Multicoin / Capital

Our Investment Thesis

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Multicoin Capital is a thesis-driven investment firm that makes long-term, high-conviction investments in category-defining crypto companies and protocols across public and private markets on behalf of sophisticated families, foundations, endowments, and institutional investors.

/ Introduction

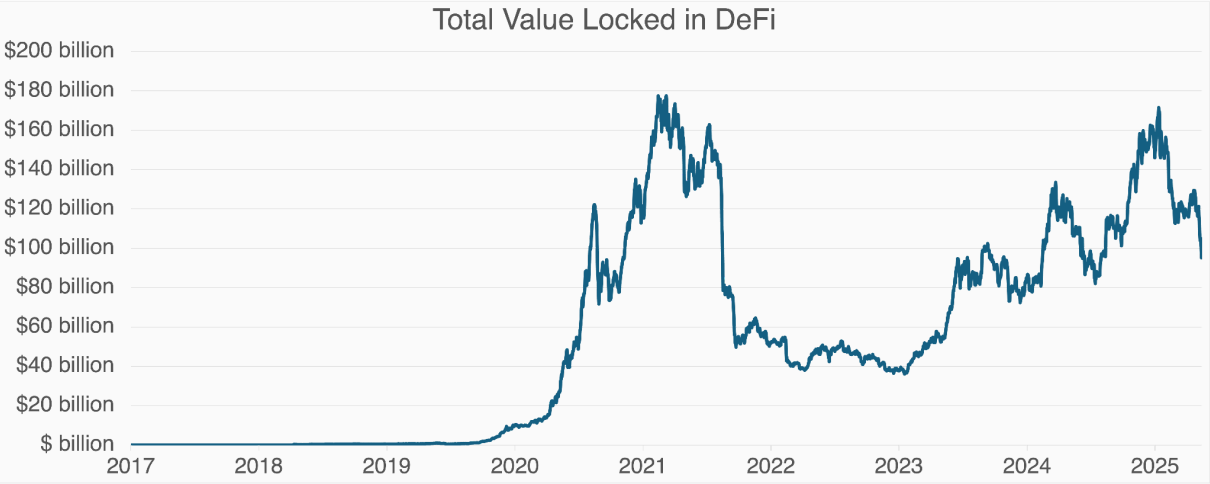
Multicoin Capital launched on October 1, 2017. We started the firm with the view that crypto would eventually reshape global markets. Our logo, a phoenix, represents a new financial system rising from the ashes of the old one.

When we began, permissionless finance was hardly a known concept. Eight years later, it's becoming a reality. Billions of people and key institutions, from top banks and payment companies to asset managers and the US government, now see crypto as the future of finance. The recent passage of the GENIUS Act and Congressional progress on the CLARITY Act suggest that adoption is on the precipice of real acceleration. We expect crypto to be built into every major operating system, browser, and app, often in ways users won't even notice.

When SEC Chair Paul Atkins announced Project Crypto in July 2025, it was a turning point for the industry. The CFTC has joined that effort with a focus on harmonization with the confirmation of Chairman Selig. Programmable money and assets have stopped being treated as mere thought experiments and became the national priority they are today. The US's regulatory framework is starting to take shape, and issuers, exchanges, brokerages, and large financial institutions are scrambling to get into position.

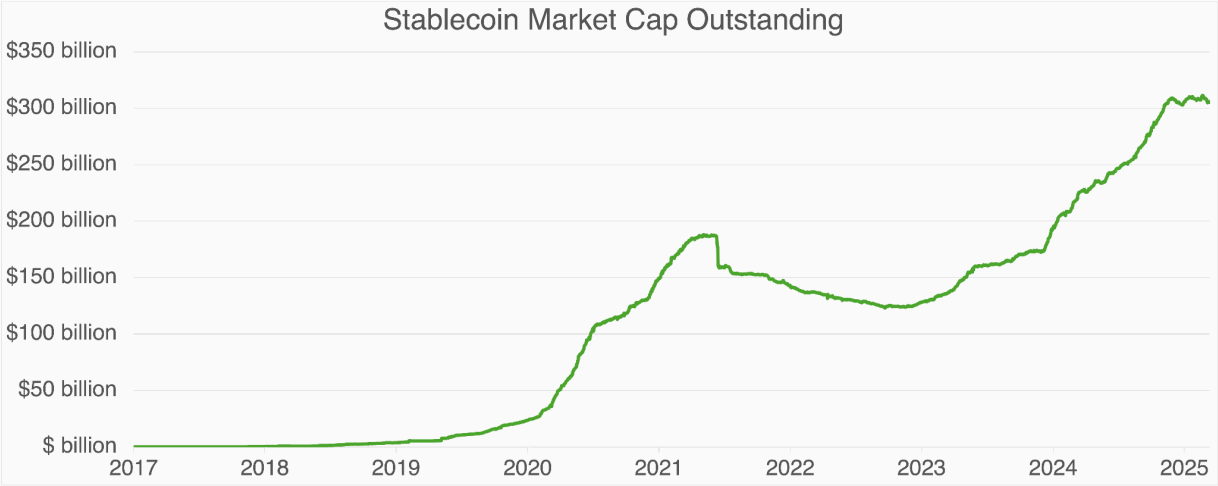
This post is a successor to our original Crypto Mega Theses essay from 2019. In that essay, we highlighted three big trends: (1) Open Finance, (2) Global, State-Free Money, and (3) Web3.

Looking back, two of our three Crypto Mega Theses have played out as expected. Open finance, our first mega thesis, has absolutely exploded. Today, DeFi protocols manage $93 billion in capital, up from less than $1 billion in 2019 when we first published our theses.



Source: *DefiLlama*

Stablecoins, another subsector within open finance, have also taken off. Aggregate stablecoin market cap has grown from under $1 billion when we published our Crypto Mega Theses to more than $305 billion today.



Source: *DefiLlama*

Additionally, our second mega thesis, global state-free money, used to be seen as something only fringe libertarians and goldbugs cared about. For most people, USD felt like the safest asset and the default way to store value. Lately, though, that trust has started to erode. After the U.S. froze Russia's FX reserves and began using the dollar as a geopolitical tool, more countries have started to see the U.S. as a less reliable partner. Even well-known macro investors like Ray Dalio are now arguing that cash is trash.

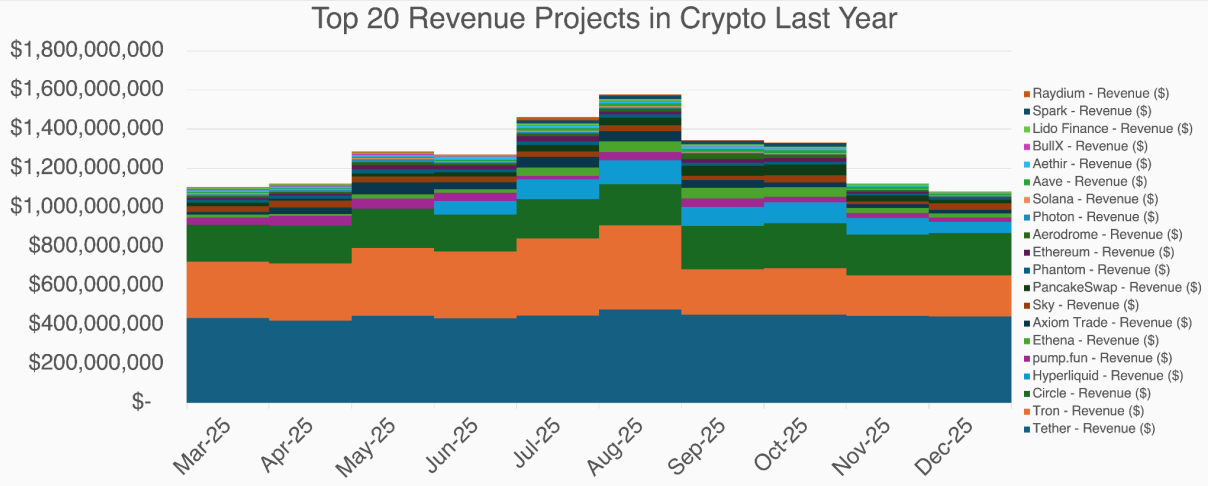
At the same time, years of fiscal dominance and unchecked government spending have weakened purchasing power at home, and political pressure on the Fed has raised doubts about its independence. All of these changes have made the idea of global, state-free money like BTC, ETH, and SOL a lot more compelling.

Our third original Crypto Mega Thesis focused on Web3, which is that users would control their data and developers would use the Web3 Stack to avoid the fees, censorship, and other problems incident to centralized platforms. To be fair, there has been promising progress in Web3 development. For example, teams have built decentralized social protocols like Farcaster and Lens, decentralized storage networks like Filecoin and Arweave, decentralized DNS services like Handshake, and decentralized compute networks like Akash and Livepeer. However, this thesis has taken longer to materialize than we initially expected, and very few of these protocols have found meaningful product-market fit. We're still optimistic about this

design space, and are open to investing in promising projects in this arena, but we now believe we may have been too early with this thesis.

After eight years in this space and more than 100 investments in crypto companies and protocols, we've seen just about everything: transient narratives, brutal bear markets, and regulatory whiplash. These experiences have taught us critical lessons about crypto use cases. Not everything needs to be on a permissionless blockchain, not every product needs a token, and not every token can capture sustainable value.

One of our key learnings is that blockchains are fantastic asset ledgers and that's their core value. Crypto companies and protocols focused on finance and payments, such as DEXs, CEXs, payment firms, crypto trading platforms, lending protocols, launchpads, and stablecoin neobanks and issuers, are the ones that have endured. The data is clear: among the top 20 revenue-generating crypto projects, only one is not directly related to finance or payments.



Source: *Token Terminal*

Based on this data and eight years of investing in this still-nascent space, we've developed a new, simple core investment thesis at the firm:

> ***Blockchains are the first-principles-correct technology to move money, coordinate and program capital formation, and power global financial markets.***

/ Multicoin Capital's Core Investment Themes

In the following sections, we discuss where crypto is already making an impact and where we think it's going. We highlight eight updated investment themes that should shape the next

decade of crypto and permissionless finance. We believe these aren't short-term trends reliant on bull markets. Rather, they're long-term themes we've identified after years of talking to and working with hundreds of companies and founders. These are also the main reasons we've dedicated our careers to investing in this space, even though it's still early and often misunderstood.

1. **Fintech 4.0:** Stablecoins and blockchains are the first significant innovations in moving money and settling transactions in decades. They make payments and assets programmable and accessible worldwide, lower costs for fintech builders, and start to challenge old monopolies like card networks and big banks. We're focused on investing in:

    a. Specialized stablecoin fintechs that can now be built at lower cost and with better unit economics;
    a. Products that collapse and capture large portions of the fintech stack (e.g. Altitude); and,
    b. Companies that make stablecoins accessible to consumers and businesses globally (e.g., p2p.me and El Dorado)

2. **DeFi Mullet:** As the DeFi stack matures and software development barriers drop, there is value to capture up and down the stack from specialized frontends that own customer relationships, global DeFi backends that benefit from economies of scale, and DeFi middleware that helps connect frontends to backends. We believe investment opportunities exist across this entire DeFi stack:

    a. Customer-facing frontends that monetize as order flow engines (e,g. Phantom, Fuse Wallet, and Robinhood);
    b. Equity in public markets companies building on top of DeFi (e.g. Coinbase/Morpho);
    c. DeFi middleware companies (e.g., LI.FI, Fun.xyz, and Yield.xyz); and
    d. DeFi protocols (e.g., Kamino, Drift, Aave, and Ethena) that manage large amounts of risk and compound as more assets move onchain.

3. **Financial Globalization:** Traditional equity, FX, interest rate, debt, etc. markets are only accessible in certain parts of the world, but blockchains enable worldwide access. Crypto will globalize existing liquid markets, add transparency to dark ones, lower the cost of issuing new assets, and open up trading for new markets. We envision a world where anyone, anywhere can trade any asset at any time.

We've invested in several projects focused on increasing market access and will continue to focus on this segment:

a. Companies tokenizing liquid markets, like Paxos;
b. Protocols building synthetic derivatives contracts to give global access to investors, like Drift, Hyperliquid, and Lighter;
c. Operators lighting up dark markets and making them more efficient, like BAXUS and Triumph; and
d. Companies leveraging the ability to create new markets, like Kalshi and Sway.
e. We're also investing in companies helping push onchain market microstructure forward, such as DFlow, Jito, and FastLane.

4. **More Efficient Borrow/Lend:** In the past, loan access often depended as much on where borrowers live and who they know, as it did on their true creditworthiness. Crypto changes this by letting money and collateral move directly between lenders and borrowers anywhere in the world. As onchain borrow/lend tools like prime brokerages and DeFi vaults become increasingly common, productive loans can be underwritten globally.

    a. We're an investor in borrow/lend protocols, including Kamino and Aave; and
    b. We want to invest in emerging vault protocols and DeFi prime brokerages as well, and are actively looking for opportunities in these areas.

5. **Entertainment Finance:** When long-term goals like the American Dream seem out of reach, people start taking bigger swings. Entertainment Finance describes this trend, and crypto is a key market for those taking these risks more openly, with fewer intermediaries taking their egregious cuts.

    a. We're interested in projects aimed at reducing take rates in the entertainment and degen economies, including Cheddr and Novig.

6. **Programmable Ownership:** When designed well, we believe tokens are a superpower. They enable programmable ownership in DePIN, crypto-linked equities, and online marketplaces, and are one of the best tools for bootstrapping and scaling networks.

    a. We helped pioneer the DePIN category with our investment in Helium in 2019, and have since backed projects like Hivemapper, Render, io.net, Geodnet, Pipe, and Gradient;
    b. We're investing in novel Internet Labor Markets, which expand the surface area of contribution to arbitrarily bespoke actions, like CrunchDAO and Fuse;

   c. We're an investor in many virtual marketplaces that are managed by DAOs, such as Jito, Drift, Kamino, etc.; and
   d. We're exploring investing in equity 2.0 structures, where teams are creating novel use cases for their stock.

7. **Credibly-Neutral Blockchains:** Being credibly neutral at the base layer is extremely important. Financial markets grow faster when competitors feel safe building on shared systems. We believe chains that are neutral by design generally attract more issuers, more liquidity, and more builders over time and that corporate chains are going to struggle attracting third party builders, because, for example, we don't think E*TRADE will want to build on Robinhood's chain and Adyen will be skeptical about building on Stripe's Tempo chain.

   a. We've been actively investing in credibly-neutral base layers like APT, SOL and SEI. Over time, we think value capture will move up the stack and we will concentrate our investments in applications building on top of credibly neutral chains.

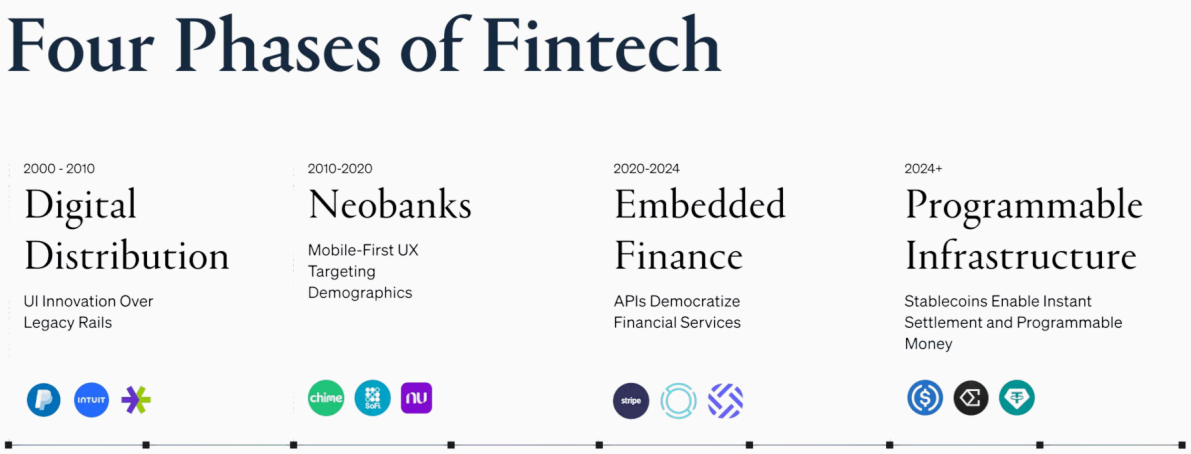
8. **Cryptographic Primitives:** Stablecoins give AI agents a straightforward way to send and receive payments, and cryptographic primitives give us a way to verify what's real online without creating massive data honeypots and introducing unnecessary trust assumptions. Crypto provides a necessary substrate for a world in which internet commerce increases several orders of magnitude driven by the proliferation of agentic systems.

   a. We're investing in teams building out cryptographic primitives, like Zama, Fhenix, and zkMe.

These core investment themes shape most of our decisions across our master and venture funds. Our focus is on money movement, financial markets, and capital formation, areas where we are especially active. Below, we dive into each theme and expound on why we're excited.

/ Theme #1 - Fintech 4.0

We recently looked at fintech's history and concluded that permissionless finance and blockchains are the first truly new financial rails in half a century. Earlier waves of fintech were all about distribution, first moving finance online, then marketing it via neobanks, and eventually embedding it into everyday apps. Each step made things easier for users, but they all still relied on slow, closed banking and card networks.



Source: *The Opportunities for Specialized Stablecoin Fintechs*

Blockchains and stablecoins, though, are rebuilding finance from the ground up. They create a platform where full-stack fintech apps can run on open rails. In this setup, settlement is instant, transactions are final, APIs are open and flexible, and the system runs globally 24/7/365.

Stablecoins as New Payment Rails

We've long held the view that Bitcoin is better than gold in almost every way. It's globally portable, not subject to capital controls, free to store, easy to self-custody, impossible to inflate away by long-tail governments, and infinitely divisible.

But Bitcoin has issues. It's volatile, so it's not ideal for everyday transactions. It's also not very programmable; beyond basic features like multisig, there isn't much you can do with it. Additionally, there's long term quantum computing risk and it's hard to upgrade the network.

Stablecoins on open blockchains solve basically all of these issues. They're stable, fully programmable, and can be upgraded easily. They also live on chains that are exploring quantum resistance. They keep some of Bitcoin's advantages over gold, though the obvious trade-off is that stablecoins depend on the fiat currencies to which they're pegged, like the US dollar, and most apply a centralized, issuer-based model.

The hard part, from an investor's perspective, is figuring out where the economics actually accrue in stablecoins. Companies like Circle and Tether seem like obvious options, but we think:

1. The major crypto-native issuers are already entrenched and it will be hard for new startups to compete (with the exception of projects building novel stablecoin models, like Ethena's basis trade mechanism);

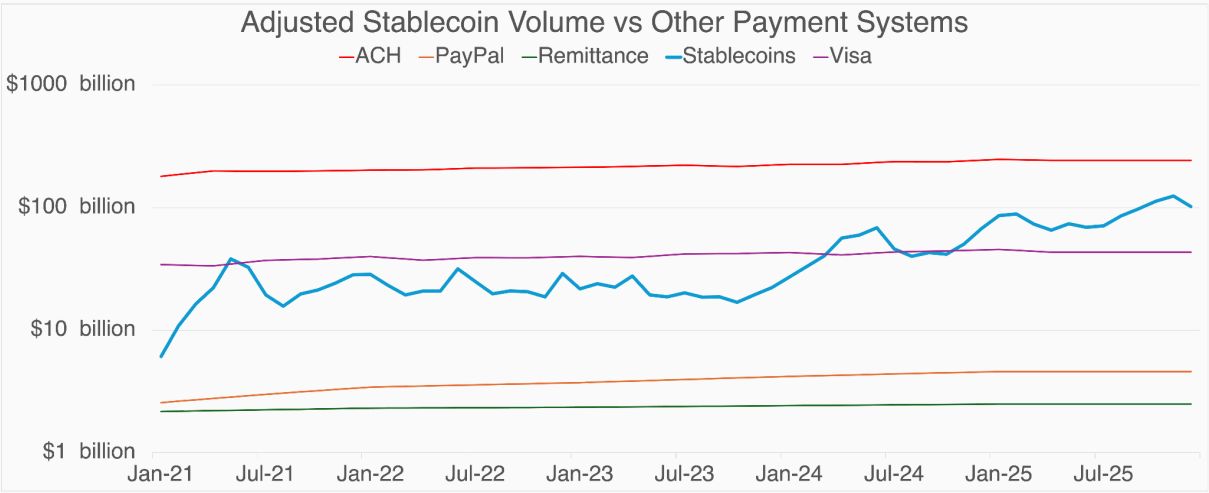
2. Major banks and financial institutions around the world are going to issue their own stablecoins; and
3. Issuer economics will get squeezed as companies that own the user relationship take more of the net interest margin.

As such, from an investment perspective, we've focused on products that collapse and capture large portions of the fintech stack (e.g., Squads's Altitude product), or those that make stablecoins accessible for consumers and businesses globally (e.g., p2p.me and El Dorado).

It's striking how much of the fintech stack is simplified by stablecoins. Traditional fintechs depend on a litany of vendors for banking, custody, compliance, fraud prevention, and payments. With stablecoins, devs get most of these features built-in, quickly, and at low cost, thanks to the underlying L1 or L2.

Inside crypto, stablecoins have already won. They've replaced volatile cryptoassets as the primary form of collateral for crypto derivatives and prediction markets, serve as the base assets for most major crypto spot pairs, and are widely used by crypto companies for payroll and operating expenses. But stablecoins aren't just for crypto businesses anymore. Today, people use them for remittances, payroll, contractor payments, B2B settlements, merchant payments, creator payouts, and more, especially where traditional systems are slow or expensive.

Amazingly, stablecoins now do more real economic volume than traditional payment networks like PayPal and Visa, even after excluding intra-exchange transfers and MEV. For the first time, payment rails outside of banks and card networks are operating at a truly global scale.



Source: *Artemis*

Specialized Stablecoin Fintechs

For us, the main outcome of this shift is straightforward: we'll see many more fintech companies built on stablecoins. How can smaller fintechs compete against giants like Revolut or Nubank? It comes down to picking a clear audience and serving them better than the big platforms can. Expect to see thousands of focused, local apps like neobanks for migrant workers in specific countries, trading apps for crypto degens, payroll tools for digital nomads, or remittance apps dedicated to one corridor. These products will need to earn user trust, deliver a great experience, and tap into DeFi middleware for global liquidity.

We see a clear historical parallel here. Earlier fintechs started by focusing on specific customer groups: SoFi offered loan refinancing, Chime gave early paycheck access, Greenlight provided debit cards for teens, and Brex helped founders who couldn't get traditional business credit. But this focus didn't last. Revenue caps on interchange, rising compliance costs, and old banking systems eventually pushed these companies to grow beyond their original markets.

With crypto rails and open finance APIs cutting launch costs, a new group of stablecoin neobanks should emerge, each aimed at a specific demographic, similar to the first wave of fintechs. With much lower overhead, these neobanks can focus on smaller, specialized markets and keep that focus.

We've determined that hyperlocal specialized frontends have a big advantage: better unit economics. With stablecoins and permissionless finance, there's no need for sponsor banks, card networks, reconciliation teams, or dispute operations. This lets frontends keep more of their margins. Serving niche markets also makes it easier to grow, since people often refer their friends in small circles, which lowers CAC.

Programmable Money

More and more, online economic activity will likely be run by agents, not people. Trading bots, pricing systems, ad bidders, and personal shoppers are all making decisions and executing transactions on their own. As AI gets better, more commerce will flow through agents, with humans setting the goals and limits instead of handling everything themselves.

AI agents will need to transact directly with each other more often as time goes on. Traditional payment systems aren't built for this because they expect human users, monthly billing, minimum transaction sizes, chargebacks, and manual reconciliation. None of that makes sense when agents are making thousands of small payments every day.

Payment rules are coded directly, so an agent can pay for each API call, inference, second of computing, or task. There are no contracts, subscriptions, or human approvals needed at all. Payments are global and final by default so agents don't need to know each other's location, bank, or have any sort of relationship. Once a transaction clears, it's complete. In sum, stablecoins work well here because they're programmable money.

We're already seeing early examples of this. Trading bots move capital onchain and infrastructure platforms pay for compute as needed. As agents increasingly start transacting autonomously, stablecoins become a natural rail for all of their payments.

/ Theme #2 - DeFi Mullet

We think about the DeFi Mullet theme in three pieces: front-end order flow engines, global backend DeFi protocols, and DeFi middleware. Together, these pieces combine to create a new class of fintech applications powered by the DeFi mullet.

Order Flow Engines

Picture a savings app made for freelancers in Argentina who get paid in dollars but spend in pesos. When someone opens the app, she is probably thinking, "I have $10,000 and I want it to grow safely." She doesn't care if the yield comes from Aave, Kamino, a Morpho vault, an onchain private credit pool, or a mix. What matters is having dollar exposure and easy, dependable access to pesos.

The app picks up a lot from how people use it. It notices if she converts to pesos right before paying rent, pulls out money quickly when the blue dollar rate moves, or reacts dramatically to changes in headline APY. It also learns whether she tends to cash out small amounts often or withdraws bigger sums for major expenses. This helps the app personalize the experience (e.g. if she usually takes out just a few lump sums each year, the app can suggest locking in a fixed rate and duration for some of her money instead of leaving it all in a liquid Aave pool.)

Historically, each layer of finance (e.g., issuing, trading, holding, settling) lived on its own system, owned by different institutions. Linking these networks was slow and costly, so even big firms focused on just one piece of the stack.

However, companies that began in very different places like Coinbase (crypto CEX), Robinhood (retail brokerage), and Uniswap (set of DeFi liquidity pools) are now converging. As custody and instant settlement standardize and assets live on a shared chain, adding new products becomes much easier. This is why all three of these companies are eventually going to be in

direct competition over the coming years. Once an order flow engine like Coinbase or Robinhood has a strong customer relationship, it can offer that user many different financial products because trust builds over time. These are much closer to SEC Chair Paul Atkins' vision of "Superapps."

Previously, running the frontend required licenses, capital, and regulatory approval, so only banks and big brokerages could do it. As assets move onchain, capturing user intent gets cheaper and faster. In a lot of cases becoming a frontend is as simple as stitching together a few open APIs.

We believe order flow engines will become a lasting business model online. A new type of app will offer trading, payments, and risk products as features, then make money from the flow. We wrote about Publisher-Exchanges and New Modalities for Trading a while ago, and this is the natural extension of those ideas.

At first glance, this might seem in conflict with our earlier theme on highly specialized stablecoin fintechs. Earlier, we explained that better unit economics let new fintechs serve specific user groups without needing to expand. That idea still holds true, but the broader point is that they can choose to go horizontal if it makes business sense, rather than needing to because of bad economics.

In practice, this means two things can happen simultaneously. Thousands of small, hyperlocal fintechs can exist and stay focused on a niche for a long time. Meanwhile, fintechs with big brands that build strong user relationships can add new products like trading, yield, payments, or credit much more easily than before.

Global DeFi Backends

In this world, these hyperlocalized frontends capture value because they own the customer relationship. Meanwhile, underlying DeFi protocols consolidate via power law dynamics and network effects. As we described in DeFi Protocols Don't Capture Value, DeFi DAOs Manage Risk, protocols gain economies of scale as they grow because a sufficiently large token acts as a credible backstop, making the system safer. This drives liquidity and users to the DeFi protocol, which then increases token price, creating a powerful liquidity flywheel.

In traditional finance, regulation can limit the amount of market captured by a particular intermediary institution. For instance, banks such as JPMorgan and Bank of America are not allowed to surpass more than 10% of all insured deposits in the US through acquisitions. Further, regulatory mismatches make it difficult for financial institutions to easily operate across broader jurisdictions. Because DeFi protocols are permissionless, global by default and

disintermediated, rules will adapt differently to the use of DeFi protocols. Those rules will likely continue to allow broad worldwide access.

Most users won't notice these backend protocols. They won't know or care if their money sits in a stablecoin vault on Solana, an AMM pool on Base, or somewhere else. They also won't pay attention to whether their trade goes through DFlow or Jupiter, just as Robinhood users don't worry about whether Virtu or Citadel fill their orders. Instead, users trust the frontend they choose to handle routing for them, and these frontends will likely pick the backend DeFi protocols with the most scale and liquidity.

DeFi Middleware

In the early days, crypto products were designed for people who didn't mind dealing with a lot of hassle. Managing private keys, facing unpredictable gas fees, manually bridging, and risking 100% capital losses were all part of the deal. This approach was fine when most users were technical and ideologically aligned, but it doesn't work now that our industry is aiming for mainstream adoption.

As more people started using smart contract platforms, UX problems became clear. When CryptoKitties went viral, gas fees shot up and transactions often failed to go through. Many users also didn't know they needed the blockchain's native token to pay for gas.

A big trend in crypto over the last few years is making things simpler for users. Wallets are a good example. Instead of making everyone act as their own bank by writing down seed phrases and storing them in safety deposit boxes, apps now offer wallets linked to email, phone, or OAuth. And features like passkeys, MPC, and social recovery let people secure wallets just like they secure other accounts.

Fees were another big issue, and apps eventually noticed. Now, they often cover user transaction costs, batch transactions, or hide gas fees completely. Some blockchains even let users pay fees in stablecoins, making things even simpler.

Lastly, chains used to be walled gardens. If you had asset A on chain B but an app required asset C on chain D, you were mostly out of luck. Over the past few years, bridges, aggregators, and intent-based systems have emerged that let apps abstract this away. Users can now see a single balance and one button, instead of having to jump across multiple chains.

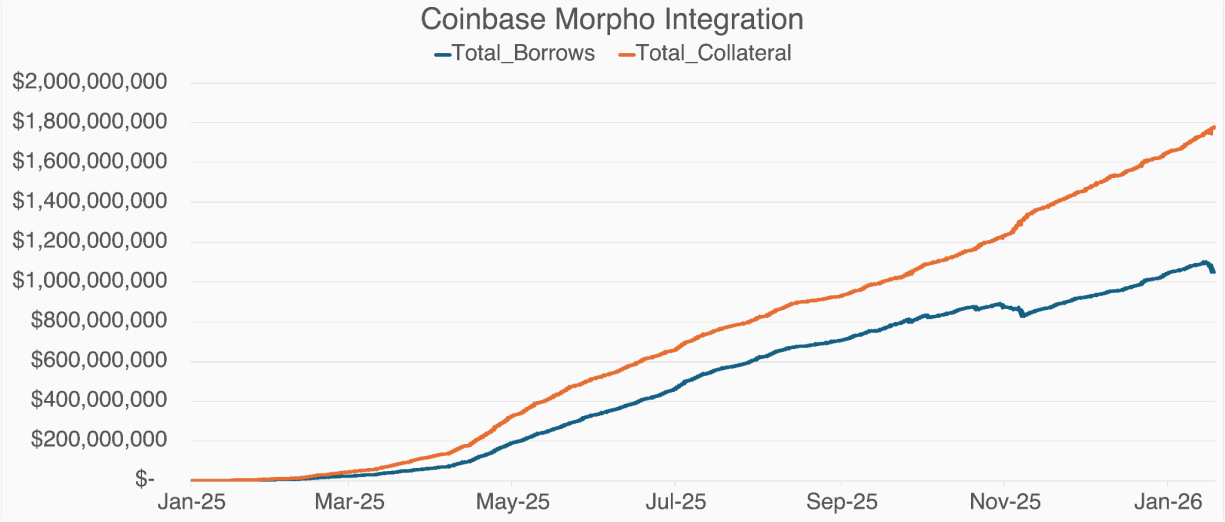
Besides the challenges for end users, there's also a developer problem. For a fintech or neobank to add crypto features the right way, such as non-custodial wallets, stablecoin

payments, and DeFi access, they need to understand blockchains, bridges, liquidity pools, gas, and signing. That's unrealistic for most teams whose core competency is outside of crypto.

To address this, a new layer has started to emerge, which we call DeFi middleware. These companies let fintechs and financial institutions plug into crypto through APIs without rebuilding everything from scratch. Some examples include LI.FI, Yield.xyz, Fun.xyz, and Paxos Labs.

As DeFi becomes simpler for both users and developers, it starts to work quietly in the background. People interact with it less directly, and it powers more things behind the scenes. In the end, it's like a DeFi mullet: business in the front, DeFi in the back.

We're already seeing a great example of the DeFi mullet as Coinbase's Morpho integration has been extremely successful thus far:



Source: *Dune Analytics, @ryanyyi*

/ Theme #3 - Financial Globalization

Access is the biggest barrier in today's financial world. What you can trade, issue, or borrow depends on your location, which institutions you can use, and the available infrastructure. Many markets don't fail because of low demand, but because joining is too difficult or expensive. Custody costs a lot, settlement is slow, and too many middlemen need to approve every step.

Crypto makes it easy and affordable for anyone, anywhere, to create or participate in markets. As equities, FX, commodities, and credit move to open blockchain rails, access is no longer

tied to geography or traditional banking. All you need is an internet connection, a wallet, and stablecoins (no local broker or special permissions necessary).

Bringing Liquid Markets Onchain

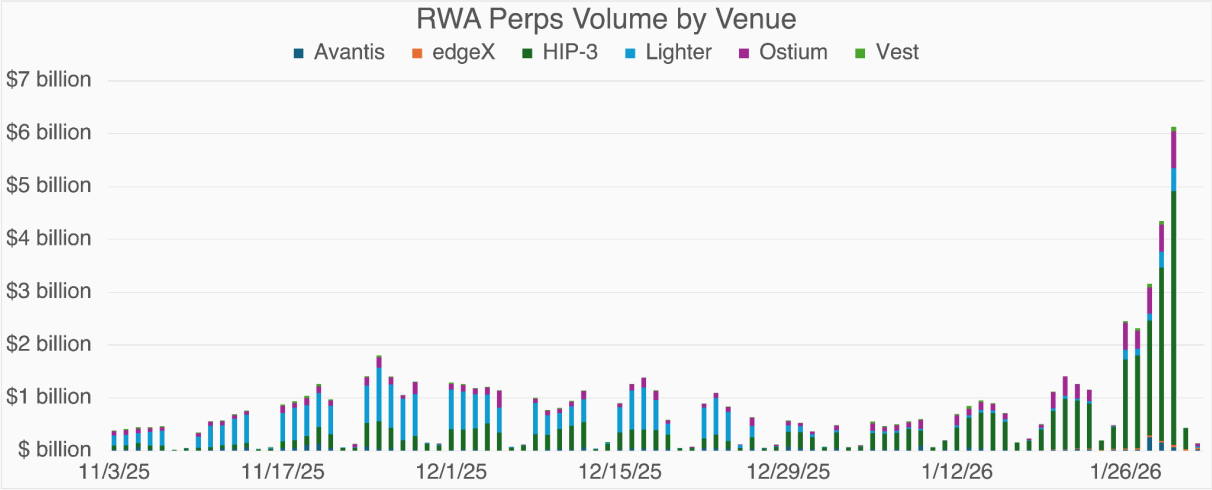
Today, most onchain activity is still internal to crypto; cryptoassets trade against other cryptoassets, and lending is largely crypto-collateralized. That's not because demand for equities, FX, commodities, or credit doesn't exist. It's because bringing large, liquid markets onchain has been genuinely hard. There are a few reasons for this:

There's a classic chicken-and-egg problem. Issuers don't want to bring equities, bonds, or commodities onchain until there is clear investor demand. And investors aren't going to move meaningful capital onchain until there's a credible, liquid set of real-world assets available to trade.

Second, the current system has a lot of inertia because established players want to protect their profits. Assets have tended to stay where custody, reporting, and legal rules are already in place. Moving these functions onchain isn't just a technical choice; it's also a political one.

Third, onchain market structure hasn't been good enough. Hosting large asset classes requires low latency, high throughput, low fees, and reliable oracles, and crypto is only now getting there. For example, AMMs helped bootstrap long-tail token liquidity, but they aren't (and probably never will be) ready for things like S&P futures or oil trades.

None of these are fundamentally intractable, though. The first constraint, in particular, has a clean workaround. Synthetic derivatives allow markets to form without tokenizing the underlying asset. Investors can trade exposure, liquidity can develop, and demand can be proven before issuers ever bring the asset onchain itself. Between Ostium, Hyperliquid HIP-3, and Lighter, we're already seeing this at some scale.



Source: *Dune Analytics, @yandhii*

The other hard problems are also being solved. In the past, blockchains had trouble offering deep and liquid markets, and also capital was fragmented across venues and chains which hurt capital efficiency. In essence, onchain market microstructure has not been good historically.

That's now starting to change. Perp DEXs now use speedbumps and prioritize maker cancels to reduce toxic flow, while newer designs like prop AMMs deliver much tighter pricing onchain. At the same time, DeFi prime brokerages and superprotocols are emerging to coordinate liquidity and margin across venues. Together, we believe these changes make DeFi markets deeper, more stable, and usable at a scale that wasn't realistic a few years ago. (As a side note, we at Multicoin are extremely interested in funding teams working to improve onchain market microstructure.)

There's also a big change on the cost side. Issuing and trading assets onchain is faster and cheaper because there's less to coordinate. There are fewer middlemen, less paperwork, and settlement happens all the time instead of in batches.

As time goes on, we expect more assets to move onchain. This might include U.S. equity perps that are accessible worldwide or cross-border payments that bypass traditional systems and avoid FX fees. These markets are massive, and supporting them could be worth trillions of dollars. We're already seeing early signs with onchain debt products such as Figure's HELOCs and Apollo's tokenized funds, and commodity products like Pax Gold and Tether Gold. Equity products will likely come next as liquidity and market structure get better.

Lighting up Dark Markets

Crypto doesn't just make existing markets easier to access. It also has the potential to light up markets that were previously dark. These dark markets aren't opaque because there's no interest, but it's because they're hard to organize. Ownership is scattered, transfers are slow, and access often depends on personal networks. Trading still happens, but it's mostly private and spread across different venues, with little transparency and no real price discovery.

Collectibles are a great example. Fine wine, watches, trading cards, and art have always traded, but buying and selling usually happens across eBay, Facebook groups, private dealers, and auction houses. Records are fragmented, authenticity often has to be checked by hand, settlement takes time, and it's tough to tell how liquid these markets actually are.

Blockchain-enabled collectibles marketplaces (BECMs) like BAXUS and Courtyard start by fixing the basics: custody, ownership records, and settlement. Solving these issues helps liquidity. Assets trade more often, prices update faster, and collections can be used in new ways. For example, owners can borrow against assets or create structured exposure. In fact, BAXUS whiskey collections can already be used as collateral in DeFi to be borrowed against.

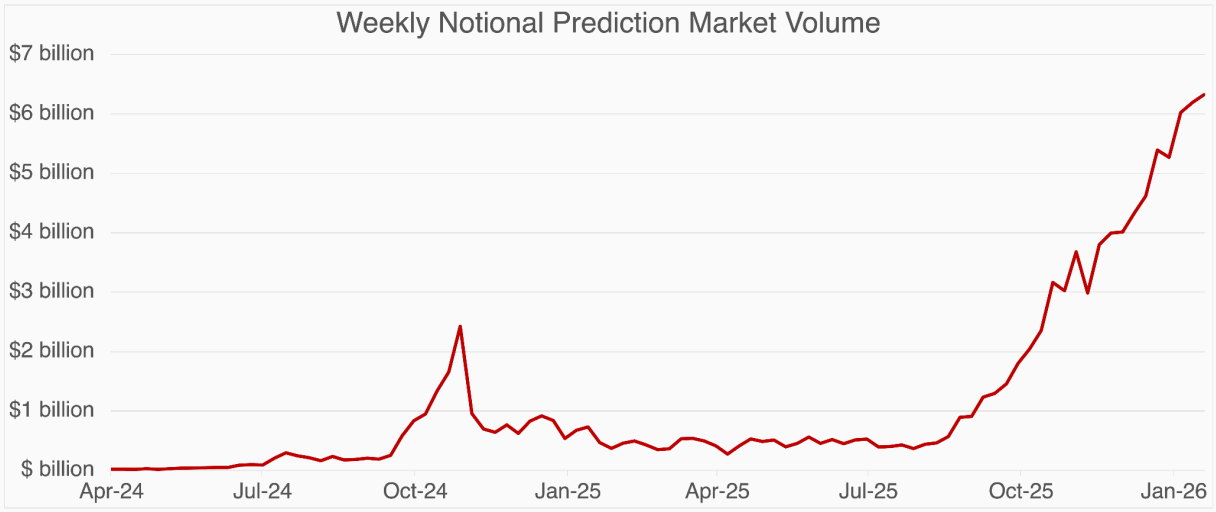
Ticketing is another example of a valuable market that's still stuck in the past. Live events draw massive demand, but primary sales are a black box and secondary markets are a mess. They're fragmented, filled with bots, and run by middlemen. It's tough to prove who actually owns a ticket, transfers are tightly controlled, and artists/venues rarely benefit from resales. Moving tickets onto programmable rails could help cut down on fraud and bring transparency into the market.

In short, many valuable asset classes stayed opaque because they were difficult to trade and organize on a large scale. As it becomes easier to handle ownership, settlement, and transfers, trading becomes more accessible. Prices change more frequently, activity is easier to see, and liquidity should increase as more people join in.

Net New Financial Markets

Crypto isn't just about moving existing markets online or making hidden ones more visible. It also makes it cheap to create markets that weren't possible before. In the past, many markets struggled not because people weren't interested, but because the assets were hard to define, standardize, and manage with old systems. Now, crypto reduces these costs so much that people can design new kinds of markets.

Prediction markets are a good example. Until recently, there wasn't an easy way to trade views on future events outside of traditional financial markets. Now, prediction markets allow people everywhere to invest in their beliefs, and prices change as new information comes in. The natural extension of this is contracts to price arbitrarily bespoke units of risk (e.g., Sway is enabling commitment contracts that allow Alice to place a $100 bet against Bob that she will run 25 miles this coming week). Prediction markets have grown exponentially over the last year:



Source: *Dune Analytics, @datadashboards*

Another set of experiments is all about attention. Attention has real economic value, but it's been tough for most people to get direct access to it. NFTs, memecoins, and creator coins are early, imperfect attempts at this. At their best, they work as rough markets for attention or shared belief in a story. When it's basically free to create markets, people start building them around coordination, stories, and shared beliefs.

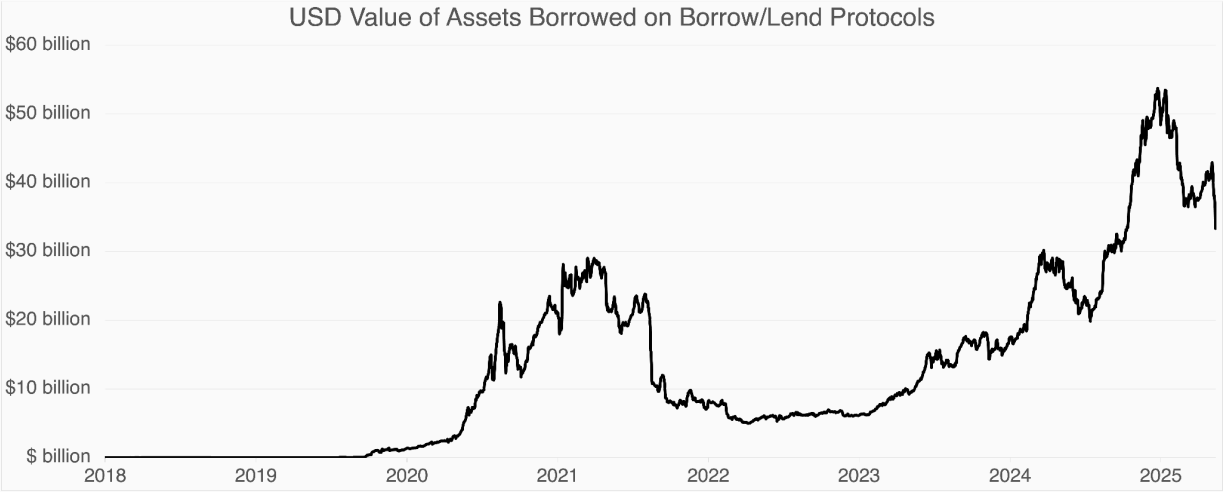
/ Theme #4 - More Efficient Borrow/Lend

Blockchain rails make trading simpler and lets more people join different markets. This is just as important when it comes to borrow/lend. Traditional rules decide who can borrow, what terms they get, how much they can borrow, and the interest rates they pay. Crypto is beginning to change these rules.

In the past, getting debt depended on more than just your credit score. Where you lived, who you knew, and whether people at banks wanted to work with you all mattered. Two similar businesses could get very different loan terms if one was in a place with a stronger financial system. Crypto is changing this by letting money move directly from lenders to borrowers,

without needing bank branches or personal connections. The counterparties don't even have to be in the same country.

In the past five years, crypto borrow/lend markets have grown significantly. Protocols like Aave and Kamino now facilitate over $33 billion in outstanding debt, and platforms such as Centrifuge and Credix are now extending debt against real-world collateral.



Source: *DefiLlama*

However, the big opportunity we see isn't just about putting traditional lending systems onchain. It's about creating new forms of debt that aren't possible in legacy systems. Traditional credit is rigid: loan terms are often fixed, underwriting is slow, and issues are usually only addressed after they arise. Even in private credit, risk management is tied to periodic reviews and lengthy restructurings, and in a lot of cases they mark down investments only when they need to.

Crypto-native debt seeks to reshape the idea of lending. Onchain platforms allow money to move directly from lenders to borrowers anywhere in the world. Borrowers are no longer limited to what their local bank offers, and instead they can access a global pool of capital. With more lenders competing to finance the same loans, cost of capital can drop, especially for people and businesses who used to pay higher interest rates just because of where they live.

Programmable DeFi Prime Brokerage

Consider a user who holds a $10,000 position on a binary election market on Polymarket. Outside of the final weeks before an election, these positions don't usually swing around that much, even though they eventually settle at either 0 or 1. A PB protocol could lend against that position, say $7,500, using it as collateral.

The loan would have certain constraints. The borrowed funds might only be usable on a set of approved venues, limited to assets like BTC, ETH, or SOL, and the loans would need to mature before the election. If the debt isn't repaid by that time, the prime brokerage (PB) can liquidate the Polymarket position to recover its capital.

Or imagine a market maker who holds a net-long position in BTC perps on Drift and wants to hedge by buying a put option using a Solana-based options protocol. In this case, a PB could provide capital just for this hedge, making sure the funds are only used for that trade.

If the trader tries to move the funds elsewhere, the transaction simply won't go through. If positions deteriorate on either platform, the PB can unwind the position early, with all rules enforced directly by the PB's smart contract.

Credit Vaults are the New Private Credit

Credit vaults (CVs) are already some of the most popular structures in crypto. A CV is a pool of capital that anyone with a wallet can put money into, and an operator (e.g., Gauntlet, Steakhouse Financial, or MEV Capital) manages how the capital is deployed, often through pre-determined code parameters. The operator sets the rules for where funds go, how much risk or leverage is allowed, and how losses are handled, with everything enforced automatically. There are also rules for how the vaults are repaid. So far, CVs have mostly been used for crypto-focused activities like market making, lending against cryptoassets, or earning leveraged DeFi yield.

We believe the important innovation is how CVs are structured. They separate roles that are usually combined: liquidity providers (LPs) own the assets, operators decide how to use them, and risk controls work on their own via smart contracts, so there is no need for ongoing judgment or manual steps. Crypto also makes it possible for more people to become lenders, vault operators, and borrowers, which helps productive credit grow around the world.

Consider energy financing as an example. Companies like Daylight finance distributed assets such as residential solar panels and batteries. These projects require upfront capital and generate fairly predictable cash flows. A CV could send funds directly to installers and vendors, with energy revenues flowing back to repay the advance. If payments slow or stop, exposure can be reduced or wound down automatically.

Creator financing is another interesting market here. CreatorFi provides musicians, YouTubers, Roblox/Fortnite studios, and other digital creators with access to funding based on their anticipated future income, like streaming royalties, ad revenue, or subscription payments.

Instead of relying solely on a single company or local lender to underwrite these creators, there could be CV operators who are experts in underwriting specific types of earners (e.g., an operator skilled in identifying gamer talent) and subsequently aggregate capital from around the world to lend to these creators.

Companies in emerging markets have strong demand for credit. Small businesses need working capital, payroll financing, and short-term trade credit. The main challenge isn't usually borrower quality, but access to credit itself. Local banks are constrained by funding costs, balance sheets, and country risk. As a result, loans are often priced just as much by location as they are business quality, so good companies pay high interest rates simply because of where they operate.

Crypto makes capital global right from the start. Lenders don't need physical branches, banking licenses, or special connections to fund businesses in other countries. Money can move directly, which creates more opportunities. However, someone still needs to find local businesses and manage risk and this is where CV structures help: the CV operator underwrites loans, and global lenders provide capital and compete on price.

Imagine an Indian services company that provides software or back-office support to European clients. Even if it earns steady revenue in EUR, it may still face high borrowing costs at home. With a CV, an operator can underwrite the business and get advances on payroll from global lenders. Cryptographic tools like zkTLS and conditional programmatic payments offer strong guarantees about accounts receivable and where the money goes, helping to ensure everything is above board. As invoices are paid, the capital flows directly back to the vault.

We've determined that the problem in lending today is that a well capitalized lender based in the US has no way of lending to an emerging startup in SE Asia. There's no discovery process, no real way to move the money, and no efficient mechanism for accountability and recourse. CVs enable borrow/lend markets to open up globally, where local vault operators can discover compelling debt opportunities and tap a global pool of capital.

/ Theme #5 - Entertainment Finance

When joining markets becomes easier and less expensive, participation rises. More people get involved, and not just to take part, but to take bigger swings.

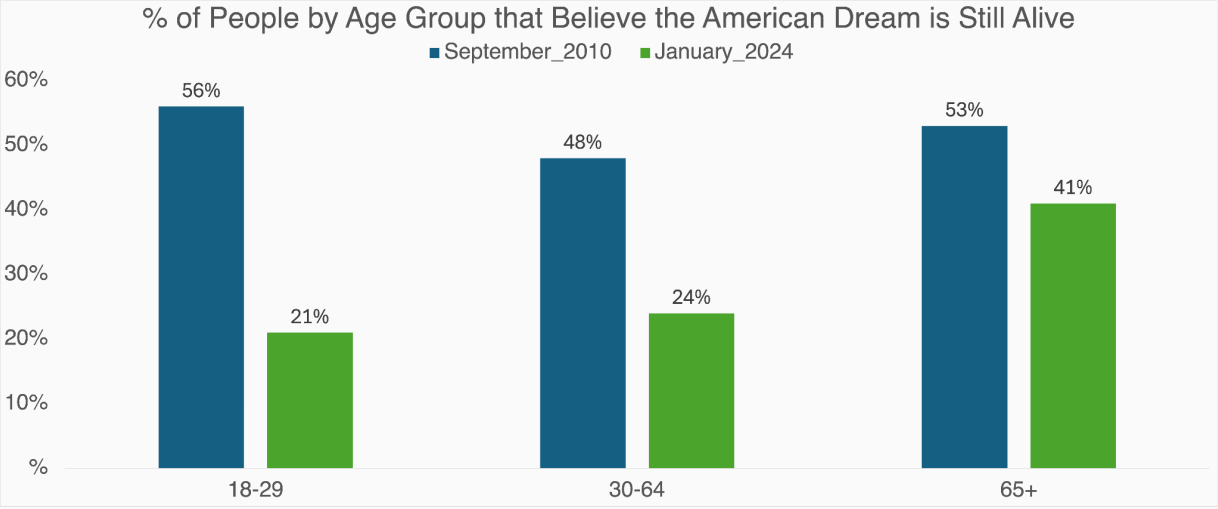
A defining feature of the current generation is a shift in time horizons. Younger people increasingly optimize for short-term gratification, and we see this everywhere: short-form video replacing long-form content, swipe-based dating over slow relationship building, zero-day options over 401(k)s, next day Amazon Prime over 3-5 business day delivery, and even people

favoring instant intervention medicine like Ozempic instead of gradual lifestyle change. It reflects how social media and the internet has increasingly conditioned young people on instant dopamine hits.

This pattern appears in finance as well. Young people tend to trade more, take bigger risks, and look for fast, large returns instead of steady growth. Gen Z is especially interested in leverage, memecoins, prediction markets, and other riskier trades. We believe this trend is explained by the following:

1. COVID sparked a surge in meme stock trading;
2. Sports betting became legal in the U.S.;
3. Zero day options and high leverage derivatives have become widely normalized;
4. Day traders post screenshots of their P&L online, which makes risky strategies seem easy to repeat; and
5. Social media draws attention to the wealth gap, as influencers show off their houses, cars, watches, and vacations, often without traditional careers.

Additionally, more people are beginning to lose faith in the American dream. For much of the 20th century, the steps seemed simple: get an education, work hard, buy a house, invest, and you could expect your standard of living to rise enough to retire one day. Today, that path is a lot harder. Housing, healthcare, education, and childcare costs have grown faster than wages, and fewer people own assets than before.



Source: *ABC News Poll*

Plenty of people who've done the right thing in life still feel stuck. When that's the case, taking big risks starts to look more appealing. It's not just for the thrill, it's about trying to break out of a system that doesn't feel fair anymore. That's really what entertainment finance is: if the usual

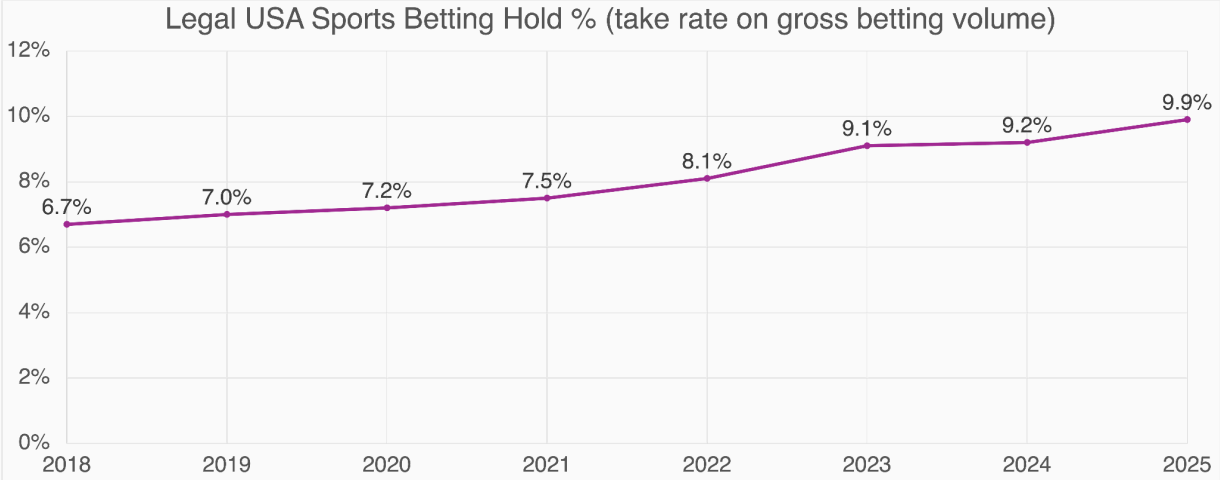
path isn't working, people become more willing to roll the dice for a chance at changing their life circumstances.

There is empirical evidence for this as well. For example, a study in Iceland after the 2008 financial crisis found that during times of financial stress, people are more drawn to low-cost bets with large potential payouts.

Reducing the Vig

The market for speculation and gambling is a freight train we have no interest in standing in front of. We expect it will keep growing because people enjoy games, taking risks, and the chance to win big.

What can change is how extractive these games are. In traditional gambling and entertainment finance, intermediaries take a substantial cut. Casinos have a lucrative built-in edge, sportsbooks charge high fees, and CFD brokers internalize B-Book trades. Users often pay way too much, whether through spreads, fees, slippage, or other costs. In fact, it's getting worse:



Source: *Covers*

Crypto helps reduce these costs by changing how markets operate. On open blockchains, trades are P2P, prices are more transparent, fees are lower, and rules are set in code, as seen in products like Novig or Triumph. Crypto isn't causing entertainment finance, it's just the place where it happens because onchain markets are open to anyone who wants to take risks and seek rewards.

Just as importantly, well-designed crypto systems and applications can promote more fairness for users. It enables young people who have good music taste to invest in a Music VC DAO like Coop Records and get upside exposure to artists they think will hit it big. Or if you identified Zyn becoming massive early on, you could act on your insight by buying Zyncoin on fomo and profiting. In this case, you're actually providing signal to the market and creating some amount of social good, even in vice markets.

Of course, entertainment finance isn't always healthy, and taken too far, it can be harmful. But ignoring it or shaming people for it will never work. It's a natural reaction to the way things are in the world. At its best, crypto can help make these financial games more transparent, less expensive, and more fair than the old alternatives.

Just as crypto rails have lowered the cost of creating specialized stablecoin fintechs and everything exchanges, they also make it possible for anyone with internet access to launch new markets where people can take risks for the chance of big rewards (e.g., culture coins or prediction market parlays). Building these kinds of experiences using traditional systems is difficult and expensive because of licensing and regulatory regimes. This has caused most gaming properties to end up being owned by a few large companies, such as Flutter or MGM. Crypto is changing this by making it easier for new players to enter the market, and we are actively looking to invest in these opportunities.

/ Theme #6 - Programmable Coordination

We started Multicoin because we believe crypto isn't just about moving money faster and cheaper; it also lets users own networks, take part in governance, and share in the value they help create.

Early participants take the biggest risks in these networks, whether physical or virtual. At the start, there's no guarantee that anyone will use the network, no proof the economics will work, and no certainty the token will have value. Early adopters invest real time and money to launch something that might fail, often before it seems rational to do so. In DePIN, this means buying and setting up hardware. In virtual networks, it means putting money into untested DeFi contracts at the risk of losing it all.

Programmable tokens are designed to reward that risk. They allow networks to distribute ownership automatically to anyone who contributes, anywhere in the world. Since early contributors take on more risk, they generally receive more ownership, and thus if the network succeeds they capture a lot of the upside.

These ideas show up most clearly in programmable coordination.

Equity-Linked Tokens

In the past, ownership and usage were kept separate. Equity was created to help raise capital and share profits, not to let customers influence how a product works or reward them. Starting with the Dutch East India Company, shareholders provided funding and took on risk, while customers just used the product. This separation has mostly stayed the same over time.

As equity markets grew, ownership became further removed from usage. Shareholders became more professional and less connected to the products themselves. Most people who held stock never actually used the company's product, and many loyal customers didn't own any shares. For most investors, stocks just turned into something to trade, often disconnected from what was happening inside the business day to day.

Programmable ownership changes this by linking ownership more closely to usage. Customers can earn equity-linked tokens, lock them for access, or burn them for permanent perks.

Take Starbucks. Its loyalty program is one of the most successful in the world and represents a real economic arbitrage for the company. But loyalty points aren't ownership, and their value has nothing to do with Starbucks' business performance.

If those points were equity-linked tokens, the dynamic would change. Power users could accumulate small ownership stakes through purchases. Locking tokens could unlock better pricing or priority access, and burning them could unlock permanent perks. As customers earn ownership, they have a reason to get their friends hooked on Starbucks, since bottom line growth directly increases the value of their ownership.

Other examples could be airlines such as Delta or United offering their top status to flyers who own more than $250K of their stock. Or an apartment REIT giving investors a rent discount if they own a certain amount of its stock.

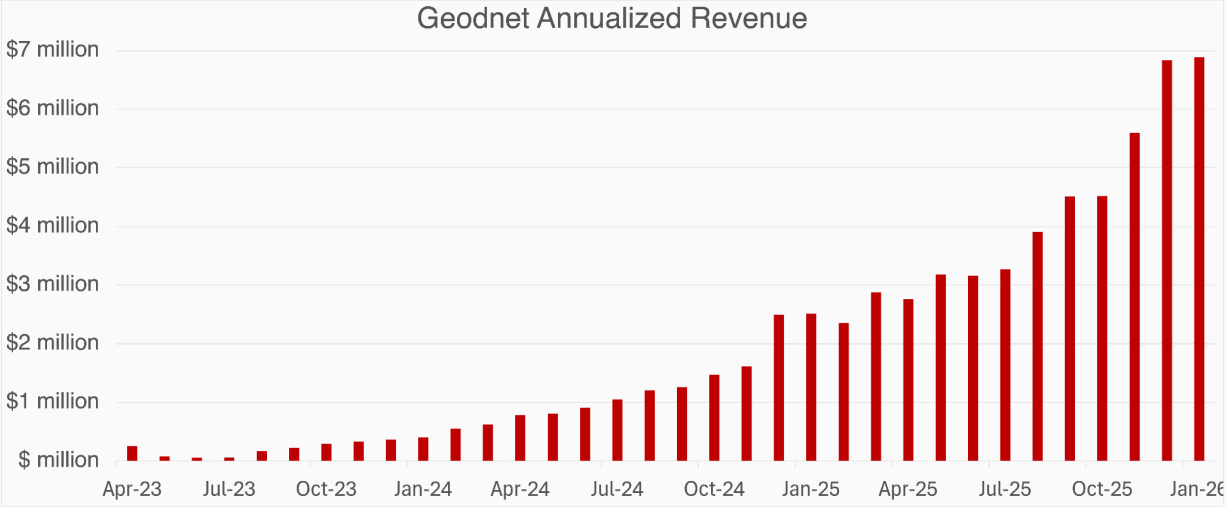
We do not see this model in public markets today. AMC did try something similar once, but the current infrastructure can't support it as traditional equity systems are slow and rigid. Crypto, on the other hand, makes it possible to try more of these new equity experiments.

DePIN

Equity-linked tokens apply programmable ownership to consumer products. DePIN applies the same idea to physical infrastructure.

DePIN networks use tokens to organize the building of real-world infrastructure worldwide. Instead of one company raising billions to deploy hardware, DePIN protocols set rules so anyone can install hardware and earn ownership in the network. In an ideal world, this means infrastructure is built faster, cheaper, and more globally than a single company could manage. Contributors are rewarded not just for their money, but for their work (like putting in hardware, keeping it running, or expanding coverage).

DePIN, like equity-linked tokens, connects ownership to a person's participation instead of just their capital. One interesting example is Geodnet, a decentralized RTK GNSS network that offers centimeter-level positioning data as an alternative to traditional GPS augmentation services. Since it launched in 2021, Geodnet has grown to ~20,800 active base stations around the world, reaching thousands of cities in more than 100 countries. The network is especially dense in major industrial areas, and revenue is now ramping.



Source: *Dune Analytics, @geodnet_console*

Internet Labor Markets

We're moving into a new stage of this design space, driven mainly by AI. AI lowers the cost and time needed to build a company. Now, one person can launch a product, make changes, and reach customers with far fewer team members than before. This means companies will be started by smaller teams and hit real scale faster, and the natural endstate of this is the zero-employee company.

However, these "thin" organizations still need things beyond software, such as data, labeling, evaluation, integrations, distribution, physical setup, domain knowledge, and handling edge cases. These needs are often unpredictable, spread across the world, and difficult to fill with traditional hiring.

This is where programmable incentives over crypto rails can be useful. They provide the risk-sharing system needed for this kind of work. Crypto capital markets and cryptographic primitives can help define workloads, check when they are done, and settle payments all through the creation of granular markets for these jobs.

We see Internet Labor Markets like Fuse, CrunchDAO, and Braintrust as canonical examples of this theme. There is fertile ground here across sectors like robotics, media, healthcare, and other sectors that directly touch the physical world.

P2P Marketplaces

Tokens also make a new kind of digital marketplace possible. In web2, many platforms say they're P2P, like Uber, eBay, AirBnB, the NYSE, and Facebook, but they still take a cut and send profits to shareholders, not users.

So, without a middleman, who matches users, enforces rules, and handles settlement? In crypto, the blockchain itself can do all of this. The outcome is marketplaces owned by their users, not by middlemen who take fees.

We believe DEXs like Drift and Hyperliquid are clear examples, owned and governed by their liquidity providers and takers. NFT marketplaces like Blur and Magic Eden, naming systems like ENS, creator platforms like Zora, and oracle networks like Pyth can follow the same logic. Participants become owners in these markets.

Customer Acquisition Tokens

In our experience tokens are also one of the most powerful user acquisition tools ever created. We previously wrote about the power of blockchains enabling "arbitrary bi-directional payment flow". In web2, you can easily send money out the door using a credit card. It's mechanically much harder to actually receive money as a user (you have to do KYC, connect a bank account if you even have one, etc.). But crypto rails enable users to receive money solely by presenting a public key, and this massively opens up the design space for customer acquisition.

Tokens are global and permissionless, so anyone can act as a referrer from the start. For example, with Hyperliquid's builder codes, frontends that send the most order flow would earn tokens automatically, without needing special treatment or deals.

Lastly, in web2, companies pay for digital ads up front and hope those ads lead to conversions. With tokens, teams can reward specific useful actions like providing liquidity, sharing data, or routing order flow, and only pay when those actions create real value.

/ Theme #7 - Credibly-Neutral Blockchains

There's been a long-running debate in crypto circles about whether it matters if blockchains are truly neutral or not. Terms like decentralization, censorship resistance, and purity come up a lot. But we see it more simply: finance and payments companies just don't want to build on a competitor's platform.

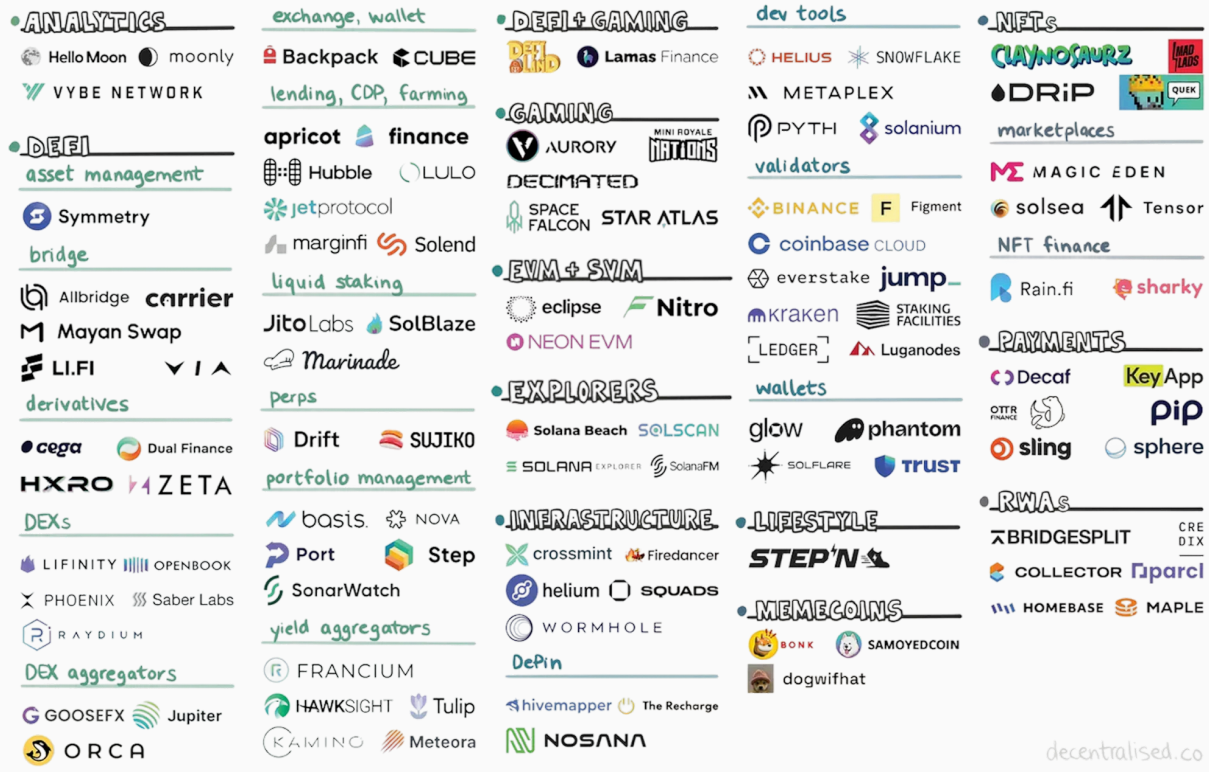
We don't think any serious brokerage wants to issue assets, hold customer funds, or route orders on a blockchain controlled by a direct competitor. For example, E*TRADE wouldn't want to rely on a ledger managed by Robinhood. That would mean trusting a competitor with upgrades, fees, transaction order, and the power to change rules that affect their business.

We think payments infrastructure companies will think similarly. Even if the technology is good, Adyen likely isn't going to be comfortable settling on a chain controlled by Stripe. Control over the rails is leverage, whether it's used explicitly or not.

This issue isn't unique to crypto at all and tradfi learned this lesson decades ago. The core plumbing usually lives somewhere neutral, outside the competitive layer. Stocks clear at DTCC, not at Nasdaq or the NYSE, and derivatives settle through independent clearinghouses like CME Clearing. Payments run over Fedwire or SWIFT, not bank-to-bank. Once a user facing company also controls the rails, it's hard for anyone else to trust that the playing field is level.

That's why neutrality matters in practice, not just in theory. Chains like Ethereum and Solana aren't trying to own the customer relationship. They're built as shared infrastructure that anyone can build on, and their real value comes from the fact that no single company can control upgrades, fees, or order flow. Here's what a credibly neutral system like Solana can look like:

(*see next page*)



Source: *decentralised.co*

Of course, sometimes it makes sense to control the whole stack, like with vertically integrated chains such as Hyperliquid or Lighter, where the product and the chain are closely connected.

That approach works for a single product, but things get more complicated when you want to build out a broader ecosystem. If a chain wants outside issuers, independent brokers, or third-party developers, neutrality becomes important again, especially when the token isn't the main value driver and there are private shareholders in the mix. Even consortium efforts like Diem, Centre, Canton, or Tempo still had (or have) a central company, which can erode trust compared to truly neutral alternatives.

We believe the biggest investment outcomes in crypto will come from neutral chains. As shared infrastructure, not centrally managed systems, they'll attract more issuers, more liquidity, and more frontends. As time goes on, more people will build on credibly neutral platforms. We plan to take advantage of this by investing both in the app layer on credibly neutral chains and in the creditably neutral base layers themselves.

/ Theme #8 - Cryptographic Primitives

Most of today's financial systems were designed for humans, with manual approvals, batch settlements, identity checks, and lots of intermediaries for things like reconciliation, KYC, and credit checks. This model becomes increasingly incompatible with a world in which AI agents proliferate commerce and the volume of transactions increases by several orders of magnitude. We see crypto helping here in two primary ways: (1) stablecoins as payment rails for agents, as discussed above, and (2) cryptographic tools to verify what's real.

With fake content and agents everywhere, it's getting harder to tell what's real. Systems increasingly need simple ways to check whether an action came from a human or a bot, and whether underlying data can be trusted.

Old ways of solving trust issues, like manual reviews, centralized moderation, and collecting lots of data, don't work in a world where no one trusts agents. They're slow, costly, and invasive, and are generally designed for humans. Cryptography could be an elegant solution here.

1. Proof-of-personhood systems, like those from zkMe or Worldcoin, let people prove they're real without sharing their identity, potentially reducing sybil attacks in payments, credit, and markets while avoiding big identity databases.

2. zkTLS lets agents and apps check real offchain facts, like income, bank balances, or employment, directly from trusted websites, without exposing raw data or logins.

3. Fully homomorphic encryption (FHE) is another primitive, allowing underwriting, risk checks, or compliance to run on encrypted data so nothing sensitive is ever revealed or centralized. As humans, we may not trust AI agents the way we trust people in our lives, and FHE is a way to give them data to act on without decrypting it. We've supported and invested in Zama, a leading FHE company, and Fhenix, an EVM blockchain using FHE.

As agents become more ubiquitous, we need tools to help us prevent data honeypots and check what's real, whether it be humans, facts, or data.

/ Conclusion

Zooming out, all eight themes point to the fact that crypto works best for moving money, coordinating ownership, and powering global trading and credit markets.

This cycle feels different because the necessary infrastructure is finally here. Stablecoins now process more volume than Visa and PayPal. DeFi protocols manage billions in assets, and onchain markets are beginning to resemble real markets rather than just experiments. As the settlement, custody, and issuance of real world assets and dollars move onchain, building financial products should become much cheaper. This opens the door to novel types of order flow, net new markets, and global participation that older systems simply can't offer.

> ***We believe that crypto will house the vast majority of economic value globally, and serve as the rails as it moves across the planet. Money will be programmable, markets will be permissionless and global, and capital coordination will be more efficient.***

Dedicating our careers to investing in crypto is how we're betting on these fundamental beliefs, and we couldn't be more excited to be along for the ride.

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