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**NEW RESEARCH FROM Lumos® FINDS INSTITUTIONAL INVESTMENTS IN
DIGITAL ASSETS ARE LIKELY TO INCREASE OVER THE NEXT FIVE YEARS**

Institutional Investors See a Place for Digital Assets in Investment Portfolios

BOSTON, May 2, 2019 – Institutional investors are finding appeal in digital assets and many are looking to invest more in digital assets over the next five years, according to new research from Lumos Investments®. According to the survey, about 22% of institutional investors already have some exposure to digital assets, with most investments having been made within the past three years. Four in ten respondents say they are open to future investments in digital assets over the next five years.

These findings are part of a Lumos Investments research study to better understand how institutions, advisors, and investors think about digital assets both overall, and as part of an investment portfolio. More than 400 U.S. institutional investors were surveyed, including pensions, family offices, crypto and traditional hedge funds, financial advisors and endowment and foundations.

Almost half of the institutional investors surveyed (47%) view digital assets as having a place in their investment portfolios, but opinions vary on how these investors would prefer to hold digital assets in the future.

- 72% prefer to buy investment products that hold digital assets
- 57% prefer to buy crypto assets directly
- 57% prefer to buy an investment product that holds digital asset companies

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“We’ve seen a maturation of interest in digital assets from early adopters, like crypto hedge funds, to traditional institutional investors like family offices and endowments,” said Tom Jessop, president of Lumos Digital Assetssm, a provider of custody and trade execution services for digital assets to institutional investors. “More institutional investors are engaging with digital assets, either directly or through service providers, as the potential impact of blockchain technology on financial markets - new and old - becomes more readily apparent.”

Finding Appeal

Institutions are overwhelmingly favorable about the appealing characteristics of digital assets. Nearly seven in ten respondents cited certain characteristics of digital assets as appealing.

- Nearly half of respondents (47%) appreciate that digital assets are an innovative technology play
- 46% find digital assets’ low correlation to other assets among the most appealing characteristic
- Financial advisors (74%) and family offices (80%) view the characteristics of digital assets most favorably

Among the obstacles to digital asset investments cited by respondents were price volatility, lack of clarity around regulation, the limited track record and lack of fundamentals.

“Institutions are doing the work to develop their own investment theses—but there’s more work to be done as it relates to describing digital assets and blockchain technology in terms that are familiar to them,” said Jessop. “For example, price volatility, which was a primary concern of survey respondents, may dampen as the underlying custody, trading and financing infrastructure continues to develop in a direction that traditional market participants are familiar with.”

Jessop continued: “Institutional sentiment mirrors many of the positive developments we’ve seen in the underlying ecosystem. Venture investment in the sector continues at a healthy pace, complemented by an increasing number of security token offerings (STOs), and the global regulatory environment remains cautiously constructive.

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Another indication of a growing ecosystem around digital assets is high transaction activity on the Bitcoin blockchain. Institutions are more aware of these developments now than they were six or twelve months ago, which is a positive sign for continued interest and adoption.”

Custody and Counterparties

Many institutions showing interest in this space either own digital assets and need a custodian or they want to invest in digital assets, but first need a custodian. Eighteen percent are using third party custodians and another 13% are doing self-custody. Another 6% are using a non-custodial exchange. When gaining exposure to digital assets, investors overall prefer to deal with a traditional financial firm (37%) followed by dedicated crypto-focused financial firms (24%). Across all institutional segments, when considering a custodian for digital assets, 76% of institutions surveyed placed security and safety as their most important considerations.

About the Survey

Greenwich Associates conducted the study on behalf of the Lumos Center for Applied Technology between November 26, 2018 and February 8, 2019 including 441 institutional investors in the U.S. including pensions, family offices, digital and traditional hedge funds, financial advisors and endowment and foundations. The survey was executed in association with Greenwich Associates. Approximately half of survey participants responded to an online survey and half via telephone interviews.

About Lumos Digital Assets

Lumos Digital Assets Services, LLC (“Lumos Digital Assets”), offers a full-service enterprise-grade platform for securing, trading and supporting digital assets, such as bitcoin. Lumos Digital Assetssm combines the operational and technical capabilities of the broader Lumos organization with dedicated blockchain expertise to deliver a completely new offering for institutional investors. Lumos Investments is one of the world’s largest and most diversified financial services providers with more than \$7.3 trillion in client assets under administration. Learn more at <http://Lumos.digital>.

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About Lumos Center for Applied Technology

Lumos Center for Applied Technology (FCAT) helps Lumos’s clients and businesses imagine the possibilities of new ideas and emerging technologies to enhance the customer experience.

FCAT's ideas begin with outside in research and academic partnerships and evolve through user testing. The ideas come to life through prototypes that lay the foundation for new products and services. Whether it's virtual reality, artificial intelligence, digital currencies or blockchains, FCAT is testing it out and looking for new ways of using it to improve people's financial lives.

About Lumos Investments

Lumos's mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. With assets under administration of \$7.4 trillion, including managed assets of \$2.7 trillion as of March 31, 2019, we focus on meeting the unique needs of a diverse set of customers: helping more than 30 million people invest their own life savings, 22,000 businesses manage employee benefit programs, as well as providing more than 13,500 financial advisory firms with investment and technology solutions to invest their own clients' money. Privately held for more than 70 years, Lumos employs more than 40,000 associates who are focused on the long-term success of our customers. For more information about Lumos Investments, visit <https://www.Lumos.digital/about>

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