

Merely an overview and not intended to be a comprehensive guide to investing in the Bitcoin ETFs

Bitcoin ETF Overview

OLLI-GMU Investment Forum

Brenda Bloch-Young, February 21, 2024

What is Bitcoin?

Key terms to understand

- Digital money - just another form of fiat currency or means of payment
- Decentralized - not controlled by a single government or institution
- Blockchain is a digital ledger that is transparent and secure
- Limited supply unlike governments printing money or mining for gold
- Mining uses powerful computers to solve complex mathematical problems (rewarding miners with new Bitcoins)
- Wallets were used to store digital assets, now we have ETFs
- Volatility is very high
- Real-world use cases for online purchases, remittances, and a hedge against liquidity

Resources to learn more

The list is endless, but these are places to start

- Bloomberg TV has a Crypto show and old episodes are available online
- Bloomberg and Forbes have crypto newsletters
- Podcasts - Bankless is one of the best
- ETF focused podcast - Trillions / Eric Balchaunas
- ARK / Cathy Wood - multiple reports and podcasts
- The Pomp podcast with Jim Bianco - #1312 episode
- YouTube: Speak Up - episode with Raoul Pal and Anthony Scaramucci
- Multiple books on the history of money - *Broken Money* by Lyn Alden provides an historical overview, but the discussion of Bitcoin does not begin until Chapter 20

What happened in the last year?

A brief summary

- FTX blew up, the villain being Sam Bankman Fried
- “Crypto winter”
- SEC was sued for failure to approve a Bitcoin ETF and lost
- Multiple filings for Bitcoin ETFs bouncing around in the last quarter of 2023
- January 2024, the SEC approved the Bitcoin ETFs
- The “Newborn Nine” debut on January 5th
- Grayscale Bitcoin Trust investments begin to transition to the new ETFs
- The most successful ETF launch in history

Expect volatility for the next several months

- Spot Bitcoin ETF inflows were \$3B in the first month
- Data suggests that the majority of the buyers were institutions
- The overwhelming percentage of those owning Bitcoin are under 45 years of age
- The approval of the ETFs has had the effect of “normalizing” this as an investible asset
- Many financial institutions will allow unsolicited purchases as compliance departments are rushing to finalize their risk/ reward guidelines
- ETFs for Ethereum are expected to be approved this year.
- Banks have petitioned the SEC to allow them to hold Bitcoin

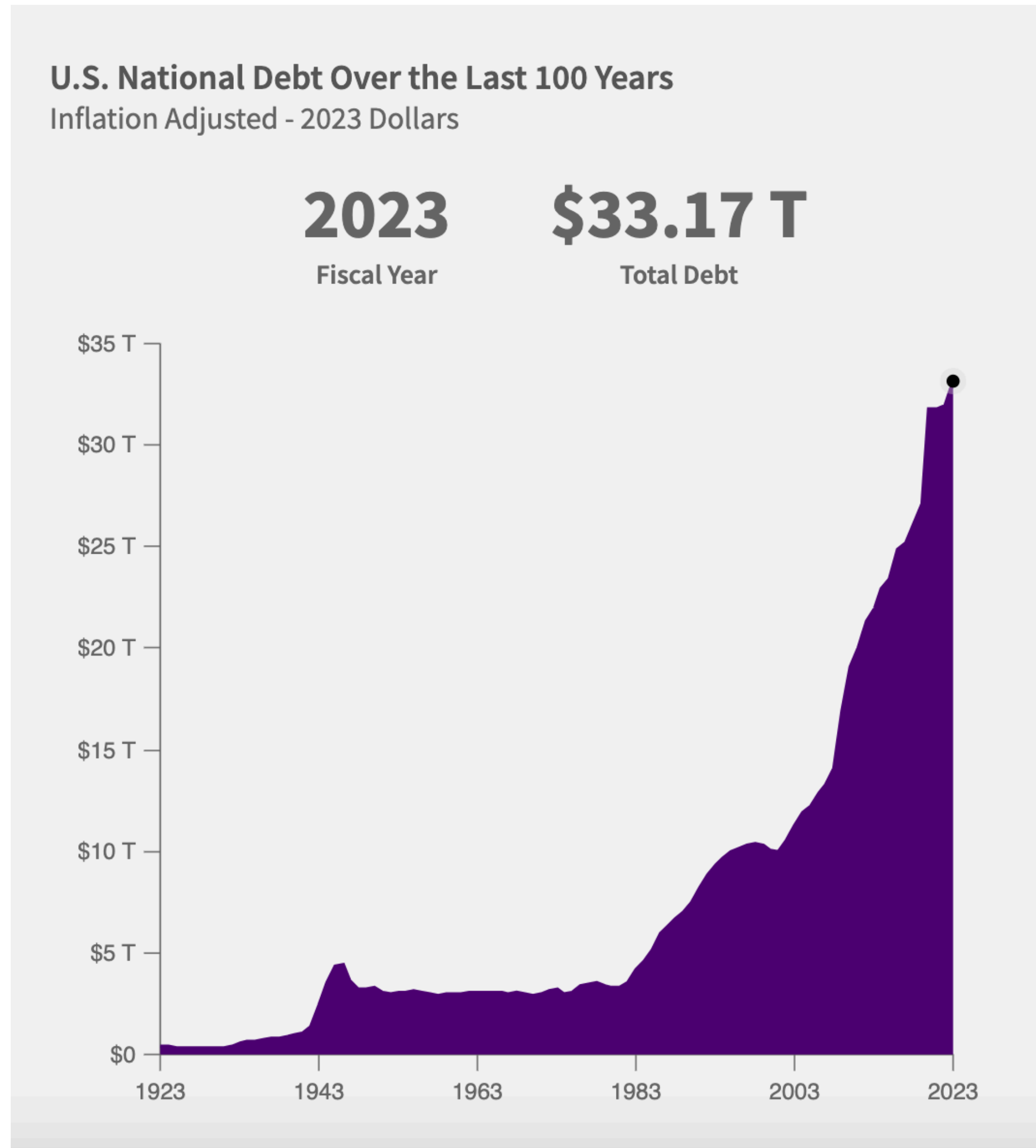
Blackrock iShares Bitcoin Trust

IBIT

- <https://www.ishares.com/us/strategies/ways-to-invest-in-bitcoin>

Is this sustainable?

Treasury Department data at September 30, 2023



Recent Research Papers

De-dollarization...???

- Brookings - The dollar as a foreign policy lever - https://www.brookings.edu/articles/payment-systems-changing-role-from-economic-growth-to-the-new-foreign-policy-lever/?utm_campaign=Brookings%20Brief&utm_medium=email&utm_content=294224332&utm_source=hs_email
- NBER - Exorbitant Privilege and Sustainability of US Public Debt - https://www.nber.org/papers/w32129?utm_campaign=Hutchins%20Roundup&utm_medium=email&utm_content=294302347&utm_source=hs_email