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**From:** David Stern [REDACTED]  
**Sent:** Wednesday, April 18, 2018 12:46 AM  
**To:** Jeffrey Epstein  
**Subject:** Fwd: crypto NDA

Begin forwarded message:

From: =/b>Teresa Teague [REDACTED]

Subject: =/b>crypto NDA

Date: =/b>17 April 2018 at 12:37:24 =MT+8

To: =/b>" [REDACTED] " =lt [REDACTED]

Cc: Chris Scoular <[REDACTED]>

David –

Hope you are well and apologies it has taken some time to =evert back with additional info – but we have been working =hrough follow up from visit with the Stone Ridge guys. I am ccing =n Chris Scoular – who will send you an NDA which can give you =ccess to the presentation and I have spoke with the Stone Ridge guys =nd they are happy to get on the phone with you to walk through the =aterials as I know you missed the presentation when they were out =ere. Look forward to hearing from you once you have had a chance =o review NDA.

Meanwhile – =ust for your background I have attached a blurb on StoneRidge and the =und below just FYI.  
Speak soon – Teresa

Background on Stoneridge Cryptocurrency Fund

We were very fortunate to have had =toneridge Asset Management from New York through HK last week. =toneridge is a best in class fund that has grown from its launch in =012 to over USD\$15bln in AUM today. The firm has built its reputation =n providing access vehicles to strategies previously inaccessible to =etail and institutional investors. Furthermore, the strategies have =lmost zero correlation to the bond and equity markets. They don't=try and generate alpha, instead provide purely beta and access wrapped =n a low fee structure and no performance fee.

Stoneridge started with a reinsurance =trategy (and are now the 3rd largest purchaser of reinsurance =lobally), moved into alternative lending followed by a volatility fund. =he returns across these 3 verticals are fairly similar at 9-10% per =nnum. All their funds are SEC registered and have a daily ticker for =ricing. They allow quarterly liquidity with no redemption fee. Every =ember of the firm has to invest in each fund with no fee discount.

The firm itself has 130 employees including =5 Tsinghua scientists (amongst about 80 data scientists). Currently all =heir investors are US and European with no Asian presence. We =ave been working with them as their Asian partner and we hosted their =irst road show last week in Hong Kong.

The latest strategy they are working on is a =igital asset fund. They have done an unbelievable amount of diligence =nd research to get it to fruition. As you may well know, crypto is one =f the hardest assets to

- a) understand
- b) transact in

The real challenge with crypto currencies and digital assets like bitcoin, ethereum and ripple is multifaceted. Firstly, one has to try to figure out who is going to 'win' = Challenging, in its own right. Then how to buy it? Coinbase, a popular crypto exchange, is high fee and has wide spread's, meaning transaction costs can be prohibitive. Hitherto, once you have decided which coin to buy and paid your spread, you then have to worry about storage and making sure your coins aren't hacked and stolen. 93 all of this has led to a fearful backdrop for investors.

To solve these issues, Stoneridge have created an entity which provides easy access to the beta of digital assets/crypto currencies and is amongst, if not the first institutional product ever to be built. It will be low fee, SEC registered and most importantly will secure the assets in cold storage meaning they can't be hacked and/or stolen (this is done at US government security standards). The overall idea is to provide the same beta access to crypto as they have to alternative lending, reinsurance and vol.

This means you, as asset allocators, can make a straightforward decision: do you believe that digital assets are the future? If so, you now have access and the capability to buy a fund.

The way Stoneridge construct the beta is by making sure that each currency meets an investment criteria. It has to have large liquidity (over USD\$3bln market cap), be tradable amongst NY state regulated entities and have a thorough code audit done by their data scientists. This rules out ICO's and other opaque offerings. In fact, there are only 4 coins in the current index (out of many thousands of coins) but they expect more to come as more meet the criteria. It is then market cap weighted. So, Stoneridge don't take any view on which they believe to be the right coin. Just what fits into their criteria.

The fund is audited by EY – the only crypto fund EY audit globally and administrated by Bank of New York. Stoneridge are also working closely with the SEC as they go through the registration process to make sure they are comfortable with all facets of the fund and ensure the fund is SEC registered – it will likely be the first fund of their type to achieve this status. They also work and have dialogues with the regulators which is very important, and count Ben Lawsky, the ex-Superintendent of Financial Services for New York State and the creator of BitLicense, the first regulatory scheme for digital currency businesses, as their Head of Regulatory Affairs.

The macro argument is exceedingly compelling but often overshadowed by the daily price fluctuations. Currently, the market cap of crypto currencies is USD\$210bln. Gold is USD\$8.2 trillion and real estate USD\$220 trillion. Even if you feel that gap is going to close somewhat, then there is an argument one should hold crypto currencies moving forward.

The other big issue is the liquidity trade. Only 3 million people in the world own a crypto currency. Asset allocators at endowments, pension funds, wealth managers are all intellectually interested but haven't had any capability to purchase or allocate. Stoneridge, potentially, solve that issue and now provide people/institutions with a legitimate way to invest in the asset class. If even 1% of assets are allocated to digital currencies globally the return could be extremely outsized. For some context, if central banks allocate 5% of their holdings to digital assets then USD\$1 trillion will flow into the sector.

Of course, they all might go to zero. Just like gold, there is no real tangibility. You can't live in it for example. But there is obviously huge interest in the sector as many financial firms invest in digital and blockchain technology. It's worth noting that out of the USD\$100mln that Stoneridge has in their digital asset fund (the fund has been in beta stage for 8 months and only now are they opening it up for external investors) their management has USD\$50mln invested, so are clearly heavily invested themselves.

As I think about portfolio allocation and having spent time with these extraordinarily smart people over the past few days, there is definitely a case to be made for some allocation to this asset class, particularly as the long-term trend looks compelling and one leaves the emotionality of daily price swings out of it.

TTB are fortunate to have the only Asia feeder to this fund (the total fee will be 3% (2% to SR and 1% to TTB)), and this is something that members of the management team at TTB will be investing in.

If you want to discuss more, we can get on a call or have a webex presentation with their team in NYC. Additionally, they will be in Europe in June in case you wanted to see them in person. Very smart guys.

Look forward to discussing further. Speak soon - T

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From: Teresa Teague

Sent: Tuesday, 3 April 2018 1:30 PM

To: [REDACTED]

Subject: FW: DGT LX Friends & Family Round - Updated Fact Sheet

David –

Please keep confi....they don't share their marketing info so you are getting the core PPM info which is a little urgent to wade through. There is also a fact sheet but doesn't share much info.

Please let me know if you think that you would want one of our guys to attend...is an interesting way to invest from the more institutional side.

Speak soon - T

Dear Teresa,

Here is where things stand: On 4/26, Stone Ridge launched a market-cap weighted index fund of digital assets, DGT LX. Stone Ridge is now accepting Friends and Family investments.

Attached you will find a Fact Sheet, PPM, and Sub Doc.

Also including some background and FAQ's below.

Happy to share our perspectives on this and also looping in Phil Rapoport, a founding PM of the fund and former Head of Markets at Ripple, who can also be a helpful resource.

Best,  
Kendall

## BACKGROUND

Alignment: Stone Ridge and its employees have ~\$80mm invested in DGTIX. The Fund is currently over \$120mm in AUM we expect it to be quite significantly larger in 2018.

Fees: There are no management fees until April 1, 2018 then 2%; also, no incentive fees and no fee breaks (all investors invest on same terms)

A Material Tailwind: DGTIX performance materially benefits from contractual OTC purchasing discounts for one of the major assets in the fund (15% discount to spot in 2018)

Best-in-class Service Providers: EY is Auditor, US Bank is Administrator, Davis Polk is Fund Counsel

Important reminder: it's an index fund, and not surprisingly has had a nice run since inception given performance of the underlying assets

Happy to send you copies of the whitepaper on digital assets recently published by Ross Stevens, CEO of Stone Ridge, in conjunction with Oliver Wyman and an HBS professor.

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