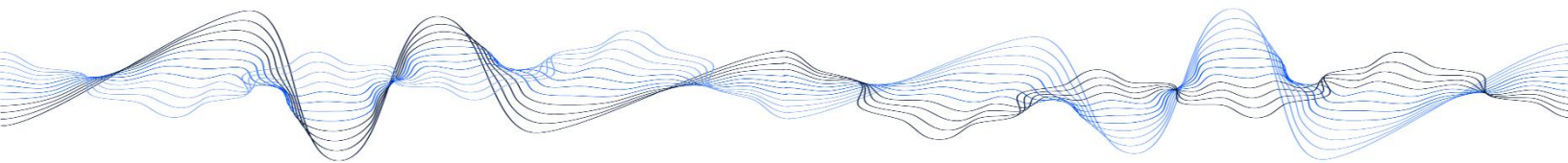




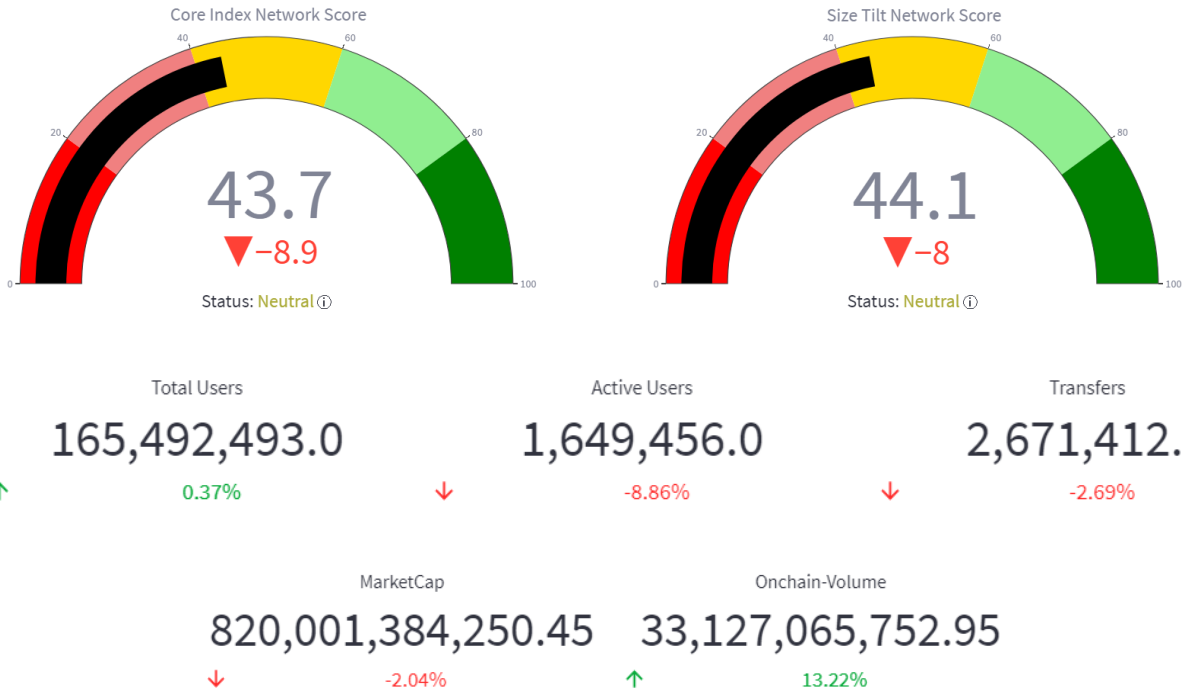
Digital Pulse Report: Shhhhh



27 July 2023

Coinbase Asset Management

FUNDAMENTAL PULSE – NETWORK PERFORMANCE



Our Digital Pulse aggregate scores are in average territory, having fallen uniformly across assets over the last week. A decline in active users and low velocity of transfers are key contributors.

Assets	Asset Score	7d Change	30d Change	Volume	Transfers	Active Users	User Growth	Valuation	Velocity	Network Distribution
Coinbase Core	44	-9	-10	16	81	32	57	34	2	82
Coinbase Size Tilt	44	-8	-8	24	76	29	53	37	9	80
Bitcoin	47	-10	-9	9	81	44	60	32	0	100
Ethereum	36	-7	-12	26	87	6	52	36	2	40
Polygon	39	-11	6	28	28	32	61	26	0	100
Litecoin	41	-5	-11	40	42	27	39	36	17	84
Cardano	67	-1	0	84	68	32	21	80	86	100

*Snapshot from the Coinbase Asset Management Pulse on 7/26/2023. Seven-day change in the Core and Size-Tilt Index Scores.

Notes: Status- High > 60, Neutral 40 to 60, Low < 40. A score of 54.5 means the Index value is better than 54.5% of its values in the past 365 days. Due to incomplete data coverage, index scores exclude Solana. Asset Scores are unique and sensitive to changes in a particular asset. Readers should not compare Asset Scores across assets. See MVIS for more information on the [Coinbase Core Index](#) and [Coinbase Size Tilt Index](#).

ASSET MANAGEMENT

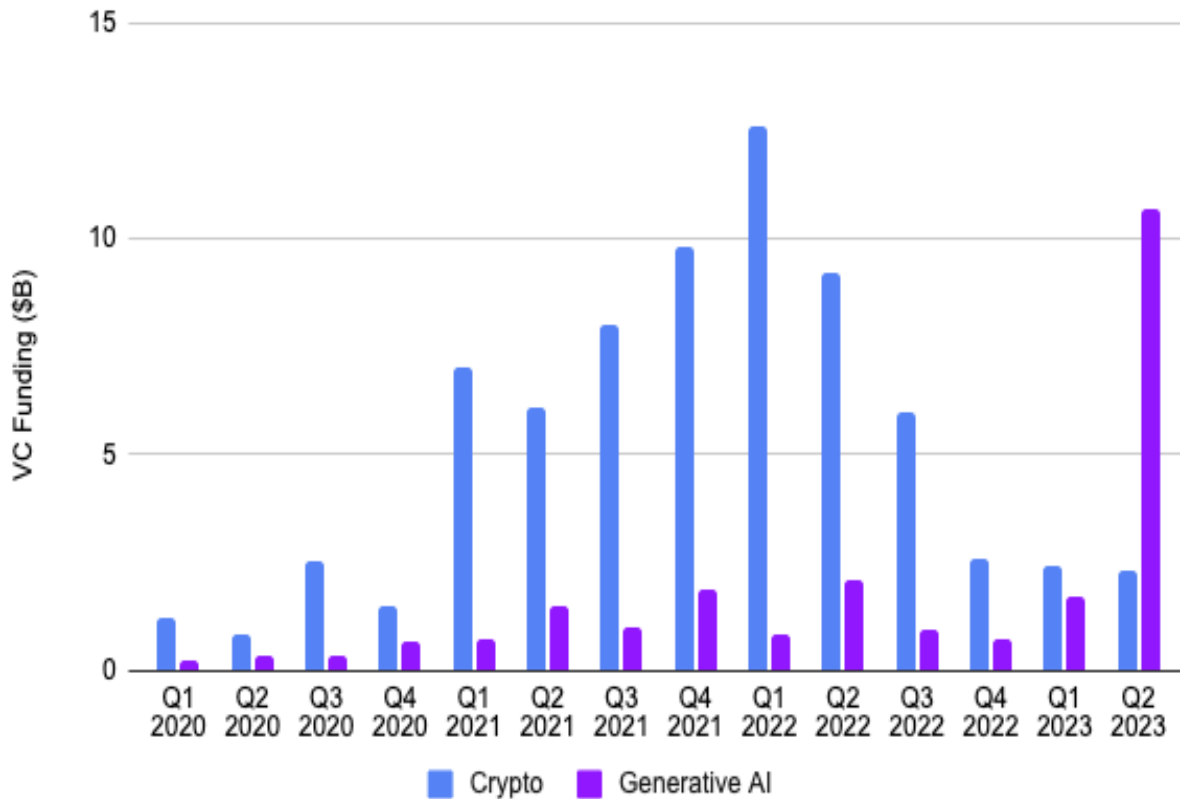
Shhhhh 🤫: “The quieter you are, the more you can hear.” A quote attributed to Buddha, cowboys, and Robin Williams – safe to say it qualifies as wisdom. And it applies to the digital ecosystem today. Novelty chasers have shifted their focus to generative AI, with over \$10B in Venture Capital commitments disclosed in Q2 and significantly more expected through the end of the year. Crypto is in the rear-view mirror, for now. Our Digital Pulse shows fundamental metrics in average territory, having drifted lower on a recent decline in user activity. Even token markets are making very little noise after a volatile period of meme-steam and regulatory-driven speculation. But the quieter you are, the more you hear. Ethereum’s broader ecosystem is alive with activity away from mainnet. The Optimism (“OP”) Stack is a framework offering a technology launch point for many versions of layer 2s. It is home to the recent launch of Africa’s Mara, the Q3 target for the full launch of Coinbase’s BASE, and much more. It is also the target framework for Worldcoin’s eventual layer 2. Worldcoin? The WLD token was distributed this week, sparking heated debates, thoughtful analysis, and activity on the Optimism mainnet, where the token is predominantly held. Optimism is a cheaper home than Ethereum mainnet for an asset targeting utility across all 8 billion humans -- direct alignment with the use case for layer 2s. So, stay quiet. Take the opportunity to listen for the subtle sounds of gradual progress.

WEEKLY BEATS

1. Chart of the Week - VC Attention Shifts from Crypto to Generative AI
2. Network Health Nears 2023 Lows
3. Optimism Mainnet TVL Increases
4. Worldcoin's Fully Diluted Value vs. Peers

1. VC ATTENTION SHIFTS FROM CRYPTO TO GENERATIVE AI

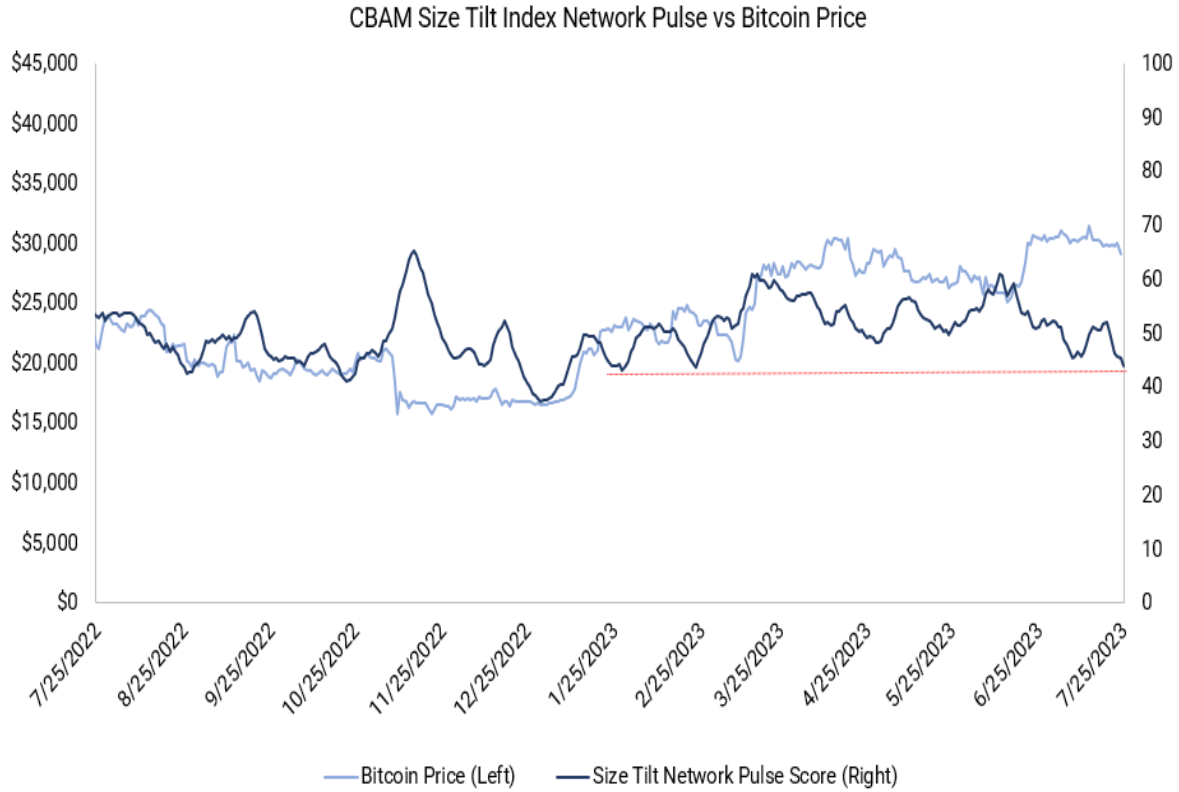
Capital follows attention, and nothing has captured more lately than ChatGPT and generative AI. Crypto held the VC limelight for nearly six fiscal quarters – a long time. Now, it recedes into a more natural role as one of several innovative technologies.



Source: Dealbook.

2. NETWORK HEALTH NEARS 2023 LOWS.

After a recent increase driven by speculative activity and regulatory progress, overall network health has retreated near 2023 lows.



Source: Coinbase Asset Management Pulse, Coin Metrics.

3. OPTIMISM MAINNET TVL INCREASES

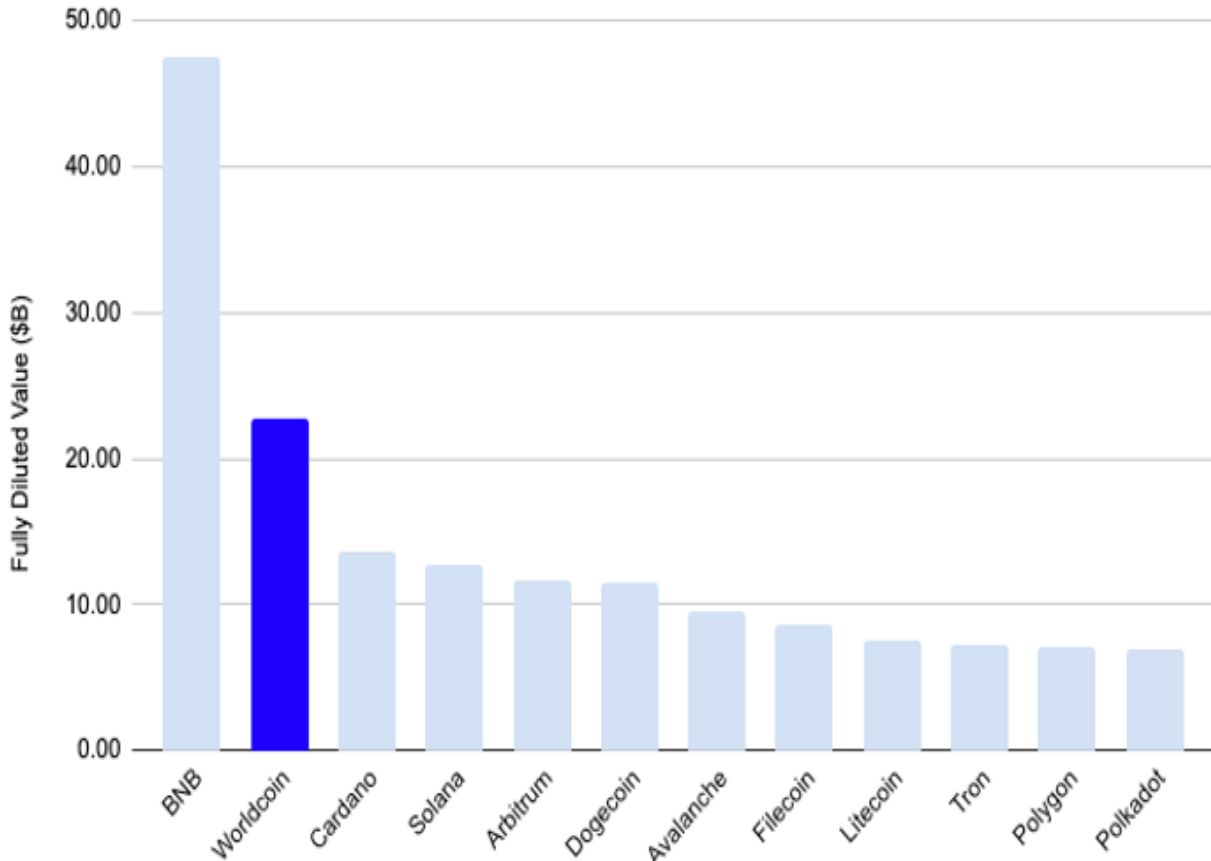
Total value locked on Optimism mainnet reflects a recent growth impulse driven by Worldcoin's launch and steady activity across the Optimism ecosystem.



Source: L2beat.com

4. WORLDCOIN'S FULLY DILUTED MARKET VALUE VS. PEERS

Right after its launch, Worldcoin's native token "WLD" rose to a market capitalization of around \$250 million, implying a fully diluted value of over \$20 billion – higher than more mature peers. With nearly \$350 million in daily volume, WLD has certainly captured trader attention.



Source: Coingecko.

Metric Definitions

1. Volume – The aggregated value of native units transferred between addresses on-chain.

2. Transfer Count – The sum count of transfers between addresses. It becomes more valuable when used in conjunction with Volume.

2.1 Low Transfer Count & High Volume: High volume but transferred by a few addresses.

2.2 High Transfer Count & Lower Volume - Indicates higher retail activity or exchanges amongst small accounts.

2.3 Lower Transfer Count & Lower Volume: Indicates slower network usage and low network demand.

2.4 High Transfer Count & Higher Volume- indicates high network usage. A persistent trend is substantial.

3. Active Users: Number of addresses active in the network as recipients or originators of ledger change. This includes value transfers, signing blocks, and other forms of ledger change activity.

3.1 High Value: High network usage and high demand.

3.2 Low Value: Low network usage and low demand.

4. User Growth Rate: The rate at which new addresses with non-zero balances are added to the network.

4.1 High Value: Indicates users being added to the network at an increasing rate.

4.2 Low Value: Indicates users being added to the network at a slower pace.

5. Valuation: This metric compares the on-chain volume to the realized capitalization representing the value of the network. Realized capitalization is a revised form of market capitalization that accounts for the value of the coin at the time the coin was last spent. A lower volume compared to the high value of the network indicates the network could be overvalued and vice versa.

5.1 High Value: Indicates the network is closer to its real value based on the on-chain volume.

5.2 Low Value: Indicates the network is very close to being overvalued considering the activity on the network.

5.3 Medium value: Asset is reasonably valued—sustainable demand for transactions.

6. Velocity –This indicator shows the turnover of coins in the network as measured by on-chain volume divided by active supply. The primary use of this metric in this instance is to help access an asset's market-relevant supply.

6.1 High Value: There is greater circulation of coins in the network and use for payments.

6.2 Lower Value: There is lower circulation of coins in the network and use for payments.

7. Network distribution – The metric used, the SER ratio, compares the smallest accounts (sum held by accounts with a balance less than 0.00001% of the supply) against the richest accounts (sum held by the top 1% addresses).

7.1 High value: Signifies high distribution of supply and higher decentralization.

7.2 Low value: Low supply distribution and heavy concentration amongst a few wallets.

Disclaimer

One River Digital Asset Management has been acquired by Coinbase and is now Coinbase Asset Management. Additional details on the transaction may be found on the [Coinbase blog](#). References to One River Asset Management and One River Digital Asset Management may be contained herein during the transition period but are subject to change.

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