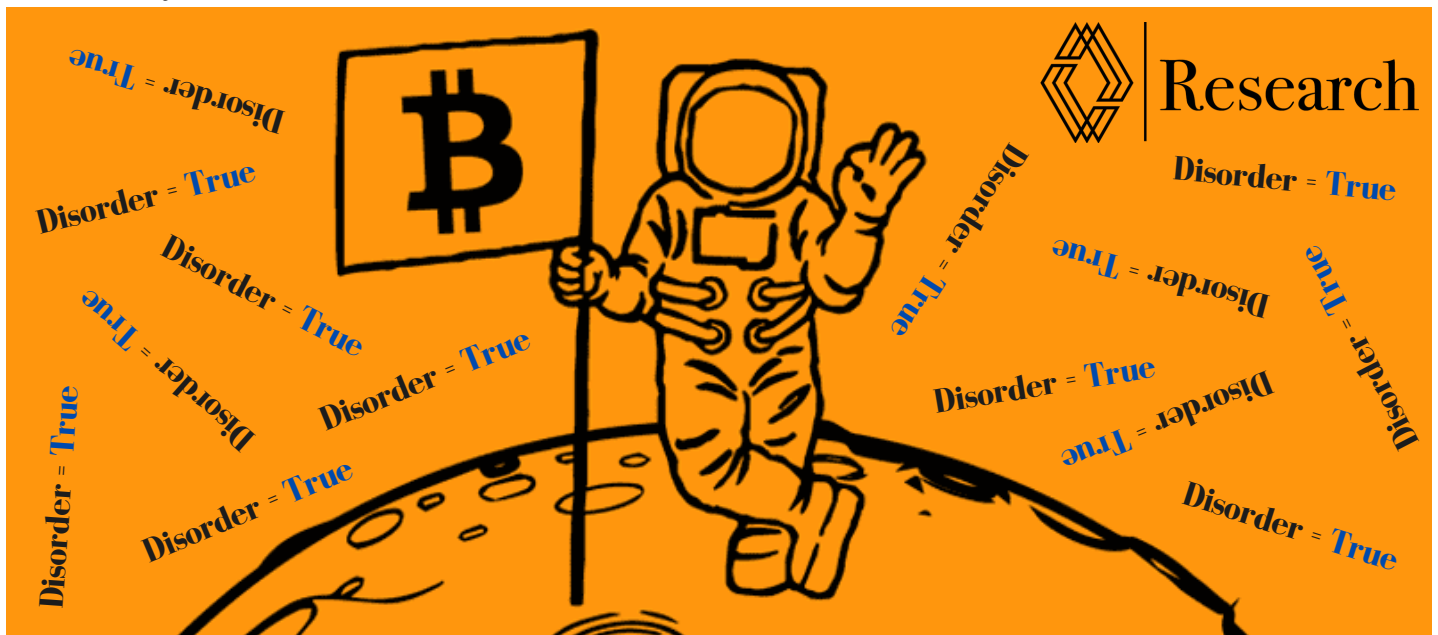


February 2022



if Disorder: reserveCurrency = Bitcoin

Overreach by states, discontentment with government, and geopolitical tension between countries have quickly moved to the forefront of forces shaping the world. Isolated cases of these instances have been openly prevalent throughout the Covid era. Americans were among the first to begin protesting in April 2020, combatting the restrictions and mandates that became commonplace over the past 700+ days. Australians have been protesting for reasons ranging from uncompromising COVID restrictions to social injustice since June 2020. Italy imposed mandates on all public and private sector employees requiring government-issued COVID passports. Austria and Spain enacted widespread lockdowns leaving people and businesses in complete isolation. Each of these mandates led to protests, social uprising, and government action against their citizens to varying degrees. Through these examples, we can observe, independent of political affiliation, belief, or understanding, that there is monumental energy building for serious change.

We are beginning to witness a convergence of these events and their themes concentrate around financial affairs. Their concurrence is casting light on the depth of the schism between citizen and state. The reality of their relationship has never been more pronounced, and the intentions of either party have never been more clear. The recent events involving Canada and Russia exacerbate this notion and highlight the capabilities that Bitcoin has to serve as an alternative monetary network and store of value for the global citizen.

Canada

The freedom convoy was a Canadian-led protest against government-based mandates relating to Covid-19. Justin Trudeau, the Prime Minister of Canada; reacted by enacting the Emergencies Act. Passed by the Canadian Parliament in 1988, the Emergencies Act is a statute “which authorizes the federal government to take extraordinary temporary measures to respond to public welfare emergencies, public order emergencies, international emergencies, and war emergencies.” Trudeau ultimately used this language to freeze personal bank accounts and other assets associated with freedom convoy protestors, including the accounts of freedom convoy donors.

Eventually, the convoy turned to Bitcoin to combat Trudeau’s actions and continued to protest. The Canadian government attempted to halt convoy-related Bitcoin transactions but quickly found out that it is impossible to interfere with the function of a decentralized and permissionless network. This is a powerful lesson for governments to comprehend and is one ECI believes forced the Canadian government to relax their approach in containing the protest. Governments around the world undoubtedly analyzed this situation and made note of the outcome.

Russia

Vladimir Putin invading Ukraine is plastered across media headlines around the world. While the situation is still fresh and unfolding, the information we have is marked by state-initiated (Putin-initiated) combativeness and the impact of the weaponization of fiat currencies. It’s clear not many people wanted the invasion to happen. Anti-war protests in Russia have amassed crowds of thousands of people, with nearly 2,000 protestors being arrested. Russian athletes, Alexander Ovechkin and Andrey Rublev have publicly voiced their anti-war opinions, and only 26% of Americans support an outsized role of the U.S. in the crisis. These specific examples characterize how the majority of the world recognizes the situation and magnifies the problem of unprompted and unwanted state-initiated violence.

The U.S, its European allies, and Canada agreed to disconnect specific Russian banks from the Society for Worldwide Interbank Financial Telecommunication (SWIFT). SWIFT is an independent enterprise based in Belgium that serves as an internal messaging system between more than 11,000 banks and financial institutions in over two hundred countries and territories. A country’s removal from SWIFT means that key banks will be severed from much of the global financial system. There’s no question these sanctions, among others, have impacted Russia’s economy. Russia's stock market is down 62% since October and is down 54% since the beginning of January. Sberbank is on the verge of collapsing. A run on Russian banks is seemingly starting as

the country limits forex exchanges, ATM withdrawals, and the selling of securities. All of the assets Russia held in foreign institutions and central banks have also been frozen, which leaves their economy and the Ruble largely at a standstill.

The effect of these actions will have a colossal impact on innocent Russian citizens, independent of their want or contribution to the crisis. Rising prices, which have already accelerated from the past 2 years of stimulus-induced fiat debasement, will remain a problem for many across the world. But for Russians, rising prices are the least of their worries. Russian citizens will face massive problems as sanctions intensify and the Russian government is forced to react. The majority may lose everything they own as any wealth or savings they have generated can be effectively valueless as a result of the sanctions. The Ruble is down 13% - 25% against the Dollar, the Yuan, and the Euro on February 28 alone. All of which is a direct result of unwanted state-initiated war and the western response of using sanctions via the Dollar.

◆—————◆ *Bitcoin* ◆—————◆

Bitcoin **the network** facilitated the freedom convoys' ability to continue protesting. It is also a prospective solution for Russia or any other country, and their citizens to regain control of their economy in times of fiat pressure and preserve their savings. This is the component of Bitcoin that many are ignorant of. Monetary debasement and global stimulus showed the world why Bitcoin **the transactional unit** (BTC) is necessary; its characteristics of digital scarcity and debasement-proof infrastructure were the key takeaways here. But, Bitcoin the transactional unit is only half of the picture. We are now entering the dawn of understanding Bitcoin as a censor-resistant (permissionless) network for transferring and storing value. This piece of the Bitcoin puzzle is what will accelerate the off-boarding of billions of people from the current fiat-driven system to the next generation of truly free and open financial communication; where anybody or any entity can openly transact and store value independent of their beliefs, motives, or need to transact.

One of the most “democratic” countries in the world freezing citizens’ bank accounts and the potential for the U.S. to remove one of the world's largest oil producers from the global payment messaging system seemed impossible even 60 days ago, but it is our reality today. This reality emphasizes the most important aspect of Bitcoin and exposes where its intrinsic value lies: in the complete separation of money and state. ECI believes a serious acceleration of Bitcoin and crypto adoption will be an outcome of the current government discontent and geopolitical tension.

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