

Welcome to Morgan Creek Digital's weekly digital asset update. It is comprised of a thought piece from our team followed by a summary of what we consider the most compelling digital asset news during the last week. We hope you find this content interesting. Please let us know if you have any comments or questions or if you would like to speak to a member of the [Morgan Creek Digital team](#).

What is Artificial Intelligence?

Data > Information > Knowledge > Insight > Wisdom

In 1941, British scientist Alan Turing broke the “unbreakable” German Enigma code, helping lead the allies to victory in World War II by devising a machine that embodied algorithmic processes, automatic computation, and functions of the mind. Turing viewed a future where machines could mimic the human thought process, translating data to knowledge, insights, and, ultimately, wisdom.

Today, artificial intelligence (AI) manifests itself in many forms, including machine learning, computer vision, natural language processing and more. However, at its core, AI must emulate the intelligence and behaviors of the natural mind. While AI has the power to transform entire industries, the term is used so casually that it can start to feel like a trivial buzzword used by companies to dress up superficial analysis. This newsletter intends to break through the noise and provide tangible examples of artificial intelligence.

Machine Learning

Machine learning is the science of training a computer to act without existing programming. One approach to achieve this is deep learning or the automation of predictive analytics. There are three broad types of machine learning algorithms: supervised, unsupervised, and reinforcement learning. Supervised learning entails categorized and tagged data sets so that patterns can be determined and used to recognize new data inputs. In contrast, unsupervised learning relates to uncategorized or untagged data sets that are sorted based on more creative mimicry methods, as the machine generates conceptual prototypes as a basis for intuitive comparison. Finally, reinforcement learning also deals with untagged data sets, but the machine learns through the trial and error of acting; it then aggregates the positive or negative feedback to interpret its environment.

Machine and Computer Vision

A culmination of hardware and software technology enables devices to view and capture an image through a camera. Computer vision algorithms provide the machine with operational guidance to further process the image and extrapolate insights. For example, an algorithm can be trained to recognize various dogs breeds as all being dogs rather than being different species.

Natural Language Processing (NLP)

NLP is the meeting of linguistics, computer science, and AI that encompasses communication between humans and computers. More specifically, NLP is concerned with how computers process and analyze oral and written natural language data. NLP tasks include text generation, question answering, context extraction, semantic analysis and speech recognition.

Conclusion

Morgan Creek Digital invests in companies that utilize AI technologies to reduce business decision lifecycles, increase operational efficiency, and provide new ideas for product lines. Machine learning, computer vision, and NLP are just a few technical applications to leverage the full promise of AI. We will continue to monitor the evolution of AI and its impact on business models across various sectors.

The Rundown

Square Is Building a Decentralized Finance Business Using Bitcoin: Payments company Square is launching a business dedicated to “decentralized financial services” using bitcoin. Square CEO and bitcoin bull Jack Dorsey said on Twitter recently that the company is “focused on building an open developer platform with the sole goal of making it easy to create non-custodial, permissionless, and decentralized financial services.” The new unit will include the Seller, Cash App and recently acquired Tidal businesses. [Read more.](#)

Presidential Advisory Group Promises Stablecoin Recommendations: The President’s Working Group for Financial Markets, a presidential advisory group, plans to issue recommendations about stablecoin regulations within the next few months, it announced earlier this month. According to a readout published by the U.S. Treasury Department, the highly anticipated meeting examined stablecoin growth, use cases and possible threats. The meeting was first announced Friday, July 16th capping off a recent rise in attention on stablecoins and their role in the cryptocurrency economy. [Read more.](#)

Viral Video Shows Malaysian Police Destroying 1,069 Bitcoin Mining Rigs: Call it a crypto crackdown — literally. Malaysian authorities seized 1,069 bitcoin mining rigs, laid them out in a parking lot at police headquarters, and used a steamroller to crush them, as part of a joint operation between law enforcement in the city of Miri and electric utility Sarawak Energy. [Read more.](#)

Tom Brady’s NFT Platform Autograph Partners with Lionsgate, DraftKings: Buccaneers quarterback Tom Brady is beefing up his NFT platform Autograph with deals to launch movie content with Hollywood studio Lionsgate and sports-related tokens with sports betting site Draftkings. The startup is also adding a slew of big-name athletes to its advisory board, including Tiger Woods, Wayne Gretsky, Derek Jeter, Naomi Osaka and Tony Hawk. [Read more.](#)

Almost Half of Family Offices With Goldman Ties Want to Add Crypto Exposure: Almost half of family offices that do business with Goldman Sachs want exposure to cryptocurrencies, Bloomberg said. A survey conducted by the investment bank found that 45% of family offices are interested in investing in cryptocurrencies, Bloomberg reported last Wednesday. A further 15% of the more than 150 that responded already do so. [Read more.](#)

SEC Chair Hints Some Stablecoins Are Securities: Securities and Exchange Commission Chair Gary Gensler said cryptocurrencies whose prices depend on more traditional securities might fall under securities laws. Speaking to the American Bar Association, Gensler said some platforms are offering crypto tokens “that are priced off” securities and resemble derivatives products.

In his view, any security-based products will have to comply with trade reporting rules and other laws, he said. [Read more.](#)

Important Disclosures

The above information reflects the opinions of Morgan Creek Digital as of the time this is written and all such opinions are subject to change. No representation or warranty, express or implied, is given by Morgan Creek Digital as to the accuracy of such opinions, and no liability is accepted by such persons for the accuracy or completeness of any such opinions.

No Warranty

Neither Morgan Creek Capital Management, LLC nor Morgan Creek Digital warrants the accuracy, adequacy, completeness, timeliness, or availability of any information provided by non-Morgan Creek sources.