Fund Performance

Portfolio All-Time Return	-5.44%
Benchmark All-Time Return	6.31%
All-Time Underperformance	-11.75%
Beginning AUM	$10,636.09
Current AUM	$14,210.32
Best Performer	$LDO, -9.86%
Worst Performer	$REN, -39.26%

Fund Composition

Ethereum	36.66%
SushiSwap	15.63%
RenVM	13.80%
Lido DAO	18.91%
Audius	15.00%

Position Performance

$ETH Return	-6.31%
$SUSHI Return	-10.70%
$REN Return	-39.26%
$LDO Return	-9.89%
$AUDIO Return	-12.68%

Macro Statistics

Total Market Capitalization	$2.253T
$BTC Dominance	40.03%
$BTC 1 Yr Return	62.90%
$ETH 1 Yr Return	417.30%
$ETH/$BTC	0.0791

Director of Asset Management:
Ronan Broadhead – ronanb@uoregon.edu

President:
Zachary Rosenblatt – zfr@uoregon.edu

Fund Overview & Theses

History

The Oregon Blockchain Group (OBG) is a community-oriented, student-led organization working to provide a broad platform for students to be empowered within their local communities. We are collaborating with organizations all over the world to educate, encourage and empower student innovators through an infrastructure of blockchain technologies.

The group's Crypto Fund 1.0 was launched on November 11th, 2021. The Fund's initial capital of 3.01 ETH tokens was generously provided by University of Oregon Finance Professor and OBG Advisor, Stephen McKeon. The Fund's assets are wholly owned by Stephen McKeon. Investment decisions are at the sole discretion of Stephen McKeon and made following each pitch by OBG members. The Fund's assets are held in a multi-signature wallet jointly controlled by Stephen McKeon and OBG Management.

Q1 Performance

The Crypto Fund 1.0's performance is measured on a relative and absolute basis. Relative performance (alpha) is calculated using ETH token performance as a benchmark. The Fund has underperformed on both a relative and absolute basis to date; down 11.75% and 5.44%, respectively. The Fund was underperforming on a relative basis by as much as 28% on December 15th but has since outperformed by over 15%. All our positions have produced negative returns on an absolute basis. Our best performer has been LDO and our worst performer has been REN.
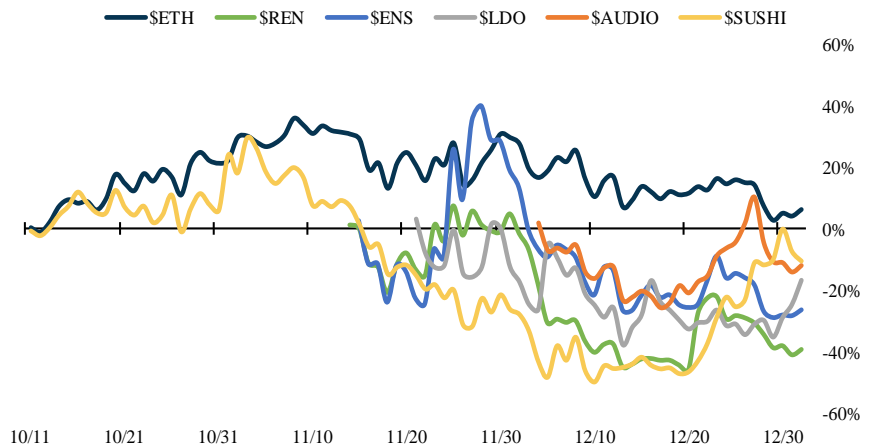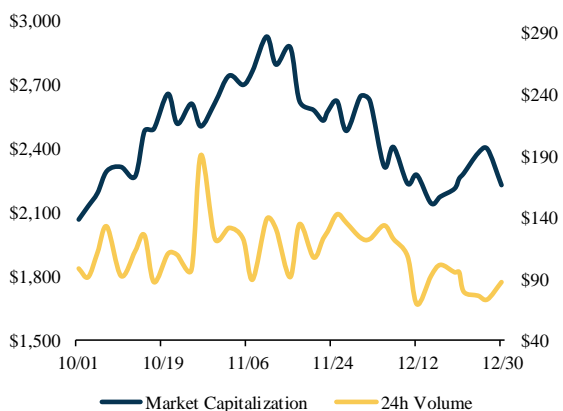

Fund Position Performance Since Inception

Figure 1: Fund Performance vs. Benchmark Since Inception

Source: Crypto Fund & Cryptowatch API

Figure 2: Total Cryptocurrency Market Cap & 24h Volume (billions)

Source: CoinMarketCap

Figure 3: Crypto Project Project Matrix

	good project	bad project
popular	winners	retail trap
obscure	niche	rekt

Source: Twitter: @kamilsadik

Going into 2022 we will continue our focus on smaller market cap projects (<$500m), looking to capitalize on projects we deem undervalued that have yet to garner the attention of the broader crypto market. A project can be undervalued and not be "popular" for long periods of time; understanding this dynamic will help us focus on projects with catalysts or narratives that will attract attention from the rest of the market. Our goal will be to find projects in the "niche" box that have strong potential to move to the "winners" box.

As we move into 2022, there are many potential narratives the Fund will target. We have mentioned a few in the community discord recently (Curve wars, Zk-rollups, Cosmos ecosystem). While there are hundreds of great projects in the building process, few have the imminent tailwinds to drive them from "obscure" to "popular." As we are not fund with 5+ year time horizons we believe the aforementioned approach will best suit the Fund for the coming year.

With this said, investing in a project tied to a particular narrative that is gaining traction is not good enough. Understanding why that narrative is gaining traction and the underlying mechanics will continue to be key elements in our decision making.

Let's look at an example:

Solana DeFi and Avalanche DeFi have almost the exact same investment thesis on paper: alternative smart contract platform, top performer and chance to be early to something that is proven to have product market fit (DeFi) in a new ecosystem. However, being early to SOL DeFi for the most part would leave you down 50% in SOL, while being early to AVAX DeFi opened the opportunity to increase your AVAX by multiples.

What was the difference?

The Solana ecosystem tokens had very high FDVs (fully diluted values), where their tokenomics benefited founders and VC's meaning these projects were already priced at succeeding prices and thus needed to grow into their valuations.

The Avalanche ecosystem tokens were much more community driven and started at much lower valuations, meaning as Avalanche activity and users grew, it was much easier to capture the upside in these tokens.

h/t to Cobie for this example. https://cobie.substack.com/p/trading-the-metagame

A project can be tied to the exact same narrative, but without understanding the underlying mechanics of said narrative, we will be at a severe disadvantage. The best way to understand the momentum and legitimacy of these narratives is on CT (Crypto Twitter), which we can use to develop our own thesis. Further, using discord and a project's docs to do more bottom-up analysis will allow us to determine whether a project is a sound investment based on our thesis.

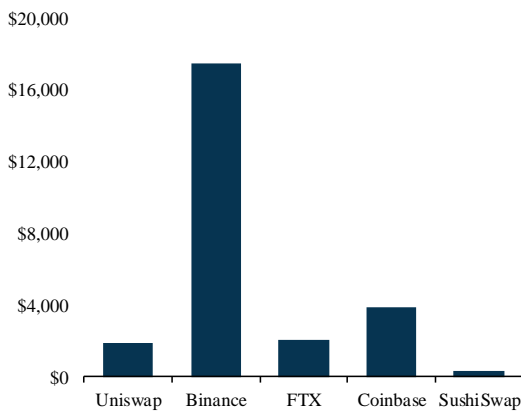Excited for what next year brings; infinite opportunity for the Fund.

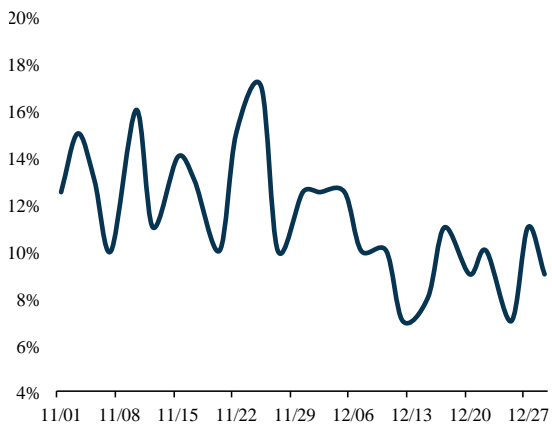Figure 4: 7 Day Volume by Major DEXs (millions)
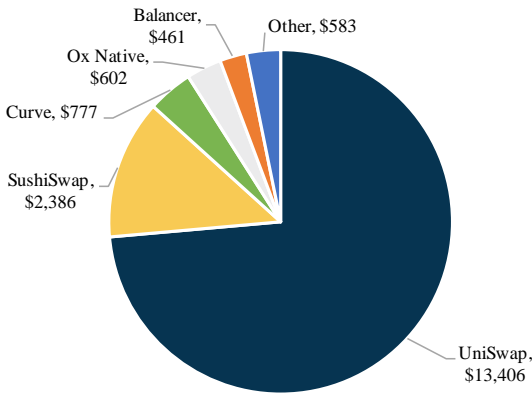
Source: Dune Analytics

Figure 5: 24h Volume by Exchange

Source: CoinMarketCap

Figure 6: xSUSHI Staking APR

Source: SushiSwap Bar Analytics

SushiSwap

Overview

SushiSwap is an automated market-making (AMM) decentralized exchange (DEX) built on the Ethereum blockchain. SushiSwap initially was forked from Uniswap's open-source code in 2020. SushiSwap has various use-cases, including swapping, farming, staking, lending, and borrowing. In late 2020, the original founder of SushiSwap, Chef Nomi, took a significant amount of money from the community developer fund and was pushed to step down. A new team stepped in and helped turn the protocol into what it is today, allowing SUSHI token holders to participate in the project's governance. This transformed the DEX into a community-led project.

0xMaki was credited with SushiSwaps's impressive turnaround for and made it a once again very attractive project. SushiSwap's new team has focused on expanding horizontally across all aspects of the DEX marketplace.

Performance

The OBG purchased 171.65 SUSHI tokens ($1767) on October 12th, 2021, alongside the launch of the fund. OBG purchased each SUSHI token for $10.26. These SUSHI tokens were staked and exchanged for 143.683 xSUSHI tokens on November 1, 2021. The xSUSHI has returned 4.598 tokens all-time. The SUSHI token has underperformed relative to the Ethereum benchmark by 18.51%. This underperformance coincides with the sell-off across crypto markets, and uncertainty of SushiSwap's future competence as a DEX.

Catalysts

Former CEO 0xMaki supposedly stepped down from the head position on September 18th shortly after rumors surrounding internal turmoil at the protocol began to circulate. Much of the core team (alongside 0xMaki) suggested that 0xMaki did not actually step down but was forced out by a vote. Joseph Delong stepped in as CTO leading to more internal conflict, further raising concerns from the broader SushiSwap community. Fueling the fire was a report that bonuses were being spread to the core team, instead of being distributed to xSUSHI holders. As conflicts rose, Joseph Delong stepped down from his position on December 9th.

Outlook

Arca, an investment firm in the crypto space, has led the restructuring proposal for Sushi's DAO. New members are beginning to join the Sushi core team and Daniel, an independent developer who created projects Spell, Time, and Ice, has expressed significant interest in helping to lead the restructuring of Sushi's DAO. Given the numerous problems that SushiSwap has faced over the past few months, it has significantly underperformed the benchmark. As the new team settles in and reorganizes the exchange, we believe the Sushi community will begin to understand the true upside and potential of the DEX. We remain confident that there is significant token upside in the near-term.
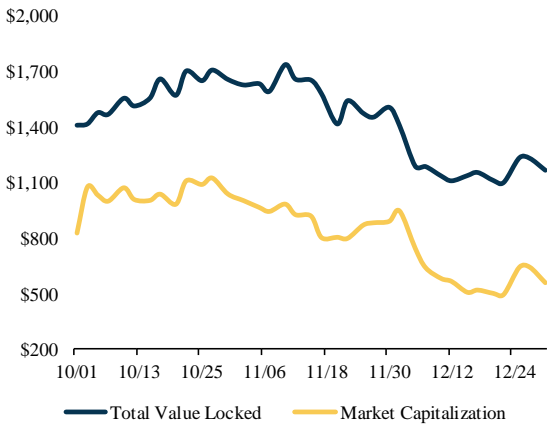
- *Wyatt Swanson, Managing Director of Fund, Finance*
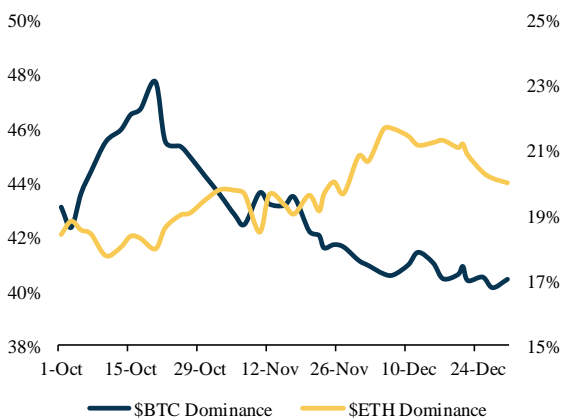
Figure 7: $REN Price & Return vs. $ETH
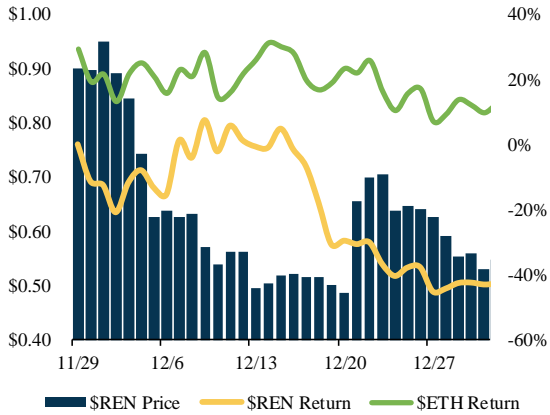
Source: Crypto Fund & Cryptowatch API

Figure 8: $REN Total Value Locked & Market Capitalization

Source: Token Terminal

Figure 9: BTC & ETH Dominance

Source: CoinMarketCap

RenVM

Overview

RenVM fosters cross-chain interoperability, connecting the far reaches of decentralized finance. On their own, blockchains have no way to communicate with one another, making it difficult or even impossible to transfer assets from one chain to another. Ren solves this problem by using a tokenized-representation model, allowing users to bridge a wide-array of assets across their supported network of blockchains. This technology unites previously isolated ecosystems and fosters seemingly endless opportunities for cross-chain liquidity, lending, and interoperability.

Performance

Ren has performed harshly thus far in an ongoing downtrend of DeFi assets against Ethereum. Our position of 2526 Ren tokens ($1316) is currently down 13.8% against USD, underperforming our ETH benchmark by 20%. This underperformance has been fueled by an ongoing sell-off across the wider crypto markets, with Bitcoin dropping over 30% from all-time highs reached in mid-November. Ongoing inflation concerns mixed with stimulus tapering and the inevitable hiking of interest rates continues to bring uncertainty to the holistic macroeconomic picture.

Catalysts

The team at Ren continues to work hard to innovate and improve their existing infrastructure, with many exciting upgrades planned for the year ahead. Their upcoming integration of Host 2 Host into RenBridge will allow users to transfer more tokens than ever, equating to ever-increasing volumes across a network that now connects *trillions* of dollars in decentralized assets. The recent announcement of the Ren Labs initiative also continues to be something to watch, as the team outlines bold plans to become their own L1. This means that RenVM will be able to directly support an application layer, fostering the further development of a vibrant interconnected ecosystem.

With the launch of the Community Ecosystem Fund, members of the Ren community can now dictate the allocation of funds to fuel constant network improvements. The gradual rollout of the Greycore represents RenVM's continuous transition into a fully decentralized entity, offering important prospects for the future of the project.

Outlook

Overall, the RenVM fundamentals remain as strong as ever. The project continues to enact a growing influence on DeFi as a whole and will be an essential catalyst for further use and adoption. The drastic underperformance thus far can be substantially attributed to the wider crypto market downturn, with leading assets and altcoins posting double-digit losses. Inflation and regulatory concerns mixed with normal price fluctuations have been heavy catalysts on the current market conditions. All in all, these circumstances remain transitory, and we expect positive future returns in the months to come.

- *Elijah Pearson, Managing Director of Fund, Technology*
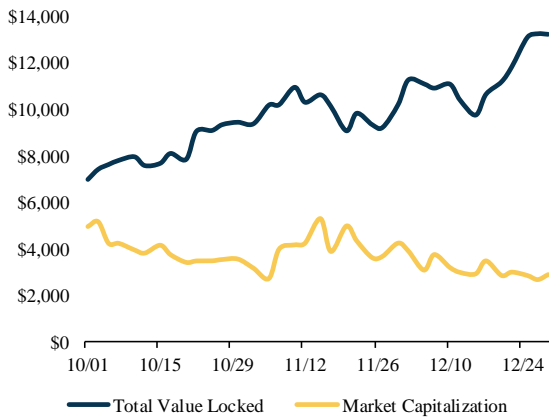
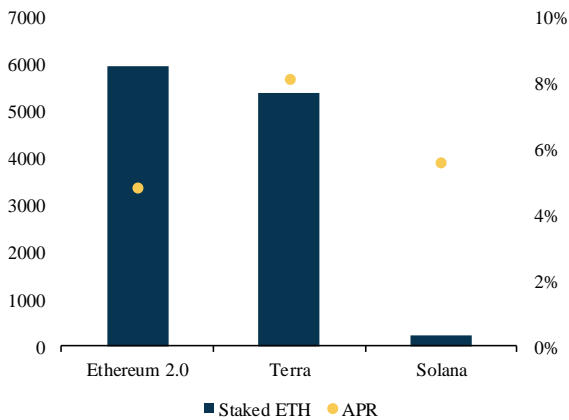Figure 10: Top ETH2 Depositing Addresses (ETH)
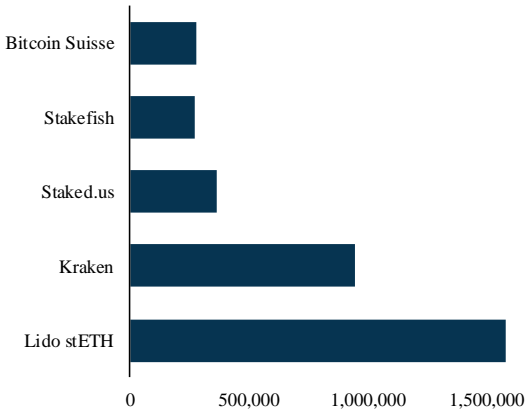
Source: Nansen

Figure 11: Lido Total Value Locked & Market Cap (millions)

Source: Token Terminal

Figure 12: Staked Tokens & APR on Lido Networks (millions)

Source: Lido DAO

Lido DAO

Overview

Lido is a liquid staking solution for Ethereum 2.0, Terra, and Solana. It is backed by industry-leading staking providers. Lido lets users stake their Ethereum without locking up their assets. This allows users to stake their Ethereum tokens in Lido, whilst also participating in on-chain activities such as lending.

Staking Ethereum pre-merge allows token holders to earn rewards that cannot be accessed until transactions are enabled for Ethereum 2.0. Lido has attempted to improve initial Ethereum 2.0 staking, which originally locked up users' assets and proved to result in illiquidity, immovability, and a lack of accessibility.

Performance

The OBG purchased 509.77 Lido (LDO) tokens ($2109) on November 21st, 2021. It has since underperformed the benchmark by 16.54%. Despite a decrease in the LDO token price from $4.28 to $3.44, the total value locked (TVL) in Lido has significantly increased since our original investment, furthering the liquid staking solution's capabilities.

Catalysts

On November 21st, Lido had $9.86 Billion TVL, and rose to $12.83 billion on December 23rd. Given the new TVL, Lido now is competing in the top 5 among other DeFi protocols.

Lido's staked ETH token, stETH, has been integrated across large DeFi players including Curve Finance, 1inch, SushiSwap, Balancer and Anchor. Participants can stake ETH directly from Argent, Ledger, Zerion and Gnosis Safe wallets.

Additionally, Lido has maintained a steady lead as the top ETH2 Depositing Address for the last three months. Lido's 1,583,000 stETH in circulation provides them the first mover advantage. This is extremely important in liquid staking as token holders want to stake in the largest pool. Since the project launch, Lido has paid out over $216 million worth of rewards to over 55,000 stakers.

Outlook

The LDO underperformance is a result of the large crypto sell-off that has occurred over the past few months. Despite a huge increase in Lido's TVL, the token price decreased significantly. Lido top competitors' token prices have decreased an average of -4.2% since OBG purchased the LDO tokens.

Despite underperformance on relative token price, the Lido team and protocol altogether continues to successfully perform and increase in overall value.

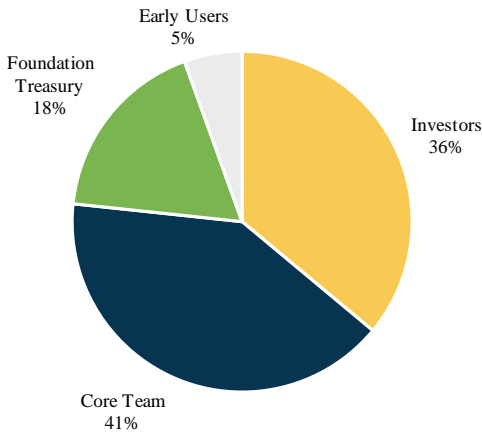- *Wyatt Swanson, Managing Director of Fund, Finance*
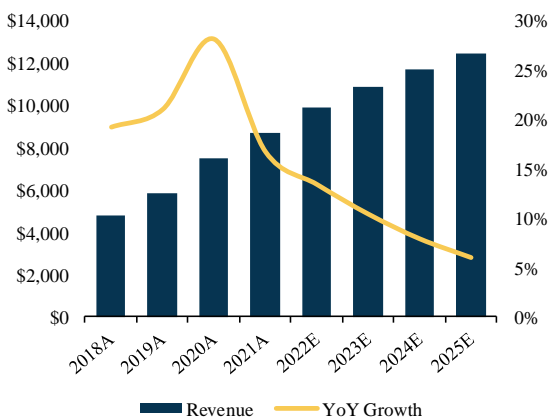
Figure 13: $AUDIO Price & Return vs. $ETH
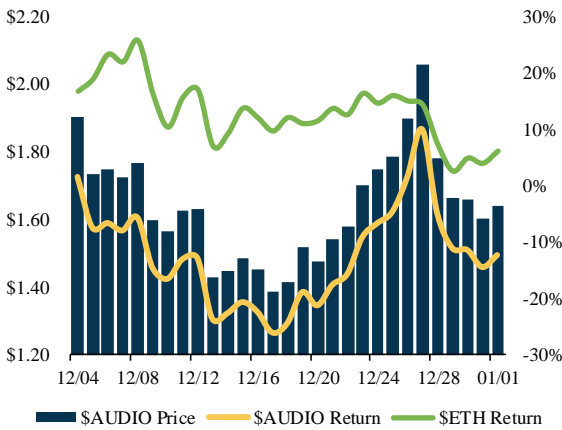
Source: Crypto Fund & Cryptowatch API

Figure 14: $AUDIO Distribution at Genesis Block

Source: Messari

Figure 15: Music Streaming Industry Revenue

Source: Statista

Audius

Overview

Audius is a decentralized music streaming service that attempts to align the values of the artist and the consumer. The platform was created to reform the traditional music industry; a tyrannical system that greatly inhibits an artists' sphere of influence and opportunities for compensation. With Audius, artists are empowered to establish their personal brand independent of any middle-men or censorship. The service allows artists to create permissioned and customizable content for their audience, while entitling them to over 90% of the revenue they generate. Audius represents the future of a more equitable music industry, while offering important innovations in the entire sphere of social engagement and entertainment.

Performance

The OBG purchased 921.63 AUDIO tokens ($1758) on December 4th. The tokens have underperformed our ETH benchmark by 35% to date. Against USD, it is currently down 22%. Again, much of this underperformance has been fueled by the current market downtrend. Industry leader BTC is down over 30% from all-time highs, while ETH continues to nurse an 18% decline from early-November's top. Many altcoins have fared much worse during this same period, some losing over half their value or worse. Macroeconomic effects have fueled much of the dip, with questions over cryptocurrency regulation influencing consumer spending. The Bitcoin Fear and Greed Index is another important consideration, with sentiment currently residing in Extreme Fear. These factors have continued to put negative pressure on prices.

Catalysts

Audius continues to make the news for exciting developments within their platform. They recently integrated with Defi Land to bring the first radio station to the Metaverse, allowing users to stream their favorite music while playing the soon to be released blockchain-based game. Audius also recently released new functionality within their application that allows users to embed their NFTs into popular social media platforms such as Twitter. This feature incorporates Solana-based Phantom wallet and aims to increase mainstream adoption of Web3 solutions and foster new forms of fan engagement. With an ongoing partnership with social media giant Tik-Tok, as well as an impressive cast of artists such as Diplo, Weezer, Skrillex, Odesza and thousands of others, Audius remains a sleeping giant.

Outlook

With so much positive feedback and constant developments, Audius has established itself as name to watch for years to come. A powerhouse in decentralized music streaming, the platform has real potential to reshape the entire music industry, reforming outdated and inequitable standards for the better. Having increased their active user base from 3 million last spring to over 6 million at the time of writing, expect another tremendous year of growth ahead.

- *Elijah Pearson, Managing Director of Fund, Technology*

Source: DeWi Rewards Report
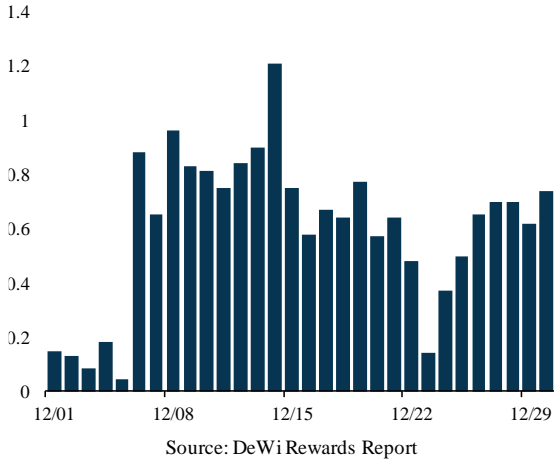
Figure 17: Hot Gunmetal Albatross HNT Distribution

Source: HeliumGeek

Figure 18: Yearly HNT Minted

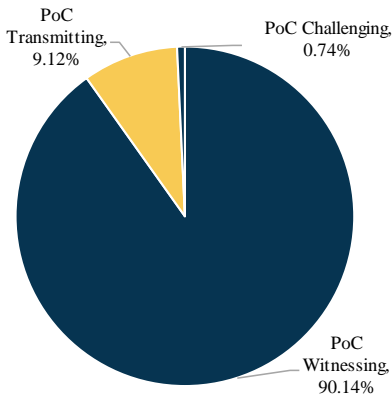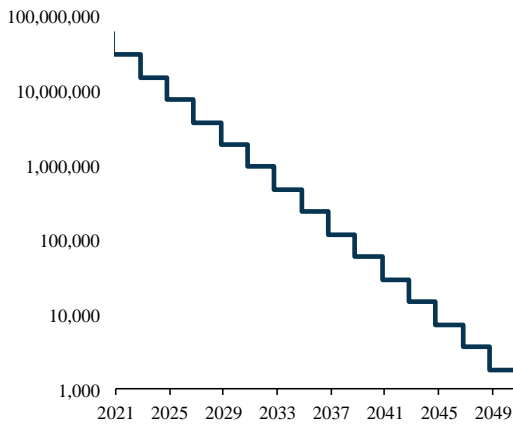Source: Helium

Helium (non-core fund holding)

Overview

Helium is a global, distributed network of hotspots that creates public, long-range wireless coverage for LoRaWAN-enabled IoT devices. Hotspots are compensated in HNT, the native cryptocurrency of the Helium blockchain. Helium uses Proof-of-Coverage consensus mechanism to compensate miners based on witnessing, transmitting, challenging and data transmission. The Helium blockchain is a new, open source, public blockchain created entirely to incentivize the creation of physical, decentralized wireless networks. Today, the Helium blockchain and its hundreds of thousands of Hotspots, provide access to the largest LoRaWAN network in the world.

The Oregon Blockchain Group purchased one Bobcat 300 Helium miner from eBay and three Bobcat 300 Helium miners from the Bobcat website. The group currently has one helium miner in operation; the other miners ordered from Bobcat's website are expected to arrive by May of 2022.

Performance

Our sole Helium miner (Hot Gunmetal Albatross) has been performing exceptionally well. The miner was installed on November 18th, 2021, and it is currently yielding an average 0.845 HNT tokens per day. If the HNT price can stay at its current level of $40 per token, considering a 2% drop in daily rewards, we expect to recoup the initial investment by the end of January 2022. The estimated payback period is between 60 to 80 days.

The picture below shows the number of hotspots our operating miner has witnessed during its lifespan. Compared to other miners in the Eugene area, our miner is ranked top 5 regarding the number of witnesses, thanks to its excellent location with a high elevation and a powerful 10dbi antenna.

Catalysts

While the Helium Network is almost completely built out in most major U.S. cities (major international cities as well), the Helium team has recently been focused on onboarding more devices to send data packets through the network. Helium recently announced an initiative with the city of San Jose, California to build city infrastructure using the Helium network. Initial pilot programs will aim to improve air-quality monitoring, fire detection and climate-related opportunities. This partnership is the first of many Helium hopes to build with other cities and municipalities around the world.

Outlook

While our Helium miner is not part of our core Fund holdings, the project has been proven to be a successful investment for OBG so far; we remain very optimistic about the future growth of the helium network and the HNT token. We intend to rotate our Helium mining profits into other blockchain projects to strengthen the group's cryptocurrency treasury and resources.

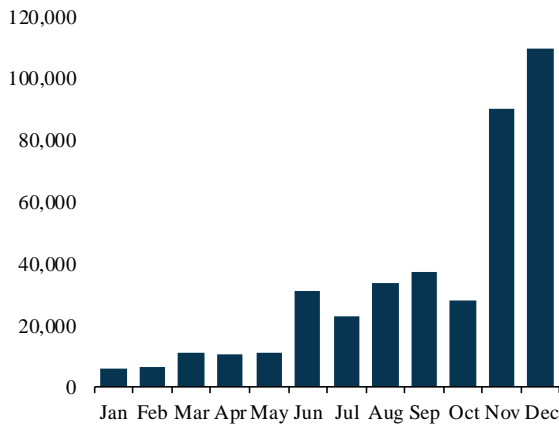- *Jerry Zou, Managing Director of Fund, Equipment*

Figure 19: ENS Token Distribution

Others
6%

Airdrop
25%

Community
Treasury
50%
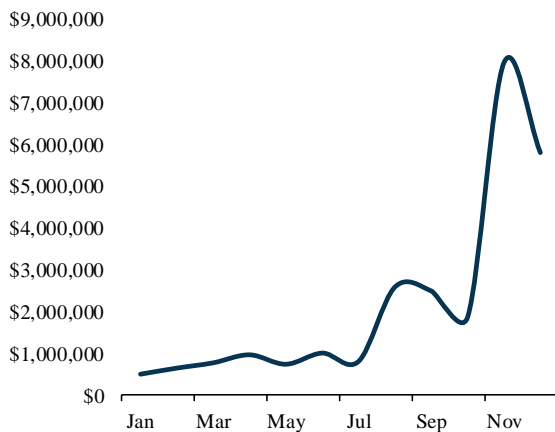
Core
Contributors
19%
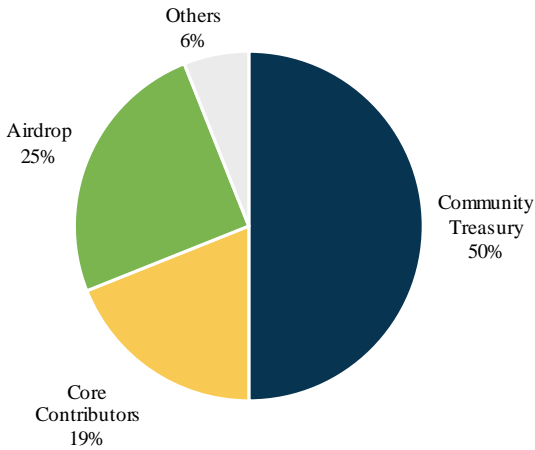
Source: ENS Documentation

Figure 20: New .ETH Domain Registrations

Source: Dune Analytics

Figure 21: ENS Monthly Revenue

Source: Dune Analytics

Ethereum Naming Service (non-core fund holding)

Overview

The Ethereum Name Service (ENS) is a distributed, open, and extensible naming system based on the Ethereum blockchain. ENS operates very similarly to the Domain Name Service (DNS) but has significantly different architecture due to the capabilities and constraints provided by the Ethereum blockchain. ENS is the most widely integrated blockchain naming standard with 606,000 registered names and 255,000 owners. Wallet owners can use ENS names in place of long wallet addresses to receive any cryptocurrency or NFTs.

On November 8th, ENS launched a DAO and ENS tokens to govern the protocol. The token launch included 100 million native tokens, 25% of which were airdropped to .ENS registrants (worth $1 billion+ shortly after airdrop).

Performance

Shortly before the ENS token airdrop, OBG Advisor Stephen McKeon donated the uoregon.eth .ENS domain to the group. The group was able to claim 100.617 ENS tokens ($5470) from the airdrop based on the uoregon.eth domain. We were rewarded 4.14 tokens for historical activity and 96.48 tokens for future registration.

The token price has been extremely volatile, increasing from $22 to $75 within the first day of the airdrop. The token currently sits at one of the lowest levels since the airdrop.

Catalysts

In December 2021, ENS set a new record of 109,000 registered .ETH domains, despite the high gas fees (>$100). The ETH Leaderboard, which tracks the most followed twitter accounts with a ENS domain name, exploded. Icons including Paris Hilton, Shaquille O'Neal, TreySongz and Vitalik Buterin now display .ETH domains on their personal Twitter account.

Additionally, .ETH domains now have over 420 dAPP integrations including Uniswap, Etherscan, OpenSea, Aave and 1inch. Furthermore .ETH domain holders can use their domain with DNS names that are already owned including the traditional .com, .org, .io, and .xyz domains.

Outlook

ENS is not part of the core Crypto Fund 1.0 holdings because the assets were obtained through an airdrop. Similar to the HNT and ETH tokens received from the group's mining operation, the group's ENS tokens are still part of the group's treasury.

Fund analysts plan to pitch ENS to the group within the next month to make a decision on if the group should hold the tokens or swap them for different tokens.

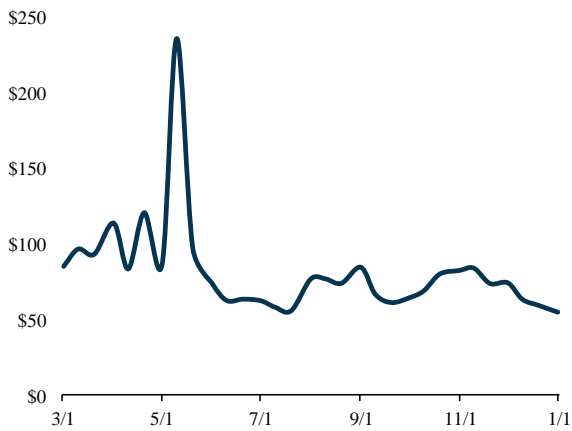- *Wyatt Swanson, Managing Director of Fund, Finance*

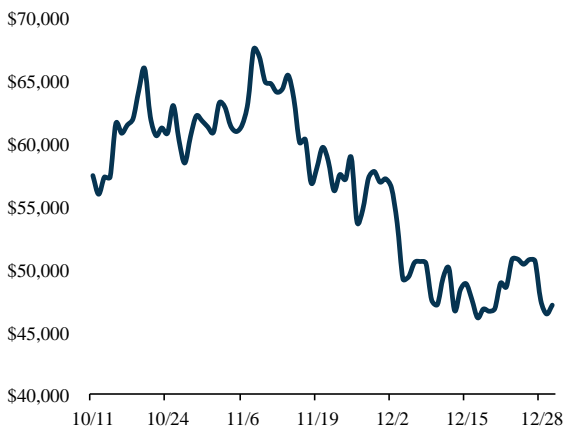Figure 22: Share of Global Hashrate (monthly average)
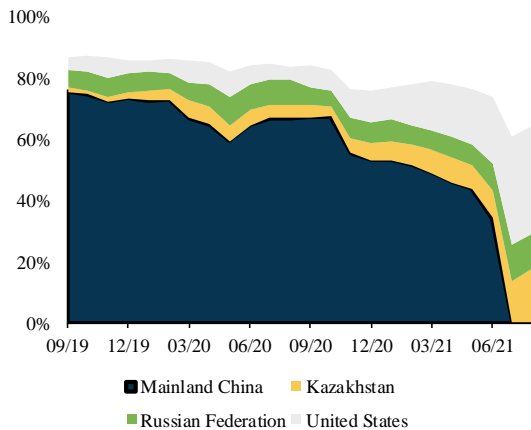
Source: University of Cambridge

Figure 23: Average Daily 1 GH/s Revenue

Source: Kryptex

Figure 24: $BTC Price

Source: Cryptowatch API

GPU Mining (non-core fund holding)

Overview

Mining is the process of creating a block of transactions to be added to the blockchain. Ethereum, like Bitcoin, currently uses a proof-of-work (PoW) consensus mechanism. Mining is the lifeblood of proof-of-work. Ethereum miners - computers running software - use their time and computation hashing power to process transactions and produce blocks. In decentralized systems like Ethereum, it is essential that all participants agree on the order of transactions. Miners uphold this process by solving computationally difficult puzzles to produce blocks, securing the network from attacks.

Performance

In November 2021, Oregon Blockchain Group joined the Ethereum mining network by acquiring two pre-built gaming PCs with NVIDIA RTX 3060Tis GPUs. After the team implemented the MSI afterburner's overclock settings, both GPUs were able to mine at a speed of 40-44 Mh/s. Due to logistics issues, our Ethereum miners are currently offline. The OBG Management team is working to get the miners back to operation. As of December 20, our miner has generated 0.00102021BTC which is worth about $47.71.

Catalysts

The biggest risk of proof-of-work mining is the price fluctuations of cryptocurrencies. If the price of Ethereum decreases which will negatively impact the profitability of our miners. Not only are the mined coins worth less, but the value of the GPU decreases as other miners sell their GPUs. The second risk of GPU mining is Ethereum 2.0. As of today, the most profitable coin to mine is Ethereum, which is 40% more profitable than mining the second most profitable coin, FIRO. However, if the Ethereum network transitions from PoW to proof-of-stake (PoS), GPU miners will no longer be able to mine Ethereum. Additionally, most of the miners will switch to mine the second most profitable coin, resulting in a surge of hashing power that will likely decrease mining profitability by 30-50%.

Outlook

GPU mining is at record profitability due to a significant increase in cryptocurrency prices during the past two years. Additionally, China regulators banned crypto mining which caused more than 50% of the collective of computing power to drop off the network. This significantly benefited all the miners outside of China due to fewer miners sharing the crypto mining rewards.

Our fund remains cautiously optimistic about our investment in GPU mining for the next 12-24 months. Considering Ethereum 2.0's likely impact on the profitability of our miners, we estimated our fund will be able to recoup our initial investment within the next 12-18 months. We expect our GPU mining equipment to generate a steady stream of cash flow which will help fund other blockchain projects in the years to come.

- *Jerry Zou, Managing Director of Fund, Equipment*