



US OPPORTUNITIES FOR ASIA-BASED CRYPTO FUNDS

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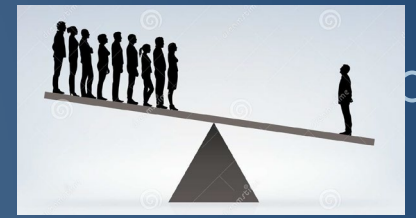
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HOW TO INVEST IN EARLY-STAGE CRYPTO PROJECTS



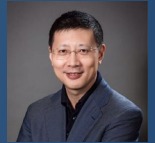
1. Invest early in projects with the strongest founder / product / market fit. To do, investors need to attract founders with a strong brand and value add services.
2. Investing DD includes 1) examining the team, 2) monitoring chat rooms on social media, 3) using the product, 4) talking with users, scientists, engineers, investors, community leaders and competitors.
3. Listing on a major exchange is a time proven catalyst for price pop.
4. The optimal investment strategy is to allocate 80% of committed capital to buy tokens while reserving 20% for the discounted equity.
5. Short term token liquidity can pervert founder incentives to optimize on “what makes the token sell” vs. “what is a valuable long term project”
6. The best teams tend to have abundant supply of capital. The negotiating balance tilts in favor of founders over investors. Investors have to offer value add services or “signal” to founders to get on cap tables
7. The faith of token holders is just as important as the project fundamentals in upholding the token price. Think Dogecoin.
8. Liquidity in tokens can be a curse for less disciplined investors who end up over trading
9. In the past few years, government stimuli have created lots of “hot money”. Valuations are at a historical high. There are many early-stage funds with \$100 - \$1bn in AUM. It’s hard to differentiate on check sizes and even “how early” investors can get.
10. After Softbank entered venture in 2017, many funds are forced to invest at earlier stages, intensifying investor competition, which is evidenced by a wave of dedicated crypto funds launched by Sand Hill Road VCs

EARLY-STAGE CRYPTO INVESTING RESEARCH PROCESS

- If at inception, just evaluate the team.
- As the project gets bigger, evaluate community growth and transaction volume.
- Examine developer ecosystem. The high activity of developers leads to more things being produced, which increase the chance that the tools will be used.
- Tools to use: [Dune Analytics](#), [Messari](#)

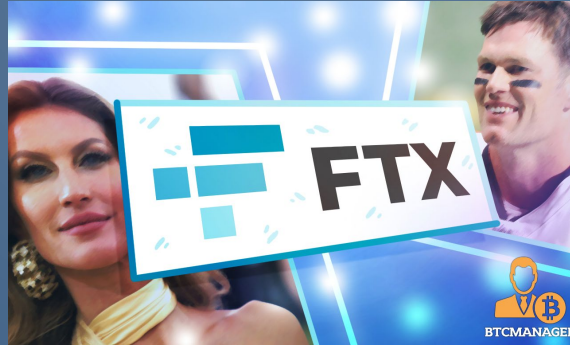
HOW DO YOU WIN THE US?

1. The pain points for crypto projects seeking early-stage funding are capital and value add services including go to market strategy, user acquisition / community growth, BD intros, recruiting (esp. engineering talent).
2. In providing the capital for teams to build their projects, [***] prefers to take more risks by investing at the earliest stage.
3. Besides capital, offer value add services to US-based portfolio companies including:
 1. Coach founders how to acquire Asian users
 2. Leveraging global insights to offer cross-regional product insights to founders. [Neil Shen](#) and [Hans Tung](#) (Forbes Midas List No.1 and No.2 investors respectively) have become the world's top investors this way.
 3. Partner with a talent search firm or creating in house hiring pool to help teams recruit excellent and cost effective candidates from Asia
 4. Introducing BD partners and potential clients in Asia
4. Top US founders do not take money from people they don't know / trust. For better or worse, Asian investors are perceived to be opaque and unfamiliar. Overcome this challenge by creating a highly visible brand in the US. A16Z and Y Combinator are the best teachers to model.
5. Bring strategic investors as co-investors: as capital is commoditized, strategic value from corporate ventures becomes a major differentiator. Consider co-invest with the investment arms of Binance, FTX, Huobi or OKEx



PROVEN BRANDING STRATEGY

- Lead with big Splash PR to create favorable first impressions among founders



- Follow up with grassroots marketing tactics like meetups, online community building, 1-on-1 meetings and thought leadership



STEP BY STEP EXECUTION PLAN

1. Hire a world class PR firm like Edelman to get [***] covered by mainstream media like TechCrunch, Forbes, Cointelegraph and The Information. PR agency fee is ~\$10k / month
2. Create the [***] pitch to founders. Condense the pitch into a one pager to give to founders. Include press coverage in the one pager.
3. Ask SBF from FTX to introduce [***] to the best teams and builders in the US. Meet with all these warm intros and tell them about [***]. Adjust pitch and strategy based on feedback
4. Launch a meet up on “Why Asia Matters to US Crypto Founders? + Practical Go To Market Tactics in Asia”. [***] can model after [A16Z Crypto Startup School](#) but with a strong differentiation on Asia. If the traction for the meetup is good, we intend to launch Crypto School All About Asia (“Crypto School AAA”); invite crypto leaders in Asia like heads of OKEx, Binance, Huobi as instructors; record the lectures and post them online for free
5. Turn the meetup video contents into blogs on Medium
6. Build a community of founders, builders and investors via TG, Discord and Twitter.

LESSONS ON SCALING INTERNATIONAL FROM ALIBABA INVESTMENT TEAM

SEQUOIA CAPITAL 红杉资本 | CHINA

1. Any local investment team member needs to be bilingual, i.e. English + local tongue.
2. The best deal teams have high autonomy over their operations and investment decisions. Sequoia China is the best example.
3. This autonomy does not mean isolation among regional teams. Short and frequent, perhaps weekly, cross region video conferences are critical to ideas sharing.
4. Having robust knowledge on local public policies where target companies reside will save the investment team lots of headaches later in the deal process.
5. Respect for local working culture is paramount for successful investments. It's tempting for the foreign investor to impose its own philosophy on the foreign target, which typically results in terrible working relationships and team exodus.
6. Consider hiring talent from top performing local VCs and startup operators instead of sending HQ people overseas. However, it's advantageous for local team members to spend a couple of months initially at HQ to build trust with the investment leadership team.

HIGH POTENTIAL INVESTMENT IDEAS

Target	Rationale	Technical Insight	Investors
Stealth GameFi Project	The initial product is a game, but the vision is recreating social network for crypto. Team comprises top OG builders and investors in crypto from Binance, Tencent and top Korean gaming companies.	Unknown	N/A
Lootmart.xyz	Unbundle Loot Bags into individual Lootmart items that users can trade and use to upgrade Adventurer in the Loot universe. Just launched on Sep 22.	Inject the loot community with cool free-to-mint art that has ~8k images	Unknown
Metaplex	A Solana spinoff, Metaplex offers NFT storefront as a service to creators; empowers creators and brands to build a direct relationship with their audiences; supported >\$385mm in NFT sales; ~2k developer teams building tools on the protocol; ultra-fast NFTs with low minting fees on Solana; team comes from Facebook and Google; advisors include top OGs in crypto like CoinShares executive Meltem Demirors	Made it easy to create an NFT storefront	N/A
BURNT Finance	It's a decentralized auction protocol built on Solana; the explosive community growth of Solana is helping BURNT to take off; the diversity of auction types and asset types including NFTs and synthetics could make it the most innovative NFT platform, beyond a marketplace. Processes 50k TPS and charges only \$0.01 in avg. gas fees (vs. OpenSea's 9k TPS and ~\$100). Founder Burnt Banksy is a legendary NFT OG. 100k users on waitlist before launch.	Process 50k TPS, allowing for a fast bidding process that reduces bid manipulation. Avg. transaction fees are ~\$0.00005	Multicoin, Injective, Hashkey, Mechanism, Alameda Research, Defiance
Waterfall DeFi	Provides users selection of investment portfolios based on risk appetites; bringing risk tranching to DeFi; launching on BSC; issuing token "WTF" in late Oct; its founder 0xWaterfall has had >10 years working at top tier financial organizations within their structured product division.	Tranching in traditional finance (structured products) can serve DeFi users with different return appetite	GBV Capital, Divergence Ventures, Ascensive Assets, AscendEX, ROK Capital, Boxmining, C.R.E.A.M. Finance's Leo Cheng, Linear Finance's Kevin Tai and IOSG Ventures' Xinshu Dong, and others

HIGH POTENTIAL INVESTMENT IDEAS

Target	Rationale	Technical Insight	Investors / Advisors
Jenny DAO	Token ticker UJENNY (mkt cap \$15mm). It's the first Metaverse DAO to be built on Unicy. It will build one of the best 1-of-1, collectively owned NFT collections in the world.	Not much technical insight	Founders of Sandbox and YGG; creator of Wrapped Punks
Syndicate.IO	Later stage – raised \$21mm already (probably valued between \$100-200mm). Syndicate is a decentralized investing protocol and social network that makes creating an investing syndicate 1000x cheaper and less costly.	Unknown	A16Z

QUESTIONS

1. What hurdles will [***] face in the US? How shall we overcome them?
2. How does [***] deal with the changing regulatory landscape in US and Europe?
3. How do we measure success for the US team?
4. What specific values can [***] bring to entrepreneurs and their companies?
5. What is [***]' investment style compared with other top seed funds?
6. How does [***] prevent the local teams from diluting the [***] brand if they go rogue?
7. As [***] expands internationally beyond US, how does the team balance between giving local teams autonomy vs. maintaining healthy control?
8. How does the team consider market cycles for when to enter and exit investments?