensions, endowments, and other institutions that require additional time to schedule due diligence and board-level consideration.

PANTERA

Hi, it's Dan Morehead from Pantera. I have my partners Joey Krug and Paul Veradittakit and the rest of the investment team here with me. Thank you so much for joining this call on the closing of Venture Fund III (VFIII). I want to give a brief overview of the firm for those of you who are new to Pantera. Then Joey and Paul will walk through some of the opportunities we see in blockchain venture, some of the deals that we've already done and are in the fund, and then a timeline for the final closing on March 28. At the end of the call, my partners and I will stay on to answer as many questions as you have.

"I started out as the first asset-backed securities trader at Goldman Sachs - which is pretty wild since we're now doing asset-backed tokens 30 years later; it's very cool symmetry."

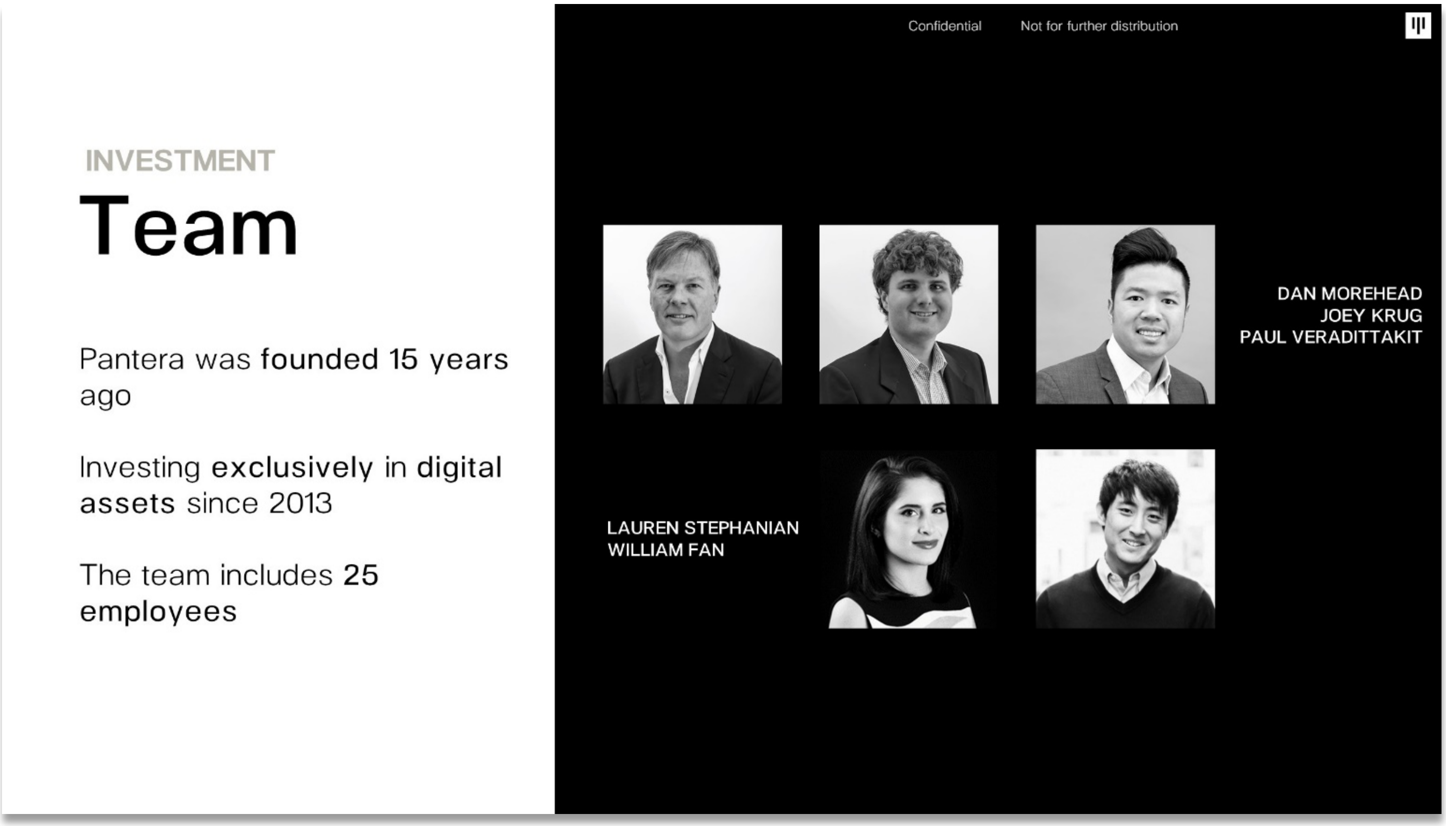
I started out as the first asset-backed securities trader at Goldman Sachs - which is pretty wild since we're now doing asset-backed tokens 30 years later; it's very cool symmetry. And then I transitioned into being a global macro hedge fund manager. Ultimately I went to work with Julian Roberts at Tiger Management where I was the head of macro trading and the CFO. When Tiger wound down in 2000, I founded Pantera Capital.

The firm has now been around for 15 years. For the first era, we managed a billion dollars of typical hedge fund, global macro hedge funds. But in 2011 I got excited about bitcoin and by 2013, we had launched the first cryptocurrency fund in the U.S. Since then, we've launched four different strategies that help people get exposure to the entire spectrum of cryptocurrency assets, from our daily liquidity bitcoin fund to quarterly liquidity hedge funds, and obviously, our venture funds.

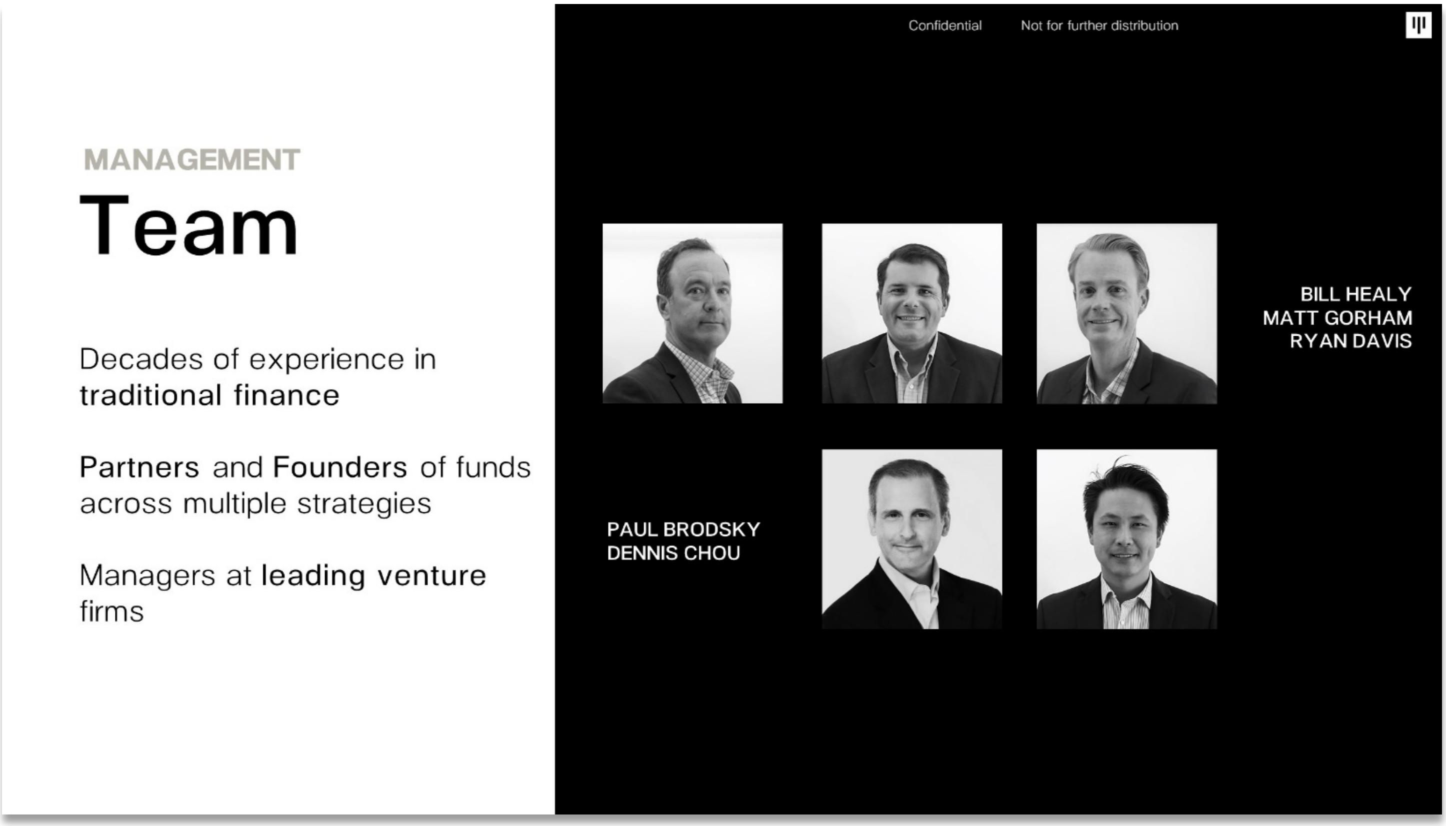
I want to say that it seems like a major tectonic shift is happening here: The first protocols of the internet started in the seventies, then the browser exploded a wave in the nineties…And I think blockchain is going to explode another wave in the next 10 years or so.

Pantera Team

In the early days, it was easy enough to understand quite a bit about the market because there was just Bitcoin, there really weren't any equities. It was very simple. There are now 1,500 different token projects and probably 1,000 different equities and so we've needed to grow the team over the years. And we now have a team of about 25 people, most are in San Francisco or Sand Hill Road, but we have a couple in New York to help service LPs that have information requests.



Some of the members of the team have been here the entire time while others have joined over the years. My partner Joey Krug joined the firm in July 2017 as the Co-Chief Investment officer of our hedge funds. Joey is the co-creator of Augur, which is the first ICO to be done on the Ethereum blockchain. Paul Veradittakit and I have been partnered for five years, and I have been looking in at venture over those years. And then we have a handful of associates that help us understand the space. Lauren graduated from Columbia with a degree in CS and worked in banking on both the developer and investment side before joining Pantera. William Fan helps us out on the data science side for the Digital Asset Fund.

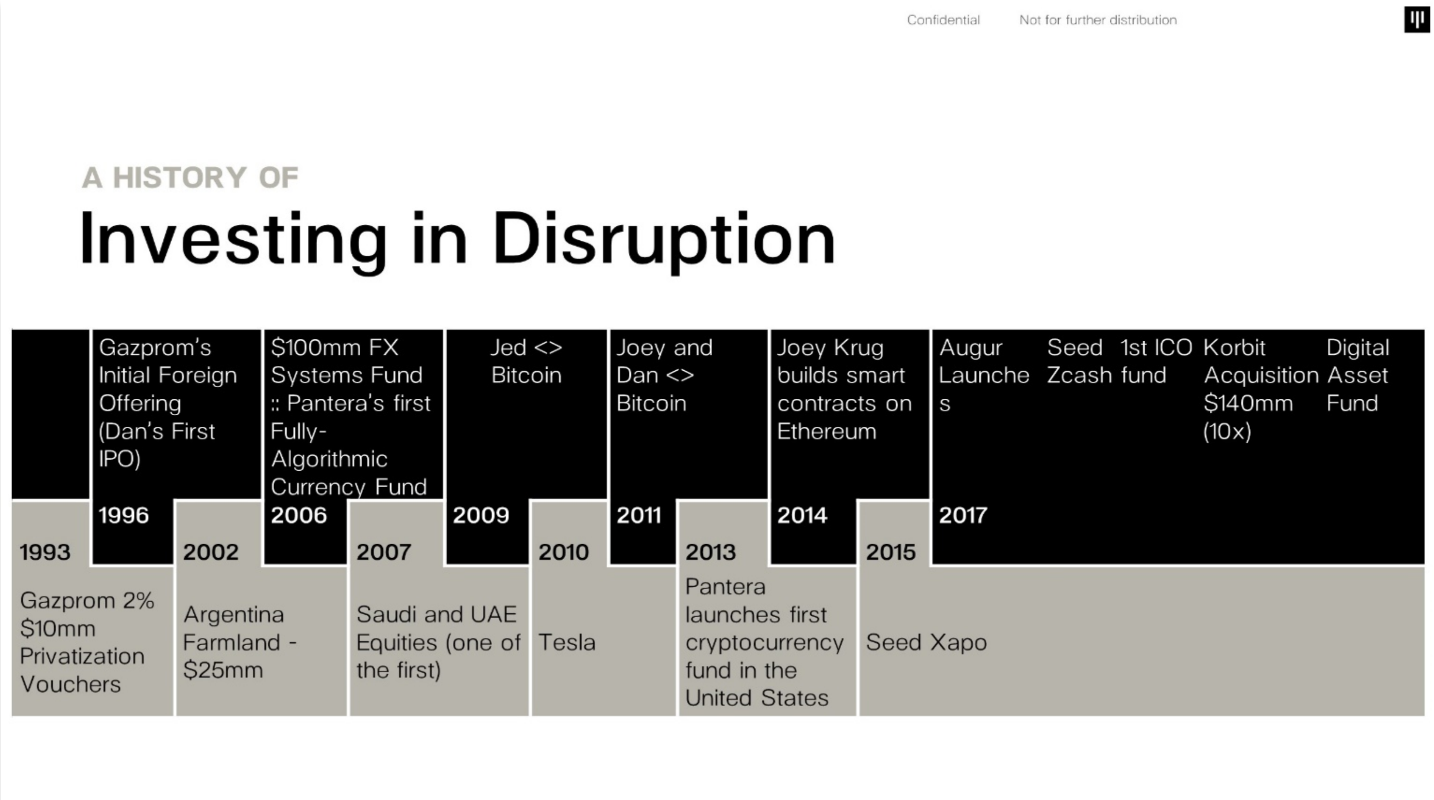


There're now supposedly 300 hedge funds in the cryptocurrency space. Probably most of them are just a couple of people who happen to have caught the Ethereum crowd sale, and not much kind of institutional background. I think one of Pantera's greatest strengths is that our firm's management team has a very strong, institutional-grade background, with years of experience working in finance on both the investment and non-investment side. We've built an SEC-registered firm that's been around for 15 years, and we've probably already seen a lot of the issues that these firms new to the space will eventually see.

Our COO, Matt Gorham, has been with the firm for 15 years helping with trading and investments. Bill Healy, our president, used to manage all hedge funds sales for Deutsche Bank. He's been in the business for 25 years.

Our CFO, Ryan Davis, joined from Bridgewater. Paul Brodsky has been a global macro hedge fund manager for the last 25 years, who I've known for probably 15 of those. Paul helps us out on managing our relationships with our LPs. Dennis Chou joined us a year or so ago to more fully automate our execution, and now everything that we do is executed automatically.

With our management team running finance, trading, and fundraising, the investment team is free from distractions and we can get on to investing.



While my day job has been trading currencies, bonds and equity indices, my passion has been investing in disruptions; from privatization in Russia to Tesla motors -- I was always looking for things that would disrupt the markets. What I've found was, every three to five years, some disruption would come about that created a very asymmetric risk-reward opportunity.

In 1990, when Gorbachev was doing the glasnost program in Russia, I hired an NYU Soviet Studies professor to take me around the Soviet Union to see what the opportunities would be. I ultimately invested in a partnership that bought 2% of Gazprom in the Tyumen region of Siberia. It was a fascinating couple of years trying to convert those into foreign depository receipts and sell them.

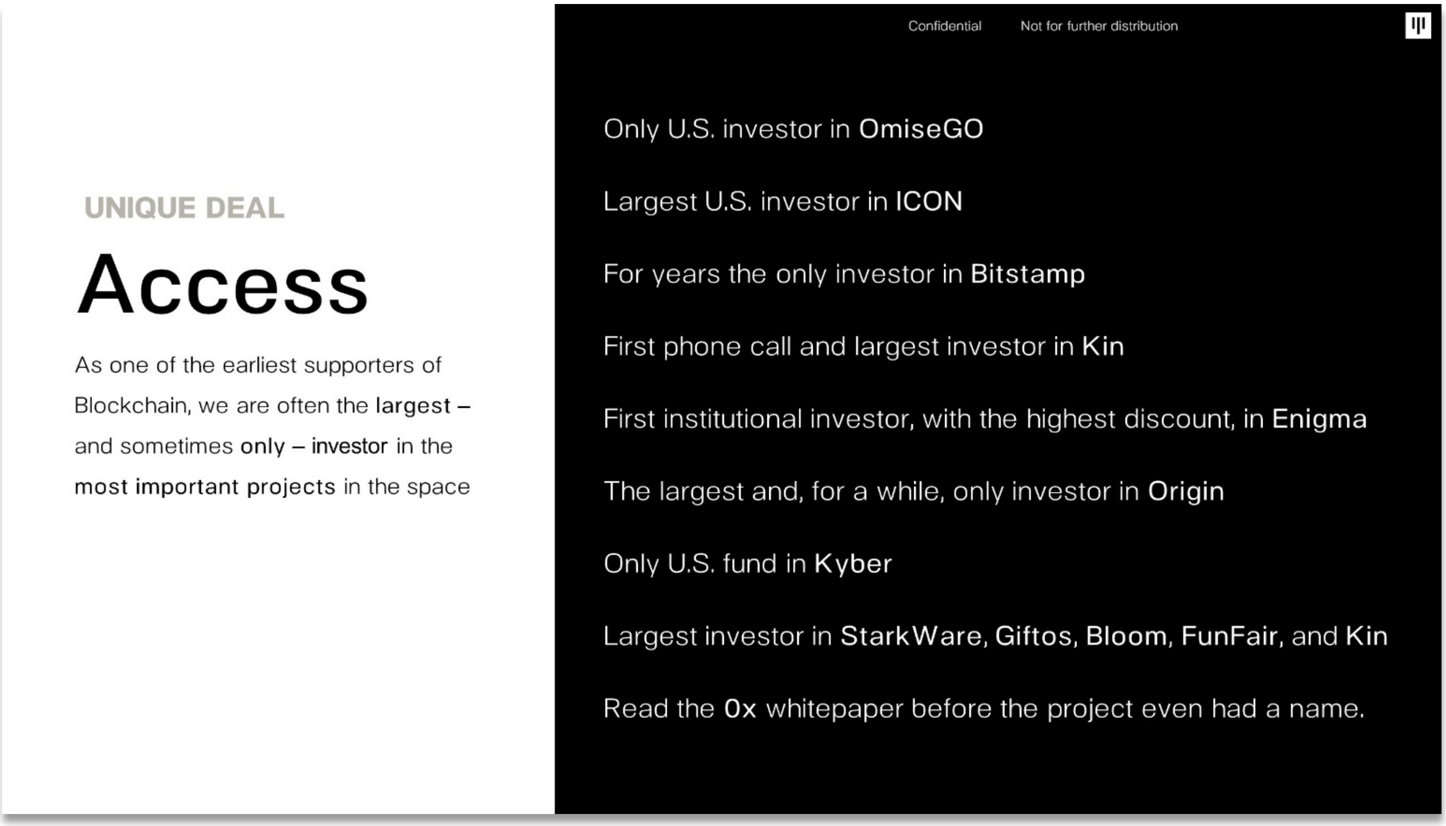
"I was first introduced to Bitcoin in 2011, and it took 18 months or so to really get my head around it, but I ultimately came to the conclusion that it would be orders of magnitude more disruptive than any other trade we had previously invested in."

In 2002, we did a hedge fund with a huge New York firm to buy Argentine Farmland.

Then in 2006, we had a Systematic FX fund. And in 2007, I think we were the first western firm to launch a Saudi and UAE equity fund. And in 2010, I personally invested in Tesla.

I was first introduced to Bitcoin in 2011, and it took 18 months or so to really get my head around it, but I ultimately came to the conclusion that it would be orders of magnitude more disruptive than any other trade we had previously invested in. As an investor I wanted to get exposure, so I decided to refocus the firm to be exclusively blockchain oriented -- making Pantera the first cryptocurrency fund manager in the U.S.

In 2013, we launched the first Crypto fund in the US and one of the first -- if not the first -- blockchain oriented Venture Funds. We've since launched two more Venture Funds and two other different types of products: one of which is a pre-auction ICO investment vehicle, and the other one trades post-auction liquid blockchains.



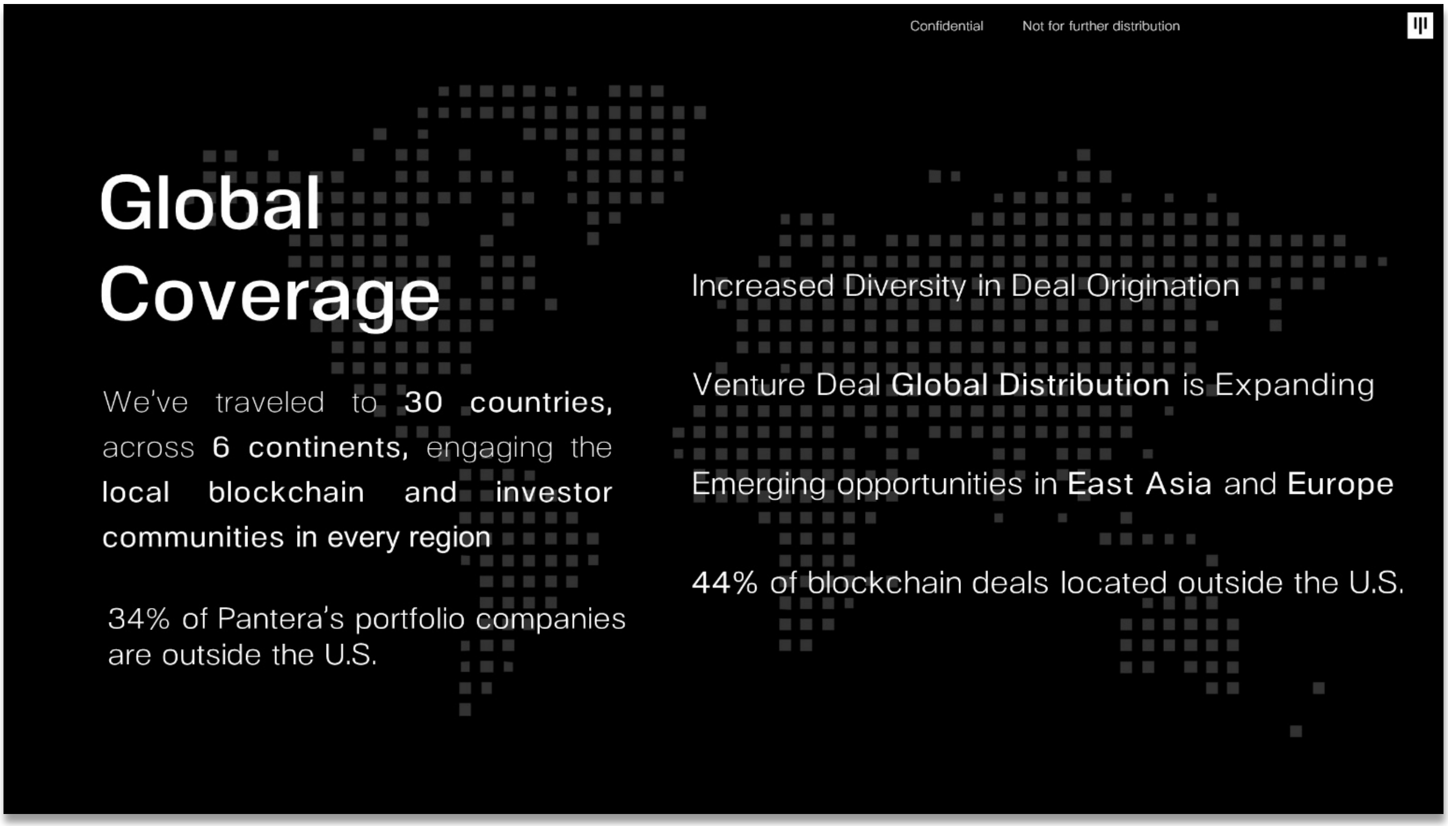
Pantera has been in the blockchain space longer than anyone else and some of the most interesting blockchains were created by members of the Pantera Team. Since launching the bitcoin fund, we have always tried to give back to the industry. We've hosted conferences and done quite a lot of evangelizing for the industry as a whole. Sometimes these things don't get recognized for many years, but they ultimately do come back. Our extensive networking has led us being either the first phone call, or sometimes even the only phone call in some of the most interesting deals. Which is why you'll notice we're either the lead investor, the largest investor, or the only outside investor. And Due to our team's technical expertise, we get a ton of inbound requests for technical help.

A great example of this is when Brendan Eich, the inventor of JavaScript, chief architect of Netscape, and the CEO and Co-Founder of Mozilla, sent us an inbound email like introducing himself (as if we wouldn't know who he was) and asked if we wanted to invest in Brave browser.

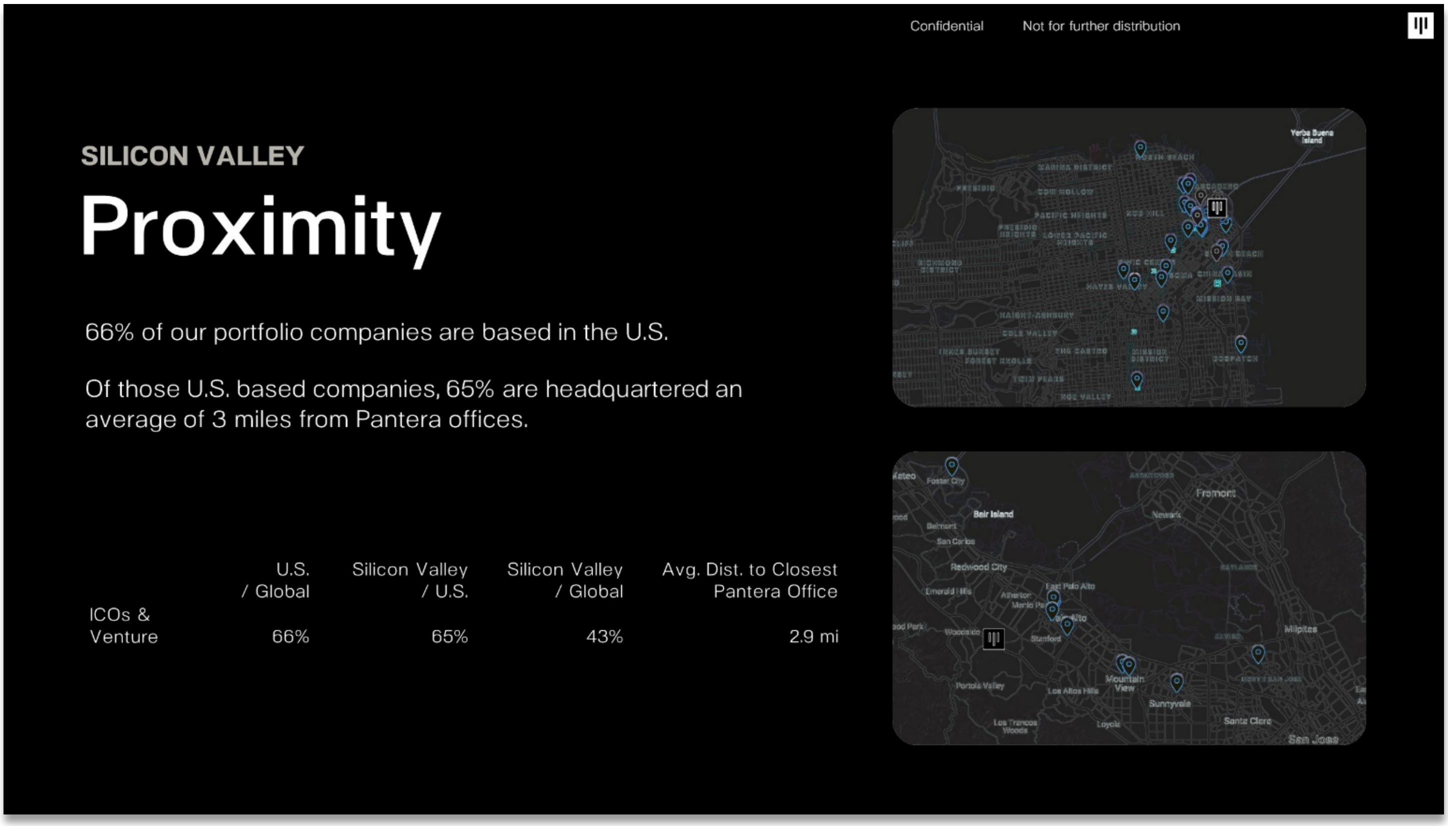
About 6 months ago, the investment team sat around and thought about what was important in the space and what deals would really be the most critical. We came up with a list of four deals that we thought were absolutely critical to the success of blockchain and then plotted out a strategy to make sure we were involved in all the deals. Ultimately, we led those deals.

Industry Insights

BLOCKCHAIN INVESTMENT TRENDS



Since this is a borderless technology, it is an absolute global business. Six years ago, I got on a plane to Tokyo to go visit Mt.Gox, and from there I went around the world to visit the handful of companies in the space at that time. Since that first trip, my partners and I have traveled to 30 different countries. And when you get to a number like 30, it's pretty out there. In each region, we've spent a lot of time getting to know all the local participants, hosting meetups, and meeting other venture investors in the space – getting access to deals that pull previously unknown projects, out of obscurity. We've invested in projects in Africa, and Latin America, and South Asia, North Asia.



Considering we've gone to thirty different countries trying to invest everywhere, the concentration of our deals is pretty interesting: Two-thirds of the deals are in the United States, and two-thirds of deals in the United States are in Silicon Valley. So nearly half of the deals we've invested in are in Silicon Valley. This map shows the distance from Pantera's offices in Silicon Valley to our investments. It's pretty trippy that the average distance is less than three miles.

BLOCKCHAIN

Acquisitions

Since 2013, exits have steadily increased.

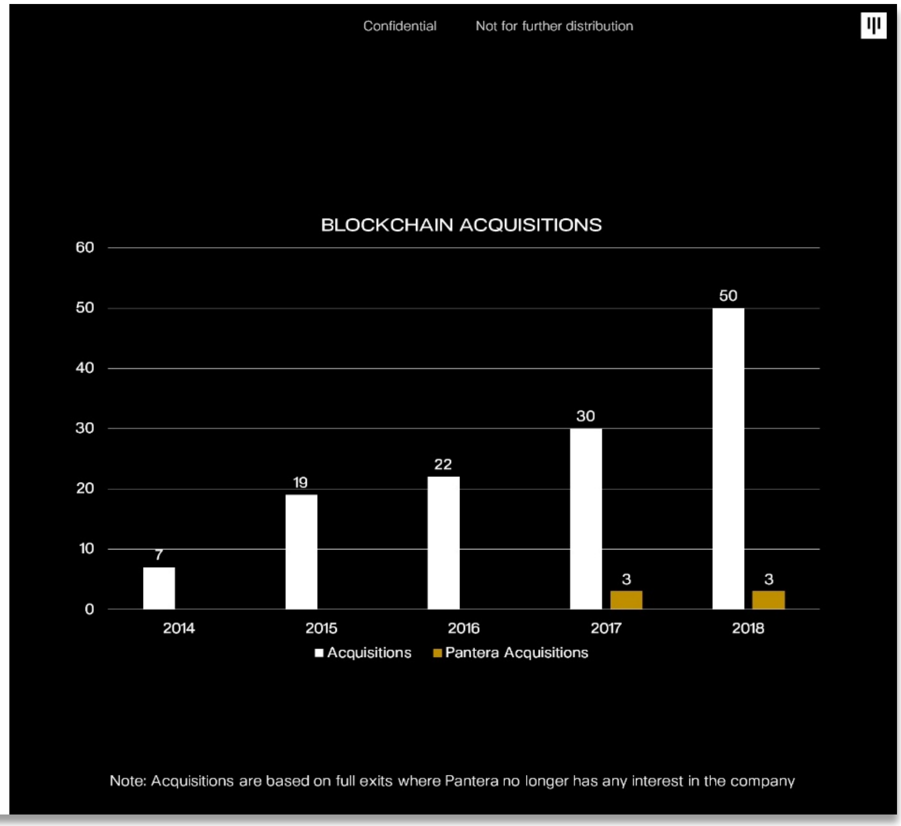
Pantera has been a lead or early investor in some of the **biggest deals** in the blockchain industry.

Bitstamp

Korbit

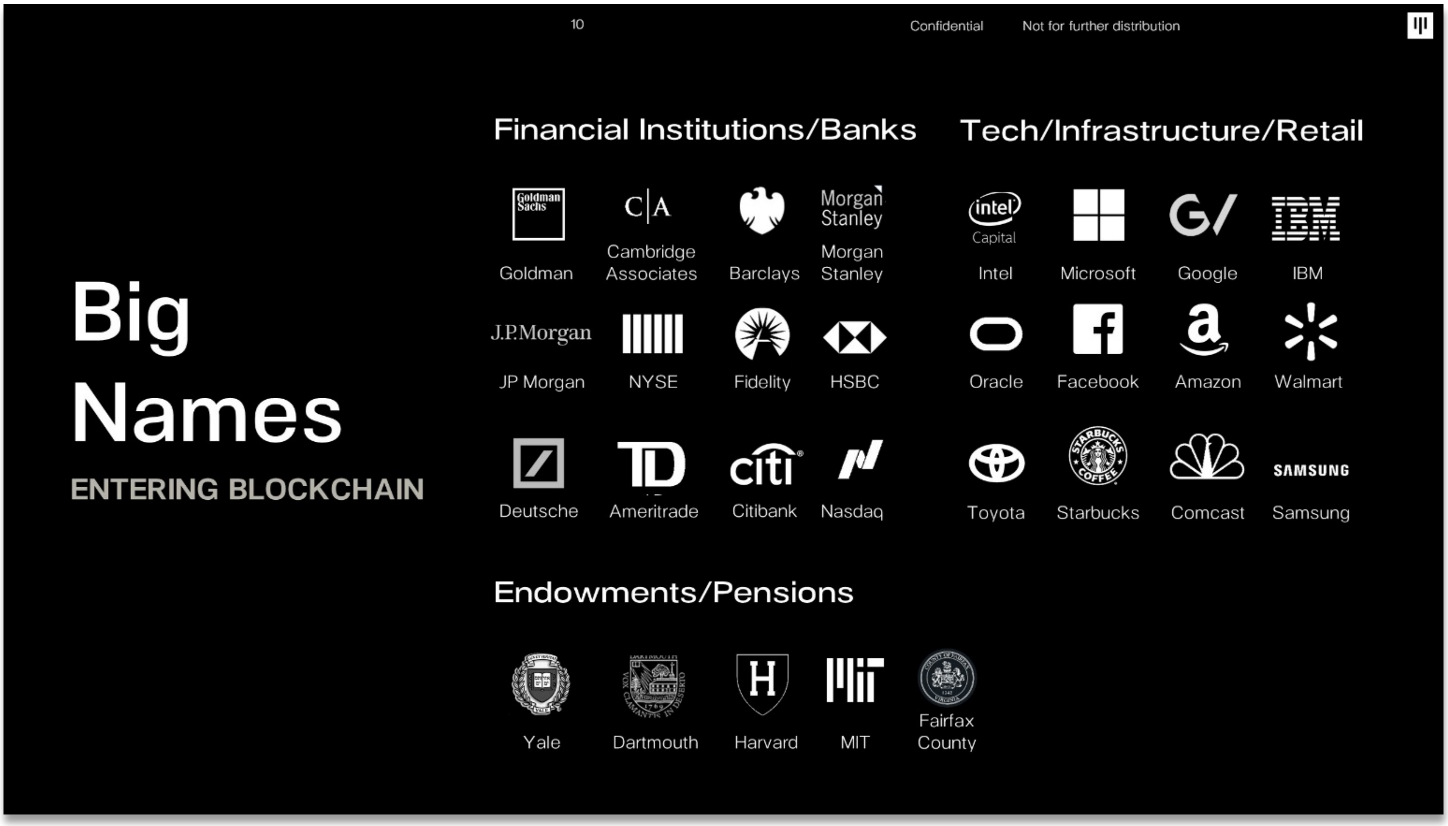
Chain

Source: Outlier Ventures State of Blockchain Q3 2018 Report



Up until a couple of years ago, there really weren't any material acquisitions in the space. But in the last eighteen months or so, we've seen a very pronounced increase in acquisitions, including a handful of very large ones. We are already returning capital to our second venture fund, and then our first venture fund's had massive dividends out from it. We've sold two-thirds of our stake in Bitstamp. We formerly owned 34% of the company. The buyer, who is essentially trying to roll up the exchange, also bought Pantera portfolio company, Korbit, an exchange in Korea. IBM and Stellar's joint venture, Lightyear, acquired Chain in the fall.

And I think this trend is only going to pick up speed. You're starting to see legacy investment firms trying to get exposure to the space, and so over the next three or four years, I think you're going to see lot of legacy finance firms buying into deals and acquiring a number of the companies in our portfolios.



In 2015, Goldman invested in Pantera portfolio company Circle, and it unleashed a wave of financial institutions getting invested in the blockchain space. Three years later, basically every bank and every credit card company have something going on in the space. Even a bunch of the kind of old-line infrastructure companies are doing very innovative things. And then, as an investment, it's now in the portfolios of some of the leading endowments out there.

In our most recent round of deals, like the VFIII investment in Bakkt, we are seeing a very important change: multinational companies like Microsoft and Starbucks are willing and eager the get involved in the blockchain space. Now that you have Microsoft, Starbucks, and other big companies getting engaged, I think that will allow the rest of the S&P 500 to get engaged – much like what we saw with financial institutions after Goldman invested in Circle.

The most recent example is a real watershed event in our industry: Cambridge Associates, which is the largest advisor to pensions and endowments, advising on about $400 billion worth of assets, has spent a good bit of time over the last nine months looking at blockchain. They've just released a research report where they recommend that all pensions, endowments, have some exposure to blockchain.

VENTURE CAPITAL

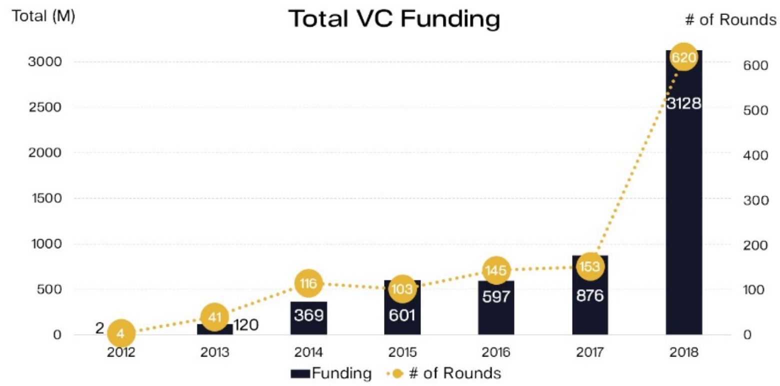
Investment Growth

($ millions)	2012	2013	2014	2015	2016	2017	2018
Total Funding	$2.3	$120.1	$368.8	$601.3	$597.5	$876.3	$3,127.7
Average	$0.6	$2.9	$3.3	$5.8	$4.2	$5.7	$6.9
Max	$1.5	$25.0	$30.5	$116.0	$60.0	$107.0	$350.0
# of Rounds	4	41	116	103	145	153	620

Avg. Deal Size (2018): $6.9mm

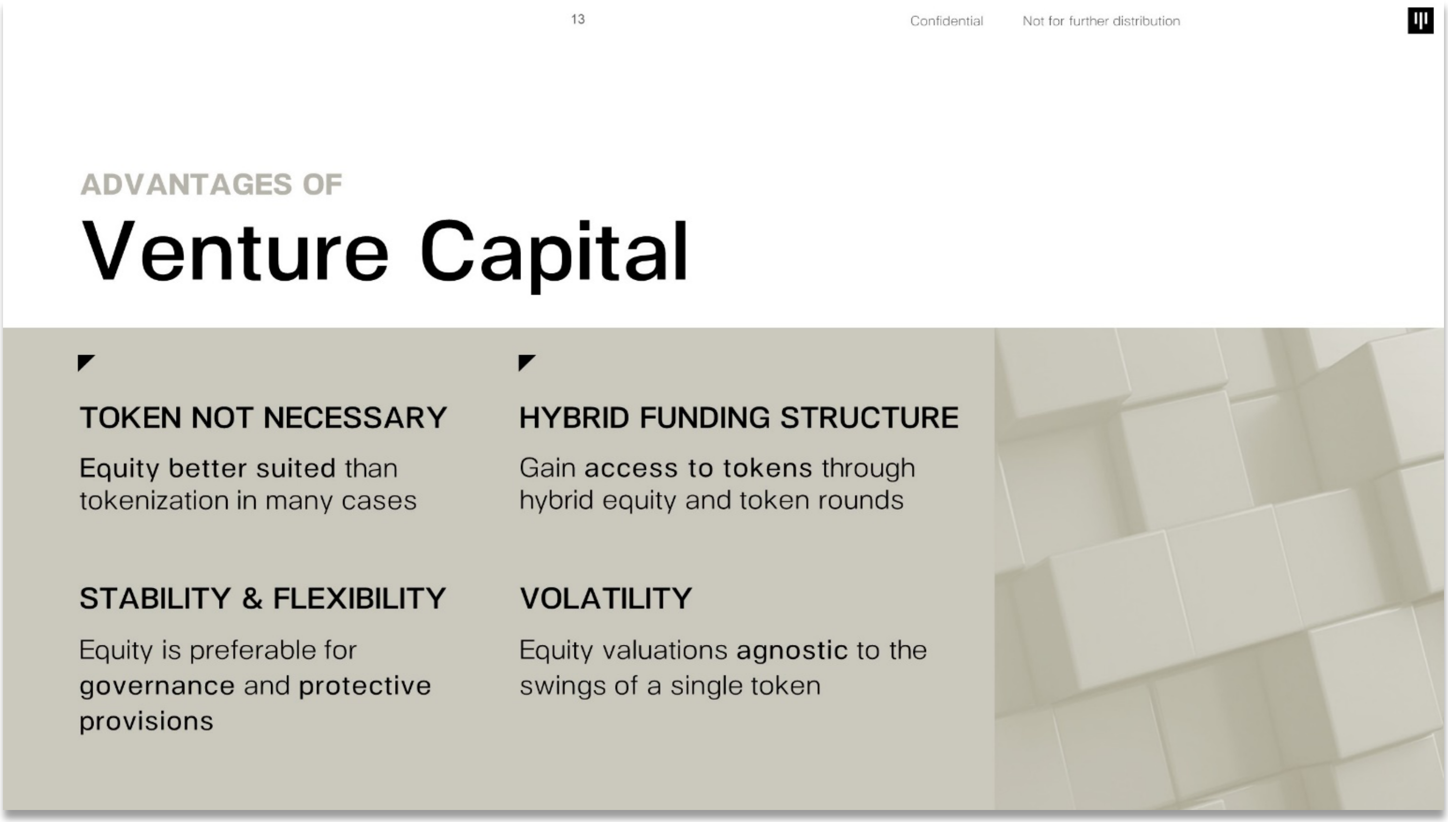
# of Rounds (2018): 620

Total VC Investment $5.7bn



Source: Coindesk Q4 2018

Venture in blockchain has really exploded. There was normal, slow-growth in the first number of years. But in 2017 and early 2018, some of the investment focus was sucked away by the ICO mania. As soon as the pendulum swung back to normal with venture resuming as the lead investment vehicle for these projects, we started seeing a huge surge in the total amount of venture investing. It started off very slowly over the years, and now it's growing, 4x or 5x per year.



There was a lot of hype around ICOs. We've always said that, for our own investing, we're only interested in tokens that are absolutely necessary to the functioning of the network. There are very, very few cases where a company can have equity and a viable token. In our portfolio, we've invested in almost a hundred different things, and there are only one or two exceptions to that rule. Typically, a project is either a protocol that needs a token, like Bitcoin or Ethereum, and there's no company to own equity in, or it is a company that really has no need for a token.

We've been steadily investing in venture for the last six years, the market has swung back towards venture, and obviously, venture has a lot of flexibility advantages over tokens. Once a token's by-laws are set and it's released, it's really hard to ever morph it or change it. In equity, we've seen several examples where we've found great entrepreneurs and funded them, but whatever it was that they were first trying to attack didn't work very well, and then they pivoted to something else. And that's been very, very successful.

And then lastly, equity has the advantage of being essentially immune to the crazy prices of tokens.

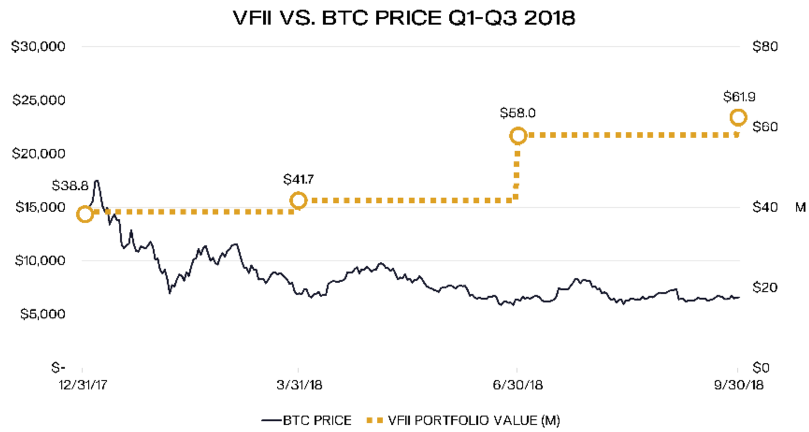
Low-Beta

RETURNS

Equity funding has **low volatility,** potentially offering **de-risked low-beta returns** to investors

Bitcoin Price	-53.3%
Bitwise 10 Index	-61.5%
Pantera VFII	59.5%

Source: Bitwise 10 Index, coinmarketcap.com



Another advantage to venture is that you're not maniacally focused on the real-time price action. Blockchain tokens are interesting in that they are essentially early-stage venture. They're very, very early-stage, very speculative things, but they have a real-time price feed. That has some pros and, obviously, some cons. The con is that people get way too excited about them at the highs and then at the lows, they get too frustrated. Here you see the flows into our hedge funds have been very pro-cyclical. Lots of interest when the markets are at the highs, and then when it's actually a pretty great time to enter the markets, like now, there's a lot lower interest...

This graph the price of bitcoin as a proxy for the overall blockchain index and the value of our second venture fund. This is essentially showing that they march to different drummers. Over a very, very long period of time, they're going to be correlated, but over even periods of years, they can be quite independent.

The value of our Venture Fund is still surging up at the same price. The value of protocol tokens is in a monster bear market. So, obviously, over a 20-year cycle they'll probably highly correlate. But it's a nice thing to have in a portfolio, especially if you already have cryptocurrency tokens in your portfolio, because venture is looking out at a much, much longer time horizon, and so it's not really impacted While I do like to think *our investment team is so uniquely capable that we pick* *the best companies in the space, I think the massive surge in this industry is rising the tide and lifting most boats out there. We are investing in such a disruptive and asymmetric industry, that even our mistakes haven't really cost us very much.*

15 Confidential Not for further distribution

Even Our "Mistakes"

AREN'T COSTLY

Pantera has invested in **44 companies** over **5 years** (VFI & II)

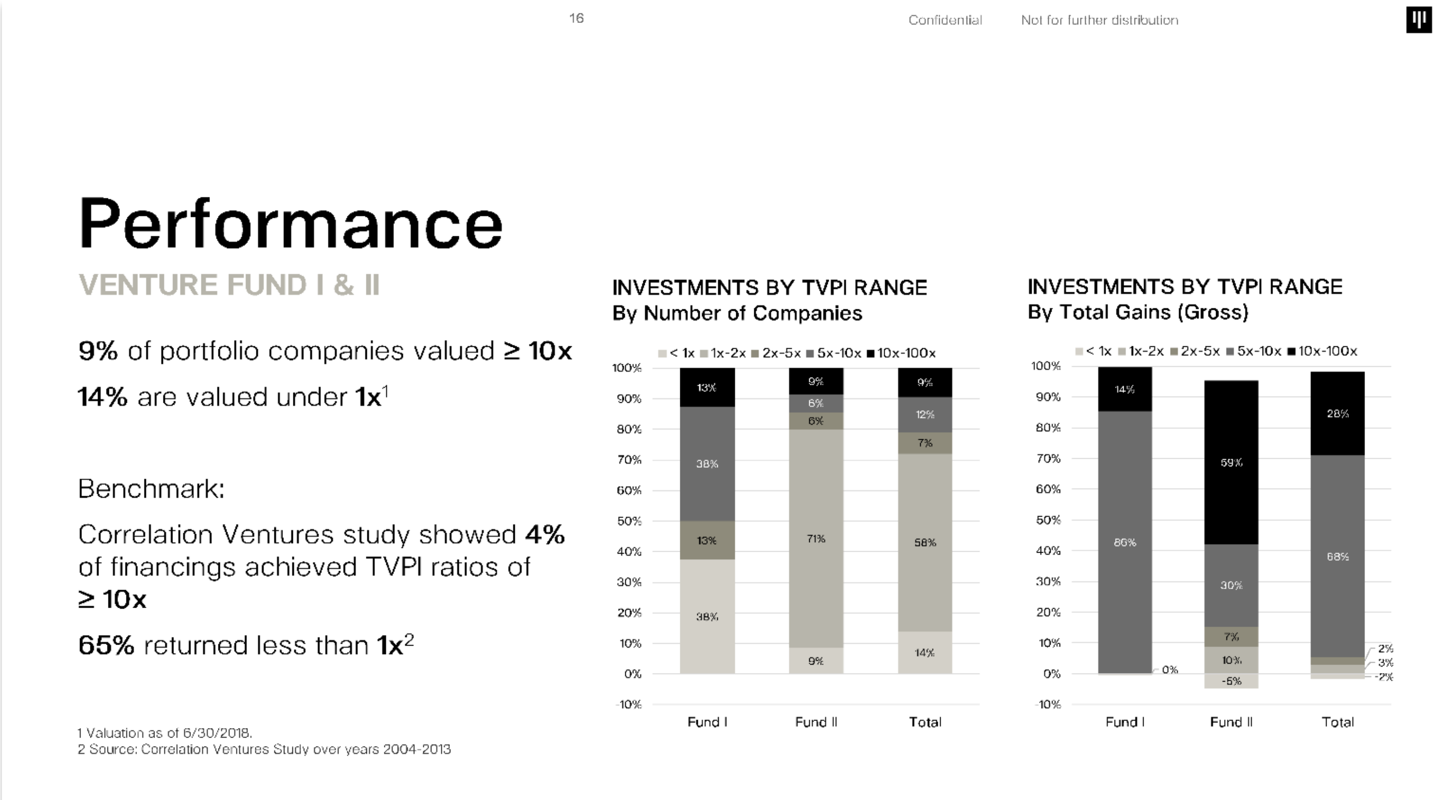
Only 6 companies have gone down in value–14% versus the industry's 65% rate

Number of Portfolio Companies	43
Number of Companies Marked Below Cost	6
% of Invested Capital in Companies Marked Below Cost	7%
TVPI of Companies Marked Below Cost	0.20x
TVPI Impact of Companies Marked Below Cost	0.01x

Pantera has invested in 44 early-stage, seed, and series A venture deals. In venture, since you don't have to bat a thousand to be successful: two thirds of those deals would ordinarily have gone bust, one deal would go up 10x, and the rest would do okay -- maybe going up 2 - 3x. But with the rising tide surging so strongly in the blockchain industry, even the companies that are less successful have been "okay".

Just six of the companies we've invested in, representing 7% of our invested capital, are worth less than cost. On average, we've been able to sell those for $0.20 on the dollar, including one we sold to Airbnb. 20% of 7% of total invested capital is a pretty small number so the impact on our portfolio has been very small.

This is a testament to the strength of our investment team but it's also just the industry. It's important for people to get some exposure sooner rather than later, since it's kind of like the internet: people who invested in the early nineties probably outperformed even Sequoia's 2000 Vintage.



If our mistakes haven't been that costly, you might be wondering whether we are you investing into companies that are taking enough risk.

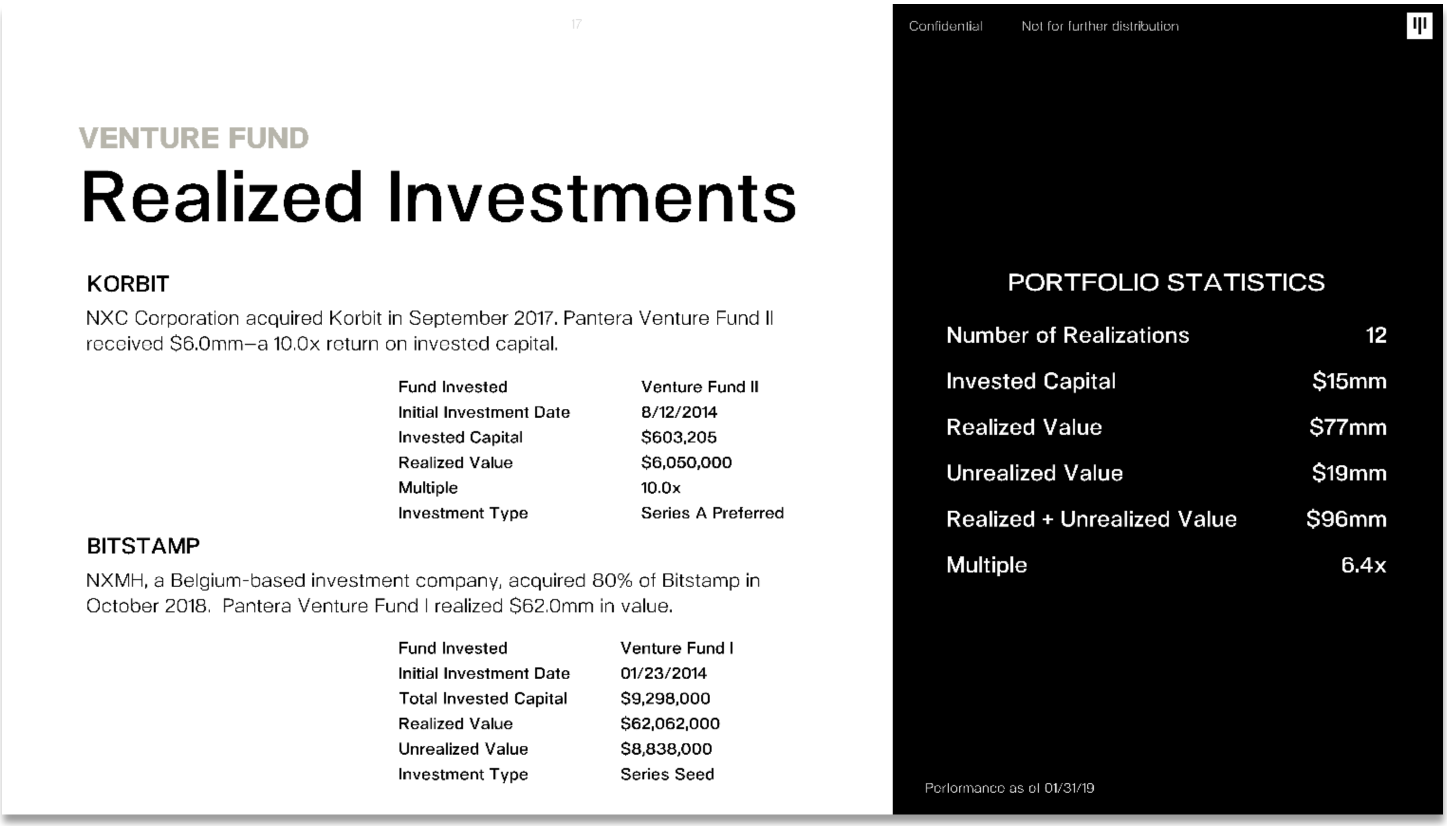
Compared to the benchmark of 4% of financings achieving TVPIs greater than 10x, 9% of our portfolio companies are valued at over 10x. And only 14% of ours are valued under 1x, versus the benchmark of 65%.[1]

I think there are a couple of different factors contributing to this metric:

1. *We're in an industry that everybody wants to get into, there is a lot of capital going into strong teams and strong projects. For a lot of our projects, even if it hasn't hit "hockey stick" growth, they are afforded a bit more time with capital to figure out what will.*
2. *There are projects that do swing for the fences and spend a lot of capital to try to achieve the hockey stick growth but are unable to achieve it. In this scenario, it is pretty likely that they can get acquired by a more mature cryptocurrency company or a non-cryptocurrency company. As an example, we helped facilitate Airbnb's acquisition of our portfolio company, ChangeTip. I think we're entering a period of even greater consolidation than*

[1] Performance Numbers as of June 30, 2018

what we've seen in the last 2-3 years and a lot of the companies we invest into with Venture Fund III will have the opportunity to be acquired by some sort of larger entity.



We're really starting to see a wave of realizations happening. We've had 12 realizations so far, totaling $77 million in cash. We still have $19 million in equity in the companies that have not been fully realized, so it is $96 million total – which is a 6.4x return. Our investments in exchanges since our first venture fund have produced many of these returns.

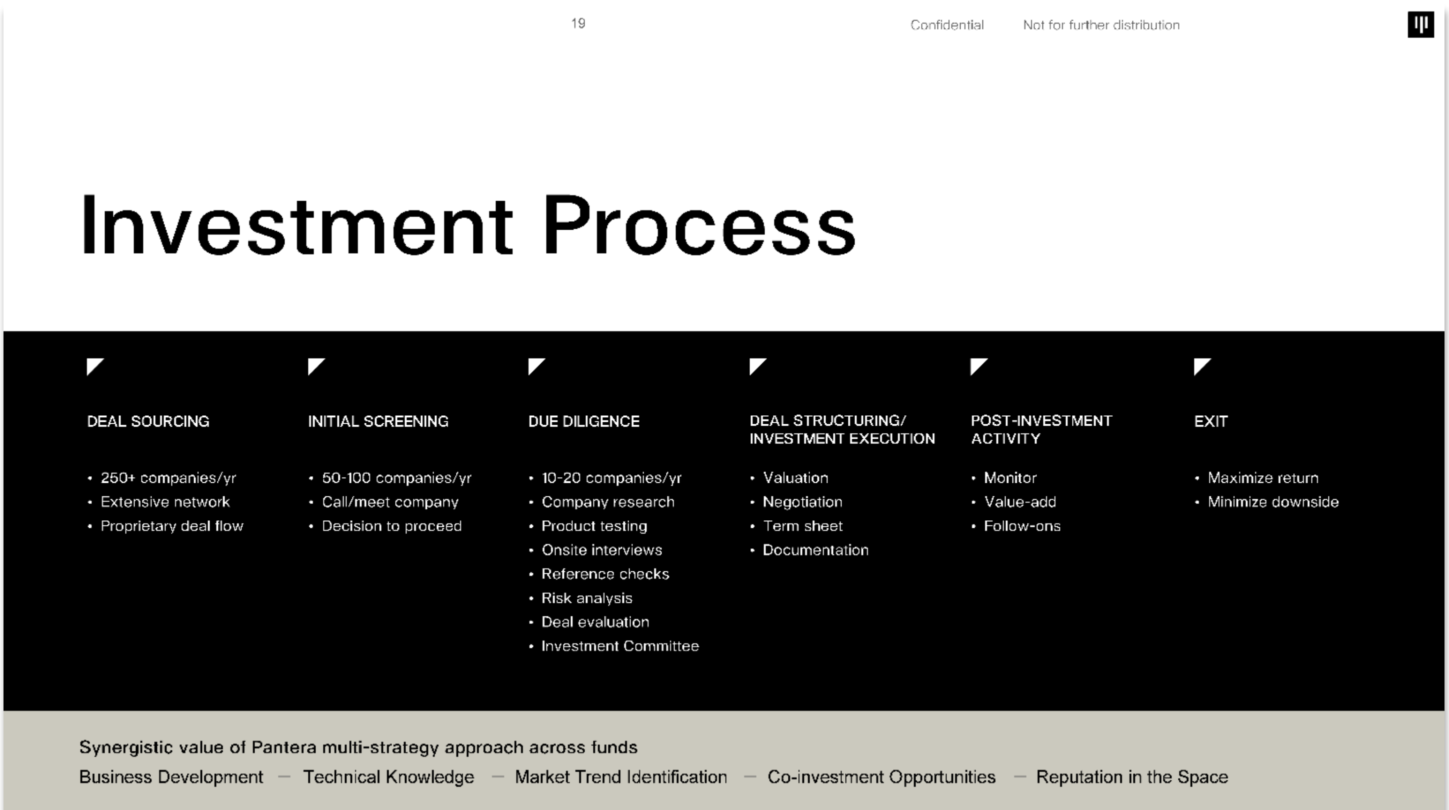
As we have in our previous two Funds, our thesis will include investing into wallets and exchanges. We think it's likely we will be unable to achieve usage of cryptocurrencies outside of speculation in the near-term future. If that's correct, then wallets and exchanges are going to be necessary infrastructure for anybody to get access to cryptocurrencies -- whether they're retail or an institution. There's a proven business model behind exchanges, so we invest in global exchanges but we also invest in local exchanges because we believe geography is a huge differentiator for exchanges.

Our first investment out of Venture Fund II was into a Korean exchange and wallet called Korbit, which we co-led with SoftBank Ventures Korea. At the time we were investing in a strong team with the number one wallet, exchange and, eventually, payment processor. Within a few years, they sold to a large Korean gaming company called Nexon. The sale generated a 10x return for Pantera and its investors.

That same company, Nexon, recently acquired 80% of another Pantera portfolio investment: the Luxembourg-based crypto exchange, Bitstamp. Bitstamp was one of our first Venture Fund I investments and we were the only outside investor. Dan served as the Chairman and we worked closely with their teams in London and Slovenia to provide guidance on banking and regulations -- helping Bitstamp become the first licensed exchange in Europe and one of the top exchanges in the world. The sale returned about $62 million in value for Pantera.

PANTERA

Venture Fund III



When we talk about our investment process, it's important to note that we're seeing a ton of deals -- at least, 200…300…maybe 400 deals a year. We take each one through a really thorough screening process. For the 10-20 companies that make it past the screening process, we do a deep due-diligence process that includes: traveling to meet every single company, doing a thorough competitive analysis, reference checks, and legal and banking research.

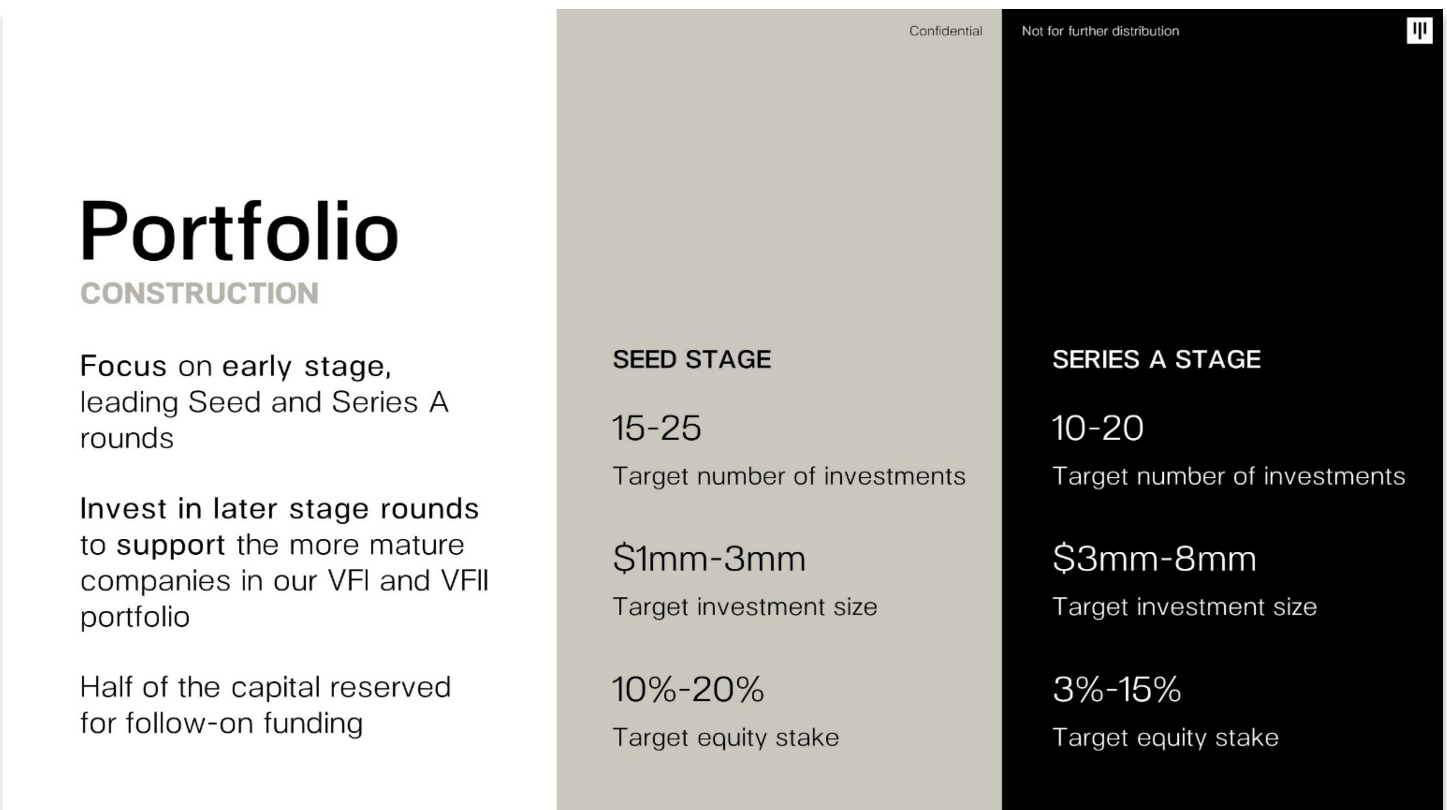
When we invest in projects outside of the U.S., we do everything we can to really understand the team, the culture, and the local competitive environment. We travel to the country to conduct a thorough competitive analysis, check references, and meet with local legal experts, regulators, and banks.

> *"We've been in the space longer than most and we know the precedent for valuations of blockchain projects, and how they do overtime."*

People often take for granted the role a VC plays in deal structuring and valuations. With a nascent technology like Blockchain that was invented only 10 years ago, a VC's experience investing in the technology is crucial. A huge differentiator for Pantera is that we've been in the space longer than most and we know the precedent for valuations of all kinds of blockchain projects, *and how they do overtime. For example, if we are looking to invest in an exchange, we can use our previous investment experience and knowledge of other deals to get the best deal for investors or even protect our investors with the best deal terms. After we've invested can come up with different strategies that will further benefit our portfolio companies - using our domain expertise that is not readily available elsewhere.*

Between our ICO and Venture Funds, we are invested in close to 100 companies and counting. We are making sure that every single company that comes into our portfolio gets a sort of portfolio handbook so that they can really get up to speed around regulations, and recruiting, and PR, and even connecting with other portfolio companies. Pantera is one of the only firms with multiple funds with separate strategies. We can leverage our experience in managing those funds to identify projects with known use cases. For instance, our ICO and Quant funds need to work with different vendors for custody, order execution, etc. So, we can look for companies that solve those needs and even test them out. We can utilize our other team members, business development needs, and expertise to help in our venture fund evaluation and value-add of companies.

We shouldn't forget that the key thing we do before investing in any deal, is test these products to see if they will have a propensity for adoption and engagement. We don't invest unless we have a concrete understanding and experience with what is being developed.



Since we launched the third fund, some seasoned venture investors have been asking, "Hey, why is the size of Fund III so much larger than Fund II? That's atypical." The way to think about it is, our industry is growing at such a rapid rate that even growing the fund 7x like it is, that's actually shrinking market share. Since we did our first Venture Fund, the industry has grown 100x in terms of the blockchain market cap.

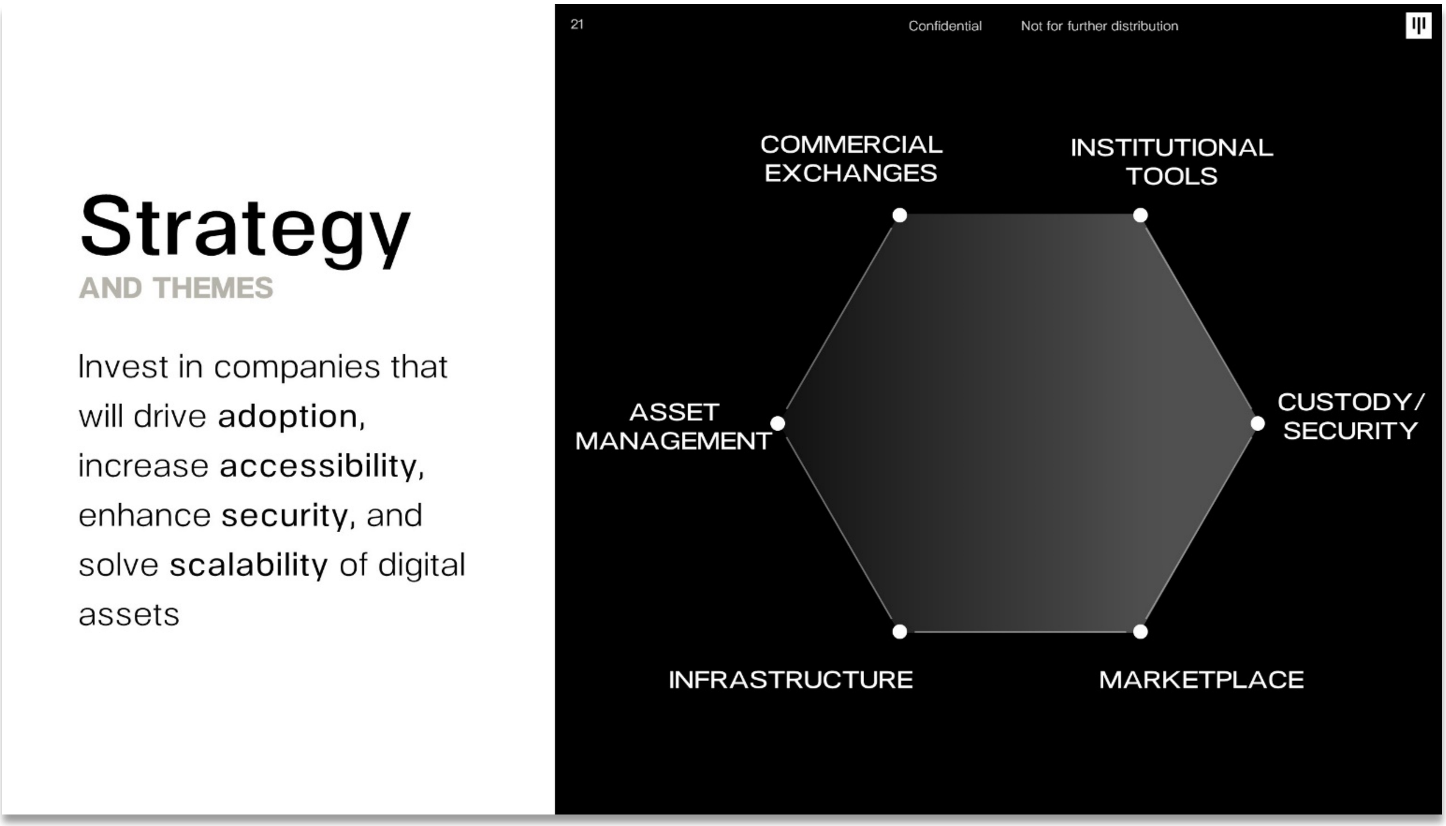
And since the second fund, it's grown 15 or 20x. So, the deals are just so much larger. For example, when we first invested in Ripple, XRP was at a $17 million market cap and now its market cap is $13 billion[2].

"Even in this bear market, blockchain continues to attract the top entrepreneurs in tech."

The previous fund was almost entirely focused on seed and, while we led some of those rounds, most of them were syndicated. With Venture Fund III, we think a $175 million fund is the right size for the deals we are seeing and will give us an opportunity to use our knowledge on the space to lead more deals in not only seed stage, but also series A. We will be taking what is considered typical venture capital target equity stakes, allowing us to fund these companies throughout the lifecycle of their adventure. On the seed side, investment size will be between $1-3 million. On the series A side, there'll be between $3-8 million. Compared to the last fund, we're looking to take pretty meaningful equity stakes in these companies; anywhere between 3% on the low side, all the way up to 20%.

Even in this bear market, blockchain continues to attract the top entrepreneurs in tech. They've seen an opportunity to build the picks and shovels in the infrastructure and raise equity for the company. As you take a look at the current batch of companies within Venture Fund III, we're actually being pretty active on the traditional series A side and doing average checks of $3- $5 million. The market just happens to be pretty favorable in terms of raising larger rounds because of the entrepreneurs that are coming into the space. So right now, we're doing a ton of series A deals. But, just as prices can be volatile or cyclical, I think venture is going to be cyclical. We will adapt our strategy for that.

[2] As of 3/15/2019 (https://coinmarketcap.com/currencies/ripple/)



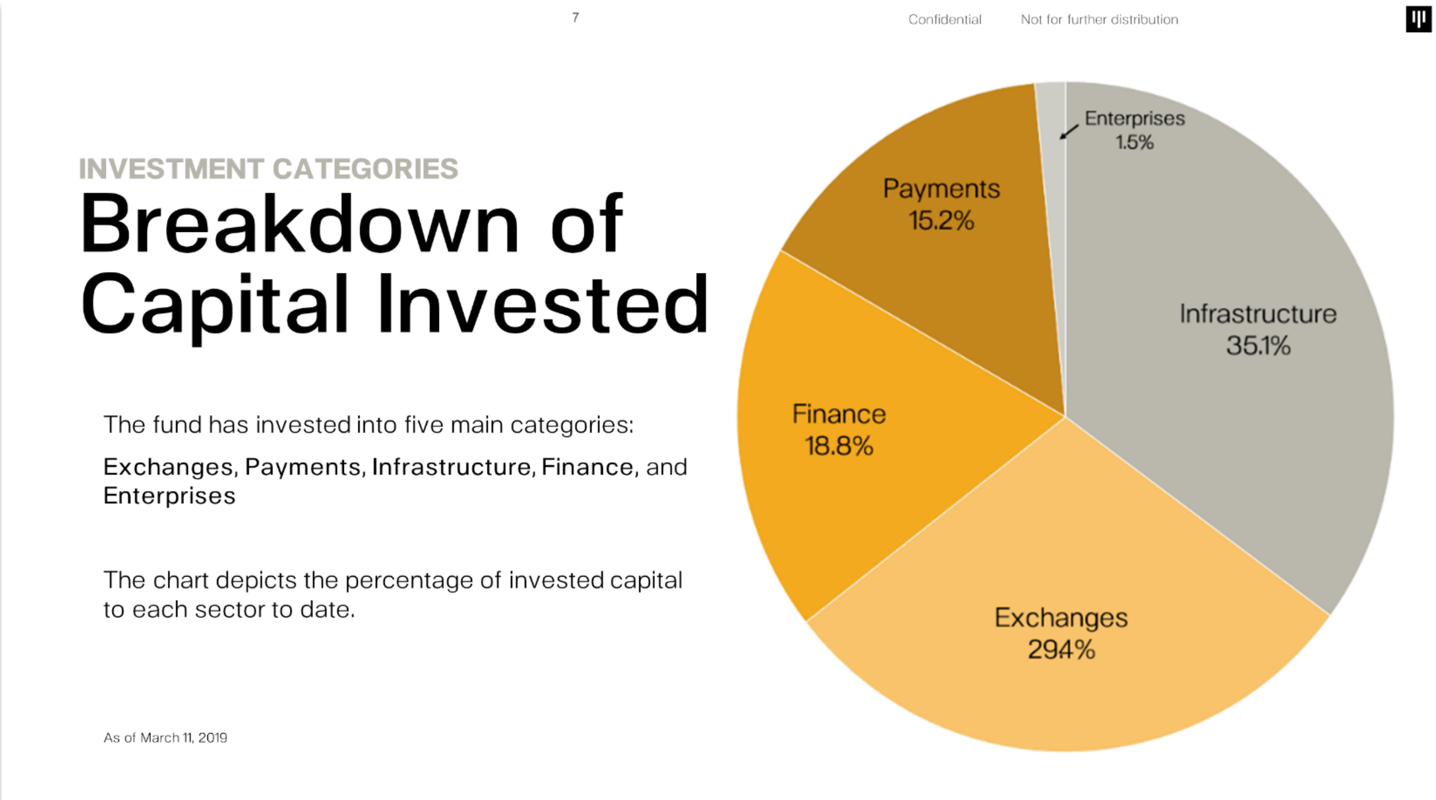
For those wondering what's going to get the price back up, we think there a number of things that can influence this, but we think the two main things will be institutional investors coming into the space and usage of products and decentralized applications. The strategy and themes central to how we invest with Venture Fund III will be any projects that we think will accelerate this space; both in terms of scalability, and user adoption.

We know from having invested into about forty ICO projects so far, a lot them are still building, but a lot of them can't really execute on their use cases until blockchains can be more scalable. Scalability projects, layer one, and layer two blockchain solutions have been a focus for both funds.

To accelerate adoption, we are looking at infrastructure to give institutions access to cryptocurrency. Which means things around custody, and trading, and security, as well as more exchanges and wallets in different areas. And Infrastructure to give developers ease of access for building on platforms. That would mean things around security of smart contracts; even better, safer custody and wallets for developers to integrate; payment solutions to integrate within their decentralized applications.

Eventually, we will look at decentralized applications consumer portals where users can access any sort of digital asset, whether it is a cryptocurrency, a non-fungible cryptocurrency, or even an asset-backed securitized token.

To get institutional investors in, you need infrastructure such as custody, institutional exchanges, institutional trading tools, asset management tools, etc.



*If you look at Venture Fund III's portfolio, the investments we've made to date fit into one of five categories: **Finance**, **Payments**, **Exchanges**, **Enterprises**, and **Infrastructure**. This chart shows a breakdown of the Fund's invested capital, per category. As you can see, we've invested the most in deals from the infrastructure (35.1%) and exchange (29.4%) categories.*

INVESTMENT CATEGORY

Exchanges

Investing in exchanges has been a consistent theme in Pantera Venture Funds.

Building infrastructure that allows capital to flow into the digital asset space is one of the key components that will drive cryptocurrency adoption.

Number of Investments	2
% of Invested Capital	29.4%

PORTFOLIO COMPANIES

Bakkt

Undisclosed

*Some of the most successful investments in our previous two venture funds have been cryptocurrency **Exchanges** and we still think there's opportunity to invest in them. To date, 29% of Venture Fund III's capital has been invested in this category. With VFI and VFII, we invested in two types of exchanges. First, we were investing in exchanges for buying and selling Bitcoin. Then, as some of the exchanges were bound in overseas jurisdictions, we invested in more exchanges set up geographically. With VFIII, we are investing in two types of exchanges.*

1. *Institutional-grade exchanges, like the Fund's first investment, Bakkt.*

2. *Exchanges in developing jurisdictions, where crypto is just starting to get traction. Our first VFIII investment in this category is in an exchange in Latin America.*

INVESTMENT CATEGORY

Payments

Enabling seamless access to both receiving and spending digital assets is crucial for global adoption.

Pantera has invested in payment companies in both emerging and developed markets that are enabling consumers to transact in cryptocurrency with ease.

Number of Investments	1
% of Invested Capital	15.2%

PORTFOLIO INVESTMENTS

Undisclosed

We've invested 15.2% of the Fund's capital in **Payments**. *Investments in this category will be anything that will make it easier to buy cryptocurrency. Right now, if you want to buy cryptocurrency, it's a three day process that requires you to input a ton of information on one site, and then go to a separate website. It's six or seven steps just to get started. If you consider that process in the context of the current web purchasing experience of Amazon, or even setting up a PayPal account, then you can imagine that this is a pretty good way to lose about 99.99% of your user funnel. Our first deal in this category is a not-yet-public investment in a fiat on-ramp for dApps.*

INVESTMENT CATEGORY

Infrastructure

Building robust infrastructure is a necessity for both institutional and retail adoption of digital assets.

Sub categories within general infrastructure that we've invested in so far include institutional-grade custody solutions, staking services, and scalability solutions.

Number of Investments	4
% of Invested Capital	35.1%

PORTFOLIO INVESTMENTS

StarkWare

Staked

Undisclosed

Undisclosed

Infrastructure *projects make up over 35.1% of our invested capital. If you look at the cryptocurrency space, it's similar to how the web was early on, where there wasn't really much infrastructure for developers, or for anybody really. If you wanted to build something back then, it took a really long time. In the early days of the web, the start up cost to just get a minimal viable product out was $2 million due to all of the servers you'd have to buy. You actually had to buy physical servers. You had to do everything by hand. When AWS (Amazon Web Services) came out, it dropped the cost dramatically. Today, you could launch a web app with just $50,000 in the bank.*

A lot of cryptocurrencies are going to transition to proof-of-stake as a consensus mechanism, but many people are not going to want to stake themselves. There is lot of money to be made from staking on behalf of people as a service. This is where Staked comes in. Another infrastructure we've invested in is StarkWare, a project focused on scalability. Instead of everyone having to process every transaction when you do a transaction in a smart contract, StarkWare is creating software and tooling to make it possible to just provide a proof that a certain number of transactions are processed honestly.

INVESTMENT CATEGORY

Finance

Pantera has identified various opportunities within the finance sector that are poised to capture significant value in the developing market.

The fund has invested in a portfolio management tool, an electronic brokerage service, and a quant fund that has generated impressive returns during the bear market.

Number of Investments	3
% of Invested Capital	18.8%

PORTFOLIO COMPANIES

Blockfolio

Tagomi

Undisclosed

We have made three investments in the **Finance** *category, totalling approximately 19% of the Fund's invested capital. These are projects that will get retail and institutional investors interacting with cryptocurrencies. It includes portfolio management, and brokerage and trading services. We've even invested in a crypto quant fund to get a broad basket of tokens and trading for the venture fund. Our first investment in this category was in Blockfolio, the largest portfolio-tracking application in the space. Our most recent deal that's been announced is Tagomi, an electronic brokerage for crypto assets.*

INVESTMENT CATEGORY

Enterprises

Pantera has invested in companies developing blockchain-integrated solutions for everyday businesses.

These companies are seeking to enhance a range of areas from supply chain management to internal ledger systems for operational efficiency.

Number of Investments	1
% of Invested Capital	1.5%

PORTFOLIO INVESTMENTS

Synthetic Minds

About 1.5% of the fund is invested in **Enterprise** *projects. These are projects focused on the core technology; solving problems relating to scalability, smart contracts, and security. Synthetic Minds is making it easier for developers to build smart contracts and deploy them in a secure manner.*

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VFIII INVESTMENT

Bakkt

Bakkt

A seamless global network to **buy**, **sell**, **store** and **spend** digital assets.

Problem

Investors looking to trade digital assets are faced with poor experiences with today's exchange infrastructure. Many services lack the efficiency and reliability offered in developed markets.

Bakkt's Solution

Bakkt is bringing the experience of Intercontinental Exchange (ICE), the parent company of the NYSE, to the cryptocurrency exchange market. ICE has unparalleled experience in the exchange business and will apply its tried and tested infrastructure to digital assets. Additionally, Bakkt will provide an ecosystem that will serve as a one stop shop for investors to manage their cryptocurrency investments.

RECENT ANNOUNCEMENTS

01.14.19 Acquisition of certain Rosenthal Collins Group (RCG) assets– enhances Bakkt's risk management, treasury, and regulatory operations

12.31.18 Targeting Q1 2019 launch for Bitcoin futures

COMPANY HIGHLIGHTS

- Backed by NYSE:ICE
- Partnerships include Starbucks, Microsoft, and Boston Consulting Group

To dive in a bit deeper on our public deals in Venture Fund III, one of them is Bakkt, which is building a global institutional-grade place to buy, sell, store, and spend digital assets. And it's kind of a spin-out of ICE, the parent company which runs the New York Stock Exchange.

The idea with Bakkt is really to bring the quality trading experience that you get when trading on an ICE exchange. ICE runs the New York Stock Exchange, so they know how to build trading venues that are really fast, easy to use, and just plain work. This isn't true to the case for any current venue to trade cryptocurrency today. So that's what they're working on. They have a partnership with Starbucks and Microsoft. Boston Consulting Group led the round and we invested alongside them. We were first introduced to Bakkt CEO Kelly Loeffler through someone I know at BCG, who thought we'd be valuable to the project. We've since worked closely with the Bakkt team, acting as a proxy for the community, providing technical expertise, and sharing perspective on the space....They hope to launch physical bitcoin futures contracts on their platform this year.

EXCHANGE & CLEARING

- Utilize existing ICE infrastructure
- Global network
- Physical bitcoin futures coming soon

Reliable exchange infrastructure that both institutions and individuals can depend on

CUSTODY

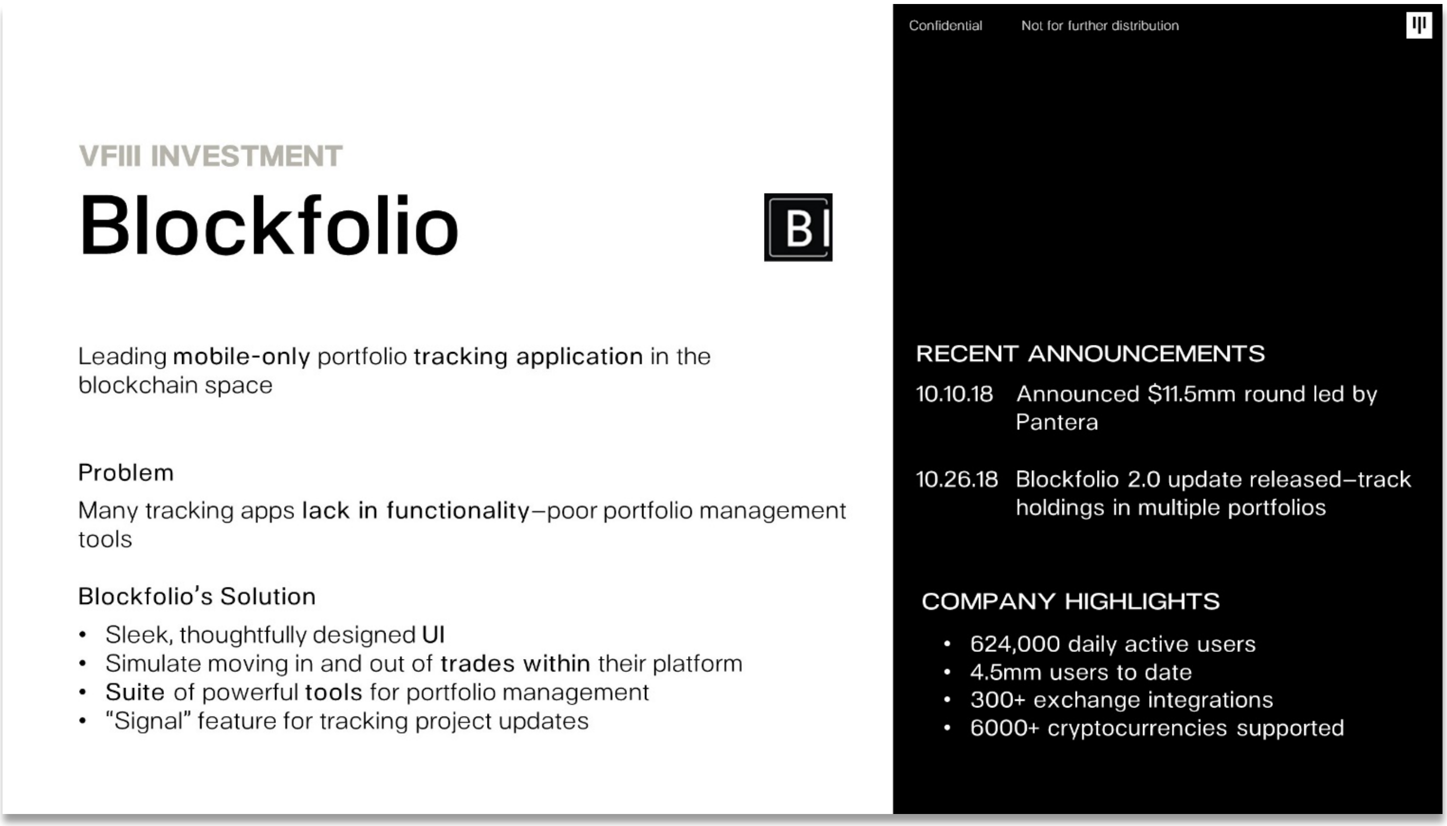
- Highly-secure, cold storage wallets built in-house utilizing IP and existing patented technology

Institutional investors need the confidence to store $m or $b with SEC-regulated custodians

WALLETS & PAYMENTS

- Seamless merchant wallet to process payments
- Starbucks looking to integrate payments in bitcoin

Merchant adoption is key for cryptocurrency adoption and actual use in commerce



Blockfolio is the largest portfolio-tracking application in the space. They have over 4.5 million users and 624,000 daily active users. The app has integrations with 300+ exchanges and supports over 6,000 cryptocurrencies – so they pretty much support every exchange and every cryptocurrency. If you own cryptocurrencies, you can use Blockfolio to keep track of how much your crypto is worth, how much you've lost or gained over any given time frame, how much you own of each asset, and you can even do simulation of trades within multiple portfolios. While Most of the other portfolio tracking tools don't have a useful functionality, Blockfolio has been really focused on design and usability, and they've come up with a pretty sleek UI. It's almost like Mint.com, but for crypto.

Their newest product, Blockfolio Signal, allows you to receive updates about the projects and protocols in your portfolio. In crypto, it's historically been difficult for developers to communicate with coin holders, which is a pretty big problem. Now, Blockfolio can go to a project's social media team, like Maker for instance, and say, "Hey, wouldn't it be easy if you could just communicate to all Maker token holders very easily?" And since Blockfolio has such a huge share of the market on its platform, a coin's social and development teams can easily communicate with essentially all of their users. Something that was almost impossible before.

If you are wondering, "What are the revenue streams for Blockfolio?" Right now, they are trying to get a bunch of new users and so it's mostly pre-revenue. But potential revenue streams are things like monetizing users through referrals. For example, if you look at companies like Mint.com, Credit Karma or *Personal Capital, they all either funnel users to products that they work with or, in the case of Personal Capital, they actually funnel users to a product that they run. The companies then take a portion of the conversion fees. Blockfolio has a number of different routes they could monetize -- such as funneling users to fiat on-ramps or exchanges, or to applications in the space, like dApps.*

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VFIII INVESTMENT

StarkWare

The company aims to improve scalability and privacy in blockchains using ZK-STARKs (Zero-Knowledge Scalable Transparent ARguments of Knowledge)

Identified Problem

Blockchains currently have limited transaction capacity (10 tps on avg.). For perspective: Visa and Mastercard can process 10,000+ per second.

StarkWare's Solution

The team is currently developing a privacy-preserving and scalability solution using cryptographic proofs that are zero-knowledge, succinct, and post-quantum secure. StarkWare will develop a full proof stack: software and hardware to support fast and reliable generation and verification of computational integrity proofs for general computations.

RECENT ANNOUNCEMENTS

10.30.18 Announced $30mm Series A

05.12.18 Named Best Crypto Project 2018 by Coin Crunch

05.09.18 Announced $6mm Seed Round led by Pantera

COMPANY HIGHLIGHTS

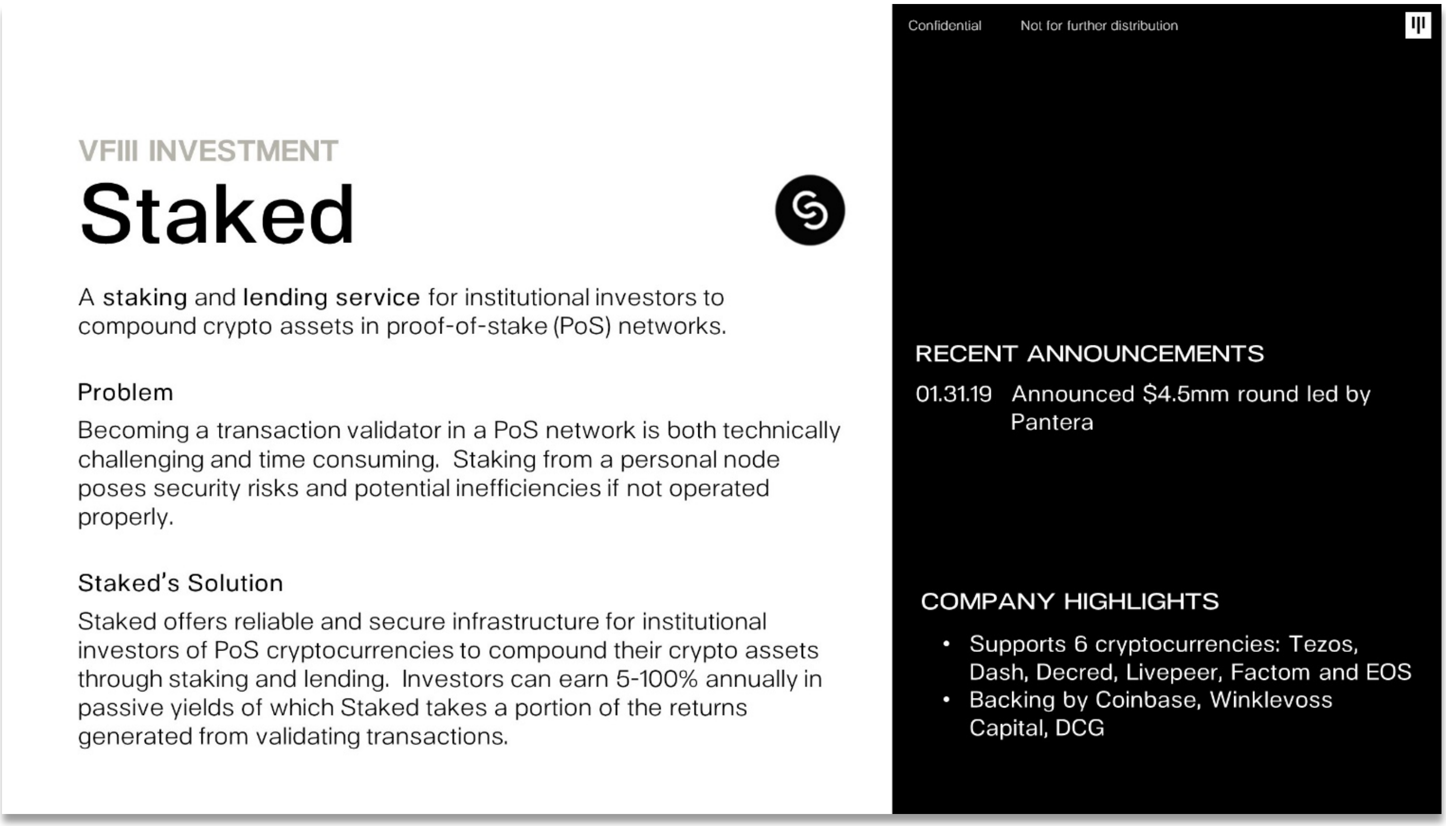
- Backed by Vitalik Buterin, Coinbase Venture, Intel Capital, Sequoia

StarkWare is a project focused on a scalability solution that initially works on Ethereum, but it's pretty generic in the sense that it can work on pretty much any blockchain. It also has a knock-on effect of privacy due to how their tech works. Instead of everyone having to process every transaction when you do a transaction in a smart contract, StarkWare is creating software and tooling to make it possible to just provide a proof that a certain number of transactions are processed honestly. It will make blockchains much faster because every time someone does send money from Person A to Person B, instead of everyone having to run that computation, they can just verify that it happened and that it was accurate. This will make things much faster.

We led their 7x oversubscribed seed round in late 2017 with Venture Fund II, and then this past fall we invested in their $30 million series A with Venture Fund II. StarkWare is backed by a bunch of good players in the space, including Intel Capital, Sequoia, and the co-founder of Ethereum, Vitalik Buterin. It's worth noting that Vitalik rarely invests in projects in the space -- he's maybe invested in four or five, and StarkWare is one of them. The founding team is one of the sharpest tech teams in the space -- definitely the best in the world on zero knowledge proofs. StarkWare chose Pantera to lead their seed round, noting that we were the first investor who immediately understood what they were trying to achieve. We read papers by Eli Ben-Sasson and therefore had knowledge of their highly technical approach.

Pantera has a team of "very young and brilliant (people)...each and every one of them has been nothing short of remarkable, and (by) giving them freedom to conduct business on your behalf...(it) is an empowered team that's a pleasure to work with. This is a huge competitive advantage for Pantera in the marketplace."

-StarkWare CEO Uri Kolodny



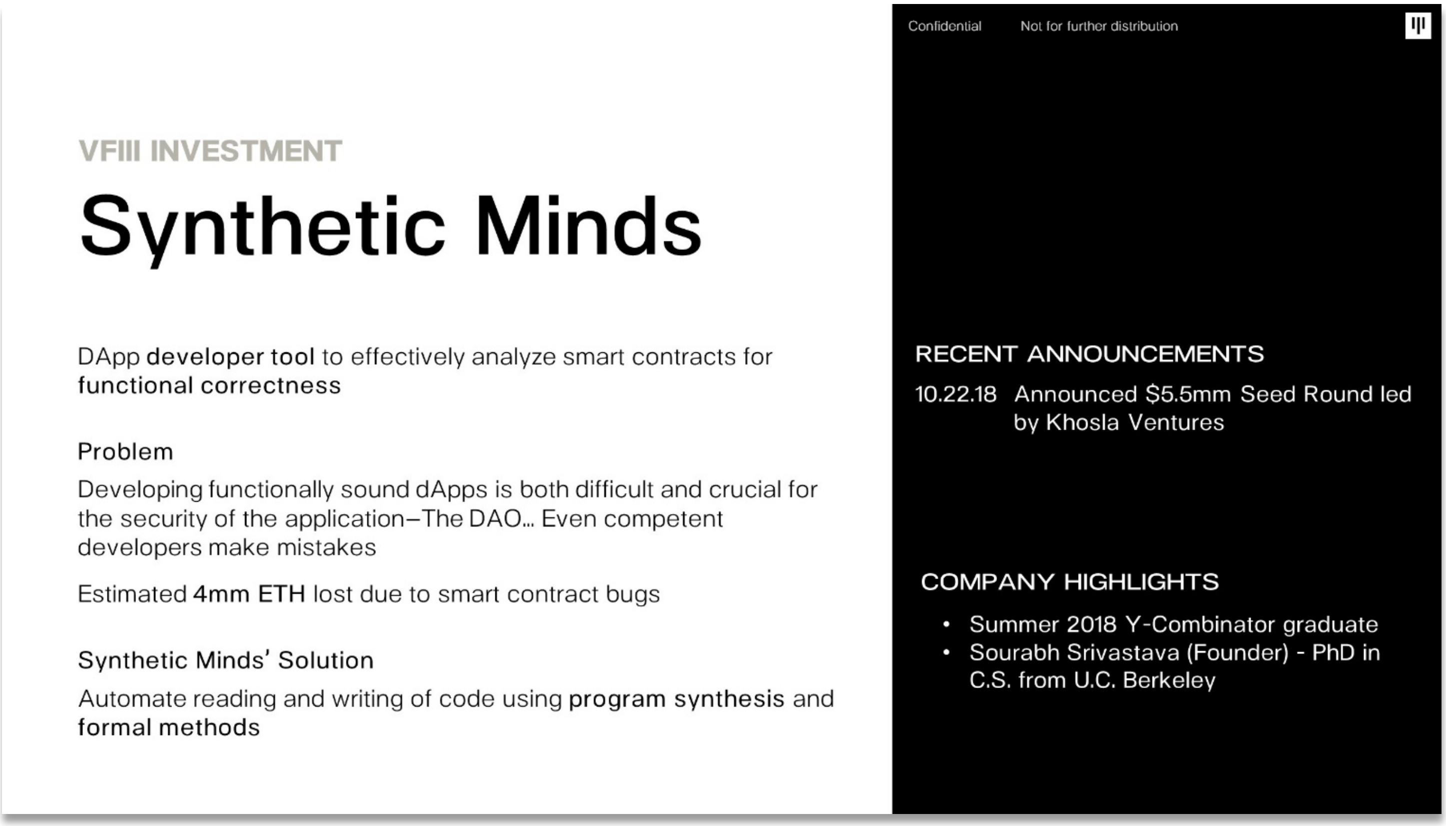
One of the things we are looking at are services that will charge a small fee to help Proof-of-Stake (PoS) chains with their staking. We led the $4.5 million round in Staked, a staking-as a service for investors to compound crypto assets through staking and lending. The infrastructure Staked is building is useful for anyone who owns crypto currencies, whether they're a retail person or an institutional grade investor.

More and more networks are migrating to PoS chains, where you're basically staking capital as opposed to buying hardware, and which waste far less energy than Proof-of-Work (PoW) chains like Bitcoin. Unlike PoW chains, which use computational power to validate transactions through "mining", validators in PoS networks stake their cryptocurrency to essentially validate transactions. If you process a transaction dishonestly, you lose your stake. If you try to process transactions dishonestly in PoW, you waste electricity cost and hardware as the network will reject your work. I am of the opinion that Bitcoin will probably be the last major PoW and that in the future, people will only create PoS chains.

With staking, you can earn a yield on your assets. But to get yield from staking capital and validating transactions, you have to make sure your computer never goes down, never loses internet access, never unwittingly restarts, and never gets disconnected from the network. This is known as uptime and, though it sounds easy at the outset, 100% uptime is actually very difficult -- especially when dealing with the added threat from hackers attempting denial-of-service attacks. If your computer does go down, you may lose capital. Building infrastructure that is super scalable and never goes down is difficult and not something that can be done quickly.

The Staked team looked at this and said, "Okay, the average user is not going to want to do this". Staked decided to do it for you. Simply delegate your assets to them and they stake them for you. They charge a small fee but you get the rest of the return. At Pantera, Lauren set up a computer so we could stake Livepeer, which is a token we own, and it's been a huge pain. So now we're switching to Staked, and its way easier because they just handle everything in the cloud.

The neat thing about staking is that, up until now, the vast majority of cryptocurrencies have no yield. But with staking, you basically earn a yield on your assets. So, it's a way for cryptocurrencies to actually have yield attached to them. In 5-10 years from now, I think most cryptocurrencies will have some sort of yield associated with them.



Synthetic Minds is solving a significant problem around smart contract development. They're helping with the difficult process of writing smart contracts. The analogy I use with people is: It's like launching a rocket where any kind of adversary can try to blow up your rocket by sending commands to the rocket. And so you have to figure out, well, what potential things do people to try to blow up my smart contract. What could they do to try to break it? And there's a lot of stuff that you can come up with, just thinking as a human, but you're never going be able to go through all the possibilities.

Smart contract vulnerability leads to theft of funds. An estimated 4 million ETH has been lost due to smart contract bugs. Today's solution is to pay bounties to people who report bugs. This works decently well, but it is slow, expensive, and humans tend to miss things.

Synthetic Minds is creating software to essentially automate that and to have a computer come up with all the possibilities. Programs are generated that try to break the code, testing all of the potential ways one can interact with the contract. An example would be: you want to develop a smart contract that can have no more than $100 in it. You can run Synthetic Minds on it to see if there is any possible way to have more than $100 and it will report the conditions and when it can occur. So, it's a really core piece of infrastructure.

The company went through Y Combinator. The founder has a PhD in Computer Science from U.C. Berkeley.

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VFIII INVESTMENT

Tagomi

T A G O M I

An **electronic brokerage** for digital assets.

Problem

Navigating the fragmented digital asset marketplace often leads to **sub-optimal trade execution** and **slippage** for individuals and institutional traders. Large scale trades are typically burdened by **liquidity constraints** of a single exchange.

Tagomi's Solution

Tagomi offers institutional-grade **tools for trade execution** and **liquidity aggregation** across exchanges. Their service blends proprietary algorithmic trading tactics with advanced low-latency infrastructure to reduce trading costs and provide operational ease. Tagomi's ultimate goal is to ensure that traders keep more of their returns.

RECENT ANNOUNCEMENTS

03.04.19 Announced $12mm Series A

COMPANY HIGHLIGHTS

- Co-CEO Greg Tusar—former Global Head of Electronic Trading at Goldman Sachs
- Co-Founder Jennifer Campbell—B.A. Harvard, Union Square Ventures

Our most recent investment that's been announced is Tagomi, which is basically an electronic brokerage for crypto assets. Tagomi has a really good ream. The CEO and Co-Founder, Greg Tusar, was the head of Electronic Trading at Goldman Sachs. He's built a very similar businesses to Tagomi in the traditional finance world and is basically bringing that experience to crypto. His Co-Founder, Jennifer Campbell, has a Bachelors in Statistics from Harvard and worked as an investor at Union Square Ventures.

The problem that they're solving is, if you want to buy cryptocurrency today and you're at a family office or an institution, but you don't have a full time trading desk who can just execute an order 24/7 for you, you really only have two or three options. One is you can try to build a trading desk which is basically a nonstarter. Two is you can go to an OTC desk and they'll charge you a relatively hefty fee to execute the order for you. Or the third option is you go to a brokerage platform like Tagomi, and you give them your order, and then they handle all of the 24/7 order execution stuff to get your order executed at a fair price. So they execute orders across different exchanges to basically get their users the best price.

The other benefit of this is, as an investor, you don't have to create accounts at 10 different exchanges. At Pantera we probably have exchange accounts on 15 different exchanges. If somebody wants to buy $1 million of, let's say, Ether, it would be a huge, painful process to go through just so they can get the best price.

I guess the last thing I would say is, in traditional finance markets, you don't need an account on exchanges because you typically have a brokerage account. But even if you were a member of an exchange, there are regulations in place that establish a kind of national best bid and offer, wherein the price that's the best on one exchange essentially has to be offered on other exchanges. (That's kind of an oversimplification of it but hopefully you get the gist). Crypto doesn't have anything like that, so to get the best price, you'd literally have to get accounts on all of the exchanges. Tagomi is going to make that way easier for people by extracting it away from them.

VFIII DEALS

To Be Announced

Fiat On-Ramp

A service that will facilitate exchanging **fiat currencies for crypto** in decentralized applications

Scaling Solution

A **scaling solution** and **privacy preserving** technology

Exchange

A leading **exchange** in LATAM

Custody Solution

A leading **crypto custodian and wallet provider** providing institutions and exchanges with storage options for more than 100 tokens and coins

Crypto Quant Fund

A high-alpha **quant fund** that uses deep technical expertise and market knowledge to inform their models, which also incorporate **machine learning**.

Here are some of the deals we've invested in but that have not been announced publically.

Fiat On-Ramps for dApps

We invested in a service that makes it really easy to get fiat into crypto, and in particular, makes it easier to get fiat into decentralized apps and into smart contracts. Right now, if you want to buy cryptocurrency, it takes a long time. It's a three-day process, you have to input a ton of information, and you have to go to a separate website. So, it's six or seven steps to just get started. And if you look at how easily things are done on the web today, that's basically a good way to lose, 99.99% of your user funnel.

The company we've invested in is making it so that you can basically get access to Ether and Dai in cryptocurrency, just as easy as it is to buy something with Stripe on a regular website -- providing a super smooth user experience, which is exciting. You'll also be able to buy with your bank account and with your debit card; enabling access to cryptocurrency pretty much instantly on the smaller amounts. On the larger amounts, you will still have to wait a few days but the fees are much lower than, say, a Coinbase.

Custody Solution

We've invested in a custody solution from probably the most renowned custodian in the space, and it's something that will be especially interesting for larger institutions. The solution they are working on will provide storage options for more than 100 different crypto assets using multi-sig tech. They're a regulated custodian, which is important because institutions need to be able to store their capital with regulated custodians that are compliant with the SEC. Today, the average cryptocurrency holder who is a retail investor or something like that, probably just stores their money in a Ledger or Trezor. But if you're an institutional investor, you need something that's much more secure than just carrying around one sole hardware device. And this company works on creating multi-signature solutions. So, multi-signer, if you're familiar with that *of bank account, similar things exist with cryptocurrencies, where you can store your tokens with them, and they handle all the security. They're also a regulated, qualified custodian. I think these are things that are significant from the institutional standpoint.*

Scaling Solution

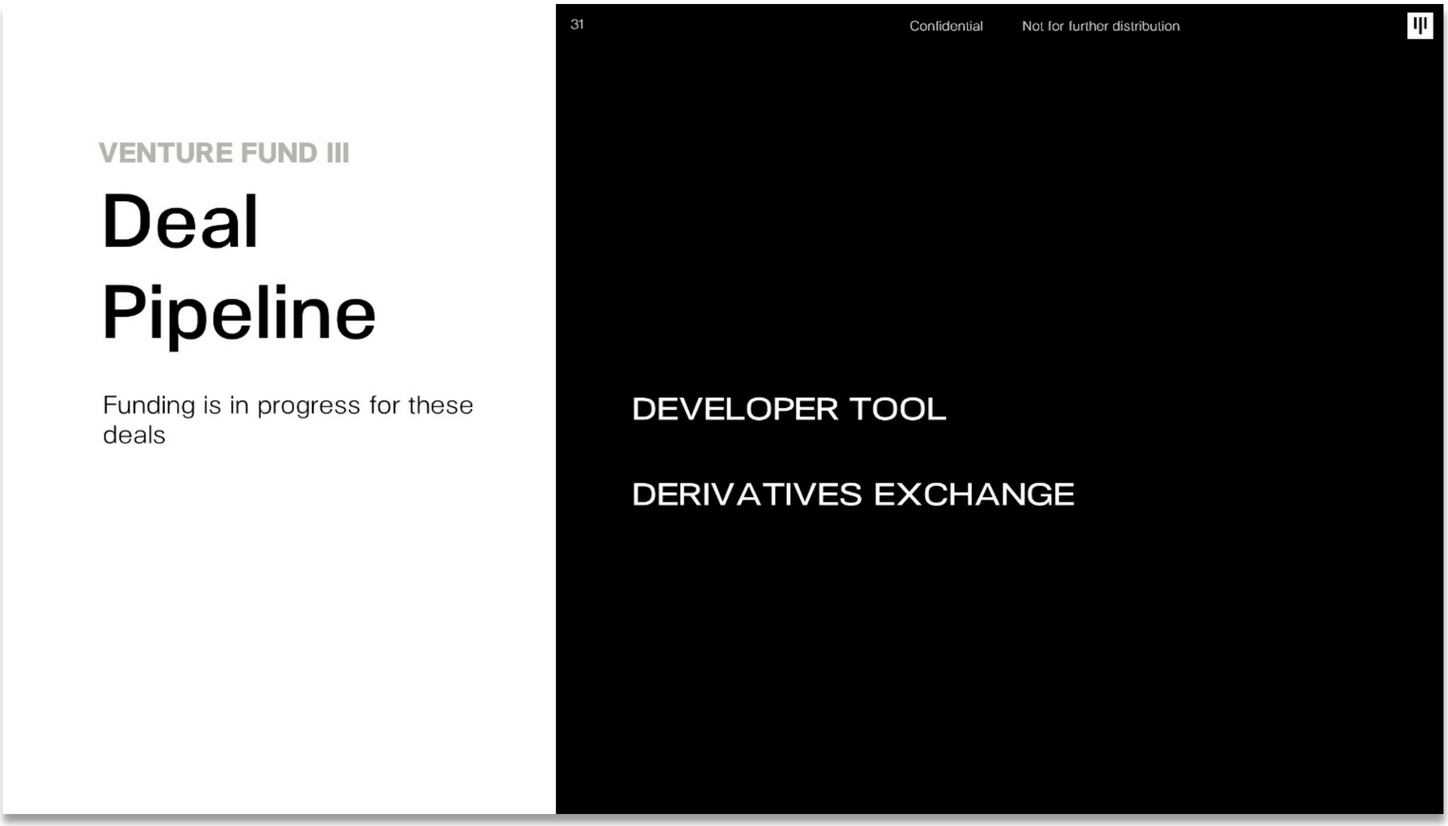
We have another scalability solution, which is pretty similar to Plasma. If you haven't heard of that terms, it basically enables more scalable smart contracts on platforms like Ethereum. It's a different kind of approach than what StarkWare is doing, but both are trying to solve the problem of scalability.

Crypto Quant Fund

In Venture Fund II, we invested in the GP of Polychain Capital. With Venture Fund III, we decided to go with a different approach, which is an alpha-focused quant fund doing more short-term trades in the crypto space. So we invested in a small round of the GP of a cryptocurrency quant fund.

LATAM Exchange

We've invested in a leading cryptocurrency exchange in Latin America. Some of the most successful investments in our previous two venture funds have been exchanges and we still think there's opportunity to invest in cryptocurrency exchanges. Venture Fund III's first investment was in the institutional-focused exchange, Bakkt. I think that if you look at Coinbase, or even Bakkt, they can't go after every market all at once, which provides an opportunity for players who know a certain market really well. We are looking at ones in developing jurisdictions where crypto is just starting to get traction. Some of these exchanges may not have a ton of volume today, but they're far and away the market leader in whatever jurisdiction they're leading in. It's basically a market control bet on crypto: if crypto starts to take off in that jurisdiction, we're almost guaranteed a slice of the pie because we've invested in the best exchange in that geography. We're focused 100% on that, to gain a foothold and do quite well. One of those is an exchange in Latin America.



We're currently looking at deals in a couple categories: developer toolkits and derivatives exchanges. The latter is kind of similar to BitMEX's perpetual swaps[3].

[3] BitMEX Perpetual Contracts are like a traditional futures contract except 1) there is no expiry or settlement, and, 2) it mimics a margin-based spot market, trading close to the underlying reference index price.

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Summary of Terms

VENTURE FUND III

FUND

Expected Fund Size	$175mm
Target Portfolio Size	30-40 companies

TERMS [1]

Management Fee	2%
Performance Fee	20% up to 40% IRR, and 30% thereafter
Minimum Investment	Qualified Purchaser: $250,000 Qualified Client: $100,000
Co-Investment Rights	Capital commitments of $5mm or more will have the right to collectively co-invest at a minimum of 10% of each deal, subject to 1% management and 10% performance fees
Advisory Board	Limited Partner Advisory Committee

SERVICE PROVIDERS

Administrator	SEI Global Services, Inc.
Auditor	BDO
U.S. Counsel	Schulte Roth & Zabel
Regulatory Counsel	Cooley
Deal Counsel	Wilson Sonsini Goodrich & Rosati

The terms summarized above are provided for information purposes only and do not constitute a complete overview of the terms of the Fund. An investment in the Fund may only be made pursuant to a Confidential Private Memorandum which should be carefully reviewed by any such offerees prior to investing.

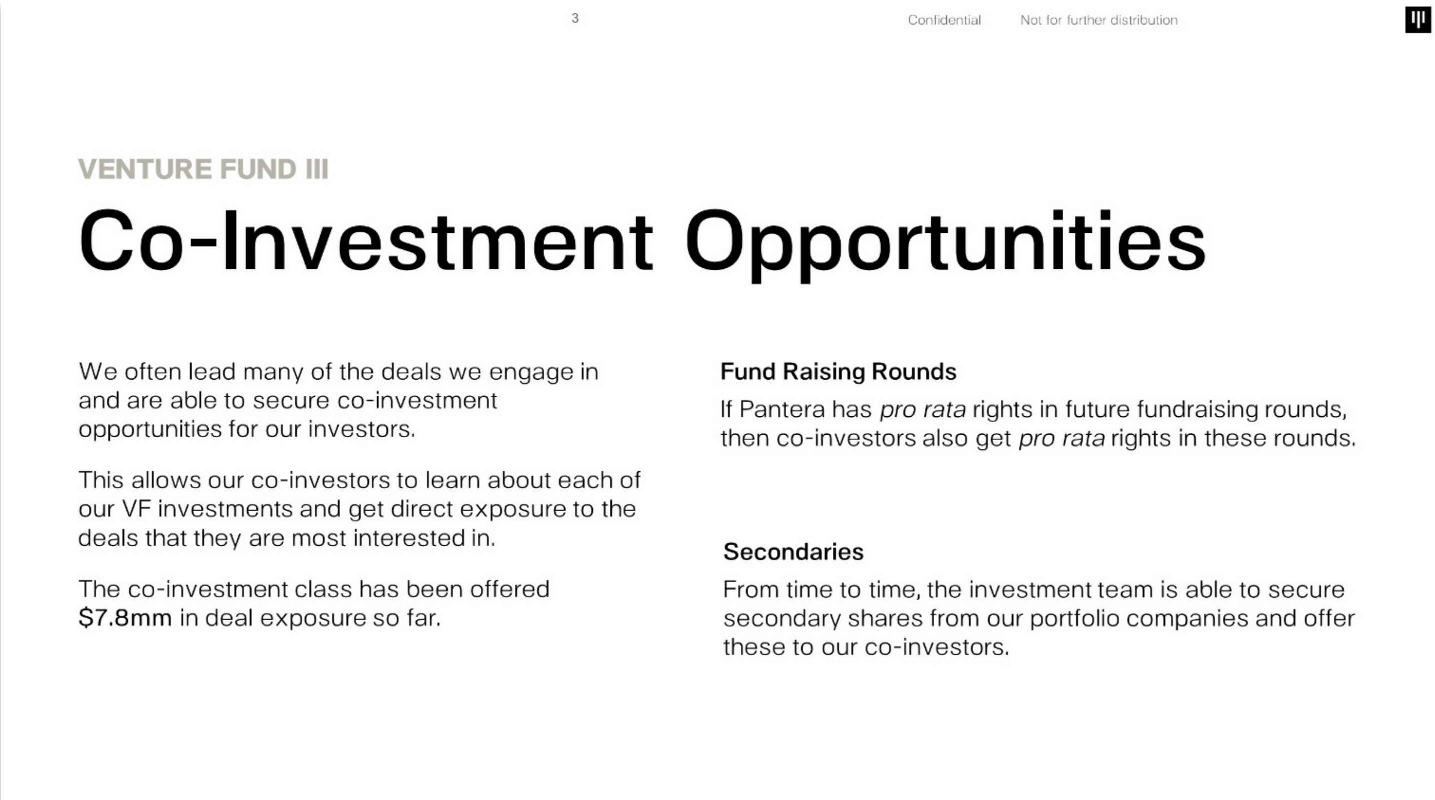
The structure of the fund is a typical venture-style fund with a ten year official commitment. The fund will only invest in equity, but some of those equity positions might ultimately dividend tokens. But it's set up to be very clear that you're only investing in equity, not cryptocurrencies.

This space happens much more quickly than other spaces, and I think it's even speeding up. Our first venture fund is five years old, and it's returned four times its capital already. There's still another four times capital on the balance sheet. So I think the fund will probably happen more quickly than the official ten year life.

We have always been eager to keep our minimums accessible for people to invest their personal money as well as bring in large institutions. The minimums are $100,000 for Qualified Clients and $250,000 for Qualified Purchasers. The fund has an SEC limit of 99 investors who are not qualified purchasers.

The fund has already invested in 11 deals. If you subscribe now, you would get exposure to all of those deals at their current valuations. If you wait until the final closing at the end of March, you might be able to buy into them at their original cost. But there's obviously a chance that one or more of the deals will do an up round and will be marked up.

We're trying to do everything as conservatively as possible to be way ahead of the curve as regulations roll into this formerly libertarian space, and we have world class service providers because we want to take away all the reasons to say "no". We outsource administration to SEI, one of the top three global administrators. We work with three law firms to make sure we are doing everything as compliantly as possible: Schulte Roth, the main hedge fund law firm in New York; our blockchain regulatory council Cooley, and Wilson Sonsini for our deal council. We also registered as an investment advisor with the SEC in mid-2018.



We are really trying to evangelize this industry and we know that many of our LPs are trying to learn about the space and really figure out what this disruption is going to do to their own businesses and how it might affect their other investments. We've historically had a co-investment class for our LPs that are in more than just a great IRR.

Co-Investment Class

In this fund, for investors who invest US$5 million or more, they will have a right to co-invest at least 10% of each deal. We typically are able to get much more than that, since we are often leading the deals that we are invested in. There have been a number of opportunities where we've been involved in the structuring of the deal, like Bakkt. We had co-investment allocation in another recent investment because we've known the founders for five years. We were then able to offer it to other LPs that were not in the co-investment class.

At a minimum, investors in this class will be able to get 10% of the deal as co-investment and, in the event we have any extra investment capability, we love offering it to our full LP base.

To the extent you're interested in the co-investment class, that is capped at $75 million total, and there's about $30 million of that left, so you might want to be in touch sooner rather than later.

Pro Rata Rights :: New Investors

We also have another massive strategic advantage with Venture Fund III: the ability to get into some of the hottest deals in the industry because we have pro rata rights from four or five years ago. If VFII does fully invest its capital, then the pro rata rights from VFI and VFII will roll into VFIII. As Joey mentioned, we've already seen this with StarkWare - a deal that we did originally in VFII, but they came for another big round, and so VFIII was able to get exposure to that.

Fund I was fully invested many years ago and those rights originally fell to Fund II, so there's no plans to take up any of the pro rata rights from Fund I. In Fund II, we reserved about 40% of the capital for follow-ons. Those companies have been quite successful as well. The follow-ons have been a quite large so I would imagine that, at some point, Fund II would be fully invested.

Pro Rata Rights :: VFI & VFII LPs

Our first two venture funds have pro rata rights on some of the most exciting deals in the space. The first venture fund is all internal capital and it's fully invested. So any pro rata rights from that fund will roll over. Venture Fund II has reserved about half of the capital for follow-ons, but much of that has been invested over the years. It still has about 12% of its capital left for follow-ons. But some of the deals in the fund, like Circle, are getting much bigger than they were a couple years ago. So it's highly-likely that Venture Fund II will be fully invested, and then their pro rata rights will flow onto Venture Fund III.

Capital Calls

There is an 8% preferred rate of return that new investors pay to calibrate them with the investors that invested in our first closing last summer. And that is just on the amount of capital that's been called. So it's 8% on (currently) 35% that has been called. If you make a commitment to the fund, you'll be asked to pay 35% of the total commitment upfront. The balance will be called over the next two to three years as we invest in deals.

Data Room

We are very transparent, especially compared to most of our peers in the space. We have a full Data Room with details on all of our venture deals, including tons of information about when we funded, how we funded, what we've done there, and the returns. If you would like access to the Data Room, please email our investor relations department at ir@panteracapital.com. If you have additional questions, our IR team will route you to the right person on our investment team or to our CFO. If you are ready to just go directly to subscribing to the Fund, you can email us at subscribe@panteracapital.com.

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Timeline

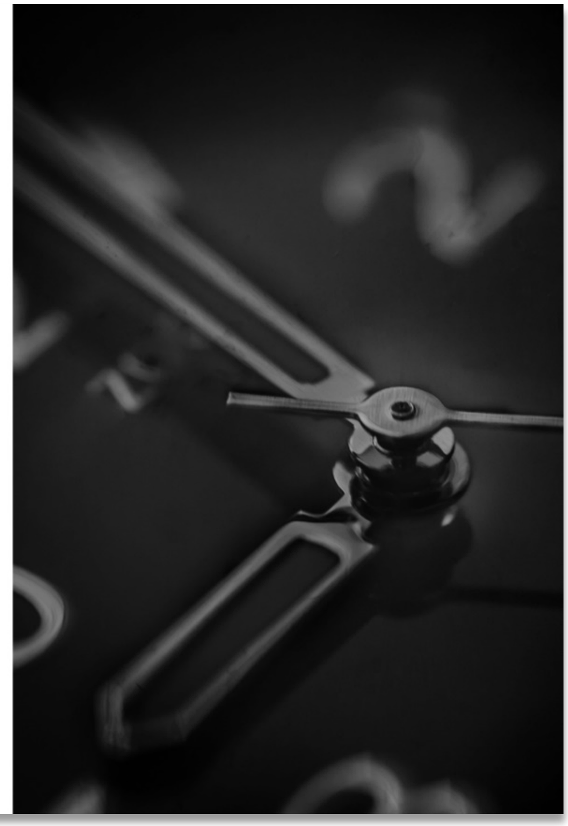
JUN 30, 2018
Initial Close

Raised:
$150mm

DEC 14, 2018
Interim Close

MAR 28, 2019
Final Close

Target:
$175mm



We had our initial close in the summer because the Bakkt deal was closing and we wanted to invest. By the end of the summer, we had raised $115 million. We added a closing in December because there were a number of investors that wanted immediate exposure to deals like Bakkt, Blockfolio, and StarkWare.

We have raised $150 million of the $175 million target. We're going to have the final close at the end of March. That will allow us to get back to full-time investing.

Thank you.

@Dan_Pantera
dan@panteracapital.com

@Veradittakit
paul@panteracapital.com

@JoeyKrug
joey@panteracapital.com

Disclosure Appendix

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