



SPECIAL REPORT

# Coinbase Global Inc

FREDERICK  
— & —  
OLIVER

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### WELCOME

The cryptocurrency journey has been a short yet fascinating one.

Digital currencies began to emerge around 2015 and were initially considered a thing of fantasy with a cult-like fan base.

By 2017, tongues were wagging with talk of ‘the next big thing’ as the price of Bitcoin rallied from just a few dollars to over \$1,000.

The new electronic payment methods were met with some cynicism, especially from figures within the traditional banking world.

In 2017, JP Morgan’s outspoken CEO, Jamie Dimon, famously claimed Bitcoin was a “fraud” and said “if you’re stupid enough to buy it, you’ll pay the price for it one day”.

Criticism amongst banking’s elite was not the only challenge facing cryptocurrencies. There was an air mystery associated with the industry - How did cryptocurrencies work? How and where could you buy them? How could you spend them? Nobody really seemed to know.

Then, in 2018, Japan fell victim to a number of cyber attacks in which **cryptocurrency exchanges were hacked** resulting in the theft of more than \$500m in e-currency.

Quite rightly, this made investors nervous, maybe Jamie Dimon was right after all? The City was dismissive, the wider adoption of cryptocurrencies was in question and the online ‘wallets’ in which cryptos were stored were being looted.

Initial crypto gains were followed by a spectacular capitulation in values, before rallying once again. The

nerves of adventurous traders were certainly tested, and as the table below details, **a \$10k investment could have been worth as much as \$200k** or as little as \$1,500 depending upon when the trade was executed.

Year	Price move	% move	\$10k trade became
2017	\$900 to \$20,000	+2,100%	\$210,000
2018	\$20,000 to \$3,000	-85%	\$1,500
2019 to present	\$3,000 to \$60,000	+1,900%	\$190,000

Today, it would appear Jamie Dimon was wrong, and the early adopters were right. Cryptocurrencies have been embraced by some of the City’s most influential figures - **ARK Funds** manager Cathie Wood and **Tesla**’s Elon Musk amongst the ‘celebrity’ buyers of late.

Furthermore, payment processing companies **Square** and **PayPal** have moved to offer e-currency payment methods.

So to Coinbase, the leading US cryptocurrency exchange, should you buy shares following the company’s recent NASDAQ debut? Read on for more information.

Remember, not all trades prove profitable and we champion the market maxim ‘cut your losses’.

Good luck with your investments.

Frederick & Oliver



THE LEADING CRYPTOCURRENCY EXCHANGE IN THE US HAS JUST LISTED ON THE NASDAQ - IS NOW THE TIME TO BUY?

As we established in the introduction, cryptocurrencies are finally being embraced by the wider market.

With institutional involvement and endorsement from influential figures, cryptocurrencies should become more stable investments, experiencing less volatility and pose fewer risks.

City endorsements do not come much bigger than Cathie Wood. The CEO of ARK Investment Management made a name for herself in 2020 when her five flagship ETFs gained more than 100%. Wood has a keen eye for emerging technologies and disruptive high-growth stocks and was an early buyer of Bitcoin and Tesla shares.

The purchasing of e-currencies had previously been a long-winded process involving a number of currency conversions and opening of various accounts. Storing the asset was risky business, a number of high profile ‘exchanges’ reported hacking attempts and theft of coins.

This is where Coinbase plans to capitalise. The exchange has been operational since 2012 and boasts 56 million individual users, 7,000 institutions and 115,000 partners in over 100 countries. During this time the exchange has simplified the user experience, opening an account, buying and holding cryptocurrencies is now a process that takes just a few minutes.

Users have access to more than 90 e-currencies, though more than half of transactions on the platform involve Bitcoin (41%) and Ethereum (15%). Coinbase processes 11.3% of all cryptocurrency transactions.

Coinbase’s attention to security has not been lost on analysts at BTIG who described the website as the “gold standard among digital-asset exchanges” before stating “Coinbase

has never been hacked and has rigorously adhered to regulatory compliance”. BTIG has a price target of \$500 for Coinbase shares.

Other Wall Street fans of Coinbase include Rosenblatt Securities with a ‘buy’ rating and target price of \$450. Loop Capital says ‘buy’ targeting \$394. DA Davidson has a ‘buy’ rating with a target between \$440-\$650 and Moffett Nathanson have a ‘buy’ rating and \$600 target price.

Analysts at CFRA Research have a bear case of \$120 per share, base case of \$400, and a bull case of \$840, citing institutional investors could turn to Coinbase shares for crypto exposure on the basis many funds are prohibited from buying the digital-asset itself.

The punchy target prices are unsurprising given Coinbase’s financials. Unlike many new-to-market tech companies, Coinbase turned profitable in 2020, banking \$322m from revenue of \$1.1bn, an increase of 139% versus 2019.

Preliminary results indicate 2021 will supercede 2020’s achievements with revenue soaring to \$1.8 billion in Q1, already exceeding 2020’s full year revenue.

Reports claim Cathie Wood snapped up 1.9m shares in Coinbase during the first 3 days of trading following the stock’s NASDAQ debut 2 weeks ago.

During the first 3 days of trading, shares ranged between \$317 and \$429, meaning if you bought shares today, you’d be beating the fund manager who smashed 2020!

Good luck.



COMPANY INFORMATION

Coinbase Global Inc provides financial infrastructure and technology for the cryptoeconomy. The company provides primary financial account for the cryptoeconomy, a platform to invest, store, spend, earn, and use crypto assets.

Listing	Market Cap	52-week range	Dividend yield
NASDAQ	\$58.1bn	\$282 - \$429	Nil

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
\$291	\$282	\$429	-3%	+47%







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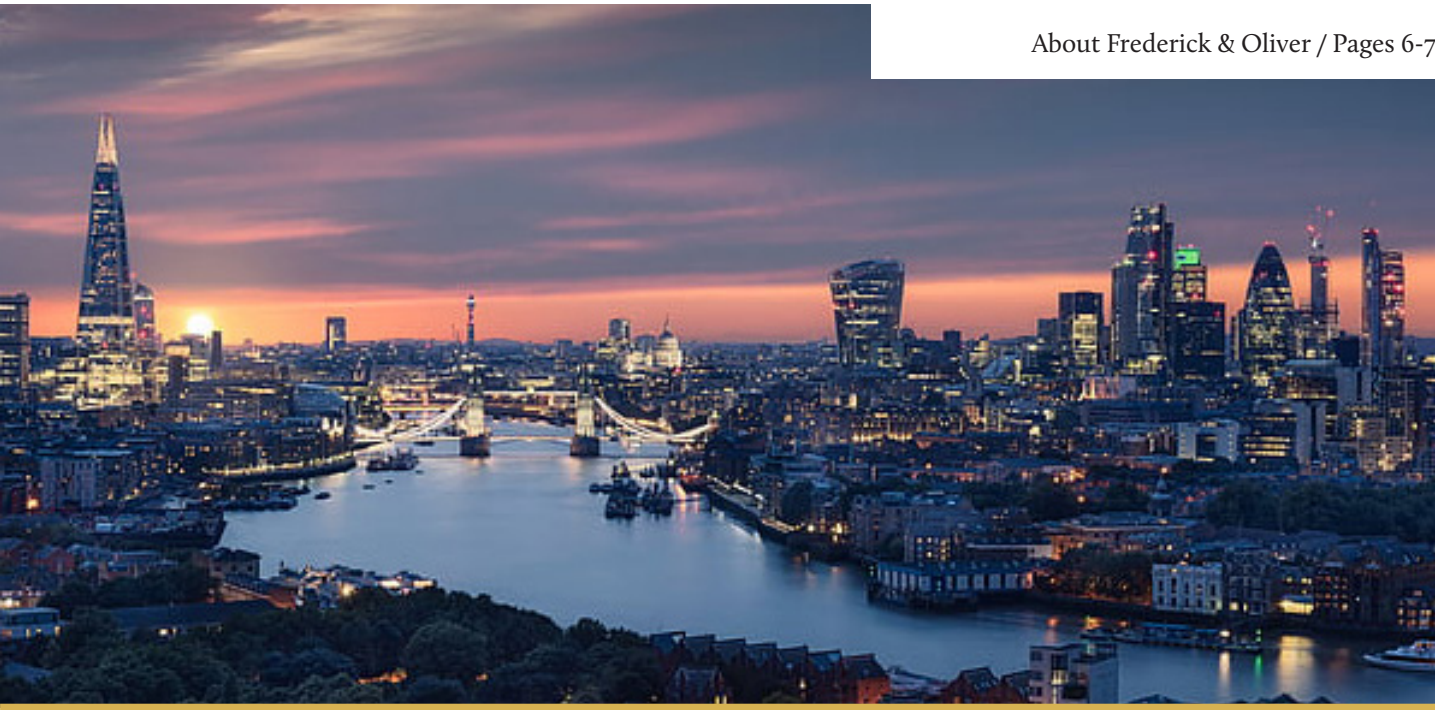
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