Twitter Thread by Ryan Selkis



Ryan Selkis
@twobitidiot

1/ Well looks like folks wanted a 121 tweet tl;dr thread of my annual crypto theses. I was rooting for "delete account" to win the poll below instead, but here goes...

121 crypto theses for 2021.

(not investment advice)

> Should I do a 121 tweet thread on the theses for you ingrates, or would you like me to delete my account?
>
> Only two options:
>
> — Ryan Selkis (@twobitidiot) December 10, 2020

2/ Get the full report here!

It's on the industry's banned books list, so you know it's good and deliciously irreverent.

https://t.co/KxLqregkpA

3/ 1.1 Buy BTC. Buy ETH. Buy DeFi.

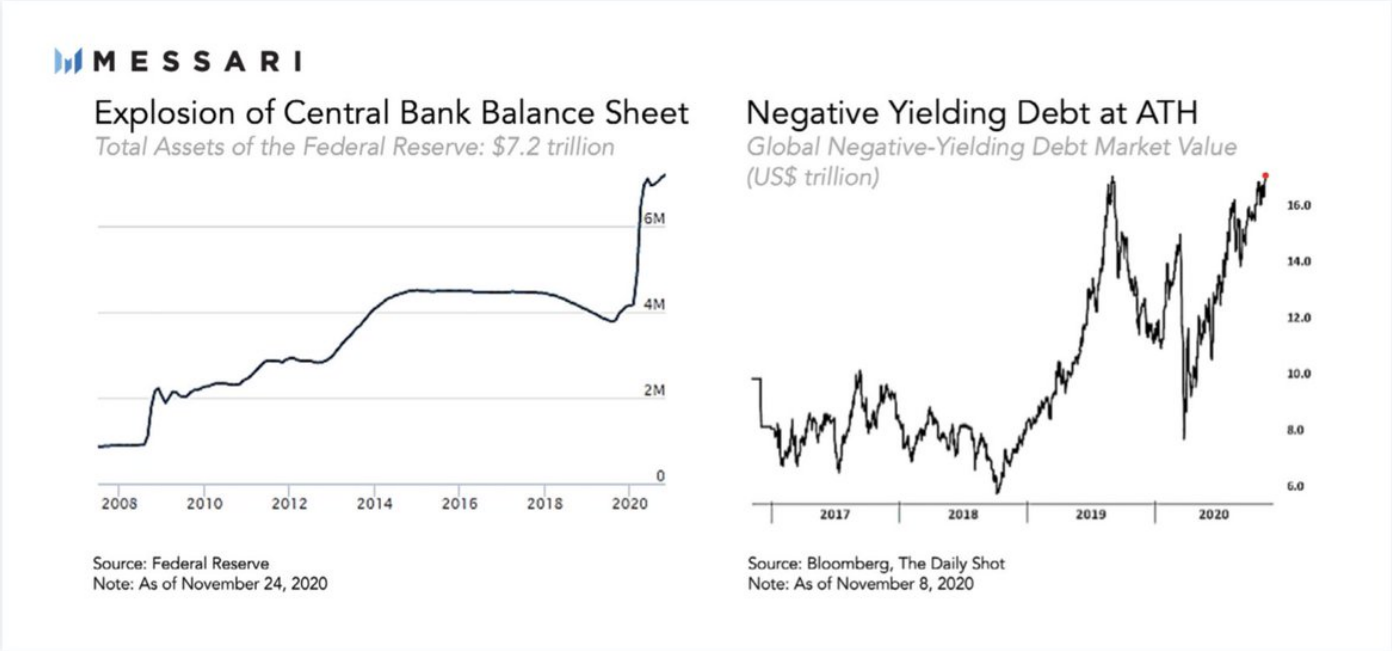
(political speech, not investment advice)

There's real fundamental drivers behind these assets today vs. 2017. I think we'll hit $100k / BTC next year, and $3 trillion of crypto market cap next cycle.

4/ 1.2 Buy BTC.

Not my advice, but it is from Paul Tudor Jones, Stanley Druckenmiller, Cathie Wood, Bill Miller, Raoul Pal, Chamath, and dozens of other institutional investors.

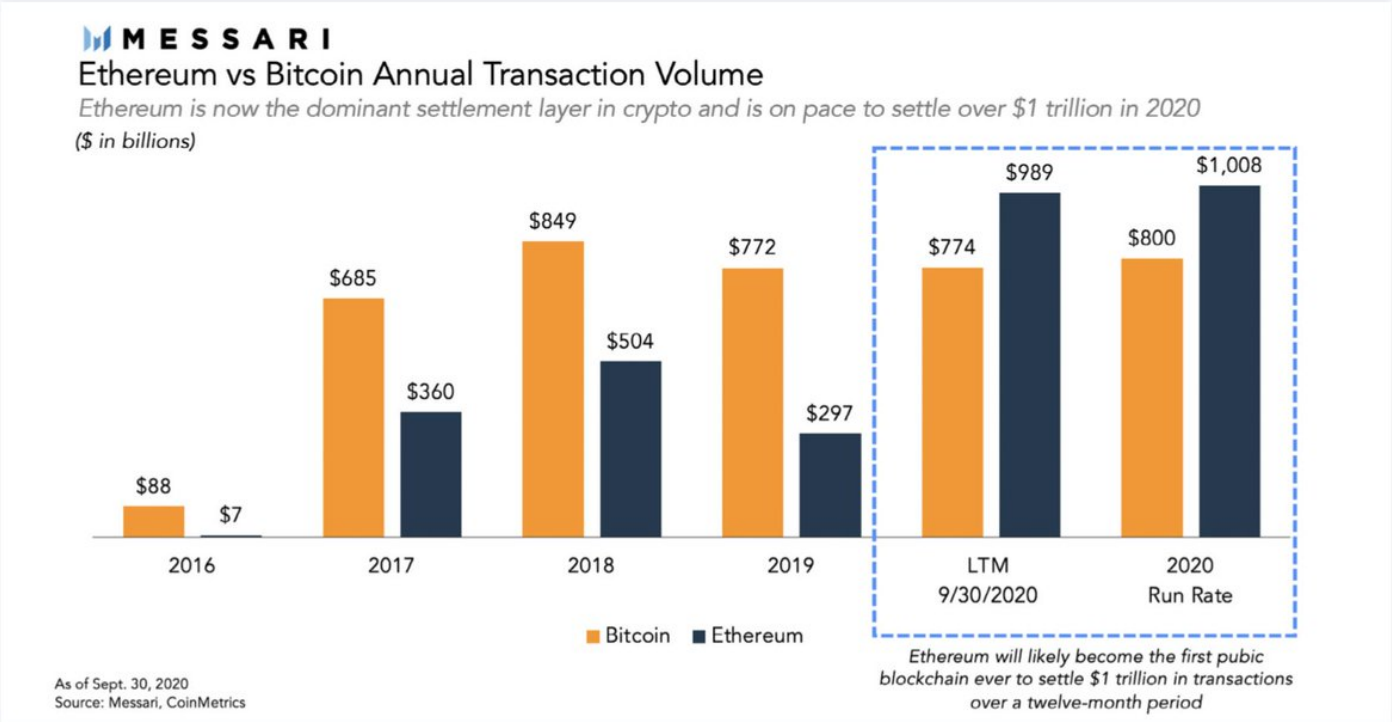
The digital gold narrative has stuck because of this:



5/ 1.3 Buy ETH.

Ethereum is the everything marketplace + settlement layer for a new decentralized financial system.

It will clear $1 trillion of on-chain transactions this year; the beacon chain upgrade has gone smoothly so far; ETHE will pull in big $$$ (more on that later).



6/ 1.4 Buy DeFi

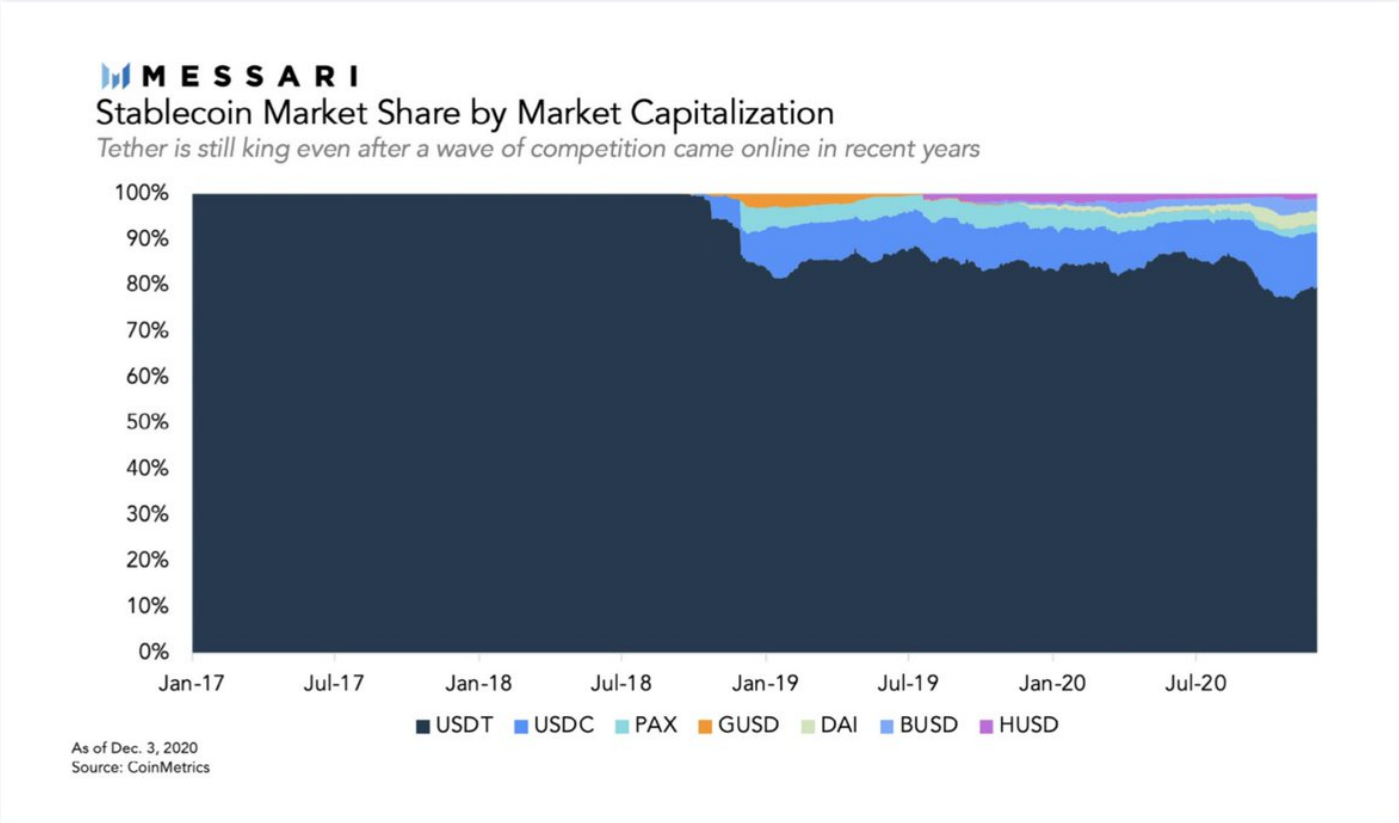
The money legos are fun to play with, and this year they got lucrative too. If you're just getting your beak wet, then you might want to stick with the UNEASY blue chips:

UNI - DEX
NXM - Insurance
ETH
AAVE/COMP/MKR - lending
SNX - synthetics
YFI - money manager

7/ 1.5 Stablecoins are eating the world.

Tether (USDT) still makes the crypto world go round, but USDC and PAX bring more regulated legitimacy to this market, and DAI offers a fully decentralized alternative.

End 2019: $4.5 billion
End 2020: ~$30 billion
End 2021: ~$75 billion



8/ 1.6 Crypto Credit

Levering up (even conservatively) on crypto assets is a bullish phenomenon we haven't seen in prior cycles.

+ HODL crypto
+ Borrow overcollaterized to pay interest vs cap gains
+ Redeploy into infra and more crypto (or real estate)

It's a beautiful thing.

9/ 1.7 Synthetics

Anything that makes crypto more accessible to the unwashed masses is bullish.

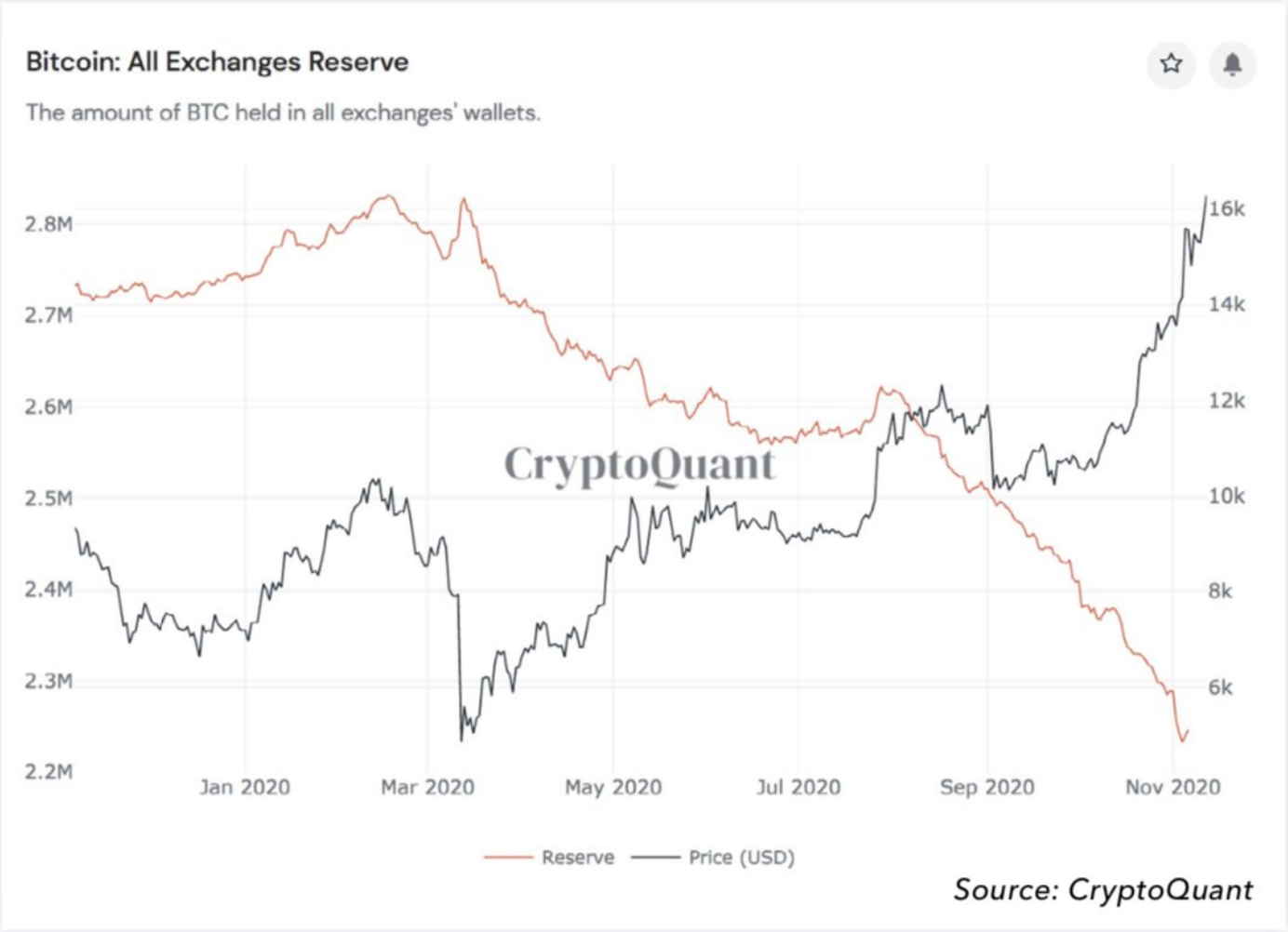
Biggest wins next year will be repeat winners?

+ Grayscale ETFs
+ Wrapped assets leveraged cross chains
+ Tokenized securities (exchange tokens + stonks)

10/ 1.8 Infrastructure

Exchanges will remain the 800 pound gorillas of crypto, and acquire their way to additional growth to offset the fact that:

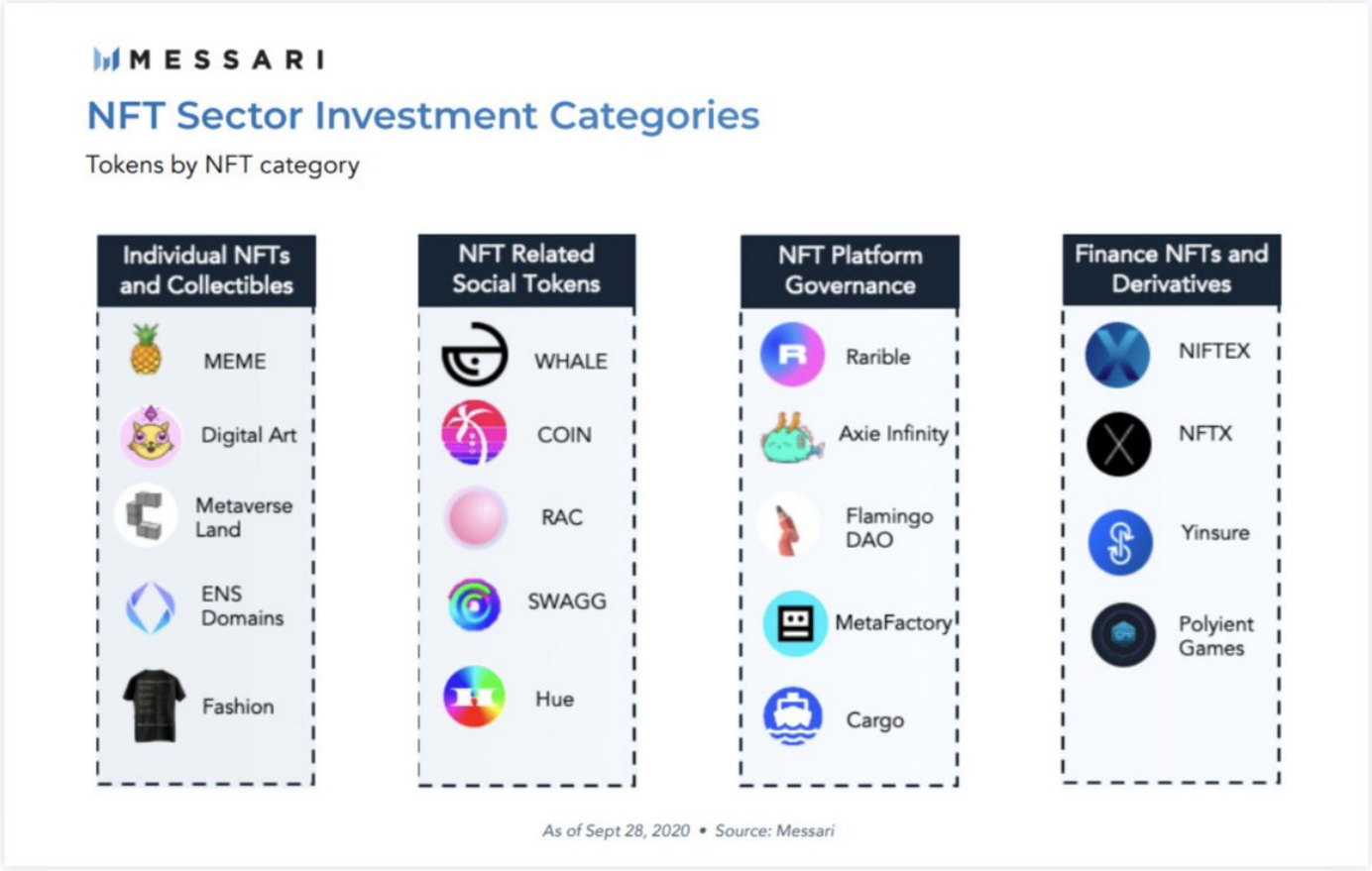
+ Spreads are tightening
+ DEX competition for retail users is real
+ Custody is getting unbundled (chart)



11/ 1.9 Web3 + NFTs

+ Filecoin is a monster, love decentralized storage
+ Social tokens are going to be massive (@tryrollhq ;))

+ Flow (Dapper Labs) is a leading contender to win the NFT meta-marketplace. NFTs are exploding...



12/ 1.10 Policy

We're at the final boss stage: combatting state-level crackdowns.

FATF is bad, China is a big risk, and we should try to think about how to gradually escape to VR and the "network state" that @balajis and I discussed the other night.

https://t.co/p4SRDhp0sE

13/ 2.0 Top 10 people to watch...

My favorite graphic from the entire report. ■

(h/t @asiahodl)



14/ 2.1 @SBF_Alameda

Just a monster year:

+ Top 10 exchange in 18 months
+ Alameda one of the top DeFi players
+ $150 million Blockfolio buy
+ Synthetics trading leader
+ Big Biden booster! Helpful for crypto.

15/ 2.2 @michael_saylor

Dude's gonna have $1billion in BTC on his public company's balance sheet soon ($MSTR). Meme machine, but maybe too maximalist right now.

(He'll take the ETH pill eventually, too.)

16/ 2.3 @BarrySilbert

The Grayscale <> Genesis monopoly trade has led to record AUM, record open interest, and ~$200mm run rate EBITDA for DCG at current prices.

But @DCGco unlikely to go public any time soon, if ever.

17/ 2.4 @balajis

He wasn't really full-time in crypto per se, but I loved his take on Bitcoin as a Flag of Technology.

He's on here for being early to warn people about COVID, prescient in predicting its second- and third-order effects, and slaying MSM.

https://t.co/pP7TozVKY6

18/ 2.5 @BrianBrooksOCC

One of the biggest developments of the year was what I call the "Bitcoin Insurgency" in DC. We've finally started to get some of our own in positions of influence.

Brooks made it safe for banks to custody crypto assets AND bank stablecoin issuers.

19/ 2.6 @CaitlinLong_

I regret her omission on 2020's watch list. Caitlin played the state policy arb game masterfully & helped derisk one of the biggest choke points for crypto: banking.

The WY progress paved the way for Kraken and Avanti (Long's newco) as the first BTC banks.

20/ 2.7 @AndreCronjeTech

Crypto is eating the world, and Andre's YFI is eating crypto. One of the most insane paces of development I've seen in the 7.5 years in the space.

Shows the speed you can build with money legos.

Nice chart too.



21/ 2.8 @haydenzadams @rleshner

They may seem like humble farmers, but they mainstreamed liquidity mining:

+ reward early contributors
+ drive liquidity in DeFi
+ derisk protocols, by decentralizing governance

"Yield farming" was one of the most important trends of the year.

22/ snack break.

23/ 2.9 Anonymous

2020 was all about vampire attacks, food token forks, and rug pulls.

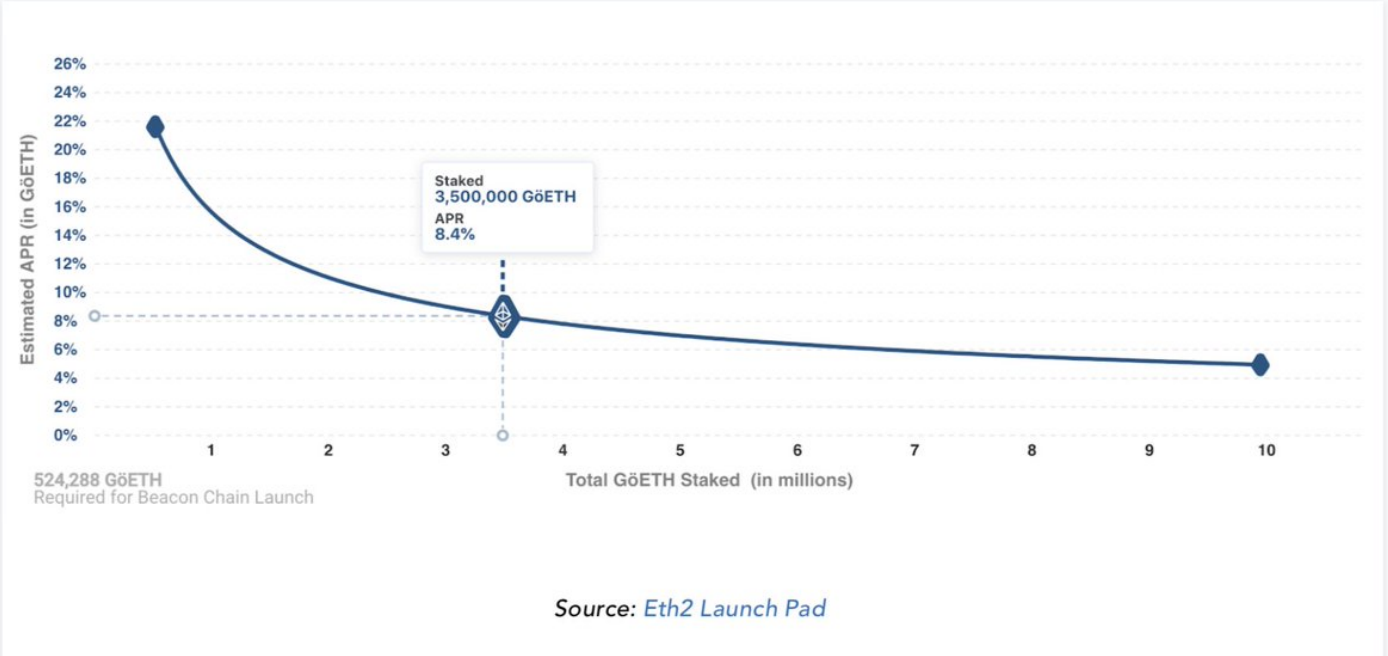
If you’re a normal human w/ a respectable career and that sentence makes no sense, you’re better than me. But anon/ pseudonymous contributors had a BIG year in DeFi.

More in the full report.

24/ 2.10 @dannyryan

Vitalik is the visionary philosopher-king, but Danny did something unprecedented in Ethereum's history...kept the trains running (mostly) on time.

He's the face of ETH 2.0 and the person to watch as new milestones get hit.

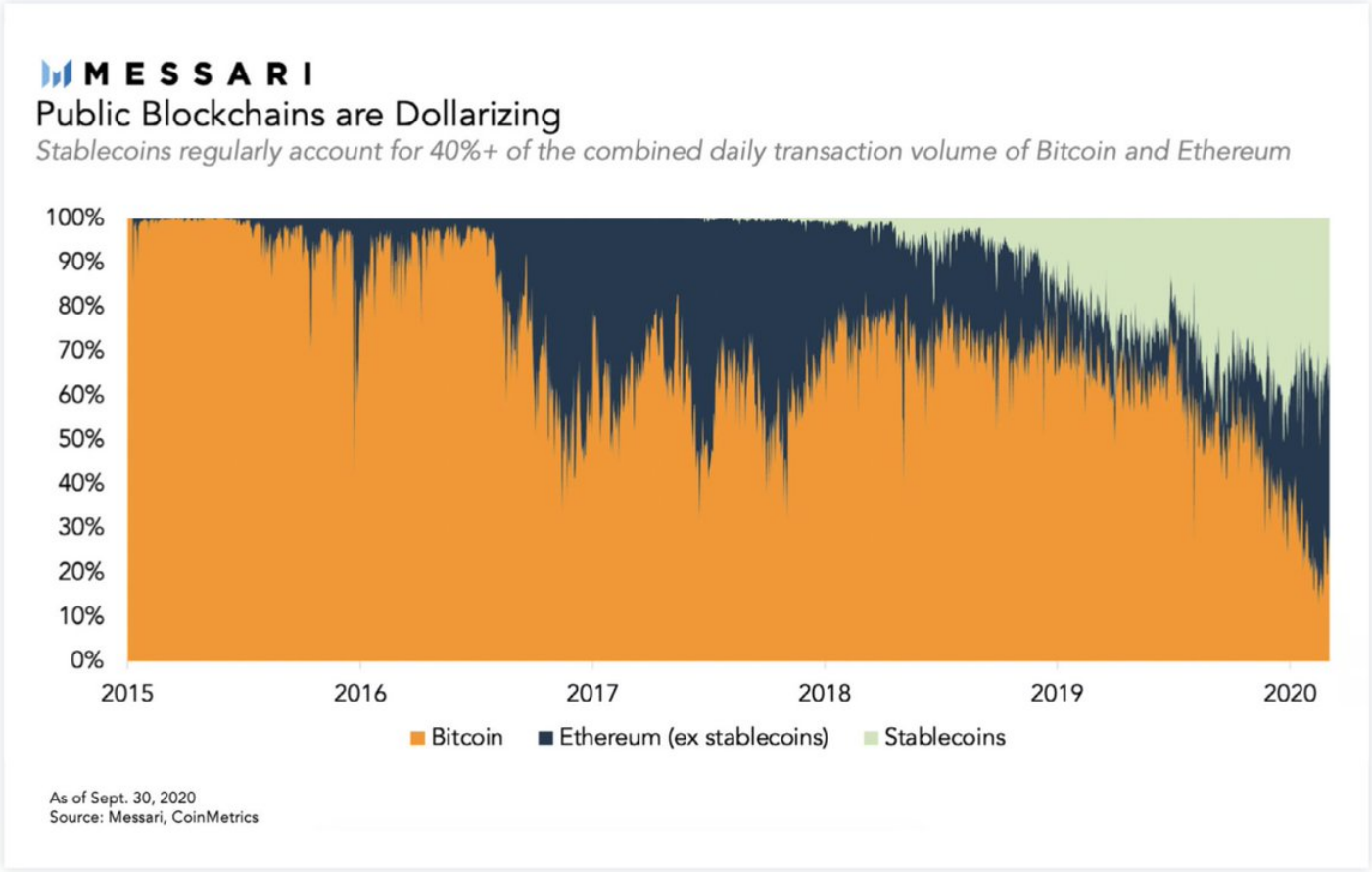


25/ 3.1 Stablecoins = Stimulants

Blockchains are dollarizing: BTC/ETH are no longer the primary reserves for exchange settlement, trading pairs, or DeFi. *Despite that* they've rallied like mad.

More stablecoins = more dry powder
Less stablecoins = more BTC/ETH reserve

win-win



26/ Passive Aggressive

"The Grayscale Trade" and now "The Bitwise Trade" will be big for 2021 institutional inflows.

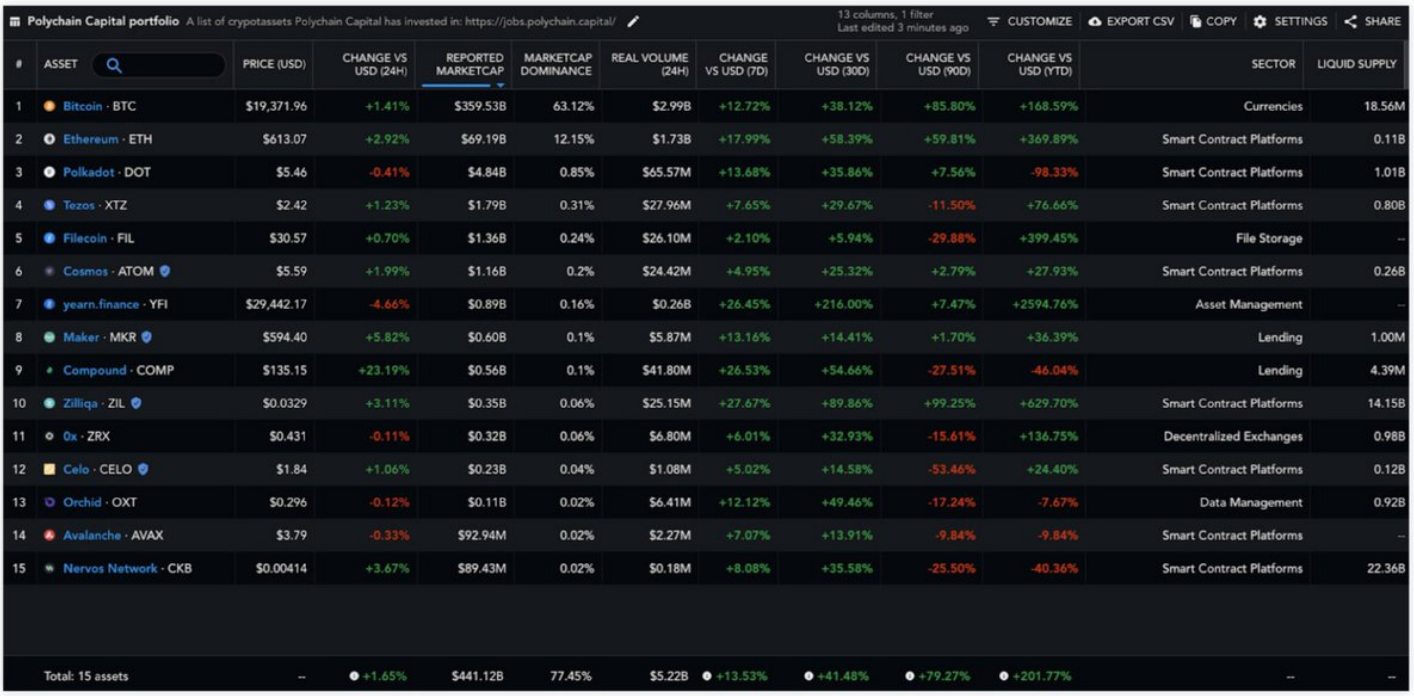
GBTC trades at 30% premium to NAV
ETHE trades at 100%+ premium
BITW trades at a 100%+ premium

Enrich accrediteds, fleece the unwashed masses (thanks to the SEC)

27/ 3.3 APE ME

We track liquid portfolios for dozens of the industry's top funds. I don't recommend market buying their bags, but it's a helpful reference point for what the crypto "smart money" likes right now.

https://t.co/UlPzmJ5gg9



Polychain Capital portfolio A list of cryptoassets Polychain Capital has invested in: https://jobs.polychain.capital/

13 columns, 1 filter
Last edited 3 minutes ago

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#	ASSET	PRICE (USD)	CHANGE VS USD (24H)	REPORTED MARKETCAP	MARKETCAP DOMINANCE	REAL VOLUME (24H)	CHANGE VS USD (7D)	CHANGE VS USD (30D)	CHANGE VS USD (90D)	CHANGE VS USD (YTD)	SECTOR	LIQUID SUPPLY
1	Bitcoin · BTC	$19,371.96	+1.41%	$359.53B	63.12%	$2.99B	+12.72%	+38.12%	+85.80%	+168.59%	Currencies	18.56M
2	Ethereum · ETH	$613.07	+2.92%	$69.19B	12.15%	$1.73B	+17.99%	+58.39%	+59.81%	+369.89%	Smart Contract Platforms	0.11B
3	Polkadot · DOT	$5.46	-0.41%	$4.84B	0.85%	$65.57M	+13.68%	+35.86%	+7.56%	-98.33%	Smart Contract Platforms	1.01B
4	Tezos · XTZ	$2.42	+1.23%	$1.79B	0.31%	$27.96M	+7.65%	+29.67%	-11.50%	+76.66%	Smart Contract Platforms	0.80B
5	Filecoin · FIL	$30.57	+0.70%	$1.36B	0.24%	$26.10M	+2.10%	+5.94%	-29.88%	+399.45%	File Storage	--
6	Cosmos · ATOM	$5.59	+1.99%	$1.16B	0.2%	$24.42M	+4.95%	+25.32%	+2.79%	+27.93%	Smart Contract Platforms	0.26B
7	yearn.finance · YFI	$29,442.17	-4.66%	$0.89B	0.16%	$0.26B	+26.45%	+216.00%	+7.47%	+2594.76%	Asset Management	--
8	Maker · MKR	$594.40	+5.82%	$0.60B	0.1%	$5.87M	+13.16%	+14.41%	+1.70%	+36.39%	Lending	1.00M
9	Compound · COMP	$135.15	+23.19%	$0.56B	0.1%	$41.80M	+26.53%	+54.66%	-27.51%	-46.04%	Lending	4.39M
10	Zilliqa · ZIL	$0.0329	+3.11%	$0.35B	0.06%	$25.15M	+27.67%	+89.86%	+99.25%	+629.70%	Smart Contract Platforms	14.15B
11	0x · ZRX	$0.431	-0.11%	$0.32B	0.06%	$6.80M	+6.01%	+32.93%	-15.61%	+136.75%	Decentralized Exchanges	0.98B
12	Celo · CELO	$1.84	+1.06%	$0.23B	0.04%	$1.08M	+5.02%	+14.58%	-53.46%	+24.40%	Smart Contract Platforms	0.12B
13	Orchid · OXT	$0.296	-0.12%	$0.11B	0.02%	$6.41M	+12.12%	+49.46%	-17.24%	-7.67%	Data Management	0.92B
14	Avalanche · AVAX	$3.79	-0.33%	$92.94M	0.02%	$2.27M	+7.07%	+13.91%	-9.84%	-9.84%	Smart Contract Platforms	--
15	Nervos Network · CKB	$0.00414	+3.67%	$89.43M	0.02%	$0.18M	+8.08%	+35.58%	-25.50%	-40.36%	Smart Contract Platforms	22.36B
	Total: 15 assets	--	+1.65%	$441.12B	77.45%	$5.22B	+13.53%	+41.48%	+79.27%	+201.77%	--	--

28/ 3.4 Directional correctness: Build and Go LONG

Early internet losers didn't win big.
Early crypto "losers" still win big if they work on the infrastructure, miss, but still hold the underlying.

That is POWERFUL for human capital retention.

https://t.co/xwKuPf6osY

29/ 3.5 Traditional VCs are behind the eight ball

+ Crypto entrepreneurs need help community building & nailing protocol market structure, not future fundraising
+ Series B+ somewhat irrelevant
+ Top seed investors are crypto specialists, legacy players ded (except @fredwilson)

30/ 3.6 The Crypto IPO calendar:

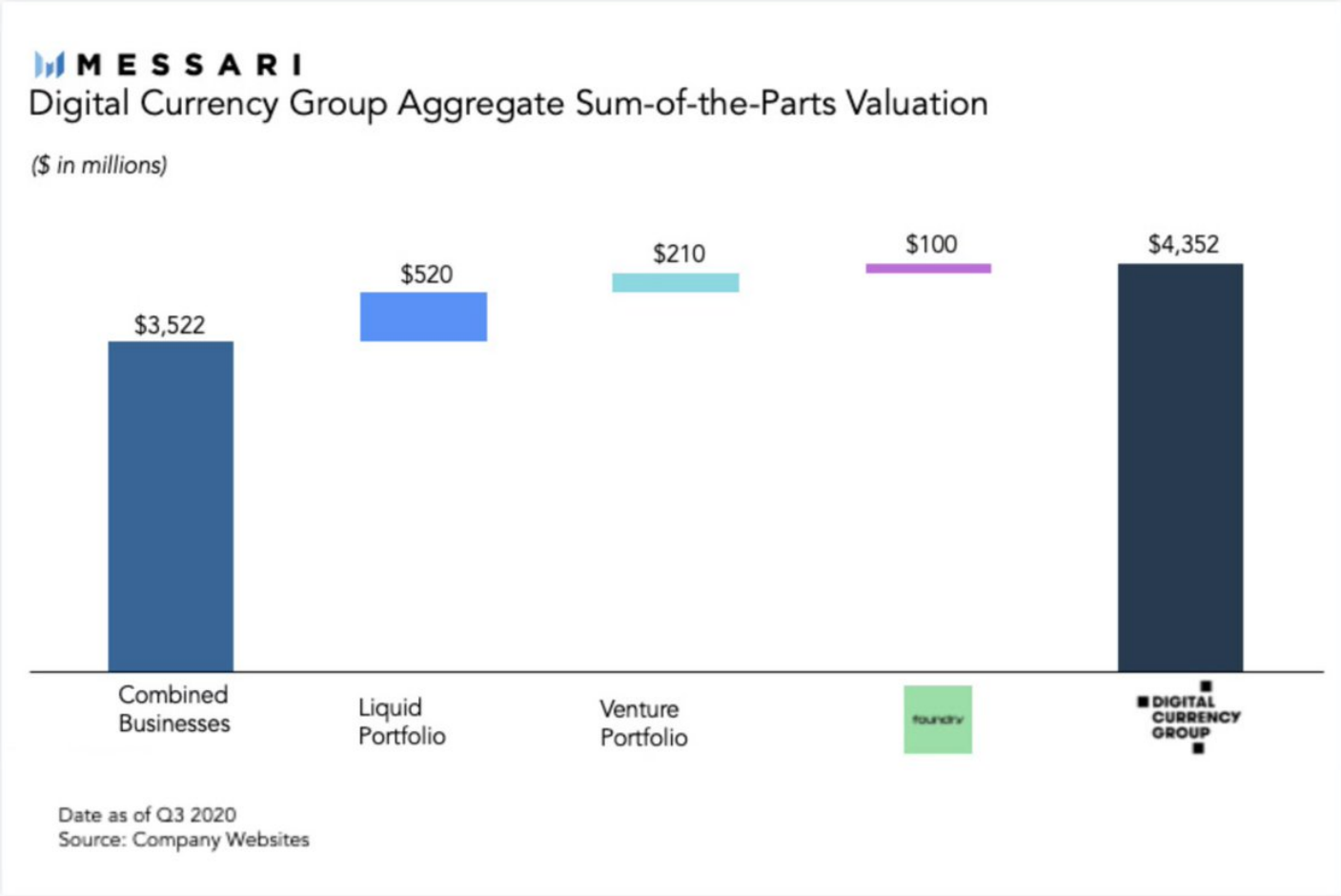
Coinbase - likely to file as a decacorn in 2021
Kraken - coin flip to file, my money is 51% no
BlockFi - likely to file as a unicorn in 2021

Not sure who else, but definitely not...

31/ 3.7 DCG will not go public

+ DCG is likely closing in on a (mostly liquid) crypto portfolio of $2 billion
+ $200 million RR EBITDA
+ Diversified play with regulatory moats

Should be an IPO darling, but Barry will keep it private and consolidate ownership slowly.



32/ 3.8 M&A Targets

We'll see:

+ Bank M&A - custodians - BitGo, Fireblocks, Anchorage?
+ Exchange M&A - data & tools - CoinGecko, Bison Trails?
+ Protocol M&A - YFI will eventually Kirby up everything

33/ 3.9 Work-to-Earn

+ You can bring code, capital, or content to the table, and I think content creators (educators/marketers) will have a lucrative year.
+ Better to earn crypto than to buy it. :)

Get off the sidelines and join the party!

34/ 3.10 Assets we like!

DISCLOSURES OF HOLDINGS NOT INVESTMENT ADVICE

TBI Likes: BTC, ETH, ZEC, YFI, FIL, LTC (via Grayscale, NOT spot), LUNA, SIA, ANT, NXM, REN, and a smattering of rounding errors.

Ryan Likes: ETH, RUNE, YFI, HNT, CVP, ANT, LUNA, CREAM, RPL. TL;DR long DeFi, long ETH 2.0, long governance innovation.

Wilson Likes: ETH, BTC, HNT, UNI, Blue coins, Cross chain liquidity (RUNE) and liquid staking (RPL) networks, and DOT/KSM (initial parachain offerings give 2017 Ethereum ICO vibes and KSM could tag along for the ride).

Aidan Likes: BTC, ETH, renZEC, CVP, HEGIC, CHI (long gas tokens cannibalizing the ETH block space market), YAX, and AXS (CryptoKitties meets Tamagotchi: what's not to love?).

Mason Likes: ETH, BTC, UNI, YFI (Long Andre), ANT (post-ANJ merge), cash-generating governance-tokens, AXS (see Aidan), community-owned marketplaces and networks (e.g., RARI, AUDIO), application-specific chains (HNT), Tokens (NFTs and ERC20s) with exclusive partnerships (NBA Top Shot, SoRare, CHZ).

Jack Likes: HNT, BTC, ETH, YFI, ALPHA, HEGIC, PERP—decentralized derivatives are DEXs in 2019, hyped but no substantial usage (yet). Expecting them to make noise in 2021.

Eric Likes: BTC, ETH, ZEC, YFI, MLN, RUNE, CVP (anything that aggregates liquidity, yield, governance, etc.) make it easy for people to participate.

35/ I will unlock the rest of this thread once the top tweet has 200 RTs or we hit 50 Pro sign-ups, whichever comes first.

Otherwise, enjoy the rest of the full report! :)

https://t.co/SFJBZc2Fey