



# WisdomTree Physical Solana



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WisdomTree Physical Solana ETP (exchange-traded product) provides investors with a simple, secure and cost-efficient way to gain exposure to the price of Solana (SOL), the coin used on the Solana blockchain.

Investing in Solana via an exchange-traded product allows investors to utilise the best of traditional financial infrastructure and product structuring. The ETP allows investors to access Solana without the need to hold the crypto assets directly, store private access keys or interact with the blockchain and crypto infrastructure in any way.

## **Solana: A Decentralised Application Platform**

Solana is a layer-1 smart contract platform for decentralised applications featuring high throughput and low transaction costs. The project originated in 2017 when founder Yakovenko proposed a whitepaper draft with a new timekeeping technique for distributed systems called Proof of History, which underpins the Solana network today. Then later in 2018, the project was founded by Alan Yu, Anatoly Yakovenko, Greg Fitzgerald, Raj Gokal, and Stephen Akridge.

The Solana network is designed for high transaction throughput. It offers a relatively fast transaction speed (a few hundred milliseconds<sup>1</sup> vs 10 seconds for Ethereum vs 10 minutes for Bitcoin) and more transactions per second (710,000 trs/sec<sup>2</sup> vs 24,000 trs/sec<sup>3</sup> for Visa) at a relatively low cost. In its early stages, the Solana ecosystem hosts over 500 projects on 14 categories<sup>4</sup> including banking and payments, data and analytics, wallet and browser, gaming and non-fungible tokens (NFTs), decentralized finance (DeFi), and infrastructure, etc., among which over 50% are in the NFTs/Gaming and DeFi categories.

## Why Invest in Solana?



**Solana's scalability:** The main differentiating factor for Solana is its high transaction throughput. This makes it potentially more scalable than other smart contract networks. New use cases, taking advantage of this high transaction throughput, could emerge in

1 <https://explorer.solana.com/>

2 <https://docs.solana.com/introduction>

3 <https://usa.visa.com/run-your-business/small-business-tools/retail.html>

4 <https://solana.com/ecosystem>

areas such as gaming. This increased, unique demand to use the Solana network should drive the price of the SOL cryptocurrency.



**Solana eco-system:** Solana network’s native cryptocurrency, SOL, is used to execute custom programs, send transactions, and incentivize actors that support the Solana network. An eco-system of distributed applications (dApps) has emerged using this functionality. One must possess SOL in order to use these dApps. This increased demand to use the Solana network should drive the price of the SOL cryptocurrency.



**Additional staking yield:** It is possible to earn a yield from staking Solana. This is because the Solana network uses a proof of stake consensus mechanism, which helps ensure the security of the network’s distributed ledger (‘blockchain’).

## Staking on Solana

The Solana network uses a proof of stake consensus mechanism. This means that one can delegate (i.e. ‘stake’) SOL cryptocurrency to one of the validator nodes that run the network. A node is a computer that runs the Solana software. This node then validates new entries to Solana’s distributed ledger (‘blockchain’). In return for helping to update and secure the ledger, validator nodes are probabilistically allocated new SOL cryptocurrency (the ‘staking reward’). The higher the staked amount of SOL cryptocurrency the higher the probability of receiving this reward. The staking reward can vary over time depending on a number of factors including the digital asset network’s inflation rate and the performance of the validator node.

### Key information – Solana staking

Staking reward (APY)	4-8% on average <sup>5</sup>
SOL inflation rate*	7% annually <sup>6</sup>
Reward frequency	Approximately 2 days
Unbonding time**	2-4 days
Custodian	Coinbase (using Bison Trails)
Slashing***	No automatic slashing

Notes: \* The % of new SOL added to the supply each year

\*\* Unbonding is the time taken to unlock the staked cryptocurrency from the smart contract with a validator node.

\*\*\* The penalty imposed on malicious nodes that attempt to approve false entries on the distributed ledger

5 From April 2021 to April 2022, see: <https://solanacompass.com/validators>

6 <https://www.stakingrewards.com/earn/solana/>

## Solana in an ETP with WisdomTree

Investors look to the ETP structure to provide additional protection for their investments:



**SECURITY** – Safely storing digital assets is not only about protecting against hacks, but also protecting against the inadvertent loss of private keys. Investing in digital assets through an ETP structure could allow investors to transfer the expensive and time-consuming burden of managing private keys to the issuer and to benefit from institutional-grade safeguarding of assets in cold storage<sup>7</sup>.



**TRANSPARENCY** – Transparency is a core component of the ETP structure. A digital assets ETP could offer a core measure of confidence for investors by enabling access to an audited website from the issuer, showing exactly how many coins are represented by the outstanding fund shares. This is already standard practice in physical gold ETP structures and provides an incomparable measure of transparency for investors.



**ETP STANDARDISATION** – Product standardisation is an aspect of the ETP wrapper that could benefit investors in digital assets. Trading, holding and accounting for investments in ETPs are well established and the provision of crypto exposure in this format could allow such investments to fit within an investor's existing systems, processes and risk management. Additionally, providing crypto exposure in an ETP could deliver benefits from standard market features that many investors rely on. Centralised clearing, an exchange listing on a recognised venue and standard settlement practices all lower the operational and counterparty risk of making investments.



**LIQUIDITY** – ETPs tend to bring a centralisation of liquidity to asset classes. This could be especially impactful in the crypto space as the current ecosystem is quite fragmented, with trading happening across many venues with no common settlement infrastructure. An investor would need to separately establish connectivity to several venues in order to access their liquidity. Investment in an ETP essentially outsources this responsibility to specialist market makers, with trading infrastructure to manage many exchange connections.

## Digital assets exposures by WisdomTree

WisdomTree looks to address the needs of investors within the digital assets landscape by delivering exposures to unique digital assets. WisdomTree's Solana ETP taps into WisdomTree's tradition of innovation and leverages the firm's deep expertise in physically-backed ETPs.

WisdomTree offers a wide variety of resources on the [WisdomTree's Crypto Insight Centre](#).

<sup>7</sup> Cold storage refers to the offline storage of private keys.

## Product information: WisdomTree Physical Solana

Ticker	Exchange	ISIN	Bloomberg Code	Listing Currency	Base currency	TER%
SOLW	SIX	GB00BNGJ9G01	SOLW SW	USD	USD	0.50
SOLW	SIX	GB00BNGJ9G01	SOLWCHF SW	CHF	USD	0.50
SOLW	Euronext Amsterdam	GB00BNGJ9G01	SOLW NA	USD	USD	0.50
SOLW	Euronext Paris	GB00BNGJ9G01	SOLW FP	EUR	USD	0.50
DSOL	Xetra	GB00BNGJ9G01	SOLW GY	EUR	USD	0.50
SOLW	Nasdaq Stockholm	GB00BNGJ9G01	SOLW SS	SEK	USD	0.50
SOLW	Borsa Italiana	GB00BNGJ9G01	SOLW IM	EUR	USD	0.50

TER: Total expense ratio

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**Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you should not expect to be protected if something goes wrong.**

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**The digital assets underlying WisdomTree's exchange traded products are held using secure, institutional-grade custody solutions that prevent unauthorised access or movement. Digital assets are primarily stored offline in cold wallets and their transfer requires authorisation from multiple independent parties with a redundancy of locations, communication methods and authentication devices.**

**Our operational processes are regularly updated to protect against evolving threats and are kept confidential for security reasons.**

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