Digital assets 101

Not FDIC Insured • May Lose Value • No Bank Guarantee

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Table of contents

A history of digital assets

Understanding digital assets and blockchains

What are digital assets?

Digital commodities

- Bitcoin 101
- Ethereum 101
- Solana 101
- Investment use cases

Stablecoins

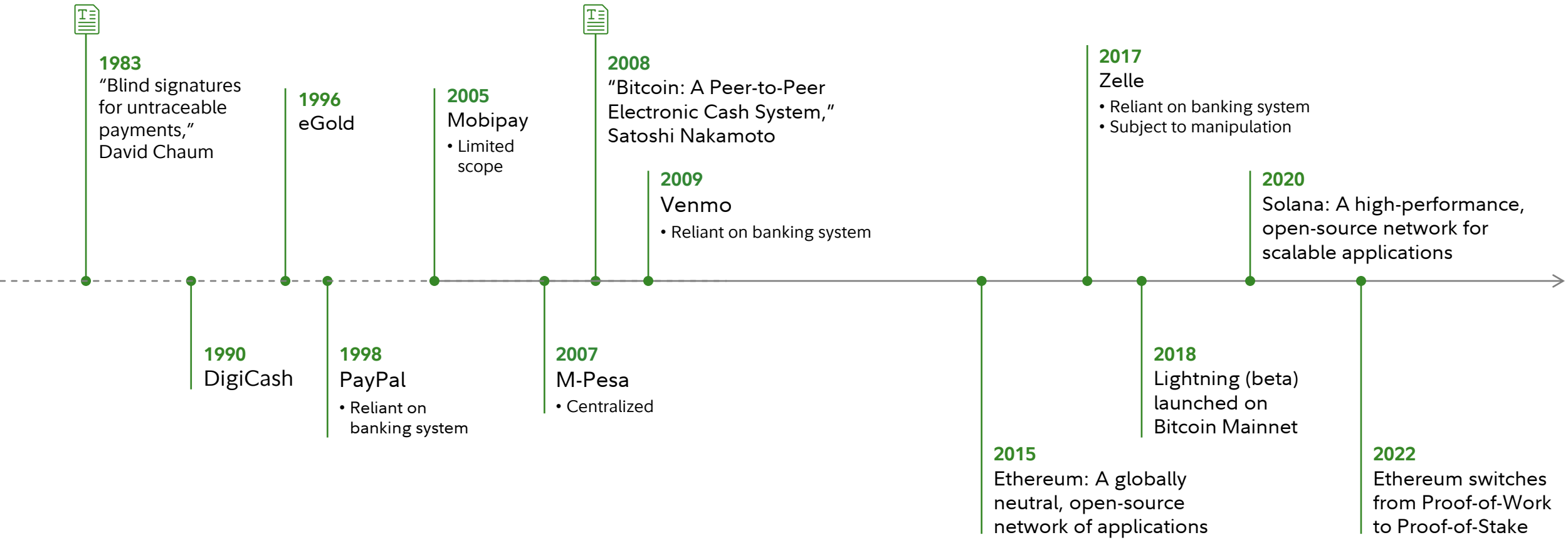
Tokenized real-world assets

Vaults

The future of on-chain digital asset management

What are digital assets?

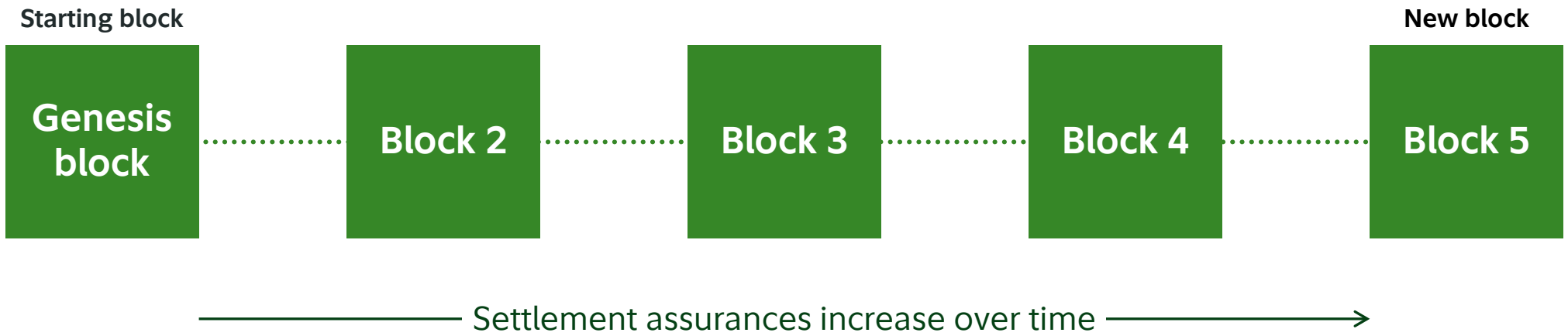
A history of digital assets



Source: Fidelity Investments, of 5/31/2026 and Techcrunch, as of 2/01/2018.

What is a blockchain?

A **blockchain** is simply a type of digital ledger, or database, that maintains a historical record of transactions. Records are timestamped, which allows multiple computers to coordinate and agree upon ownership of assets.

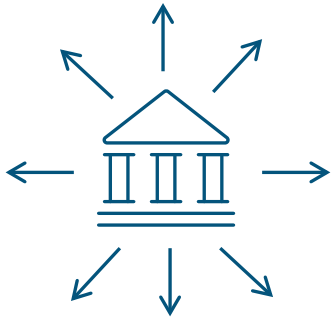


Source: Fidelity Investments, of 5/31/2026

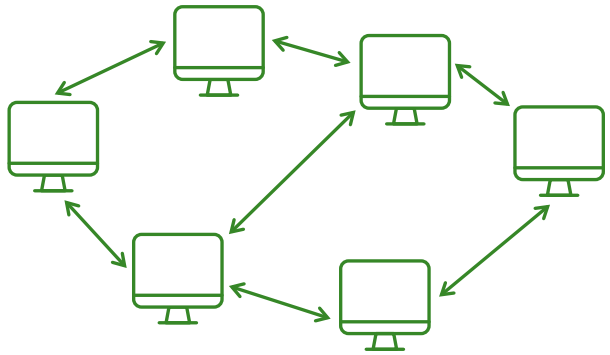
What is decentralization?

Decentralization is a reference to the fact that public digital asset networks are intended to be changed only in the **best interest of the entire network**, rather than by a small, centralized group of people. Changes tend to take longer compared to centralized organizations as decentralized networks strive to gain rough consensus amongst the various stakeholders and participants in the network.

Centralized

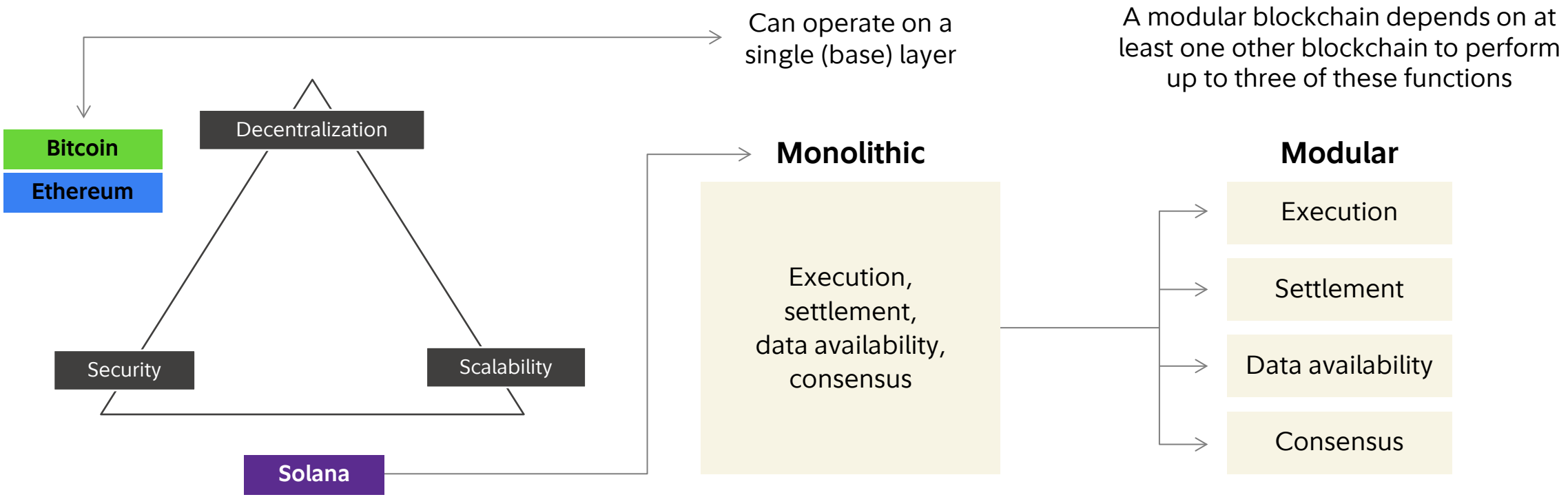


Decentralized



The blockchain trilemma

Blockchain networks vary in their design objectives, with Solana focused on scalability and transaction speed, while Bitcoin and Ethereum's base layers are structured to support global settlement.



Source: Fidelity Digital Assets, as of 7/8/2024.

What are the design tradeoffs?

Bitcoin, Ethereum, and Solana



Stability & trustless approach

- Greater decentralization
- Less speed & complexity
- Slower to innovate
- Ossified, less vulnerable to bugs

Technology-like approach

- Less decentralization
- Greater speed
- Faster to innovate
- Changes frequently

Source: Fidelity Digital Assets, as of 7/8/2024

The true innovation and use case

The true innovation of digital asset networks comes from enabling decentralization in the digital sphere. This can increase the level of transparency, fairness, efficiency, and accessibility of money, financial markets, and the web.



Monetary systems



Banking & financial market infrastructure



Digital property ownership

What is Bitcoin?

The monetary application of blockchain

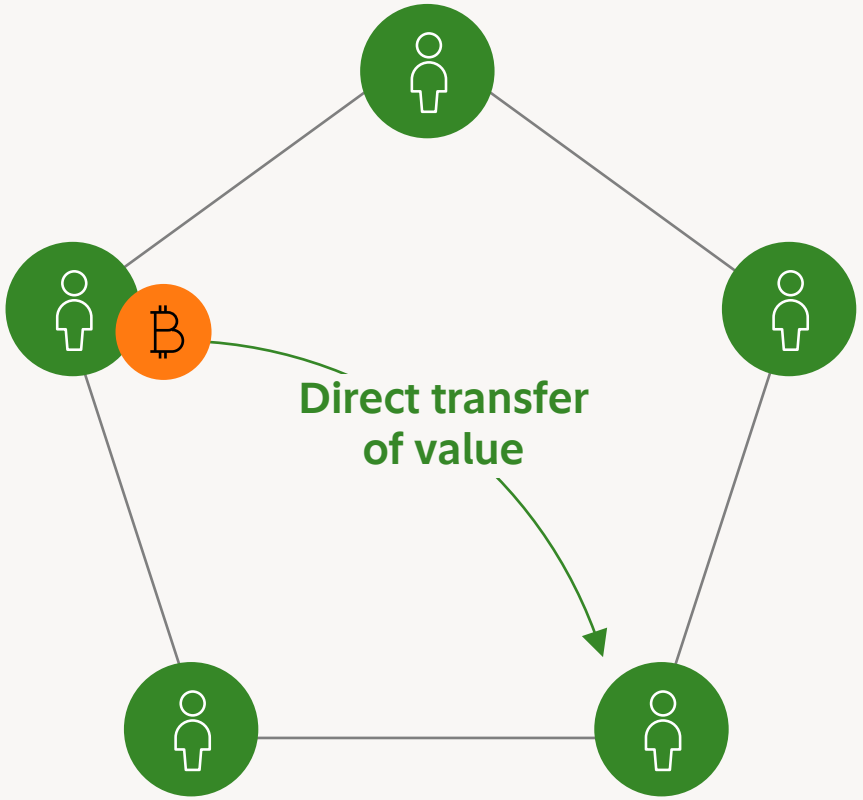
Bitcoin’s fundamental breakthrough

Solving for digital scarcity

Bitcoin

Digital scarcity

Decentralized system



Bitcoin can refer to two different things



Bitcoin
(the network)

Software code that acts as a protocol and creates a payment system

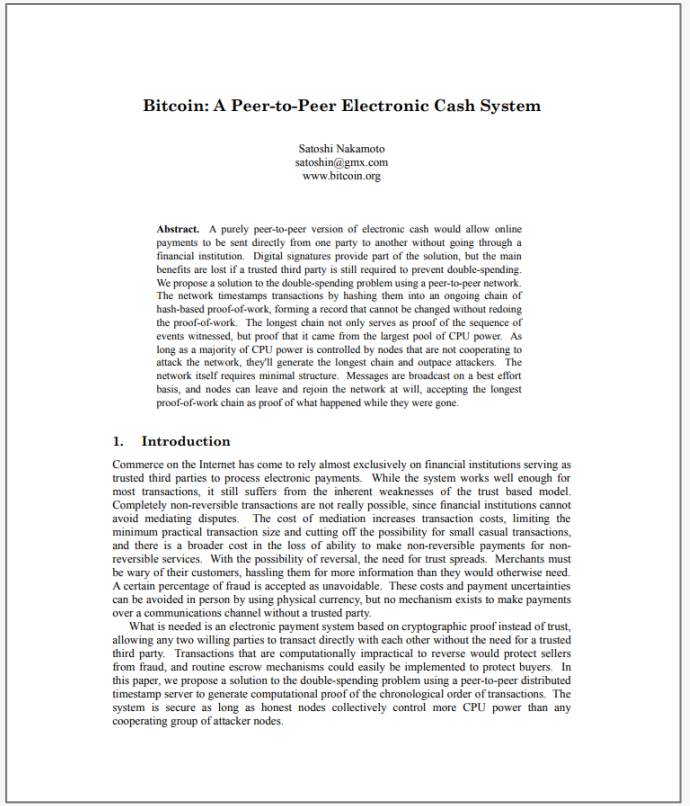
bitcoin
(the token or asset)

Digital tokens that are native to the network and can be treated as a scarce digital asset or money

Bitcoin the network (big “B”)

For illustrative purposes only. Source: Fidelity Investments, as of 3/31/26.

- Bitcoin, the network, is just code running on many computers.
- Bitcoin started as just an idea.
- The idea was written up in a whitepaper published online in October 2008.
- The whitepaper proposed a solution to a fundamental problem inherent to electronic payments.
- There were many attempts prior to bitcoin to solve this problem.
- The idea was tested and built with software code.
- The code is open-source: anyone can see it, nobody owns it.
- That code is now operated on millions of machines, all connected.
- The machines running the code make up a decentralized network.
- The code is a kind of protocol that governs how the network operates.
- This decentralized network operates like a payment network.



Bitcoin: A Peer-to-Peer Electronic Cash System

Satoshi Nakamoto
satoshin@gmx.com
www.bitcoin.org

Abstract. A purely peer-to-peer version of electronic cash would allow online payments to be sent directly from one party to another without going through a financial institution. Digital signatures provide part of the solution, but the main benefits are lost if a trusted third party is still required to prevent double-spending. We propose a solution to the double-spending problem using a peer-to-peer network. The network timestamps transactions by hashing them into an ongoing chain of hash-based proof-of-work, forming a record that cannot be changed without redoing the proof-of-work. The longest chain not only serves as proof of the sequence of events witnessed, but proof that it came from the largest pool of CPU power. As long as a majority of CPU power is controlled by nodes that are not cooperating to attack the network, they'll generate the longest chain and outpace attackers. The network itself requires minimal structure. Messages are broadcast on a best effort basis, and nodes can leave and rejoin the network at will, accepting the longest proof-of-work chain as proof of what happened while they were gone.

1. Introduction

Commerce on the Internet has come to rely almost exclusively on financial institutions serving as trusted third parties to process electronic payments. While the system works well enough for most transactions, it still suffers from the inherent weaknesses of the trust based model. Completely non-reversible transactions are not really possible, since financial institutions cannot avoid mediating disputes. The cost of mediation increases transaction costs, limiting the minimum practical transaction size and cutting off the possibility for small casual transactions, and there is a broader cost in the loss of ability to make non-reversible payments for non-reversible services. With the possibility of reversal, the need for trust spreads. Merchants must be wary of their customers, hassling them for more information than they would otherwise need. A certain percentage of fraud is accepted as unavoidable. These costs and payment uncertainties can be avoided in person by using physical currency, but no mechanism exists to make payments over a communications channel without a trusted party.

What is needed is an electronic payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other without the need for a trusted third party. Transactions that are computationally impractical to reverse would protect sellers from fraud, and routine escrow mechanisms could easily be implemented to protect buyers. In this paper, we propose a solution to the double-spending problem using a peer-to-peer distributed timestamp server to generate computational proof of the chronological order of transactions. The system is secure as long as honest nodes collectively control more CPU power than any cooperating group of attacker nodes.

For illustrative purposes only. Source: Fidelity Investments, as of 3/31/26.

Bitcoin the token or asset (small “b”)

Bitcoin vs. U.S. Dollar (fiat currency)

Similarities

- Easily send and receive it
- Can be used for purchases
- Can trade it, convertible to other currencies
- Fluctuates vs. other currencies

Differences

- Bitcoin is not backed, controlled, or owned by any government, central bank or corporation
- No single person or institution controls bitcoin
- Bitcoin has a preprogrammed monetary policy

Desirable properties of money


Durable


Divisible


Fungible


Portable


Verifiable


Scarce

Bitcoin breakdown

Understanding the largest digital asset by market cap*

- Bitcoin is a digital asset that exists in a decentralized form.
- It was established in 2009, with the first commercial transaction occurring in 2010.
- It exists in only a virtual form—a computer file that's stored in a digital wallet.
- Transactions are transfers between bitcoin addresses.
- Digital assets, like bitcoin, are sent from user to user on a peer-to-peer blockchain network without the need for intermediaries (e.g., central bank).
- The bitcoin blockchain is essentially a distributed database of records or public ledger, which is maintained by a network of independent computers that order and validate transactions.

Bitcoin is often viewed as an aspirational store of value

The lack of an established history contributes to bitcoin being a highly speculative asset. See risk factors at the end of the presentation.

Store of value characteristics	Programmed features of bitcoin
Scarce	✓
Portable	✓
Settlement speed	✓
Verifiable	✓
Divisible	✓
Established history	x

* Source: CoinMarketCap, as of 3/31/26.

Supply and demand

Key economics of the Bitcoin network

Programmed monetary inflation schedule

Miners receive newly minted tokens

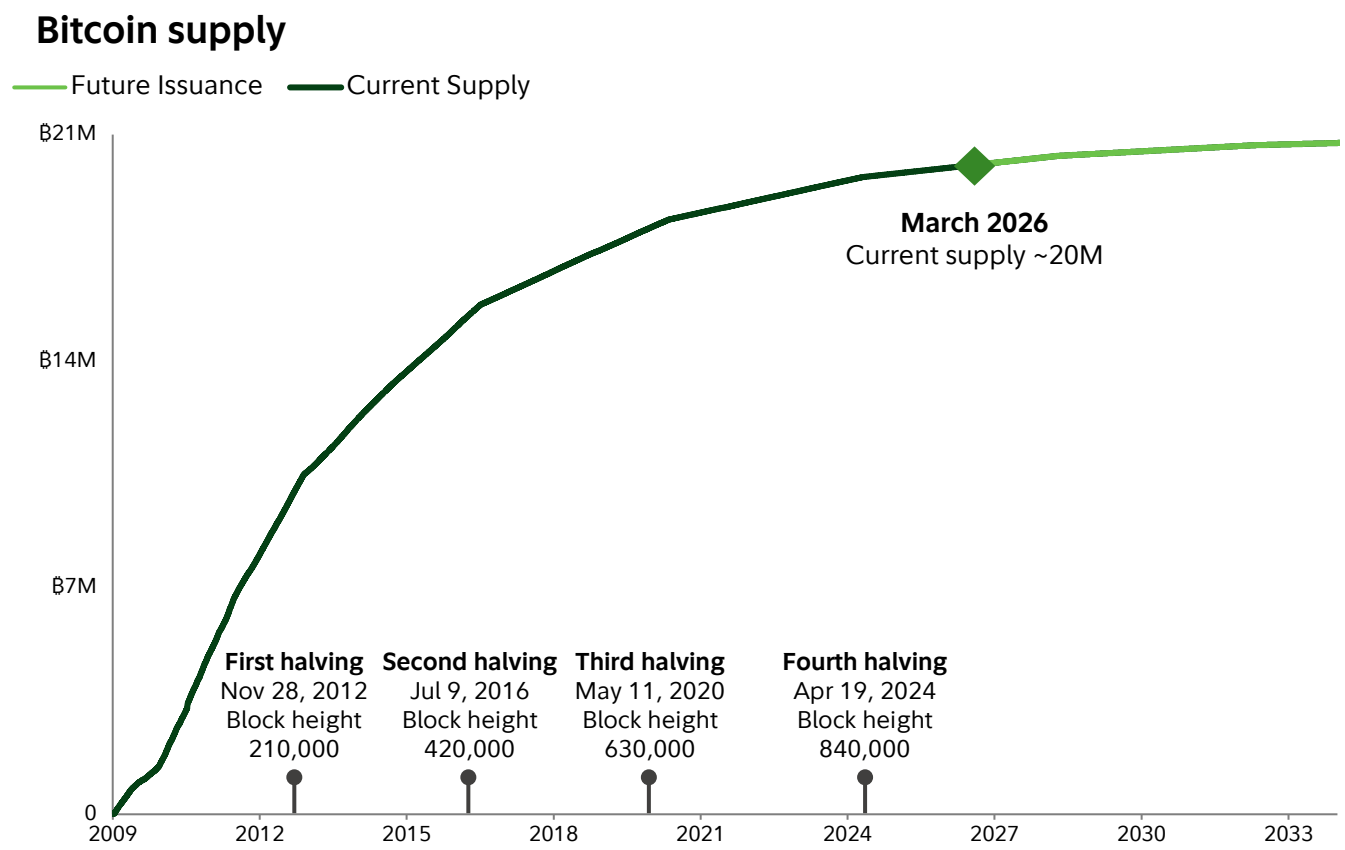
- Act as reward/incentive to help secure the network

Token release schedule is hard-coded

- New bitcoin minted approximately every ten minutes
- Rewards started out at 50 bitcoin every ten minutes, but gets cut in half every four years
- Currently only 3.125 bitcoin are created every ten minutes, of ~0.85% annualized inflation rate
  - This rate is equivalent to 450 bitcoin per day or 164,250 per year

What is a bitcoin halving?

Every four years (or 210,000 blocks), the marginal rate of bitcoin issuance by the network is reduced by 50%. In April 2024, the amount of new bitcoins released per block was reduced from 6.25 to 3.125.



Source: Coin Metrics, as of 3/31/26.

What is Ethereum?

Programmable application of blockchain

What is Ethereum?

The Ethereum network is a **programmable blockchain**—enabling the rise of **decentralized applications**

- Ethereum's creators recognized the significance of Bitcoin's breakthrough utilizing blockchain technology, but also the potential to extend the technology by making a blockchain programmable or with enhanced functionality
- This enhanced functionality provides the ability to create decentralized applications, or applications that can run without relying on one computer, service provider, or cloud server
- Since the Ethereum network is decentralized, all applications built on top of it are also decentralized and permissionless

Source: Fidelity Investments, as of 3/31/2026.

What is ether (ETH)?

Ethereum's native currency is known as **ether** or **ETH**, much like the Bitcoin protocol's native currency is the bitcoin token.

Payment on the Ethereum network is always required to be made in **ether**, regardless of whether users are making simple peer-to-peer payments or executing more complex smart contract transactions.

Validators

Validators stake their ether and help confirm transactions. Primary functions include:

- **Confirm** transactions
- **Secure** the network
- **Receive** yield



The transaction fees are often referred to as **"gas fees"** and represent the required payment to validators to execute a safe disintermediated transaction, like transaction fees are paid to miners on the Bitcoin network.

Source: Fidelity Investments, as of 3/31/2026.

A multipurpose platform



The **Ethereum blockchain**, its native ETH token, non-native tokens, and smart contracts create a platform that allows developers to mold **applications** for their desired use case

The core value proposition for **ether** grows as the number of tokens, **smart contracts**, and developers choosing to interact with the **Ethereum** network increases

Protocol layer

Decentralized applications that can enable things like: lending, decentralized exchange, derivatives, payments, asset management

Asset layer

Fungible Tokens,
Non-Fungible Tokens

Settlement layer

Ethereum Blockchain

Source: Fidelity Investments, as of 3/31/2026.

What are smart contracts?

Smart contracts are like law contracts, or even just casual agreements, where if a certain condition is met then there is a predetermined output or transaction.

Traditional contracts or agreement

- Need to trust the other party to fulfill obligation
- Risk of unpredictable outcome, such as human lawyers or judges interpreting contracts differently
- May be private (not public or verifiable)
- Contracts tend to be tied to individual identity

Smart contracts

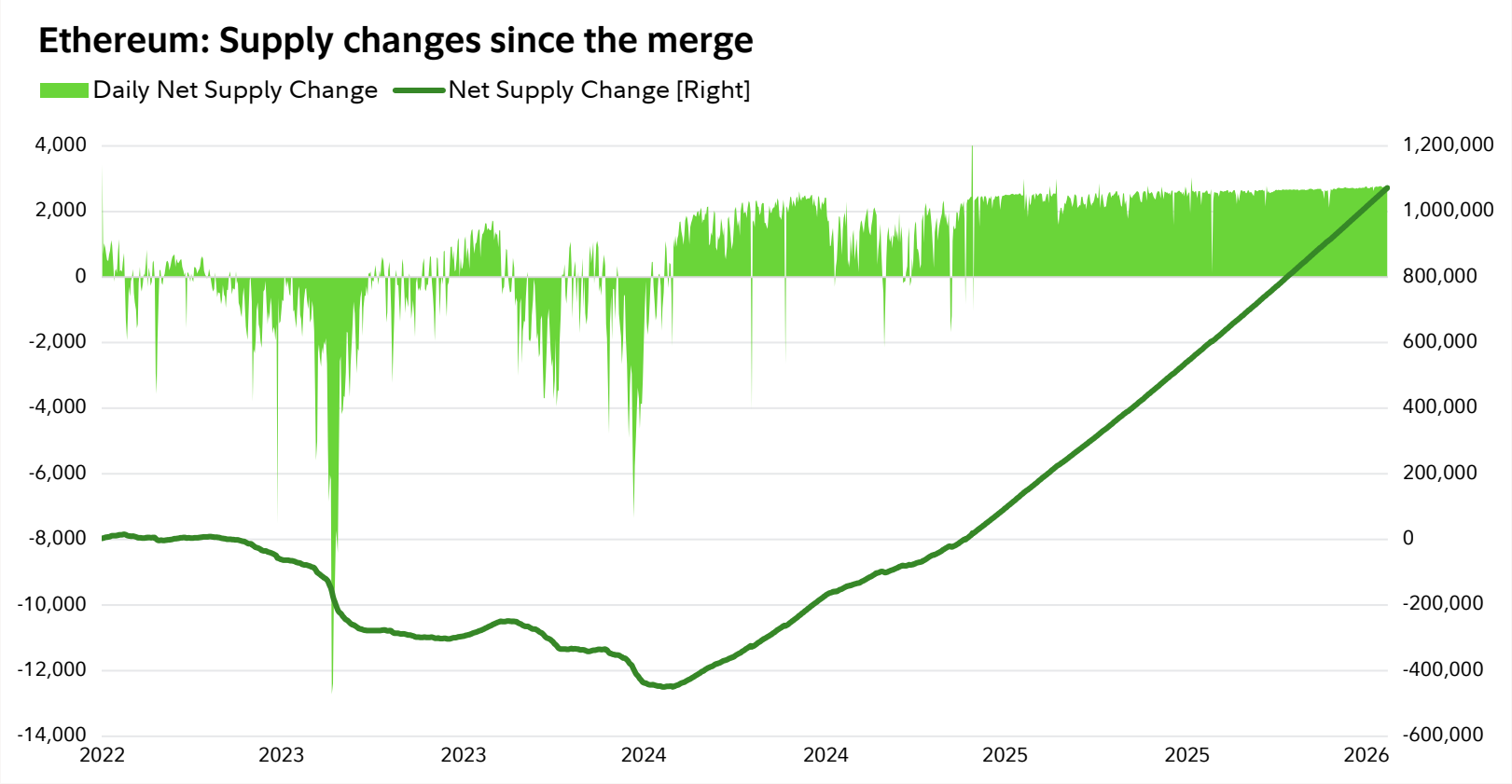
- No need to trust the other party, obligation automatically executes when certain conditions are met
- Only one interpretation by the computer reading the code
- Smart contracts reside on the blockchain, making them auditable and transparent
- Ethereum is a pseudonymous network, so transactions are tied to a unique address but not necessarily a person's identity

Source: Fidelity Investments

The ether issuance schedule

Ethereum's issuance schedule of new ether is not fixed

- A "burning" feature reduces supply and may possibly provide a natural price catalyst assuming it is combined with continued demand for the network
- Following the transition to proof-of-stake, the network no longer needs to issue new ether to miners



Data Source: Coin Metrics, as of 3/31/26.

Bitcoin and Ethereum

Ethereum can be seen as an alternative protocol for building decentralized applications, which produces different tradeoffs, while the Bitcoin network remains potentially a stronger monetary network among the digital asset ecosystem

	Bitcoin network	Ethereum network
Primary purpose	Potentially most decentralized and secure monetary network	Distributed world computer, a multipurpose platform
Founder(s)	Unknown	Known
Speed of improvement implementation	Very slow and deliberate	Faster and more responsive to user demand than Bitcoin
Programmable or smart contracts?	No (or very limited)	Yes
Ability to host multiple tokens?	No, only bitcoin	Yes
Monetary or token issuance Policy	Fixed, pre-programmed and has not changed	Has changed and is expected to change again
Auditability (How many tokens exist?)	Yes, very easy to audit at any time (can be done with consumer-grade computer)	Can be audited but may be more difficult
Level of centralization	More decentralized	More centralized
Cost of node (a computer that maintains the ledger)	Cheap (~$100 per node)	Expensive (~$1,100 per node)
Consensus mechanism	Proof-of-work	Proof-of-stake
Initial funding	None (all tokens have been mined through proof-of-work)	Crowdsourcing and “pre-mined” tokens

Data Source: Fidelity Investments, as of 1/02/2026.

Emerging applications & use case



Decentralized finance (DeFi)

Lending, trading, derivatives, asset management platforms, and more done in a more transparent, accessible, and efficient way.



Stablecoins & payments

Bringing dollars to the blockchain and creating improved settlement rails for payments and foreign exchange.



Non-fungible tokens (NFTs)

Tokens which are unique and are able to represent ownership of a digital or real-world asset with implications for art, music, content, and more.



Decentralized automations organizations (DAOs)

An evolution of corporate governance, which could have profound implications on the way companies are structured in the future.

What is Solana?

Performance-optimized application of blockchain

What is Solana?

The network

The Solana network is a **programmable blockchain**—enabling the rise of **decentralized applications**

- **High speed transactions:** Processes 65,000+ transactions per second (TPS), making it one of the fastest blockchains.
- **Low cost & fast settlement:** Transaction costs less than $0.01 with a ~15 second settlement time—far quicker than Ethereum's 12–17 minutes.
- **Scalability through parallel processing:** Solana processes transactions in parallel, unlike Ethereum's sequential processing. This, combined with Solana's local fee market, prevents fee spikes across the network, ensuring users are not priced out.
- **Diverse ecosystem:** Supports increased demand across DeFi, NFTs, Gaming, and DePIN.
- **Unique consensus mechanism function:** Proof-of-History operates on top of Proof-of-Stake by generating timestamps for each transaction, allowing the blockchain to achieve high performance in terms of transaction processing.

What is SOL?

The token

Solana's native currency is known as **SOL**.

Interacting with the Solana network always requires **SOL**, regardless of whether users are making simple peer-to-peer payments or executing more complex smart contract transactions.

Validators and Delegators

Validators stake their SOL and help confirm transactions. Primary functions include:

- **Confirm** transactions
- **Secure** the network
- **Receive** yield by staking SOL

Others can delegate their SOL to validators and, in turn, earn a share of the rewards.



The transaction fees represent the required payment to validators to execute a safe, disintermediated transaction.

SOL issuance and burn mechanism

Key economics of the Solana network

Solana's issuance schedule of new SOL is not fixed

- Solana's inflation rate is at ~4.11%
- The inflation rate reduces yearly by ~15% until it reaches the long-term inflation rate of 1.5%, which is estimated to be reached by 2032

SOL is burned every time a user interacts with the network

- 50% of base fees burned to help control inflation
- A "burn" feature reduces supply and may possibly provide a natural price catalyst assuming it is combined with continued demand for the network

Source: Fidelity Investments and Staking Rewards as of 6/30/26.

A multipurpose blockchain

Solana's **smart contract capability** allows developers to create applications across various industries. SOL, which is required for transaction fees, allows users to **interact** with those applications.



Tokens

Developers can create **custom tokens for DeFi**, **gaming**, and **NFT projects**, all benefiting from the network's low fees and high-speed transactions.



Smart contracts

Solana's high-throughput **smart contracts** enable the creation of **decentralized apps (dApps)** without performance bottlenecks.



Ecosystem growth

The more tokens, smart contracts, and developers that interact with Solana, the **more valuable the network** becomes.

Staking

Yield generation through infrastructure contributions

Staking opportunities across blockchains: **Solana can provide a competitive yield generation opportunity**

- Solana has historically presented the most competitive staking yield when compared to Ethereum.
- Solana has a higher staking participation rate than Ethereum.
- Solana has a faster and more predictable time to unlock staked assets compared to Ethereum.

Blockchain	Asset Staked	Yield Earned*	Yield Paid In	Unlock Period	Value Staked (in USD)	% of Supply Staked
Ethereum	ETH	~3%	ETH	Dynamic	~$66 billion	~33%
Solana	SOL	~6%	SOL	Up to 3 days	~$29 billion	~68%

Past performance is no guarantee of future results.
Source: Artemis and Staking Rewards. Data pulled on 7/08/26.
*The current annualized average reward rate across the network.

Comparison of Solana and Ethereum

		Solana	Ethereum
Infrastructure and usership	Scalability approach	Horizontal	Vertical (Layer 2s)
	Transactions per second (TPS) on base layer	65,000+	~30
	Transactions per second (TPS) with scaling solutions	65,000+	100,000 +
	Cost per transaction (with scaling solutions)	<$0.01[2]	~$0.02[2]
	Active addresses with scaling solutions*	~3.9M[2]	~2.4M[2]
	Settlement time	~12 seconds	~12-17 minutes
	Main programming language	Rust (hard language, also popular outside of crypto)	Solidity (made for Ethereum, only popular in crypto)
Security and rewards	Percentage of supply staked	~68%	~32%
	Staking APY	~6%[1]	~3%[1]
	Token issuance (A portion of staking yield)	Fixed schedule	Varies based on staking participation
	Long term inflation (issuance only)	1.5% (by year 2032)	Varies based on the staking participation and user activity (i.e., burned ETH)

Source: Fidelity Investments, as of 04/01/26, *Included in calculations: Arbitrum, Base, Polygon PoS, OP Mainnet, ZkSync Era, Staking Rewards1, Artemis, method of calculation: last twelve months median2, as of 04/01/26.

Digital assets as an investment

Blockchains as digital economies powered by their respective currency

Diversified blockchain exposure matters: different use cases thrive on different chains

Top use cases of blockchain economies

Solana (SOL)

- **Consumer applications & gaming** (e.g., mobile-first apps like Helium Mobile and Solana Pay)
- **Tokenization & stablecoins**

Ethereum (ETH)

- **DeFi infrastructure** (e.g., lending, DEXs)
- **Tokenization & stablecoins**

Bitcoin (BTC)

- **Payments** (e.g., Lightning Network)
- **Reserve asset**

Digital economies and their associated currencies allow investors to diversify their store-of-value exposures while participating in growth of the local economy.

Please click **here** to view our full white paper on blockchains as emerging economies.

Bitcoin and digital asset investment narratives

Digital gold

This is the view that assets like bitcoin best serve the purpose of storing value given its fixed scarcity, unforgeability, portability and divisibility, like gold.

Portfolio diversifier

This refers to bitcoin and other digital assets as an uncorrelated asset with distinct return drivers vs. traditional assets over long time horizons, making it a novel portfolio optimization tool.

Venture capital bet

This is the view that bitcoin and other digital assets are like early-stage startups that have the potential to disrupt existing markets and create new markets.

Technology investment

This is the view that many of the brightest minds across finance, software engineering and other professions are shifting their focus to the crypto space. Exposure to some of the bigger ecosystems (Bitcoin/Solana/Ethereum) may offer upside that could be similar to investment in emerging traditional technology platforms.

Tokenization

This is the view that blockchain issuance of digital and non-digitally native assets can expand access across borders and help reduce costs and foster efficiencies.

Stablecoins

Understanding stablecoins

What is a stablecoin?

Stablecoins are digital assets designed to maintain a stable value (typically pegged to the U.S. dollar) using reserves or algorithms, offering the speed and efficiency of blockchain with minimal price volatility.

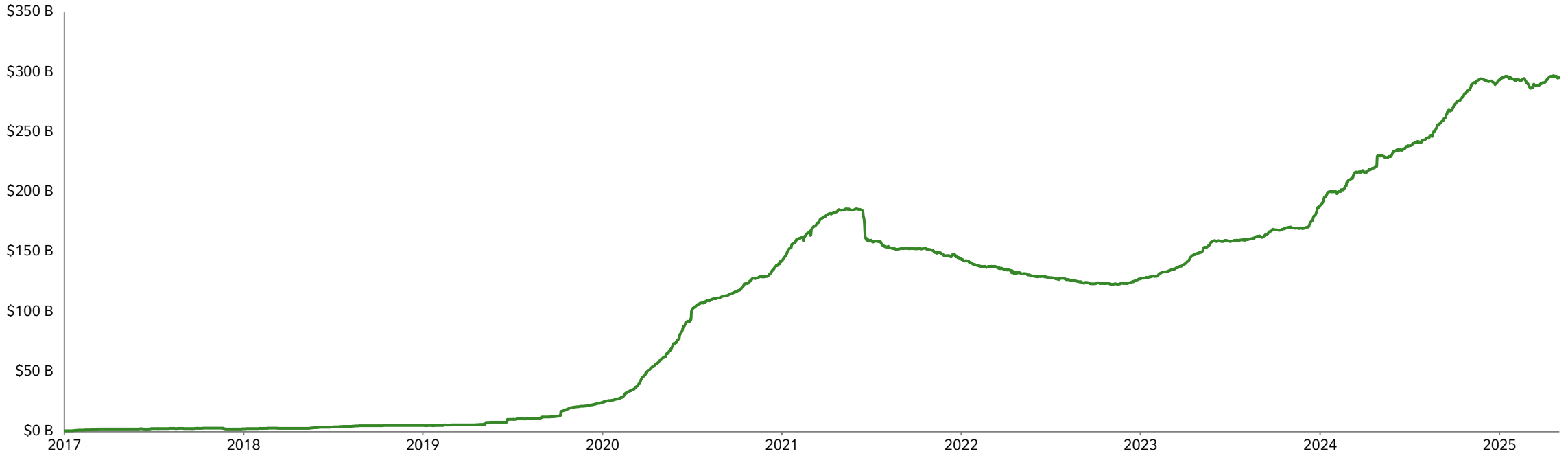
How they differ from traditional crypto: Stablecoins aim for low volatility and are usually backed or centrally managed, while traditional cryptocurrencies tend to be highly volatile, decentralized, and not backed by physical reserves.

	Stablecoins	Traditional cryptocurrencies
Volatility	Low or near zero	Can be extremely high
Monetary policy	Minting and burning based on demand	Determined by the blockchain protocol
Collateralization	Backed by assets in reserves or algorithmically	Not backed by any physical reserves
Degree of centralization	Most are controlled by a central issuer	Most aim to be decentralized

Stablecoin market cap growth

A stablecoin is a cryptocurrency whose value is pegged to another asset, like the U.S. dollar, to maintain a stable price

Total stablecoin market cap since tether launch



Past performance is no guarantee of future results.
Source: Fidelity.com, The Tie. Data displayed from 11/29/17–3/31/26.

Tokenized real-world assets (RWAs)

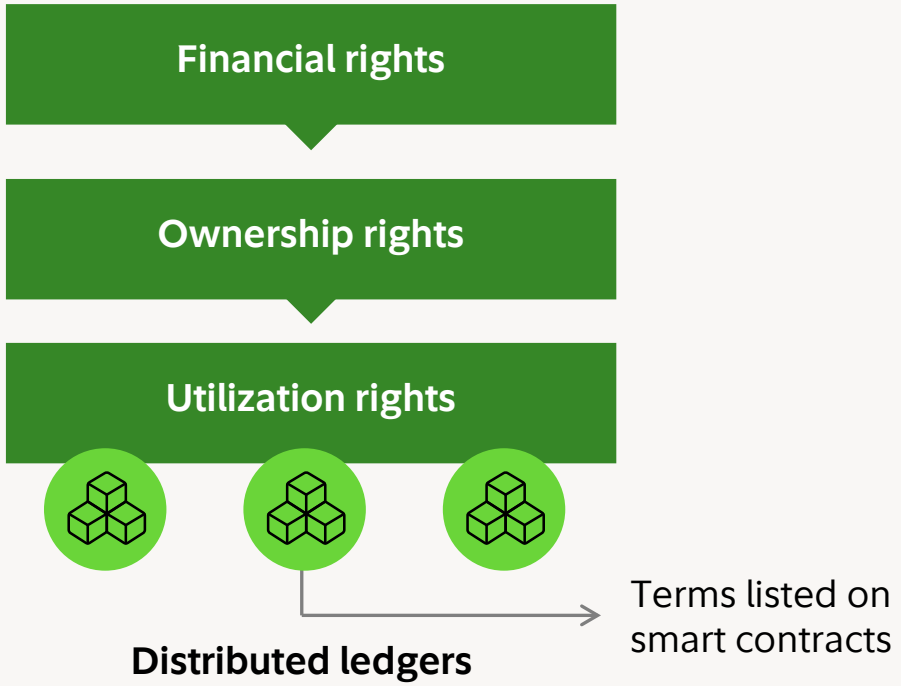
Breaking down RWA tokenization

Tokenization involves converting the rights associated with underlying assets, such as financial, ownership, and utilization rights, into digital tokens.

Key components:

- Asset appreciation
- Cash flows
- Transferability
- Products
- Value
- Preferred pricing
- Access rights
- Usage rights

A token can represent one or more of these rights:



Source: InvestaX, decoding four common tokenization structures: a guide for financial institutions, as of 2026

How are RWAs tokenized?

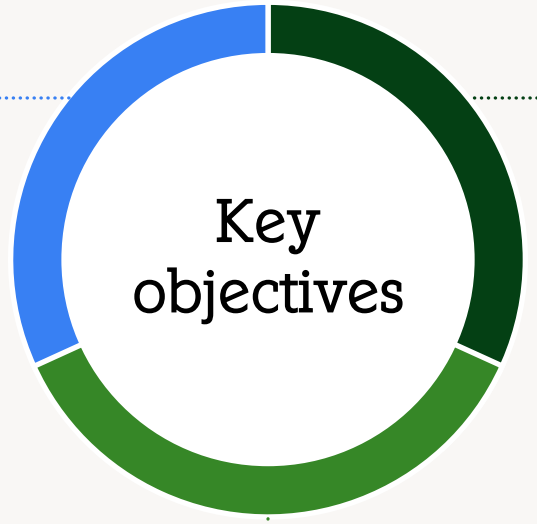
Structure	What it is	Pros	Cons	Ideal for
Tokenized SPVs	A legal entity (SPV) that holds the underlying asset and issues tokens representing fractional ownership.	• Familiar structure for financial institutions. • Regulatory clarity and investor protection.	• Legal complexity for setting up SPV. • Can be more costly to establish and maintain.	Real estate, private equity, and other assets where clear ownership and security are needed.
Tokenized feeder funds	Pools capital from investors, issuing tokens that represent shares in a fund.	• Access to larger, traditionally exclusive funds. • Fractional ownership allows for democratized access.	• Regulatory complexity in different jurisdictions. • Operational complexity in managing the fund.	Diversified portfolios and funds for institutional and accredited investors.
Tokenized debt instruments	Digital tokens representing debt (e.g., bonds), allowing periodic interest and principal payments.	• Increased liquidity. • Faster settlement and lower operational costs.	• Legal complexity in ensuring compliance with securities laws. • Issuance and redemption complexities.	Fixed income products, bonds, and other debt instruments for investors looking for stable returns.
Direct asset tokenization	Tokens directly represent ownership of an underlying asset (e.g., real estate, commodities).	• Simple and direct structure. • Full transparency and immutability.	• Legal challenges in some jurisdictions. • Complexity in managing underlying asset ownership.	Single asset tokenization such as real estate, commodities, and physical assets.

Source: InvestaX, decoding four common tokenization structures: a guide for financial institutions, as of 2026.

Objectives of tokenized asset issuers

Global distribution

- Solving the lack of access to U.S. Equities for non-US retail investors and emerging market investors
- Platforms aim to broaden the distribution of securities leveraging scalability and operational efficiencies of tokenized assets
- Digital native investors that are familiar with crypto trading interface can drive volume quickly



Empower user control

- With the adoption of wallet-based asset custody, users can easily move assets across platforms and interact with multiple trading venues and applications

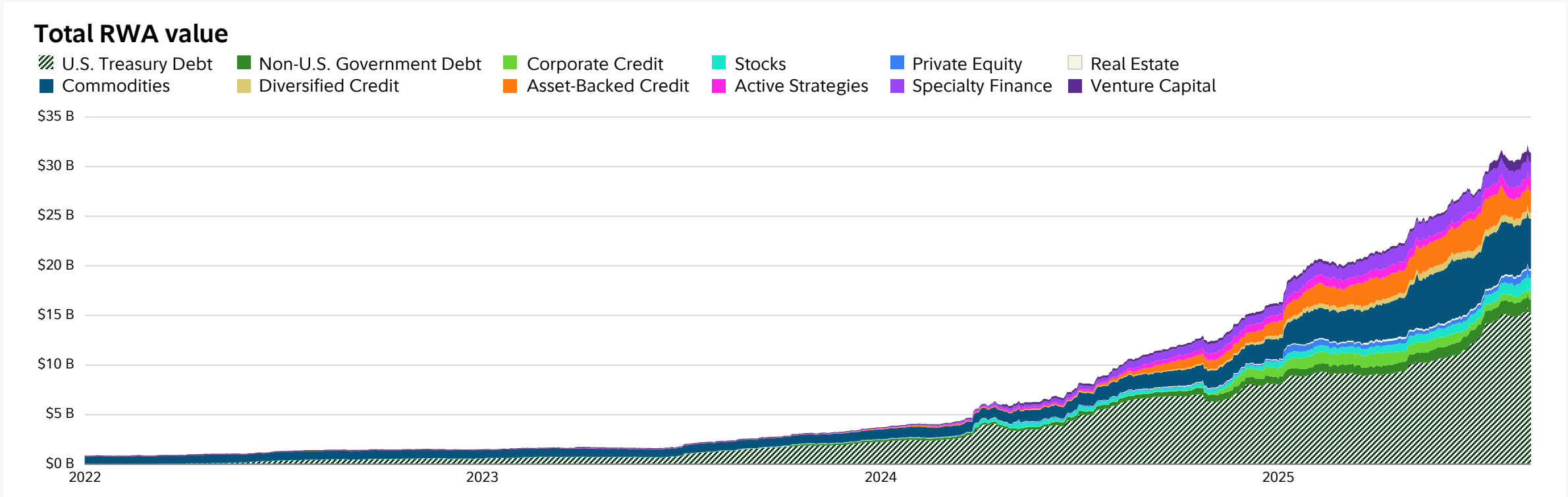
Enhanced utility

- With blockchain based solutions, trading and settlement can be 24/7
- Tokenized assets enable cross collateralization across traditional venues and crypto trading venues

Source: Fidelity Investments, as of 2026.

Global market overview

Total RWA* Value
$33.24B
Not inclusive of stablecoins



*Total RWA Value: total real world assets value. RWA.xyz is a data and analytics website that tracks the market for tokenized real-world assets (RWAs) — traditional financial assets that have been represented on blockchain networks as digital tokens.
Source: RWA.xyz, as of 05/2026. Past performance is no guarantee of future results.

Asset classification framework and overview

Fixed income

Sovereign
U.S. treasuries
Non-U.S. government debt

Credit
Corporate credit
Asset-backed credit
Diversified credit
Specialty finance

Equities & strategies

Equities
Stocks
Private equity/Venture capital

Strategies
Active strategies

Real assets

Commodities
Commodities

Real estate
Real estate

Source: RWA.xyz Blog, Introducing Our New Asset Classification Framework.

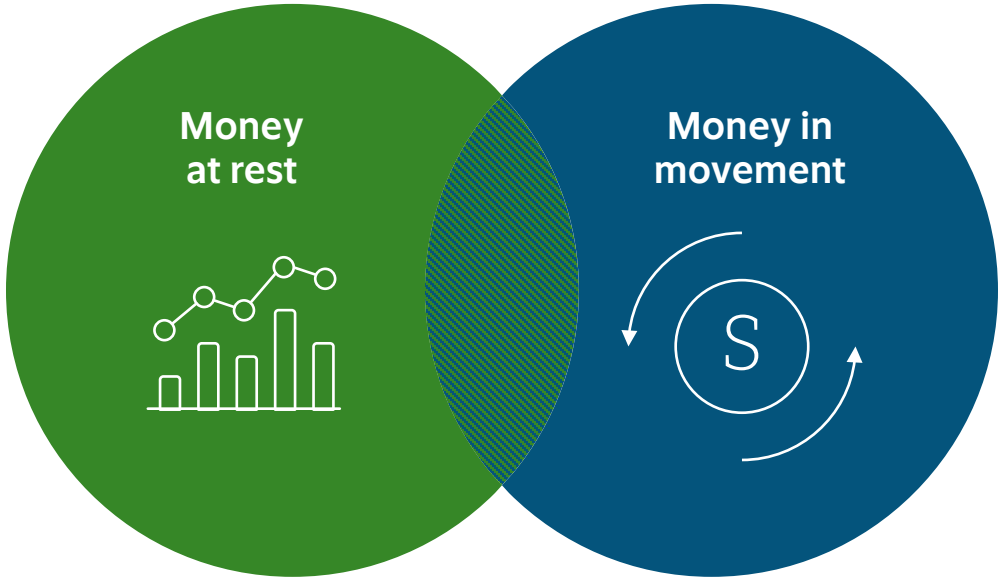
Stablecoins and Tokenized Money Market Funds

How do these two styles of products interplay?

Tokenized money market funds

Tokenized money market funds enable investors to generate yield on idle cash without compromising liquidity.

Money at rest:
- Corporate treasuries
- Stablecoin/token reserves
- Money held on payments platforms
- Collateral for lending/trading



Stablecoins

USD Stablecoins are intended to reflect **USD 1:1**.

The assets are **easy to transact** and flow freely through **the crypto and fintech/payment ecosystems**.

$237 billion in total stablecoin value

166 million stablecoin holders

From RWA.xyz 6.12.25

While these products may serve different use cases, there is significant overlap between them.
Demand for money market funds is also likely to increase alongside the growth of stablecoin-based trading and payment activity.

Source: RWA.xyz and Fidelity Investments, as of 2026.

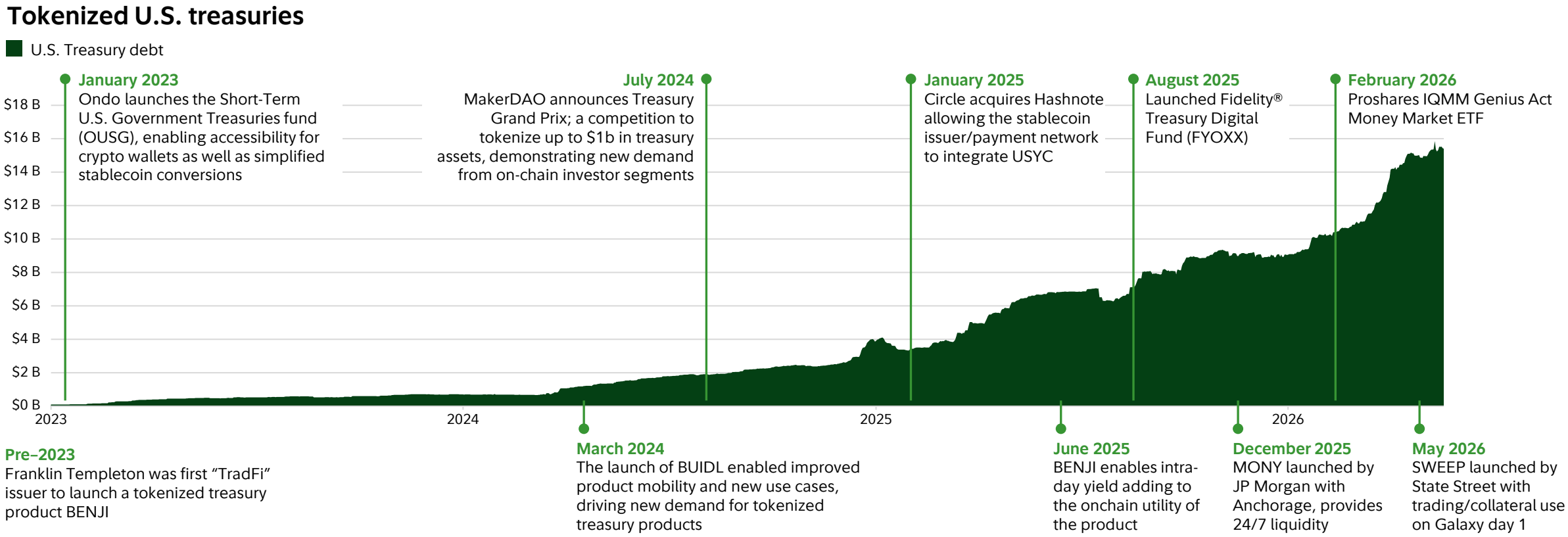
Tokenized money market fund use cases

	Today	Near future	Medium- to long-term
Investment use case	• Stablecoin issue reserve • Foreign retail access • Crypto native/blockchain foundation treasury	• Global payment companies • Neobank & fintech platforms • Multinational corporate treasury	• Wide range of users with stablecoin adoption • Onchain investment management and portfolio allocation
Collateral use case	• Crypto trading collateral • Crypto venue lending collateral	• Tokenized securities and derivatives trading collateral	• Onchain/offchain assets • Seamless cross-margin and collateral management

Source: Fidelity Investments, as of 2/28/2026.

Growth of tokenized treasury funds

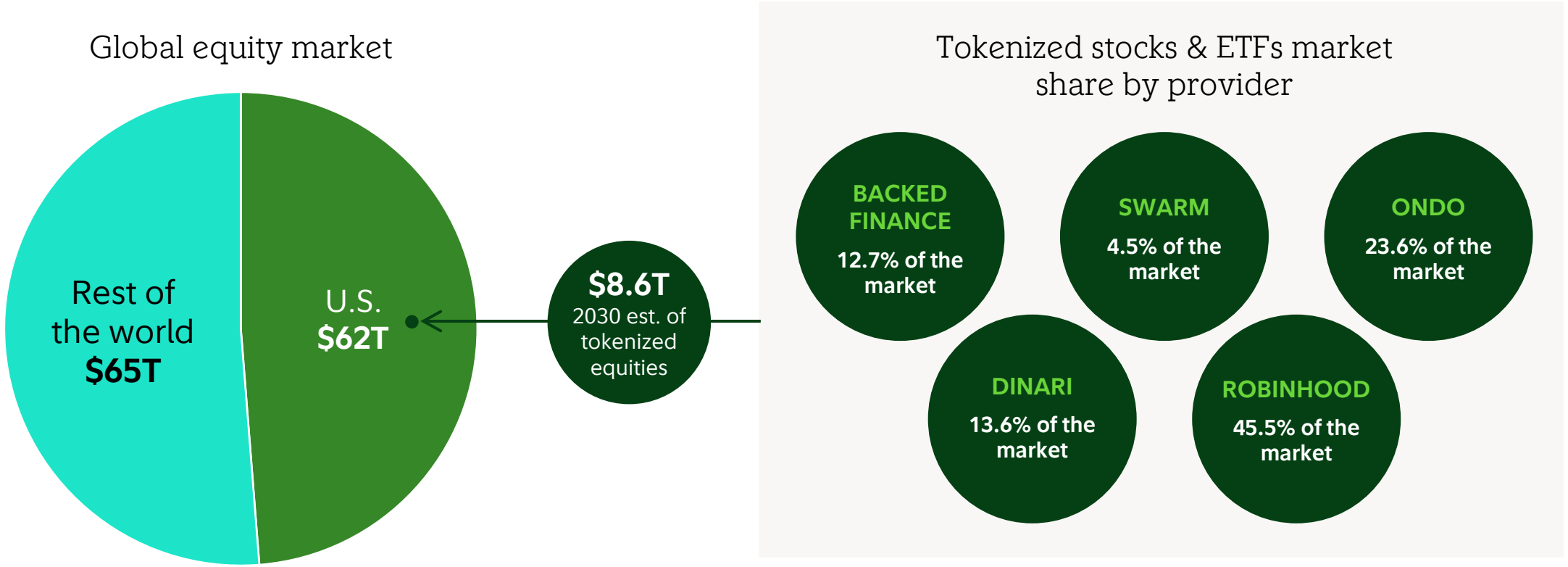
In the last three years, there has been ~15B of net inflow into tokenized treasury products



Source: RWA.xyz and Fidelity Investments, as of 7/15/2026. Third party marks are the property of their respective owners. The third parties referenced herein are independent companies and are not affiliated with Fidelity Investments. Listing them does not suggest a recommendation or endorsement by Fidelity Investments.

Tokenized publicly traded equities—market landscape

The market for tokenized publicly traded equities remains nascent and siloed, with tremendous growth anticipated in the coming years

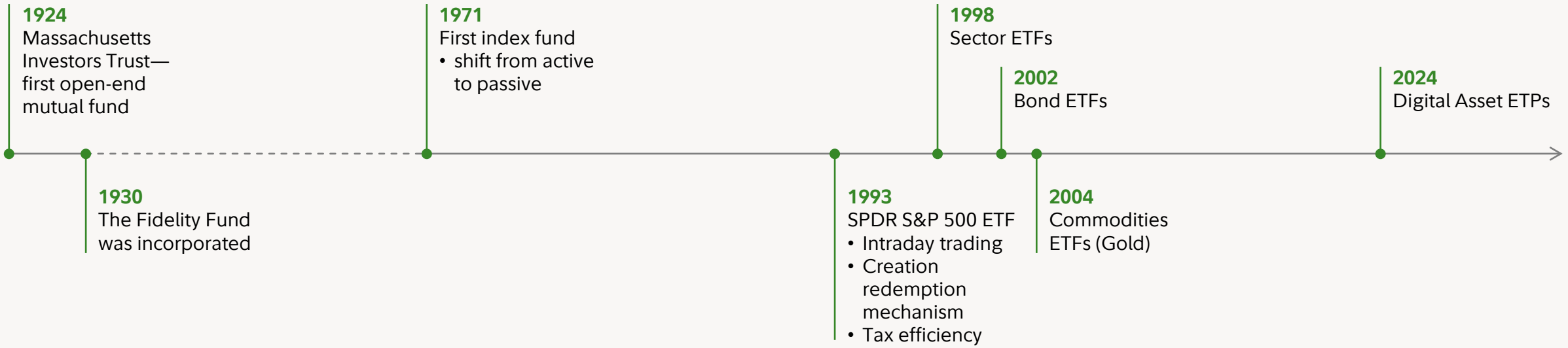


Source: SFIMA.org and EY Parthenon, as of 2026.

Vaults 101

From mutual funds to vaults: the next asset management archetype

100 years of collective investments history



What's next? **Vaults**

Vaults enable cheaper, faster, and more transparent capital deployment.

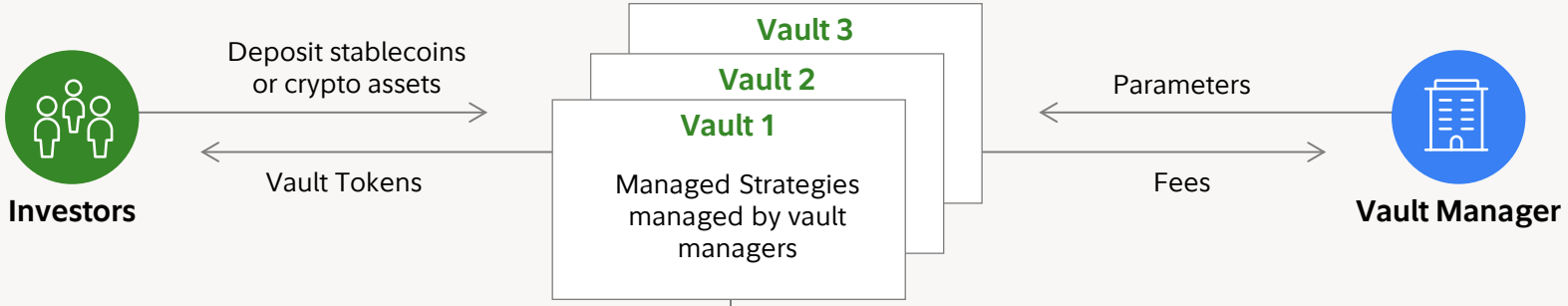
Vaults are the structural bridge to scale, diversification, and institutional adoption of onchain asset management.

Vaults are the **onchain evolution of asset management.**

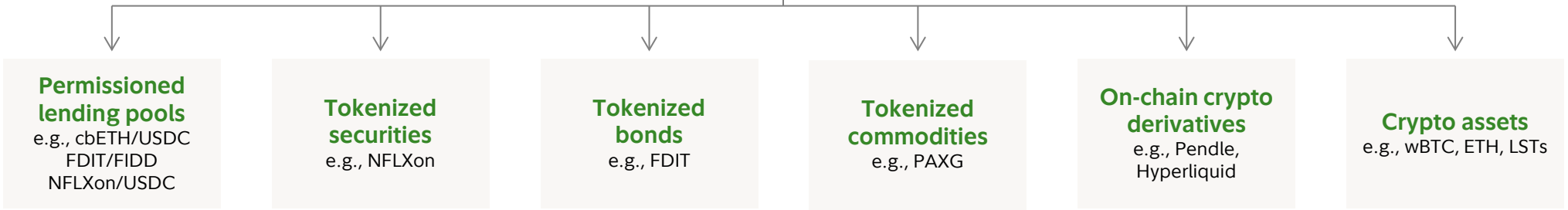
Understanding vaults

A DeFi vault is a programmable fund wrapper implemented via smart contracts that accepts investor capital and automatically deploys assets into predefined blockchain-based investment strategies while maintaining full transparency on-chain.

Allocation layer



Deployment layer



Source: rwa.xyz Allocation Vaults: Primer for Institutional Asset Managers, as of May, 2026.
Source: Fidelity Investments, as of 2026.

Common vault strategies

Vault strategies are based on asset holdings and intent but are not mutually exclusive. A vault may employ multiple strategies.

Lending vaults

These vaults allocate user deposits into lending protocols or interest-bearing markets and earn the yield generated by borrowers.

Holdings and strategy

Single asset (spot), in-kind yield.

Investment vaults

These vaults allocate funds into long-only strategy with assets expected to accrue value, including real-world assets (RWAs), staking positions, or long-only yield instruments.

Holdings and strategy

Multi-asset (spot), yield + price appreciation.

Leverage vaults

These vaults generate returns through active market strategies via leverage, including hedging, arbitrage, derivatives, funding-rate capture, and structured multi-step strategies.

Holdings and strategy

Multi-asset, multi-instrument. Yield, price appreciation, basis, vol, other.

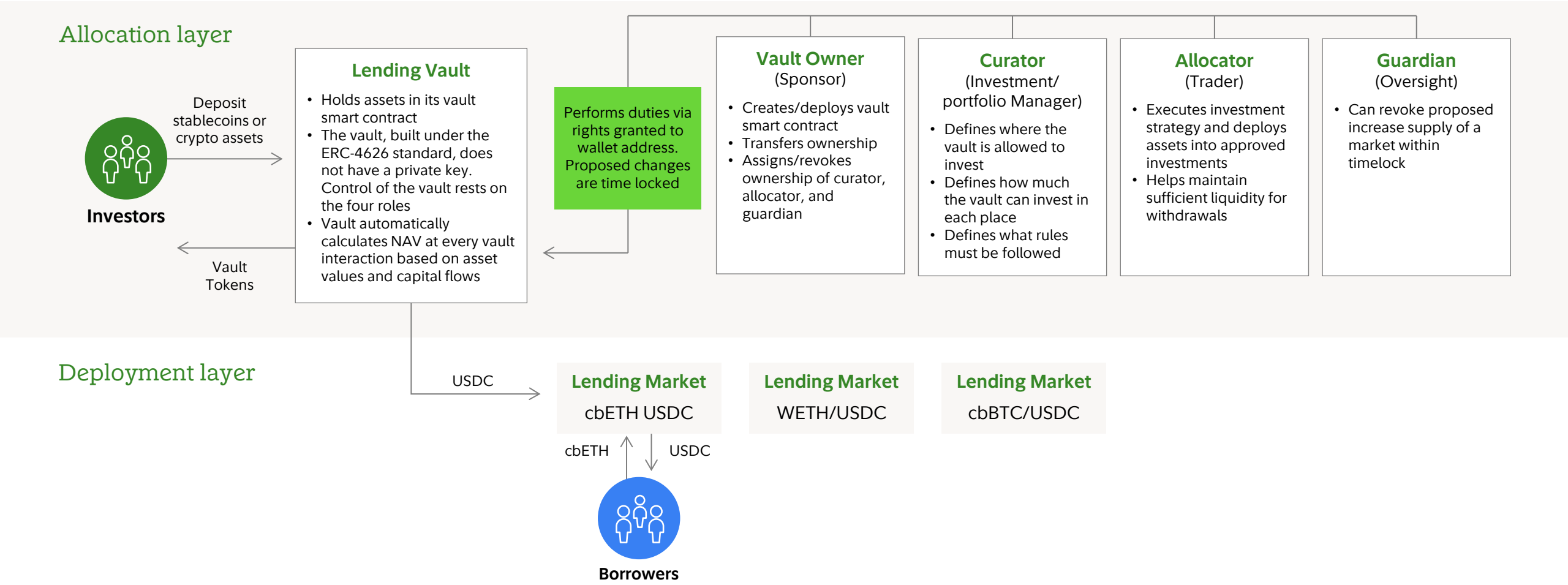
Funds vs. Vaults

Roles	Traditional fund	Vault
Investors	Limited Partners	Depositors
Manager	GP/Investment Manager, with fiduciary duty to LPs, legally bound by LPA terms	Allocators actions are bound by smart contract parameters, not legal enforcement
Governance	LPA and management agreements define investment mandate, fees, term, redemption, and manager constraints	Vault parameters, through curators, define approved markets, allocation caps, fees, and timelocks on parameter changes
Oversight	LP Advisory Committee has advisory or consent-based authority	Vault owner and guardians can veto or restrict risk manager actions
Vehicle	Legal entity that holds assets; investors own units of the entity	Smart contract (ERC-4626 vault) holds assets; depositors receive receipt tokens
Administration	Fund admin calculates NAV, processes subscriptions and redemptions, maintains books and records	On-chain accounting updates real-time; deposits and withdrawals are executed automatically, subject to available liquidity

Source: rwa.xyz Allocation Vaults: Primer for Institutional Asset Managers

The roles to operate a lending vault on Morpho v1

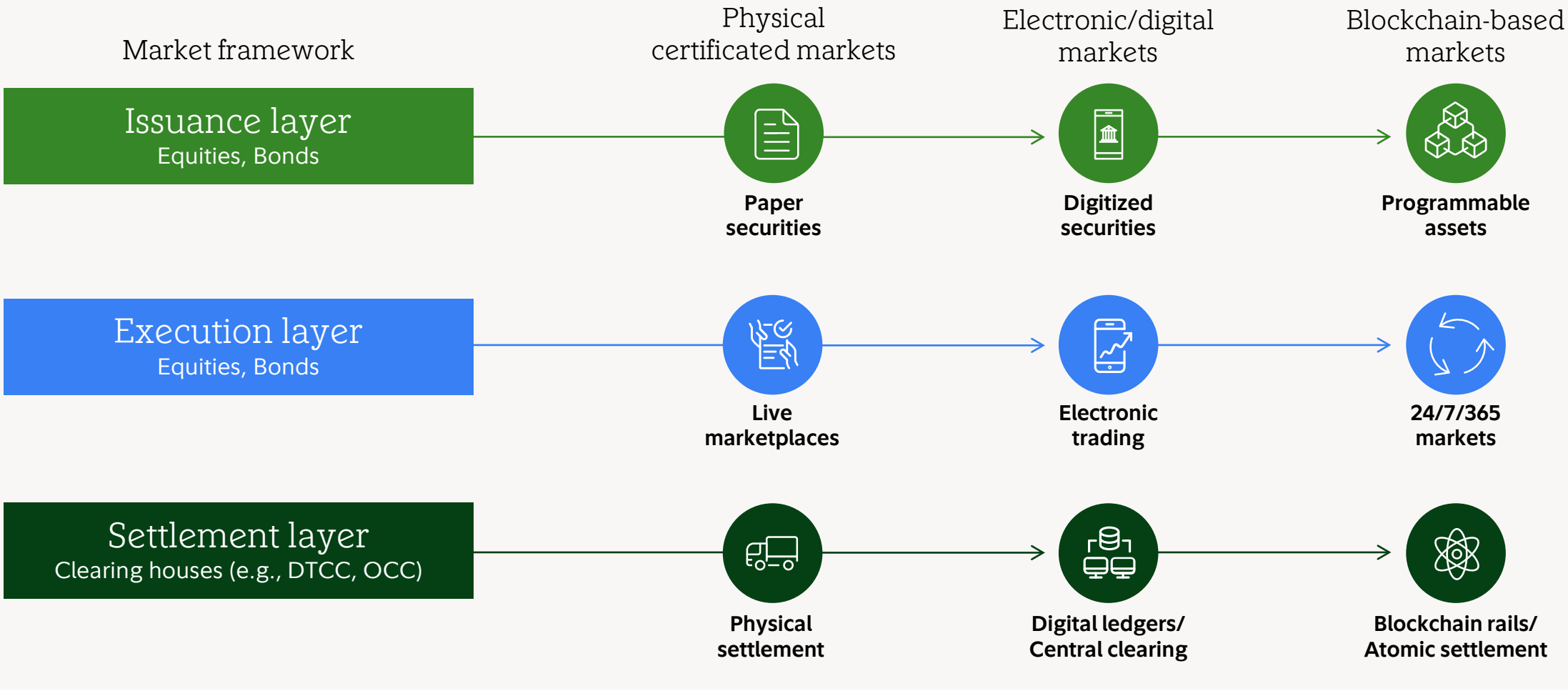
Multiple roles are required to manage a vault to ensure sufficient guardrail and segregation of duties



Note: Morpho v1 is a lending vault platform. Additionally, ERC-4626 is a tokenized vault standard for Ethereum. Source: Fidelity Investments, as of 2026.

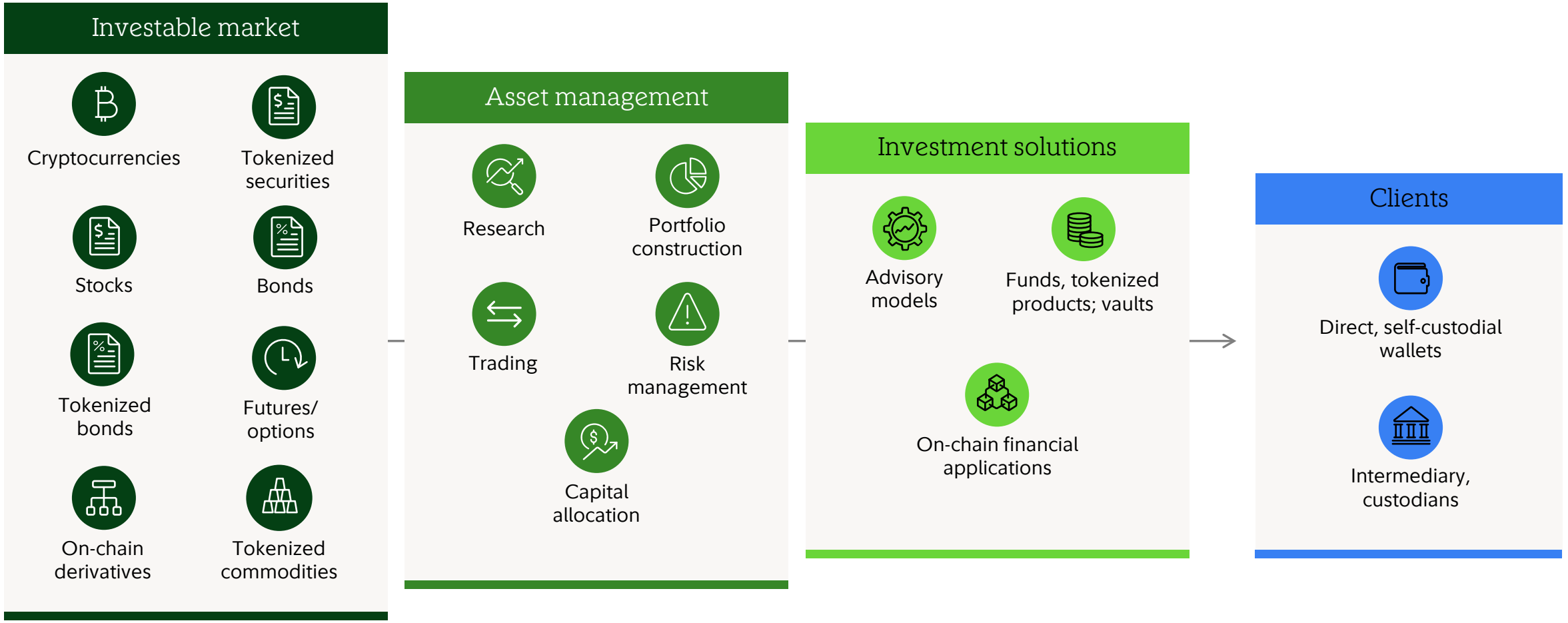
The future of on-chain digital asset management

Evolution of the global financial system



Asset management

Integration of traditional markets and digital asset markets



Important information

Spot crypto ETPS are not investment companies registered under the Investment Company Act of 1940 (the "1940 Act") nor are they commodity pools under the Commodity Exchange Act of 1936 (the "CEA"). As a result, shareholders of spot crypto ETPs do not have the protections associated with ownership of shares in an investment company nor are shareholders afforded the protections o investing in a CEA-regulated instrument or commodity pool.

Digital assets are highly volatile, and their market movements are very difficult to predict. Various market forces may impact their value including, but not limited to, supply and demand, investors' faith and their willingness to purchase it using traditional currencies, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates, an evolving legislative and regulatory environment in the U.S. and abroad, and other economic trends. Investors also face other risks, including significant and negative price swings, flash crashes, and fraud and cybersecurity risks. Digital assets may also be more susceptible to market manipulation than securities. Digital assets are not insured by the Federal Deposit Insurance Corporation (FDIC) or protected by the Securities Investor Protection Corporation (SIPC).

The performance of each fund or funds will not reflect the specific return an investor would realize if the investor actually purchased cryptocurrency. Investors in either fund will not have any rights that cryptocurrency holders have and will not have the right to receive any redemption proceeds in the underlying cryptocurrency.

FYHXX must be preceded or accompanied by its prospectus (FYHXX Prospectus). FYOXX must be preceded or accompanied by its prospectus (FYOXX Prospectus).

These materials are provided for informational purposes only and should not be construed as a recommendation of any security, sector, or investment strategy. Please consult your tax or financial advisor for additional information concerning your specific situation.

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the fund is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Fidelity Investments and its affiliates, the fund's sponsor, is not required to reimburse the fund for losses, and you should not expect that the sponsor will provide financial support to the fund at any time, including during periods of market stress.

The fund will not impose a fee upon the sale of your shares.

Interest rate increases can cause the price of a money market security to decrease. A decline in the credit quality of an issuer or a provider of credit support or a maturity shortening structure for a security can cause the price of a money market security to decrease.

A low or negative interest rate environment can adversely affect the fund's yield.

U.S. Treasury obligations are high quality securities issued or guaranteed by the U.S. Treasury providing minimal risk of loss of principal if held to maturity. Fluctuations in interest rates may cause the market value of such securities to vary.

Key Risk Factors

Investment-Related Risks. Investing in digital assets is speculative and may involve a high degree of risk. Digital assets can become illiquid at any time and is only for those investors willing to risk losing some or all of their investment and who have the experience and ability to evaluate the risks and merits of an investment in the Fund. The price of digital assets is volatile, and market movements of digital assets are difficult to predict. Supply and demand changes rapidly and is affected by a variety of factors, including regulation and general economic trends. All investments made by the Fund will risk the loss of capital. Therefore, an investment in the Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Fund's investment program will be successful, that the Fund will achieve its investment objective, or that there will be any return of capital invested to investors in the Fund, and investment results may vary.

Digital asset exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Fund. Digital asset exchanges have been closed due to fraud, failure or security breaches. Any of the Fund's assets that reside on an exchange that shuts down or suffers a breach may be lost.

Several factors may affect the price of digital assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of digital assets or the use of digital assets as a form of payment. There is no assurance that digital assets will maintain its long-term value in terms of purchasing power in the future, or that acceptance of digital assets payments by mainstream retail merchants and commercial businesses will continue to grow. digital assets is created, issued, transmitted, and stored according to protocols run by computers in the blockchain network. It is possible digital assets protocols have undiscovered flaws which could result in the loss of some or all assets held by the Fund. There may also be network-scale attacks against the digital asset protocols, which result in the loss of some or all of assets held by the Fund.

Advancements in quantum computing could break digital assets' cryptographic rules. The Fund makes no guarantees about the reliability of the cryptography used to create, issue, or transmit digital assets held by the Fund.

Index Tracking Risk. Although the Fund will attempt to structure its portfolio so that investments track the reference rate, the Fund may not achieve the desired degree of correlation between its performance and that of the index and thus may not achieve its investment objective. The difference in performance maybe due to factors such as transaction costs, redemptions of, and subscriptions for, units of the Fund, pricing differences, differences in the timing of the rebalancing of the index and the Fund's portfolio or the cost to the Fund of complying with various new or existing regulatory requirements.

Short-term investment returns are highly unpredictable and subject to extreme price volatility, which may result in significant losses over short time horizons.

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Bloomberg U.S. Aggregate Bond is a broad-based, market value-weighted benchmark that measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market.

ICE BofA U.S. High Yield Index is a market capitalization-weighted index of U.S. dollar- denominated, below-investment-grade corporate debt publicly issued in the U.S. market.

Bloomberg Commodity Index measures the performance of the commodities market. It consists of exchange traded futures contracts on physical commodities that are weighted to account for the economic significance and market liquidity of each commodity.

Russell 3000® Growth Index is a market capitalization-weighted index designed to measure the performance of the broad growth segment of the U.S. equity market. It includes those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth rates.

Russell 3000® Value Index is a market capitalization-weighted index designed to measure the performance of the small to mid cap value segment of the U.S. equity market. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth rates.

Russell 2000® Index is a market capitalization-weighted index designed to measure the performance of the small cap segment of the U.S. equity market. It includes approximately 2,000 of the smallest securities in the Russell 3000 Index.

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MSCI Europe, Australasia, Far East Index (EAFE) is a market capitalization-weighted index designed to measure the investable equity market performance for global investors in developed markets, excluding the U.S. and Canada.

MSCI Emerging Markets (EM) Index is a market capitalization-weighted index designed to measure the investable equity market performance for global investors in emerging markets.

FTSE NAREIT All Equity Total Return Index is a market capitalization-weighted index that is designed to measure the performance of tax-qualified real estate investment trusts (REITs) listed on the New York Stock Exchange, the NYSE MKT LLC, or the NASDAQ National Market List.



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