

Prophecy DeFi

Executive Summary



ProphecyDeFi

In the words of Alex Tapscott, Blockchain will be “acting as an operating system for the new economy” [1], it is exciting, disruptive, and it is much more than just cryptocurrency. We can now talk about smart contracts, peer-to-peer transactions, derivatives, and trading, and it's all stored on the blockchain. The applications are vast, and still developing, in the exciting new sector of decentralized finance (DeFi). Businesses from start-ups to some of the world's largest companies are exploring how to apply these evolving technologies to their business models.

The mission that powers Prophecy DeFi ([CSE:PDFI](#)) is to invest in companies that are exploring the breadth of these applications which will exponentially accelerate the development and innovation that is driving this revolutionary technology. The goal is to create meaningful connections between leading DeFi companies to establish a knowledge sharing ecosystem where specialized knowledge is not confined to one company, but in itself reflects the concept of decentralization. Layer2 Blockchain is the first company Prophecy DeFi has acquired [2], focusing on developing a second layer to the blockchain, which allows for faster transaction time, and increased capacity.

What makes DeFi so disruptive is that it challenges the system created by institutions and expands access to the unbanked at a base level, as well as increasing access to trading financial assets in a secure way, without a third parties such as banks and clearing houses. Many of the software and tools needed to develop blockchain applications are also open source which provides a greater opportunity for rapid, community generated innovation that goes far beyond what an institution, or even many institutions, could create on their own.

In a sector that hardly existed five years ago, and where technology is constantly evolving there is no shortage of opportunities for investment. That is why Prophecy DeFi as a publicly traded company, along with their strategic partners, the Blockchain Research Institute, and Ninepoint Partners, are uniquely positioned to leverage technology growth and collaboration between the most innovative developers to become a global leader in the DeFi space.

Market Overview

The blockchain market broadly, and decentralized finance specifically represent significant financial investments world wide. As of 2020, the size of the blockchain market worldwide is \$3B USD and is projected to grow to \$39.7B USD by 2025 [3]. The financial sector is an early adopter of this technology with 91% of banks having already invested in blockchain solutions as of 2018 [4]. With such a high level of interest and increased focus on implementation for tools like automated compliance through smart contracts, and faster transaction times of point to point transactions, many financial institutions will be looking for companies and tools to make their blockchain applications integrated with internal standards and workflows. On a more individualised level there are millions of early adopters with trading platforms, including the popular Coinbase having over 35M accounts and 5,263,535 weekly visits [5]. Coinbase itself trading \$335B worth of assets in Q1 2021 [5][6].

Beyond cryptocurrency, there is a growing market for other types of Non-Fungible Tokens (NFTs), which are unique digital assets that cannot be substituted or copied, with the blockchain tracking validity and ownership of the asset. The applications for NFTs are broad and include trading, lending, investing, insurance, and even high profile transactions that disrupt the art world. In the first half of 2021 the sales volume of NFTs reached \$2.5B USD compared to \$13.7M[7], which represents astronomical growth that is likely to continue as there is increasing awareness of NFTs and emerging applications for this groundbreaking technology.

Our Team

The team at Prophecy DeFi has a strong history in investment and the banking sector. Our expertise lies in spotting, and developing innovative publicly traded companies to drive innovation forward and provide high value to stakeholders.

Through Prophecy DeFi, the board and management team seek out top talent, with disruptive ideas and a clear vision in the decentralized finance sector.

Board of Directors:

John A. McMahon

Mr. John A. McMahon has served as Chairman and Chief Executive Officer of Prophecy DeFi since March 2021. He has held a number of senior banking roles within the investment industry and is currently, Managing Partner of Thought Launch Capital & Advisory. Prior to this role, he served as Vice Chairman and Head of Investment Banking for Mackie Research Capital Corporation and subsequently, Managing Director of Investment Banking for Industrial Alliance Securities.

Stuart Philip Hensman

With over 35 years of experience in the financial services industry, Mr. Hensman is bringing a wealth of knowledge from diversified industries. He has occupied the position of Chairman & Chief Executive Officer for Scotia Capital Inc. (USA), as Managing Director (Equities) for Scotia Capital Inc (United

Kingdom), Chairman of the Board of Governors at CI Funds, Chairman of Board of Creststreet Asset Management and Chairman of the Board of Creststreet Power and Income Fund.

Charlie Morris

Charlie Morris is the Managing Partner of CMCC Global, an asset manager focused solely on digital assets. Mr. Morris co-founded CMCC Global in 2016 and has grown the business to over US\$300m in assets under management, with offices in Asia and North America. Previously, Mr. Morris was a software engineer in Hong Kong focused on iOS app development and a technology sector management consultant in London. Mr. Morris has acted as an expert adviser on blockchain technology for multinational enterprises and was an Ethereum ICO investor in 2014.

Tim Diamond

Mr. Diamond brings over 30 years of entrepreneurial and managerial experience across asset management, real estate, merchant banking, and venture investing including founding, building and successfully exiting several companies. Since 2014, Mr. Diamond has been CEO of Whitehall Apartments Corp. a private REIT and has served on the boards of numerous publicly listed investment funds during his career and was most recently on the board of Trichome Financial Corp., a publicly listed finance company.

Advisory Committee:

The best and the brightest in DeFi, Prophecy DeFi's advisory committee is composed of two people at the frontier of blockchain technology. From lectures, to books, to leading innovative companies these integral team members provide key insights into the future of Blockchain.

Alex Tapscott

Mr. Tapscott is Chairman of Prophecy DeFi's Advisory Committee and Managing Director of Ninepoint Partners' Digital Asset Group. In addition, Mr. Tapscott is an entrepreneur, author and seasoned capital markets professional focused on the impact of Bitcoin, blockchain and other digital assets on business and financial markets. Mr. Tapscott is the co-author of the critically acclaimed non-fiction best-seller, Blockchain Revolution, which has been translated into more than 15 languages and has sold more than 500,000 copies worldwide. He is also the Editor and Co-author of Financial Services Revolution. Mr. Tapscott is sought after world-wide for his expertise by business and government audiences. He has delivered over 200 lectures and executive briefings for global corporations and financial services firms. His TedX talk, "Blockchain is Eating Wall Street" has been viewed over 750,000 times. Mr. Tapscott has also written for The New York Times, Harvard Business Review, The Globe and Mail, National Post and many other publications. In 2017, Mr. Tapscott co-founded the Blockchain Research Institute (BRI), a global think-tank investigating blockchain strategies, opportunities and use-cases. Mr. Tapscott is also a CFA Charterholder.

Sandeep Nailwal

Mr. Sandeep Nailwal is an Indian entrepreneur, software developer, and co-Founder of Polygon. Polygon has quickly become a protocol that is ranked in the top twenty worldwide and has a fully diluted valuation of over US\$10 billion. Polygon was founded in 2017 to solve the problem of high fees and slow

transaction speeds on Ethereum, the world's second-largest cryptocurrency. Polygon is a Layer Two blockchain on Ethereum, allowing users to build applications on Polygon at a far lower cost than Ethereum. The valuation of Polygon's native token, Matic, has risen from a market capitalization of less than US\$26 million, at inception in 2019, to over US\$10 billion today. Mr. Nailwal is also the Founder of India's Crypto Covid Relief Fund, which, incredibly, has raised over US\$1 Billion in less than 12 months.

Galia Benartzi

Galia Benartzi is the co-founder of Bancor, the world's first open-source protocol ensuring on-chain liquidity between any blockchain-based asset, and the inventor of the Automated Market Maker, now a building block of Decentralized Finance (DeFi). More than \$2 billion in token conversions have been processed via Bancor, as the protocol impacts organizations and people across the globe, from blockchain teams to real-world communities issuing local currencies. Galia was recognized by Forbes and Glamour Magazine as a leading woman in crypto; she has been featured on BloombergTV and CNBC, and has spoken at the United Nations, TEDx and the Oslo Freedom Forum on monetary theory and innovation. Galia previously cofounded Mytopia, the first social gaming company for smartphones (acquired by 888 in 2010), and Particle Code, a crossplatform development technology for mobile applications (acquired by Appcelerator in 2012). She was a Venture Partner at Peter Thiel's Founder's Fund, a founding member of Summit Powder Mountain, and the organizer of Bretton Woods 75, a commemoration event evaluating the historic monetary accords.

Peng Zhong

Peng Zhong, CEO of Tendermint, leads a world-class team that builds applications to improve the usability, accessibility, and safety of blockchain for developers and end-users. Tendermint is a core contributor to the Cosmos ecosystem, which houses more than 250 blockchain projects and secures over \$100B in digital assets. Projects on the Cosmos ecosystem include Binance Chain, Terra, Crypto.com, ThorChain, Osmosis, Kava, Fetch.ai, Injective Protocol, Persistence, Akash, Regen, and many more.

Holdings

Layer2 Blockchain

We are uniquely positioned to really scale up fast given our public market vehicle

Andrew Young, CEO Layer2 Blockchain

There are so many cryptocurrencies, and crypto exchanges emerging, however the industry as a whole faces two main challenges: lack of capital, and lack of expertise. Enter: [Layer2 Blockchain](#). Layer2 Blockchain is leading the way in automated market making, where cryptocurrencies can be traded all over the globe. Founder Andrew Young describes the business proposition as “the equivalent of being one of the first market makers of the New York Stock Exchange when it just launched” [1].

Through partnering with emerging exchanges and deploying capital Layer2 Blockchain is projecting annualized returns of 200-300%. By partnering with exchanges at an early stage, Layer2 Blockchain is able to gain influence and create excellent opportunities that are constantly evolving.

The team at Layer2 Blockchain are some of the leading experts in the industry. With very few experts in a sector that is barely a year old the team have already created tokens, and have strong technical backgrounds. With so few experts and a high level of complexity, the multi platform experience that Layer2 Blockchain brings an opportunity to get in on the ground floor of a twenty year trend with a unique team that are founding partners of a multitude of markets.

With so few experts in an industry with a high level of complexity, Layer2 stands out as leading experts in the space. The Layer2 team has been in DeFi since the industry's inception, built a popular DeFi application, launched tokens and brings a blend of strong financial and technical expertise. The experienced Layer2 team presents the best opportunity to get in on the ground floor of a twenty year trend in modernizing the financial system.

Andrew Young, CEO

Andrew Young is CEO of Layer2 Blockchain and also a co-founder of SX Network (SportX) a DeFi prediction market and blockchain. Andrew has been full-time in the crypto space since 2017, specializing in the analysis of economic incentives and tokenomics of new DeFi projects. Andrew regularly engages in DeFi-related podcasts and interviews, and often publishes research reports examining the crypto space.

Partnerships & Initiatives

Podcast: DeFi Decoded

Beginning in July 2021, Alex Tapscott and Andrew Young will be sharing their unique perspectives as industry leaders through their podcast [DeFi Decoded](#), sponsored by Prophecy DeFi and Ninepoint Partners. Providing insights, news, and analysis, Andrew and Alex will also be joined by industry leading guests to contribute to the conversation.

Ninepoint Strategic Partnership

Ninepoint Partners launched its [digital asset group](#) in early 2021, quickly appointing Alex Tapscott as leader [9][10], launching an exciting Bitcoin ETF (TSX:BITC) in January. Creating a simple, secure ETF for investors looking to gain portfolio exposure to Bitcoin through a recognized exchange, and making it the world's first carbon neutral Bitcoin investment option was a priority for the digital asset group.

As of April 28, 2021, Prophecy DeFi has a services agreement with Ninepoint Partners, through the Ninepoint Digital Asset Group division [2]. Ninepoint Partners manages over \$8 billion in assets and is one of the largest independent asset management firms in Canada. As such a prolific firm, Ninepoint has relationships with hundreds of brokers within Canada. Prophecy DeFi is excited to share their cutting edge research through this partnership and be a part of bringing an alternative new asset to market.

Ninepoint will be providing marketing and strategic advice and will be playing a key advisory role in Prophecy DeFi's development as an emerging investor. Prophecy DeFi believes this agreement will offer a mutually beneficial relationship with the strong leadership in particular of James Fox as CEO.

Blockchain Research Institute

As a member of the [Blockchain Research Institute](#) founded by Don and Alex Tapscott in 2017 Prophecy DeFi has access to cutting-edge research and a network of high profile partners such as IBM, Bell, and Deloitte. Prophecy DeFi looks forward to publishing with the Blockchain Research Institute and further highlighting the talent and unique technology of the companies within its portfolio.

Prophecy DeFi is looking forward to being a presence at the Blockchain Revolution Global event Digital Assets: Digital Transformations 2021. There, we will hear from Andrew Young on [topic] and feature Prophecy DeFi as a leader in the decentralized finance sector, focusing on an investment and go-public strategy.

Conclusions

Layer2 helps power the most promising applications in decentralized finance

Jake Hannah, COO Layer2 Blockchain

DeFi infrastructure is in very early stages, creating natural hurdles to investors looking for an early entrance into the marketplace. The team at Prophecy DeFi uses their years of financial expertise and passion for innovation to do the challenging work of analyzing upcoming companies and innovators to create a pathway for investors to gain access to a variety of holdings and contribute to the continued development and expansion of the world's leading DeFi projects.

Join us on an exciting journey through an emerging field, and be directly on the forefront of blockchain technology that has the potential to revolutionize the financial industry as we know it.

[Contact Us](#)

[Our Corporate Presentation](#)

[Prophecydefi.com](https://prophecydefi.com)



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Citations

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- 6 Business of Apps: Coinbase Revenue and Usage Statistics 2021: <https://www.businessofapps.com/data/coinbase-statistics/>
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- 10 Globe Newswire: Ninepoint Partners Launches Digital Asset Group and Adds Alex Tapsott to Lead <https://www.globenewswire.com/news-release/2021/01/04/2152608/0/en/Ninepoint-Partners-Launches-Digital-Asset-Group-And-Adds-Alex-Tapscott-To-Lead.html>