



WHAT IS ETHEREUM?

ETHER (ETH)

Ether (ETH), commonly referred to as “Ethereum,” is the cryptocurrency that powers the Ethereum blockchain. The Ethereum blockchain has grown into the most actively used blockchain in the world, and ETH is now the second-largest cryptocurrency behind bitcoin.

THE ETHEREUM BLOCKCHAIN

The Ethereum blockchain was launched in 2015 as a technology that builds on Bitcoin’s innovation, with some key differences. Both the Bitcoin and the Ethereum blockchains allow users to use digital money without payment providers or banks. But Ethereum’s general programmability goes far beyond the Bitcoin blockchain’s simple balance transfers.

Ethereum is the world’s programmable blockchain, which is to say all value is programmable. “Smart contracts” implement if/then logic into money itself. Imagine you have a \$1 bill into which you can implant computer code. For example: if spending the \$1 at a grocery store, then approve the transaction; if spending the \$1 at a candy store, then reject the transaction. Ethereum introduces this into every asset, and in doing so, it significantly expands the world’s choices for interacting with money.

The Ethereum blockchain is the most likely platform for the emerging decentralized Internet of Value that banks and FinTech giants will settle upon. ETH incentivizes the operations of transactions on the Ethereum blockchain. ETH is the cryptocurrency that powers the growing network (earning a cut of all transaction fees) and tracks and pays for the computational resources required to execute a “smart contract”. In this sense, ETH functions like fuel for the Ethereum blockchain, though ETH is not exactly “digital oil” because it also lays a claim on the network’s activity. Investing in ETH is closest to investing in a high-growth technology company at the forefront of the internet’s evolution. Put succinctly: Ethereum enables value to live natively on the internet, not outside of it. It is the continuation of the internet.

The Ethereum blockchain’s open-source rails allow for the development of decentralized applications, which live on Ethereum and use “smart contracts” as their backend servers. In particular, Ethereum has enabled a suite of open-source lending, exchange, and yield-bearing protocols, 6 of which are now valued at more than \$1 billion. Our hypothesis: ETH’s value will grow as the Ethereum blockchain solidifies its position as the preferred platform for value-integrated digital interaction.

WHAT'S A BLOCKCHAIN?

A blockchain is a technological protocol—a ruleset—that combines cryptography and economic incentives to enforce collective agreement on information in computer networks. Each computer in the network maintains a copy of the information, only updating it when new information is collectively agreed upon.

GALAXY

FUND MANAGEMENT

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