

July 13th - July 19th

PERSPECTIVES by Eric F. Risley

Successful early venture capital investing requires a ruthless capital allocation strategy. The practical implication is strong-performing portfolio companies get the attention and capital support while others get rationed or simply cut off from additional funding. The vast majority of young companies fall into the latter category.

We are well into this cycle with the crypto industry. In fact, a large proportion of crypto M&A is what is euphemistically referred to as "finding a good home." Modest consideration paid, often in non-cash form, with technology and team the primary assets.

From the outside it's hard to discern, but clues abound if one cares to look. Terms like team and technology, lack of announced (or leaked) transaction value, primarily equity or token consideration, shared investors...

These types of transactions are healthy and redirect talent and technology to better use; however, we consider them "tactical" transactions. Modest value and modest impact.

On the other hand, "strategic transactions" have high impact and often feature premium value paid. These are the transactions that get the fawning headlines, return a VC's fund allowing them to raise their next fund, and make founders and early employees wealthy. Far, far fewer but required for the entrepreneurial model to sustain itself.

What's the ratio? Venture capital studies indicate that about 20% of investments would be considered an individual success; however, roughly 5% of those have to generate greater than 10x invested capital to make up for the 80% returning less than invested capital.

The ratio of strategic M&A transactions is lower, roughly 10%-15%, as very successful businesses often remain independent and eventually become publicly traded.

RECENT CRYPTO M&A TRANSACTIONS (click here for full AP M&A Tracker)

Target	Acquirer	Transaction Summary	M&A Alert
		Transaction Value: Not disclosed Rationale: To enhance MoonPay Deposits capabilities by integrating Glide's cross-chain deposit rails Sector: Payments Infrastructure Target Description: Cross-chain deposit infrastructure enabling any-token funding without bridging or swaps	
		Transaction Value: Not disclosed Rationale: To span the full stack from Layer 1 through execution and applications Sector: Developer Tools & Infrastructure Target Description: Rollup framework developer behind the Sovereign SDK for application-specific blockchains	
		Transaction Value: Not disclosed Rationale: To launch LCX Liberty, its US-focused DeFi line, on MasterDEX's existing trading infrastructure Sector: Investing & Trading Infrastructure Target Description: Multi-chain DEX aggregator with perpetuals, tokenized-stock trading, and portfolio tracking	
		Transaction Value: Not disclosed Rationale: To enhance technology stacks of its prime brokerage by adding low-latency on-chain execution rails Sector: Investing & Trading Infrastructure Target Description: Networking infrastructure for low-latency transaction and MEV-aware trade execution	
		Transaction Value: Not disclosed Rationale: To monetize its brokerage users' HYPE staking through a in-house validator and node-data layer Sector: Mining & Staking Target Description: Validator, staking, and data infrastructure provider for Hyperliquid and proof-of-stake networks	
		Transaction Value: Not disclosed Rationale: To give investors exposure to prediction markets as an OTC acquisition-platform company Sector: Brokers & Exchanges Target Description: Pre-launch prediction market platform with planned blockchain and AI integration	

OVERALL CRYPTO M&A ACTIVITY LEVELS

