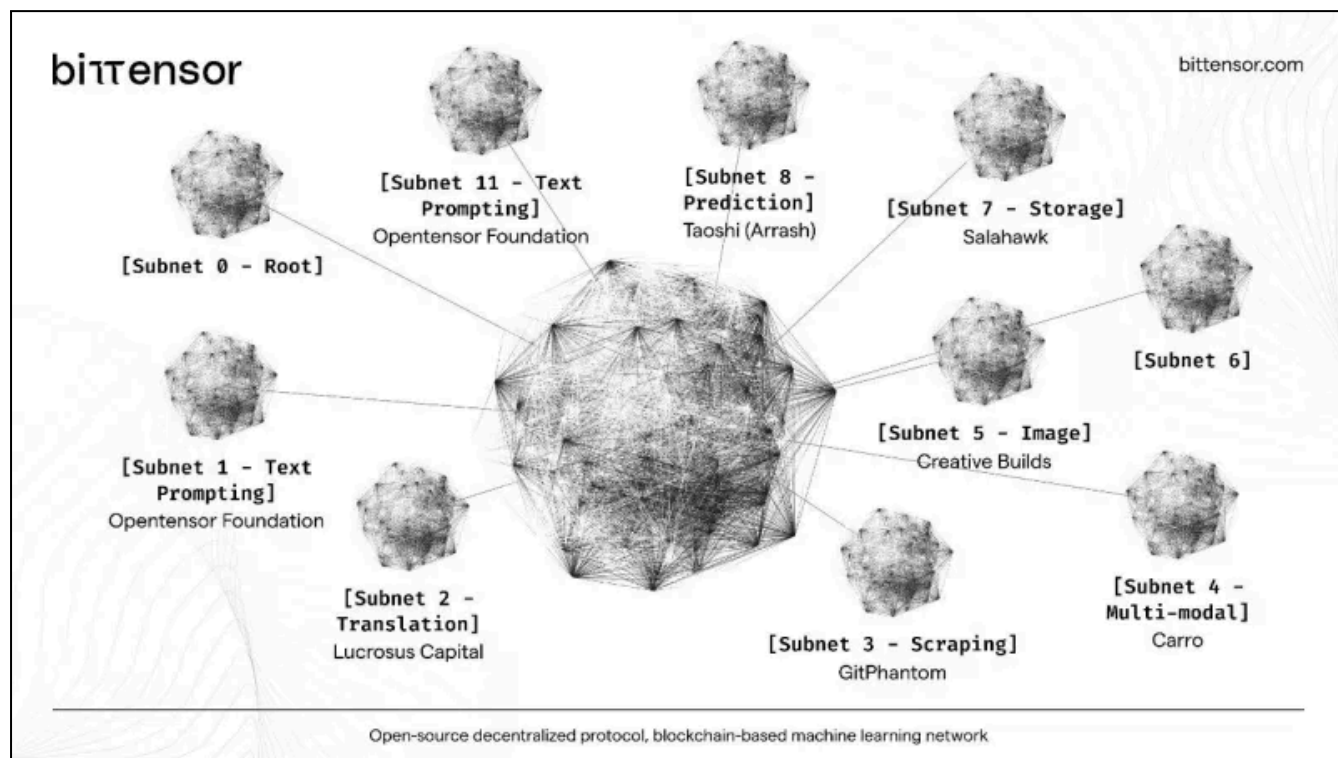




Blockchain Assets

CRYPTOASSET MANAGERS



Dear Investors,

In this newsletter I cover the Bittensor network. I first wrote about Bittensor in October 2024 (see [here](#)). In this newsletter I set out the problem the network solves, how it accrues value and why it has a good chance of becoming the 3rd biggest network alongside Bitcoin and Ethereum.

I spend hundreds of hours researching every emerging crypto project. A lot of the time spectacular price increases are supported by attractive narratives and enthusiastic short-term traders. But most of those same projects lack substance and, in my view, will not be around in the long term.

What I am looking for are projects which have as much potential as Bitcoin and Ethereum. Projects which introduce a new industry or a new business model. Bittensor (TAO) is one such project. We have allocated 1.6% of our portfolio to the TAO token. I expect this allocation to grow over the coming months.

But first the cryptomarkets and other news...

Our Fund ended the quarter at AUD 3.4781, down 27%. The commencement of Operation Epic Fury on 28 February 2026 caused ongoing turmoil in global markets. Cryptoassets are not exempt. The good news though with cryptoassets, particularly Bitcoin and Ethereum, is that their operation, their

self-funding model and their decentralised nature make them less susceptible to interruption from external factors.

One aspect of our thesis, which I set out in this newsletter in the context of Bittensor, is that decentralised systems have smaller attack surfaces and fewer central points of failure than centralised systems. This makes them less fragile.

All through this global turmoil the Bitcoin blockchain continues to produce blocks every 10 minutes and Ethereum continues to finalise blocks and settle transactions globally every ~12 seconds, securing billions in value through its validator network without interruption.

No doubt the valuations for our assets over the past two cycles have been disappointing. We have not reclaimed our all-time high of AUD 7.37 reached in November 2021. This is frustrating. However, our assets are not like stocks where the business plan may not work out or the company runs out of capital. Our assets are self-funding platforms upon which entire economies are being built. Nothing I see in technology gives me reason to doubt that our patience will be rewarded.

The US Clarity Act

There have been numerous positive legislative and regulatory developments in the USA over the past 12+ months. One of the big packages of bills relates to the market structure changes to accommodate cryptoassets (collectively called here the 'Clarity Act'). This Act has been held up in the legislative process for many months. At the time of writing the odds of the Act passing into law in 2026 are at 58% (according to prediction market [Polymarket](#)).

Many see the passing of this legislation as the regulatory clarity required for the Banks to offer their cryptoasset services at scale.

The lobbying of members of the US Senate Banking Committee and the US President, from both the Banking and the Crypto community has been extreme. The President has met 'the Banks' in Washington and separately also the crypto community.

It's a long story and the issues are complex. The main thing to know at this point is that the Banks want this legislation more than the crypto industry. But it would be very beneficial for all if it is passed. Everyone involved is working hard to get this across the line before Congress goes into recess ahead of the mid-term elections. We are weeks away from the window of opportunity for it to be passed. We shall wait and see.

Adoption by Australian Superannuation Funds?

The regulatory environment in Australia is also moving in a positive direction and we are seeing the first hints that the AUD 4+ trillion superannuation fund industry is starting to consider offering cryptoasset choices to their members.

In a recent Bloomberg interview Hostplus's Chief Investment Officer, Sam Sicilia advised that '...There's certainly a demand from some of our members who write in and say, 'why can't I have access to cryptocurrency?...'' and that '...we are continuing to look at it and assess how we might be able to provide that exposure in an appropriate way...!'

While Hostplus has not announced any allocation to cryptoassets within its core portfolios, it is actively exploring offering access through its member-directed Choiceplus option, subject to regulatory approval.

The typical pattern in Australia with these types of things is we tend to be slow to follow but then adopt very quickly as soon as the trend starts. With the regulator questions almost completely sorted I expect the institutional adoption (Banks and Large Superannuation Funds etc.) to commence within the next 18-36 months.

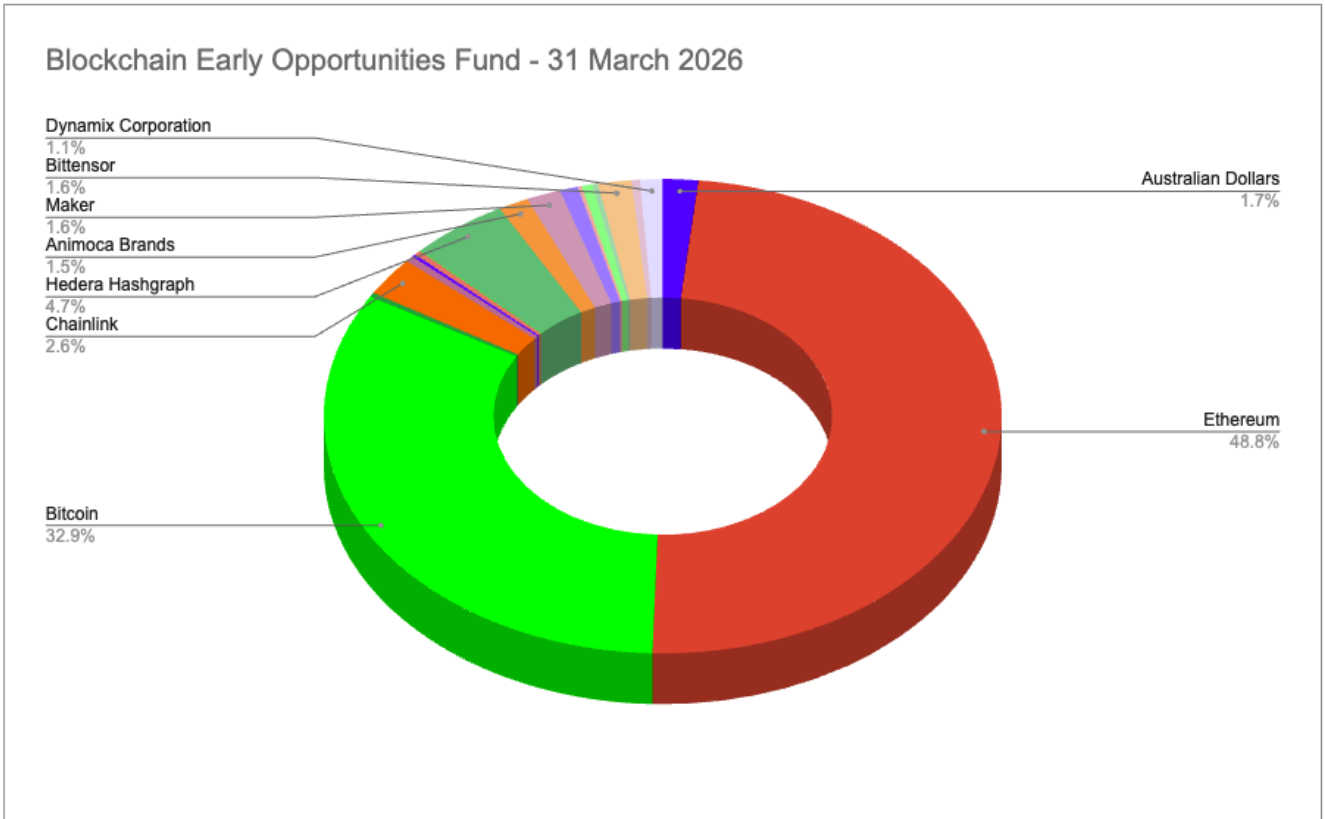
Stop Press: The Australian Government just passed (on 1 April) the *Corporations Amendment (Digital Assets Framework) Bill 2025*. This legislation establishes a formal licensing regime for digital asset platforms and custody providers under the existing AFSL framework.

The Agentic Economy and AI

I am currently researching the intersection of AI and Crypto. Bittensor is a great example of this, but there are many others. Of particular interest is the 'Agentic Economy'. I will cover this in my next newsletter, but if you are interested in diving into this yourself I can recommend: [this video](#) of Jensen Huang's keynote at the NVIDIA GTC (GPU Technology Conference); [this](#) Lex Fridman interview with Jensen; the full video recordings of ETH Global Agentic Ethereum 2025 conference are set out [here](#); and this [video](#) interview with the creator of OpenClaw.

[End of Page]

| 31 March 2026 | Unit Price | Return for the Quarter | Return for the past 12 months | \$100,000 invested on 1 July 2017 now worth | Annualised Return |
|---------------|------------|------------------------|-------------------------------|---|-------------------|
| | \$3.4781 | -27.20% | -20.42% | \$347,810 | 16.26% |



[End of Page]

Centralised AI

Most AI Large Language Models (LLMs) at the moment are owned by companies in the US such as Meta (Llama), Google-DeepMind (Gemini), OpenAI (ChatGPT) and Anthropic (Claude). Or in China: Baidu (Ernie), Alibaba (Qwen), Tencent (Hunyuan) and DeepSeek (DeepSeek-V3 / R1).

These LLMs essentially extract human intelligence and present it back to us in an organised format depending on the instructions (prompt) we have typed into the chatbox. The chatbox has some memory and can put subsequent prompts in context and can learn about our idiosyncrasies to a certain extent.

On top of the LLMs various agentic tools have been developed (such as OpenClaw) which allow users to tailor their interactions with the LLMs and to give prompts via web 2.0 communication tools such as email, WhatsApp, Telegram and Discord. It's possible to email your AI agent to go and do such and such.



Nvidia has launched an enterprise-ready OpenClaw product called NemoClaw - Jensen Huang has called OpenClaw the 'new computer'

The competition between these companies for dominance is extreme. There is a

winner-takes-all theory. The competition can also be viewed through a geopolitical lens as a competition between the US and China over dominance of this technology. This is called the battle for Sovereign AI.

The chess pieces in this competition include: energy, compute power, storage systems, cooling systems, access to chips and talent. These companies are spending billions of dollars developing data centres and creating so-called trillion dollar clusters where all the pieces come together. Governments are encouraging such investments within their borders.

As an example, one competitive advantage is to secure abundant cheap energy, which is why in May 2025 the UAE was proud to announce that a consortium of global technology firms launched the 'Stargate Emirates' project in Abu Dhabi, an initiative aimed at significantly boosting AI infrastructure in the UAE.



US President Donald Trump and UAE President Mohammed bin Zayed Al Nahyan talk at Qasr Al Watan, Thursday, May 15, 2025, in Abu Dhabi, United Arab Emirates. (PHOTO / AP)

AI is an integral part of warfare. One of the leading companies in this field is Palantir Technologies. Palantir provides the US military with the software that integrates

real-time data and analytics to produce battle plans and targets in dynamic wartime environments. Palantir is reliant on both LLMs and the underlying AI compute infrastructure.

Taking out AI clusters in the time of war is as key today as taking out strategic bridges in the past. Indeed there are unverified reports of 'cloud facilities' being bombed in both Iran and the UAE.



Heat-exchange fans help keep computer equipment cool at the Microsoft data centre in Mount Pleasant, Wisconsin, on September 18, 2025. Mike De Sisti/Milwaukee Journal Sentinel/USA Today Network/Imagn Images

At the World Economic Forum Annual Meeting in January 2026, Jensen Huang (CEO Nvidia) described the AI boom as: '...the largest infrastructure buildout in human history...'

The AI infrastructure being built today is highly perishable. The chips at the heart of these clusters evolve so quickly that the useful life of the equipment is often measured in just a few years. Much of the capital now being deployed could require replacement within a 10-15 year period.

I hope I have been able, in this preamble, to draw out the point that centralised AI raises a number of economic, geopolitical and societal questions, such as: is further extending social

and economic power under the Web 2.0 giants desirable?; does creating centralised physical AI infrastructure (critical for military capability) create central points of failure?; is spending trillions of dollars on short/medium lifespan physical AI a good allocation of resources.

Regardless of what the answer to these questions may be, centralised AI is the direction of travel and it is hard to see how an alternative can emerge.

Decentralised AI

It's hard to fully appreciate the economics and powerful dynamics of open decentralised networks as they are a recent phenomenon.

The first was Bitcoin

How can a piece of software that is open for anyone to see and use become the most powerful computer on earth. The software has no CEO, no marketing budget, no patents, no employees. It is not even owned by anyone or anything, it simply lives in the cloud.

The Bitcoin software is a network of money. The total value of money in circulation on the network is USD 1.3 trillion and the network is just 17 years old.

Bitcoin is also a network of computers. We measure computer power in hashes per second. The total value of hashing power in the Bitcoin network is currently around 600 exahashes per second (600 EH/s). This makes it the largest networked computer in the world.

To give you an idea, the total hash rate equivalent of all supercomputers in the world combined would only be around 10–20 EH/s.

To put it another way, Bitcoin, as a computer network, is roughly 30–60 times larger than the combined computing power of all the supercomputers in the world.

Think of Bitcoin as: Decentralised Money

Then came Ethereum

Ethereum was the next decentralised network to emerge after Bitcoin.

Ethereum secures the network in a different way. Instead of using energy and computing power, Ethereum secures its network by locking up capital as collateral. At present more than 30 million ether is staked by over one million validators, representing tens of billions of dollars securing the network.

Where Bitcoin represents the largest accumulation of computing power ever assembled, Ethereum is a settlement layer asset ledger. This ledger currently keeps track of USD 300 billion of value, while this is tiny compared to say the Depository Trust and Clearing Corporation (who keep track of USD 100 trillion), it is growing rapidly and is the enabling platform for the coming wave of real-world asset tokenisation.

Think of Ethereum as: Decentralised Finance

The Third Network is Bittensor

Bittensor is a new decentralised network. It builds on the ideas of Bitcoin and Ethereum to

create a decentralised marketplace for useful computational work, particularly artificial intelligence. Like Bitcoin and Ethereum it has its own internal economy and incentive system.

The monetary policy of Bittensor closely follows that of Bitcoin. A fixed supply of 21 million TAO tokens will be issued over time, distributed to miners and validators as rewards for contributing useful work to the network, with the issuance gradually declining until approximately the year 2140.

Ethereum is a platform for the creation and management of many different types of tokens and decentralised applications.

Bittensor is a platform for so-called 'subnets'. Subnet owners can operate like ordinary companies. They can charge external customers directly for their services, while also receiving emissions from the Bittensor protocol for producing useful work. In effect, a successful subnet may have two revenue streams: payments from clients and rewards from the Bittensor network itself.

Bittensor is like a department store. In a normal department store the brands pay rent to the store owner for floor space. The department store is a landlord that creates the environment for a marketplace.

The Bittensor network is a platform which creates a marketplace for AI service providers. The service providers are called subnets. They set up shop on the platform and get rewarded by the platform if they attract clients to their service. The Bittensor token (TAO) is the currency used within the network. The larger the network grows the more demand there is

for the token. Holders of the TAO token can be rewarded for staking their token.

There is a whole economic structure supporting the Bittensor ecosystem. I covered this in my October 2024 newsletter here.

Bittensor Subnets - Three Examples

There are 127 subnets (SN). These predominantly provide services needed to build AI systems. Here I cover just 3 examples.

SN3 - [Templar](#): is a decentralised training framework for LLMs.

The Templar network recently trained an LLM by coordinating more than 70 independent, globally distributed GPUs over the public internet. The LLM had ~72B parameters and ~1 trillion tokens.

This model size is not at the level of ChatGPT and others, but it's close and it was done with dramatically lower up-front capital costs and with no centralised company involved.

SN44 - [Score](#): adds information to video footage on a frame by frame basis.

So for example, a live video feed of a mine site where trucks, cranes and people are all moving about could be labelled so that each element of the video frame is labelled with data about what they are doing, who they are or whatever.

This network can ingest more hours of video than anyone could watch in a lifetime. Participants in the network can be rewarded for training the machine models that put words to the items in each video frame.



SN55 - [Genomes](#): decentralised science advancing genetic research.

This subnet facilitates private storage of human DNA and paid access to that data.

Individuals can load up their DNA in a completely private environment and then if they so elect, can be paid to make that data available for research projects.

Readers may be aware of the case of [Henrietta Lacks](#) whose cells were taken, commercialised, and distributed without her consent or compensation. This case highlighted the absence of property rights in biological data.

A platform like Genomes aims to facilitate individuals to control the use of their DNA data.

Although there are legal and ethical questions to be addressed with this type of biotechnology, the benefits for medical research are significant and it can be done in a way that maintains the privacy of the individuals participating and it provides for financial incentives for such participation.

We are just at the start of what's possible with AI and the development of the Bittensor network. This is an early opportunity.

Bittensor Investment Thesis

We have seen how decentralised network systems outperform centralised networks with Bitcoin (the largest computer in the world) and Ethereum (the fastest growing liquidity pool).

Think of Bittensor as: Decentralised AI.

Bittensor facilitates the growth of decentralised AI infrastructure and will, at the very least, offer a competitive alternative to centralised AI.

Centralised AI is capital-intensive, energy-intensive and increasingly strategic. Decentralised AI is cheaper, has no concentration risk and is safer.

When asked about decentralised AI Jensen Huang said that decentralised and centralised AI are not competing paradigms but complementary ones he said '...not A or B, but A and B..' implying a future where both hyperscale AI factories and distributed

networks coexist within a much larger AI economy (see video clip [here](#)).

Our thesis is that Bittensor is the third significant decentralised network. Its monetary policy is the same as Bitcoin and it has a high utility value, similar to Ethereum. It has every possibility of growing to become as valuable as the Bitcoin and Ethereum networks.

As always, please do not hesitate to contact me on 04 5090 0151 or at ian@bca.fund if you have any questions.

Best Regards



Ian Love
Founder and CEO
Blockchain Assets Pty Ltd

The content of this newsletter has primarily been prepared by a human, Ian Love. Artificial intelligence may have been utilised for some fact-checking and for providing explanations of some specific words and concepts.

To the extent that any of the information which we have supplied to you may be deemed to be "general advice" within the meaning of the Corporations Act, we draw your attention to:- (a) in preparing, supplying or conveying any general advice, we did not take into account your investment objectives, financial situation or specific needs; and (b) a person should consider whether or not a financial product is appropriate for them with or without the assistance of an authorised representative, having regard to their investment objectives, financial situation or specific needs and any relevant Information Memorandum. Any financial products offered by Blockchain Assets Pty Ltd are only available to wholesale clients.