Bitcoin: The Adoption Story of the Decade

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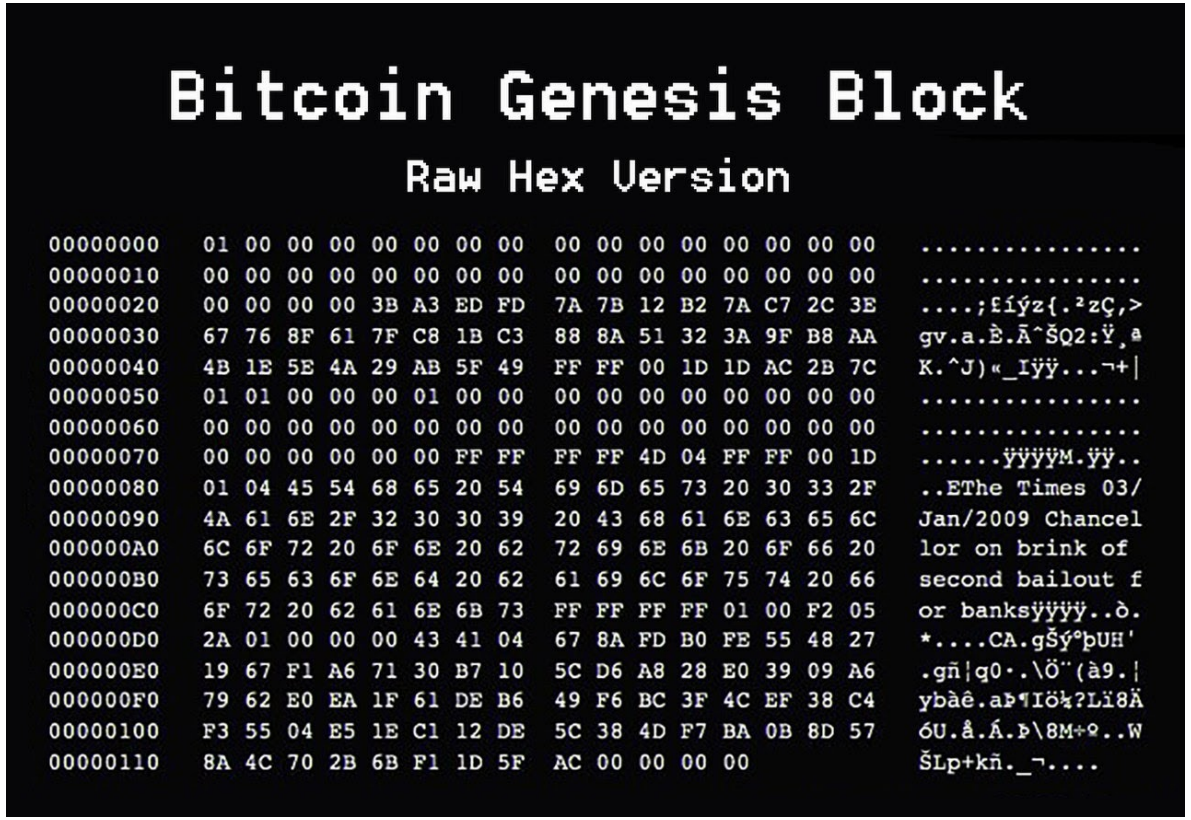
What we will cover

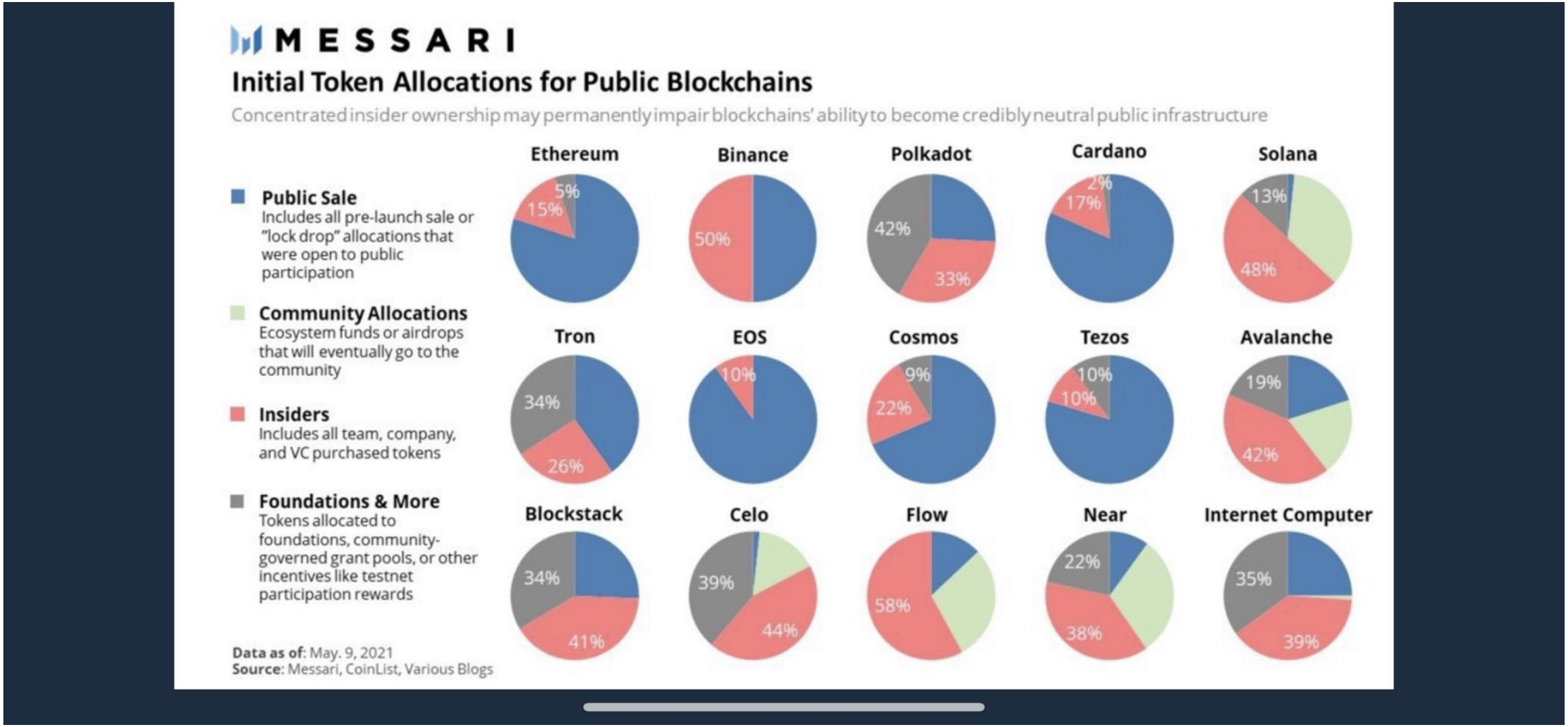
- Bitcoin or Crypto
- What is money
- Brief history of money
- What is Bitcoin
- Five Factors of Bitcoin
- Fear, Uncertainty, and Doubt
- How Bitcoin May Fit in a Portfolio
- Q&A + Resources to Learn



Bitcoin, Crypto, or Both?

- Four Year Hype Cycle
  - Premined Altcoins - 2013
  - Initial Coin Offerings - 2017
  - NFTs / DeFi - 2021
- Ethereum
  - 2015 – 70% premine
  - ETH 2.0 – moving from PoS vs. PoW TBD
  - World Computer, dApps, Crowdfounding, NFTs, Defi
  - No audible supply – centralization issues – found initial offering.
  - History of protocol changes – hype and then adjust later

Bitcoin, Crypto, or Both?



What is Money?

- The number in your bank account, or the green pieces of paper in your wallet, right?

- Why is that money?...

  -Seems like a silly question

  -What do you mean? It's just money! Everybody knows that!

What is Money?

- The phrase “everybody knows that” perfectly explains what makes a certain thing money
- It is a social construct

- Getting a bit more technical…

  -Money is the most liquid (tradeable) asset in an economy.

  -It allows for the storage of our energy or economic output.

  -It gives us an instrument to compare things

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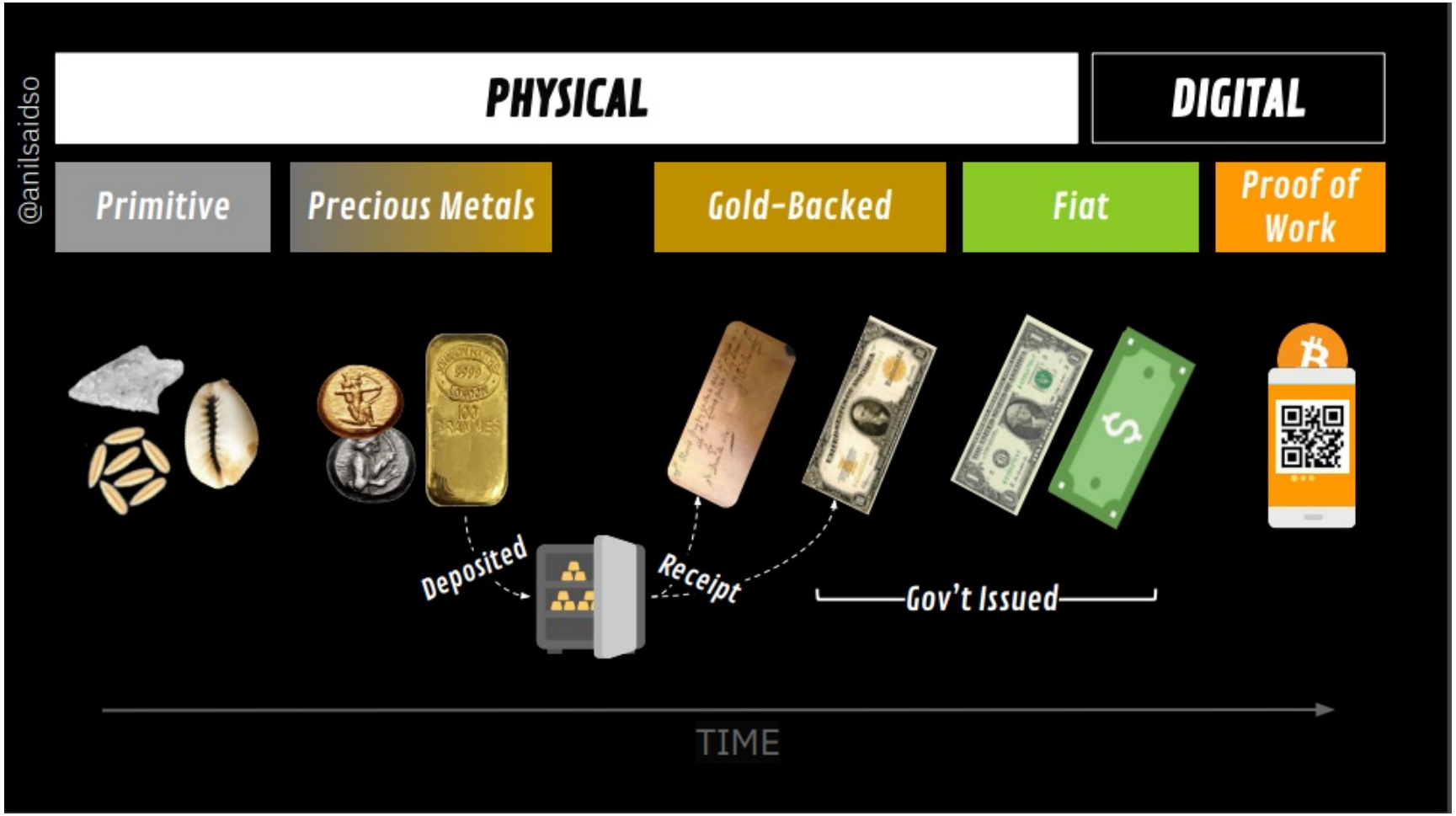
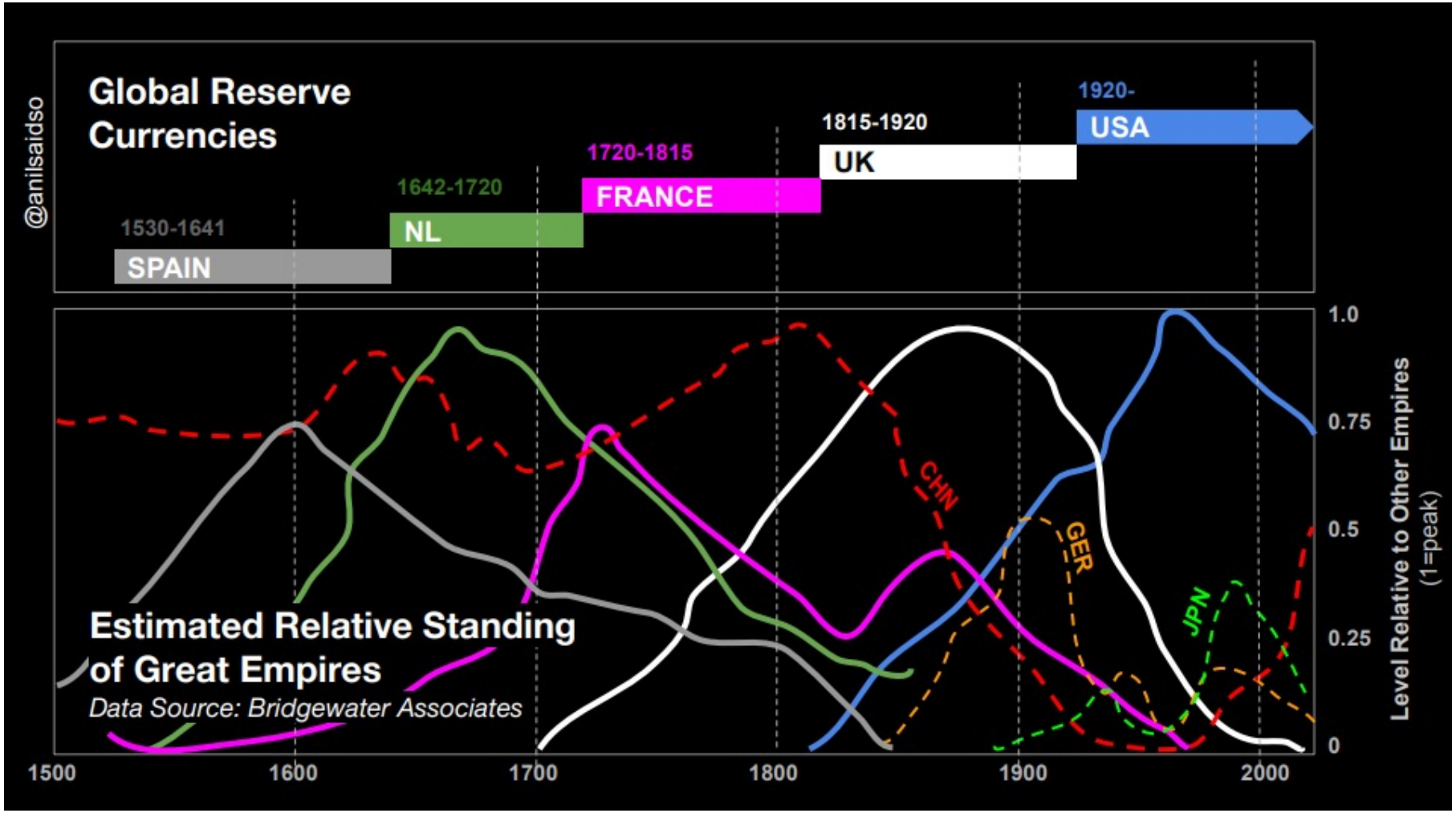
History of Money

- The invention of “money” has occurred thousands of times across thousands of civilizations, all independent of each other

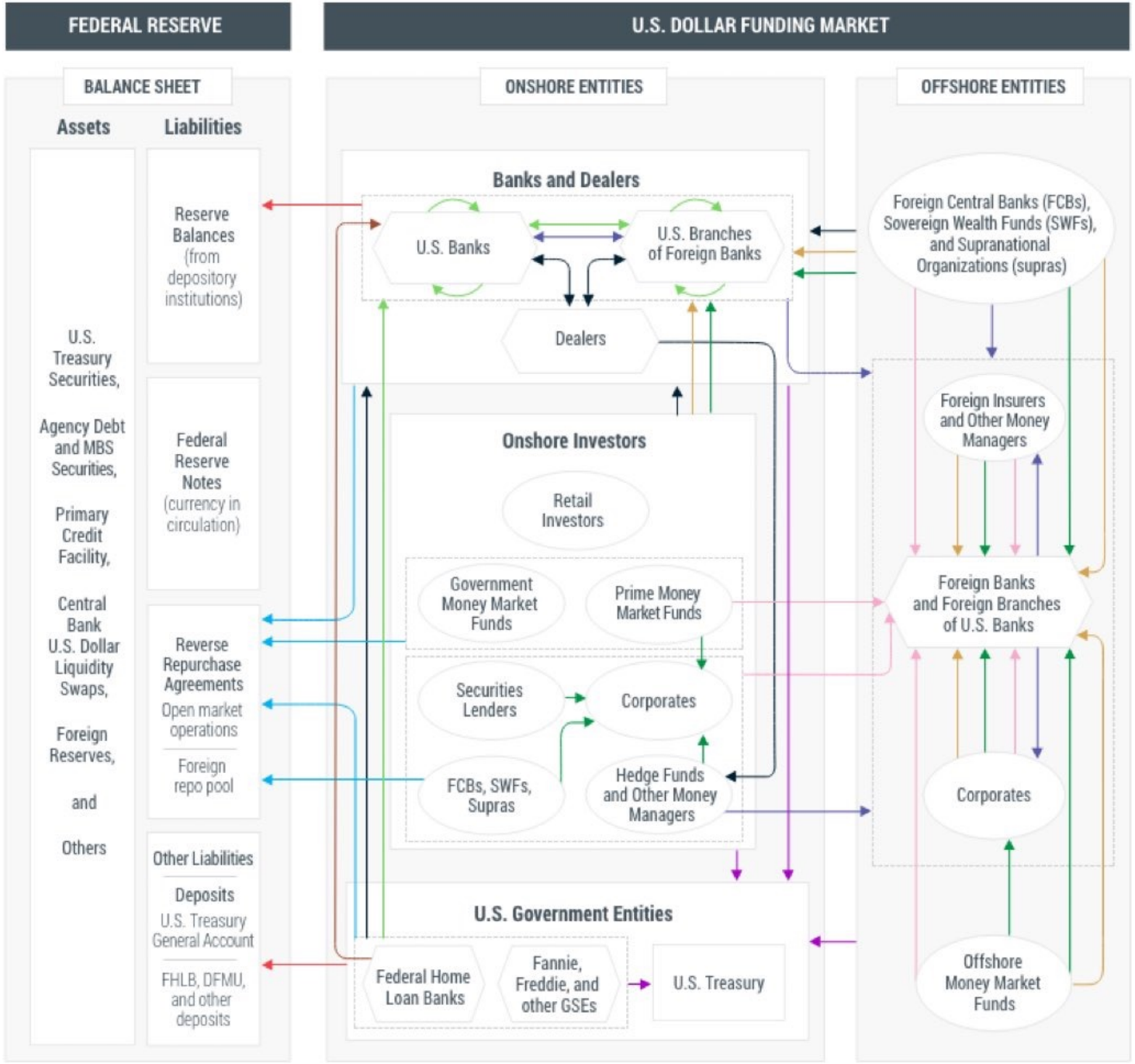


Global Reserve Currencies

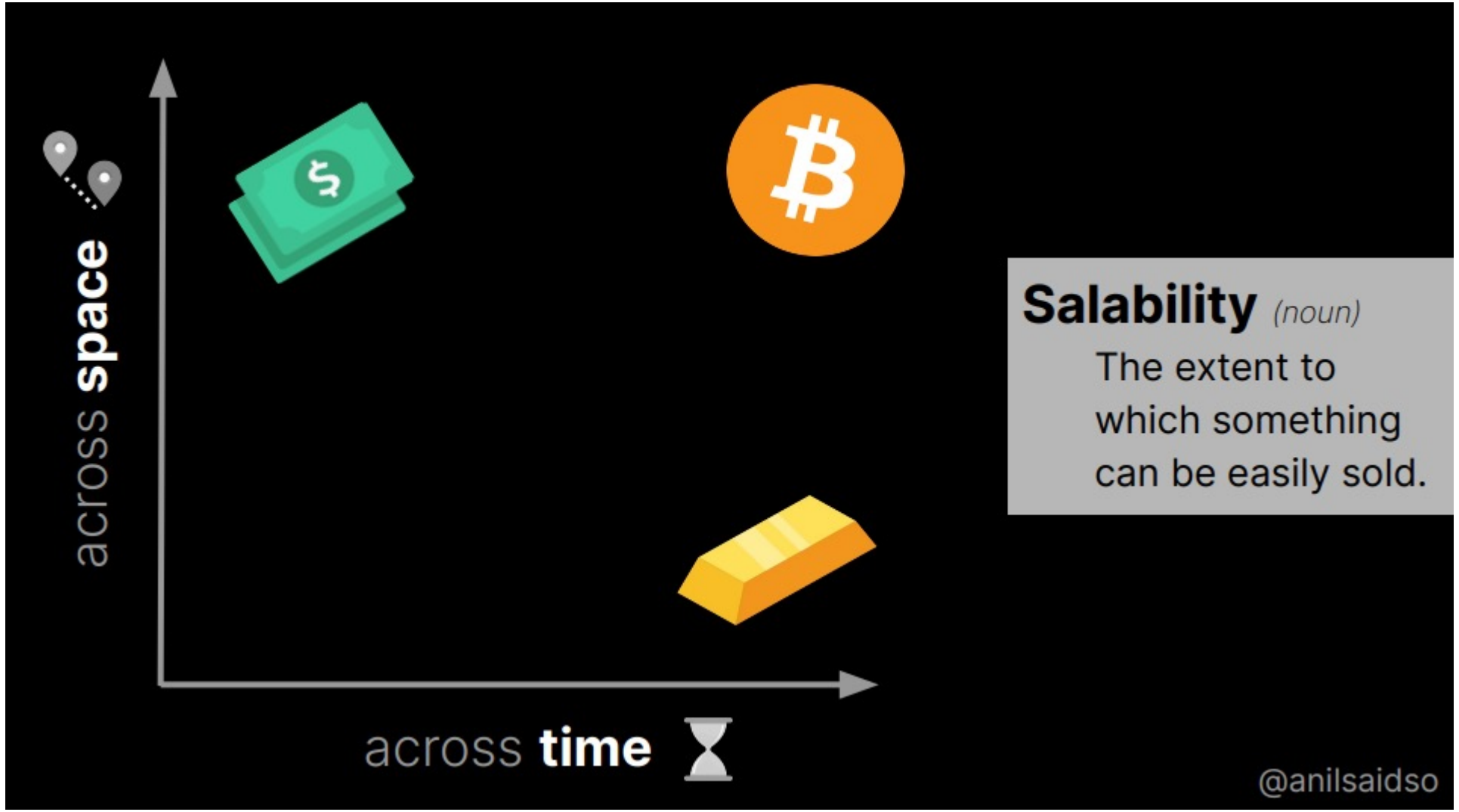
- Fiat Currency - *is a government-issued currency that is not backed by a physical commodity, such as gold or silver, but rather by the government that issued it.*



Global Reserve Currencies



History of Money

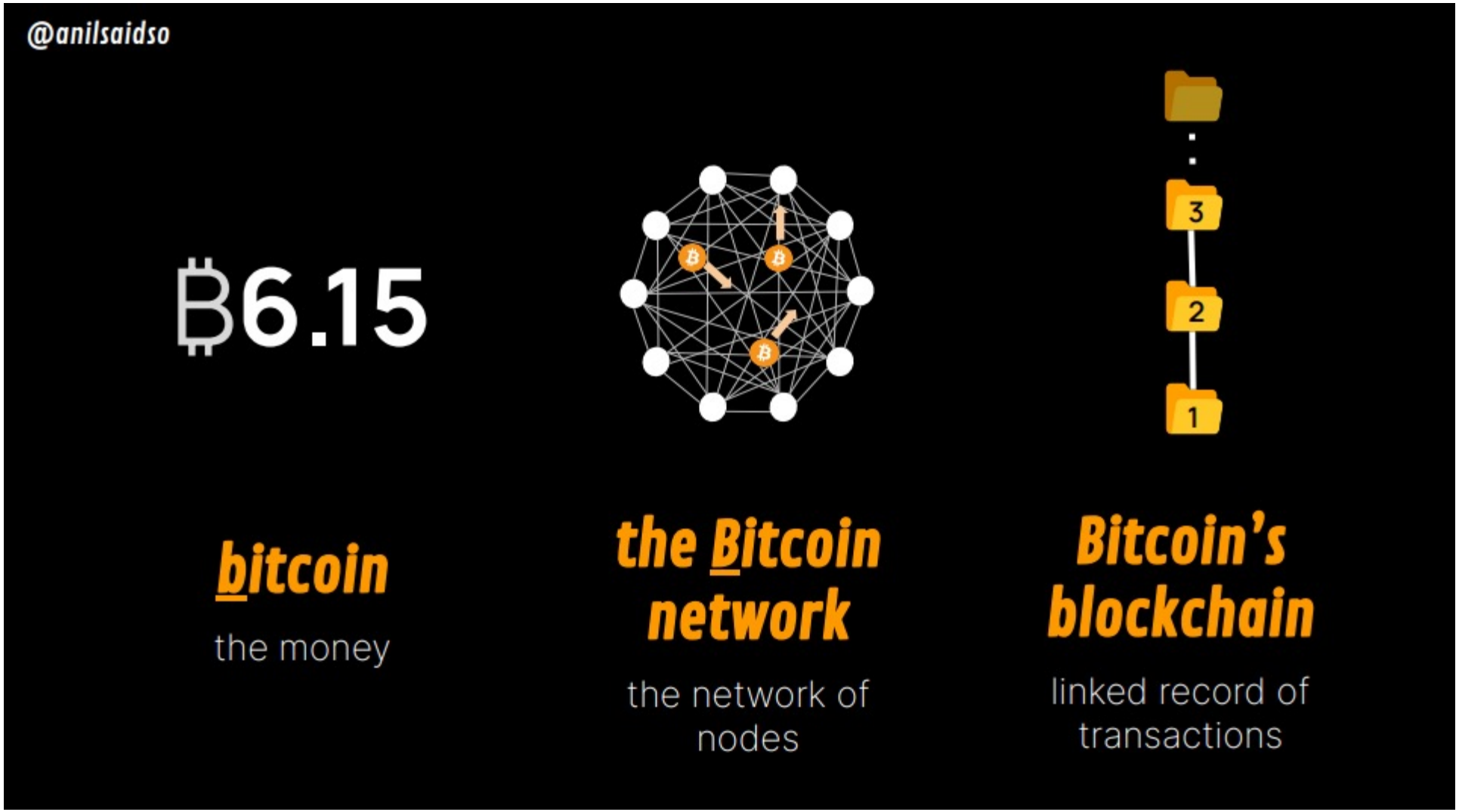


What is Bitcoin?

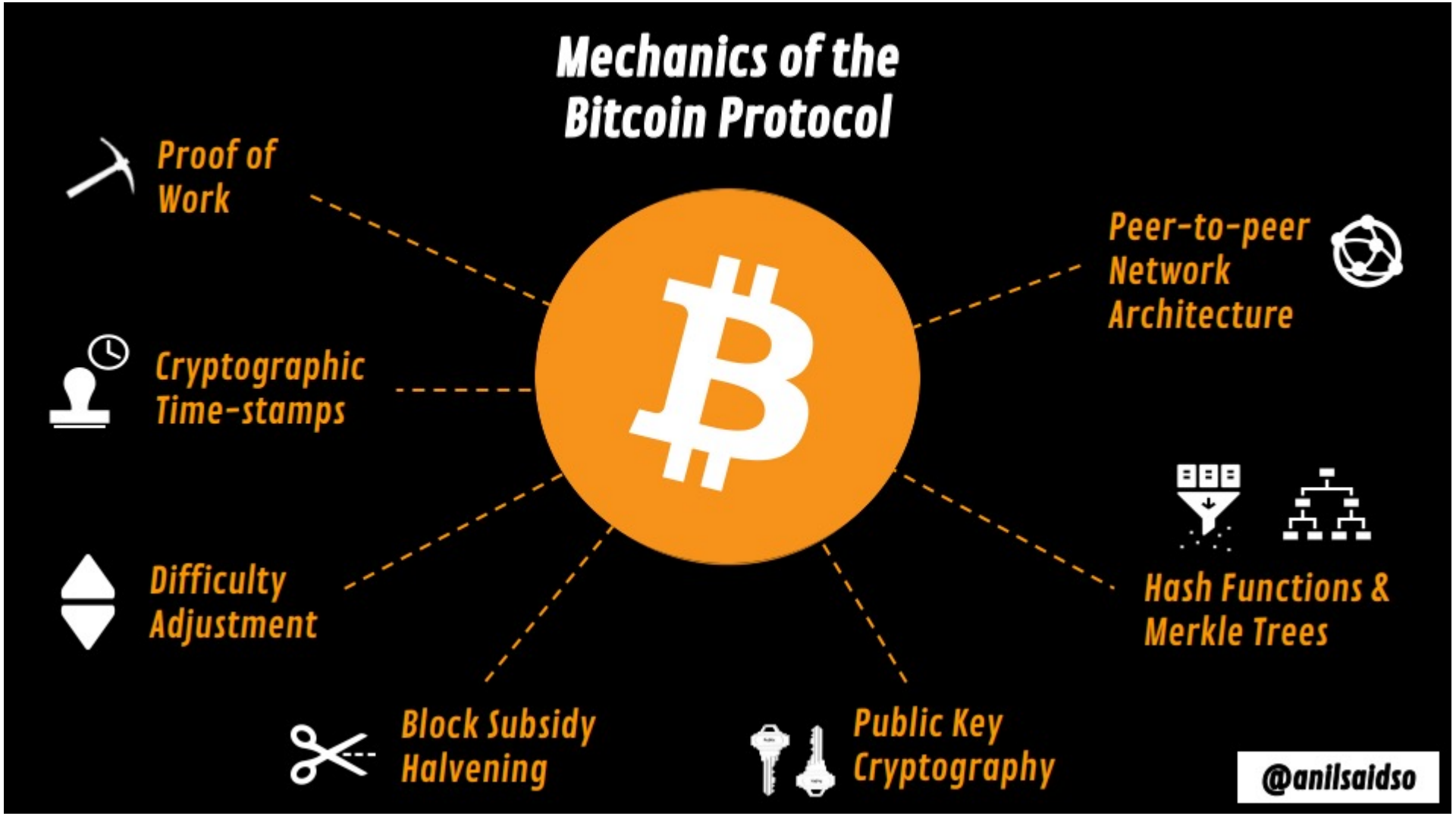
"Although it has no industrial use, it is scarce, durable, portable, divisible, verifiable, storable, fungible, salable, and recognized across borders, and therefore has the properties of money. ***Like all "potential" money, though, it needs sustained demand to have value.***"

-Lyn Alden | 3 Reasons I'm Investing in Bitcoin

What is Bitcoin?



What is Bitcoin?

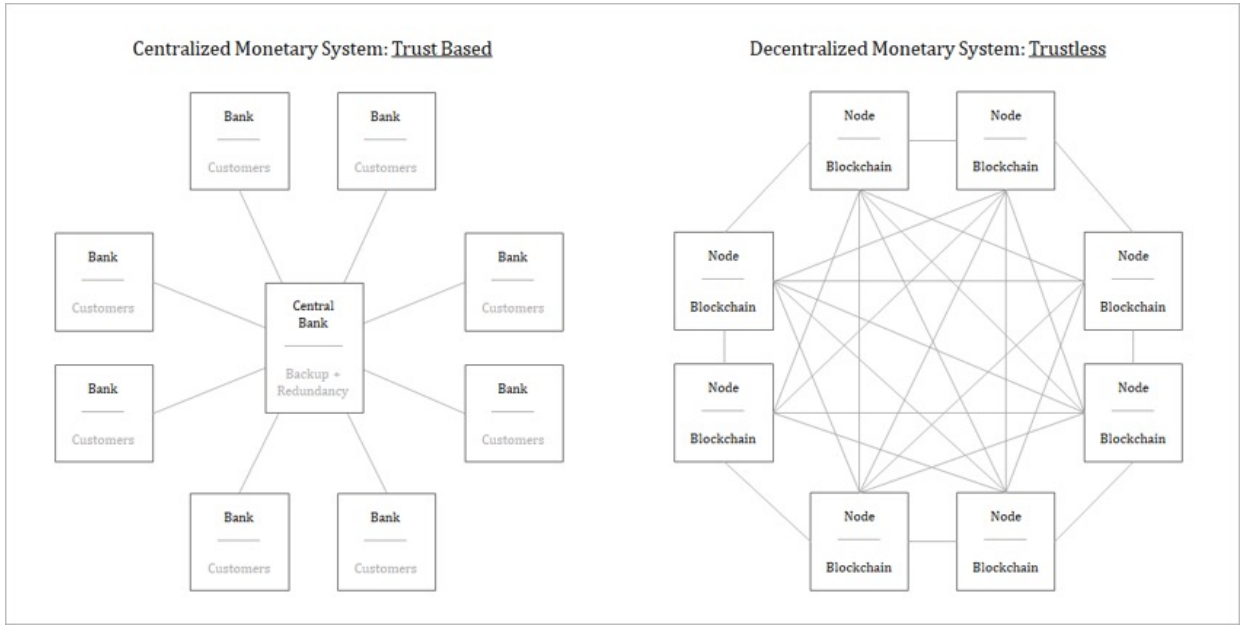


What is Bitcoin?

Consensus Mechanism

```
CAmount GetBlockSubs  int nHeight, const
{
    int halvings = nHeight / consensusParams
    // Force block reward to zero when right
    if (halvings >= 64)
        return 0;

    CAmount nSubsidy = 50 * COIN;
    // Subsidy is cut in half every 210,000
    nSubsidy >>= halvings;
    return nSubsidy;
}
```



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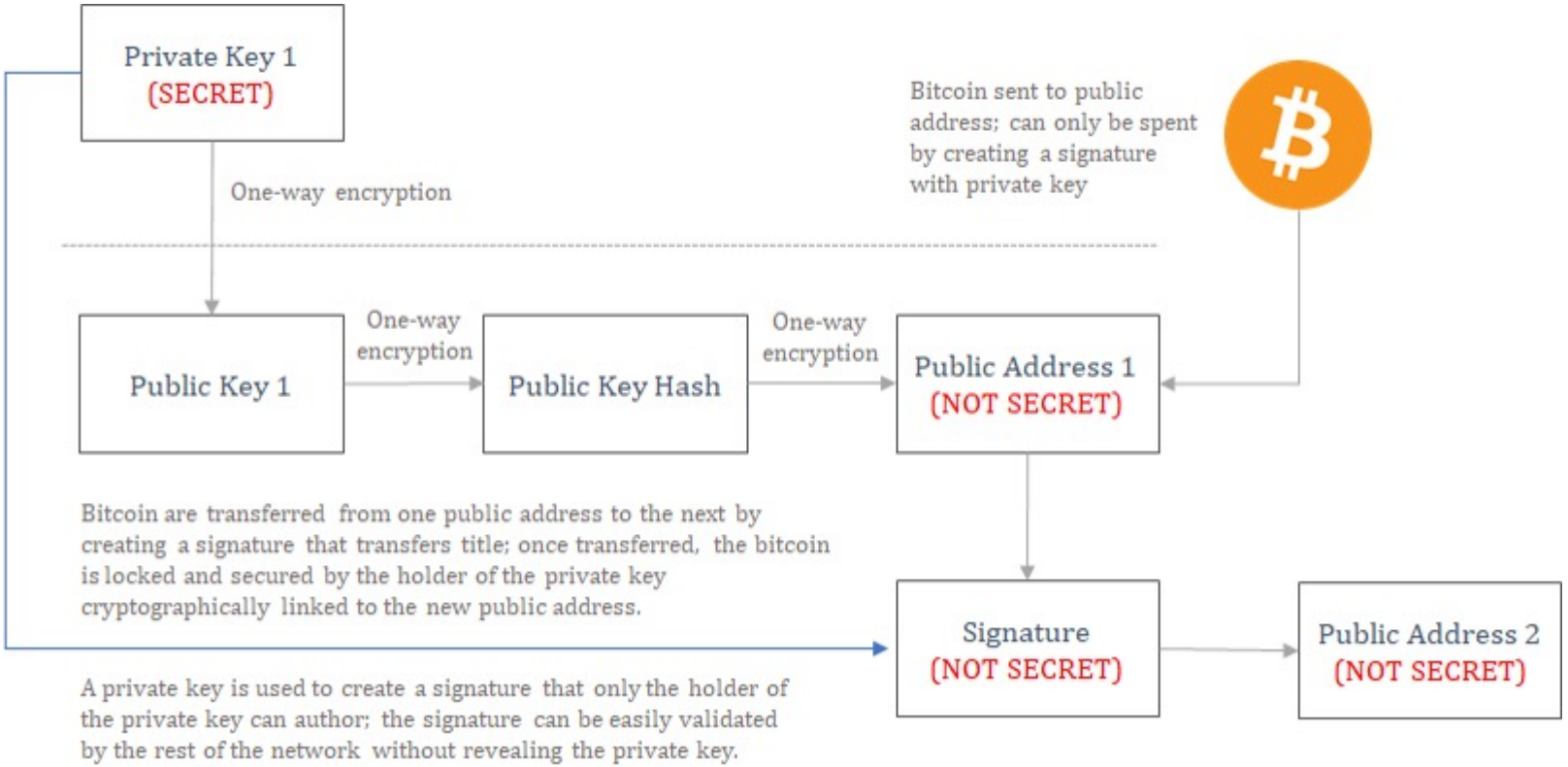

What is Bitcoin?

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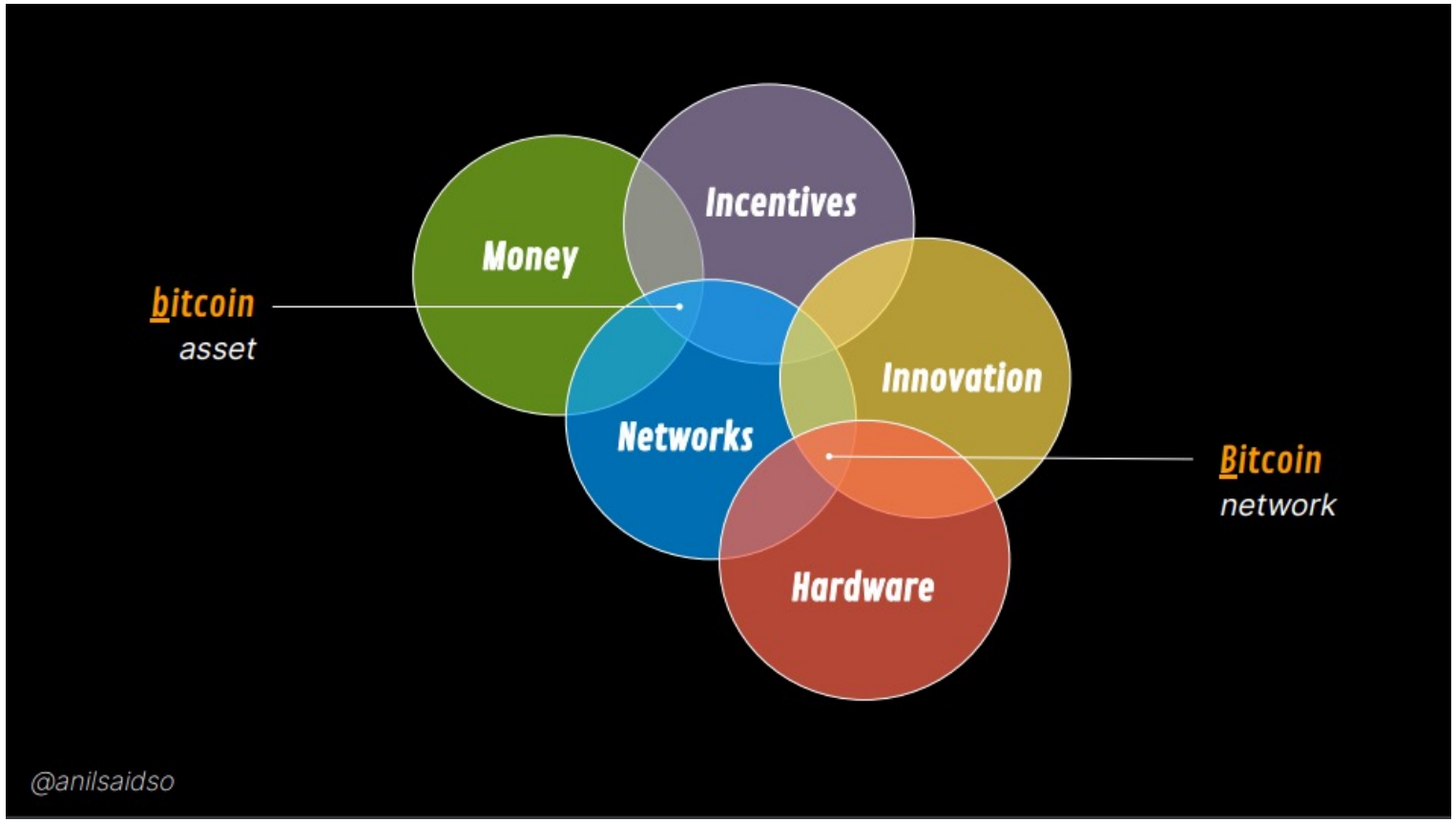
DATA HERE

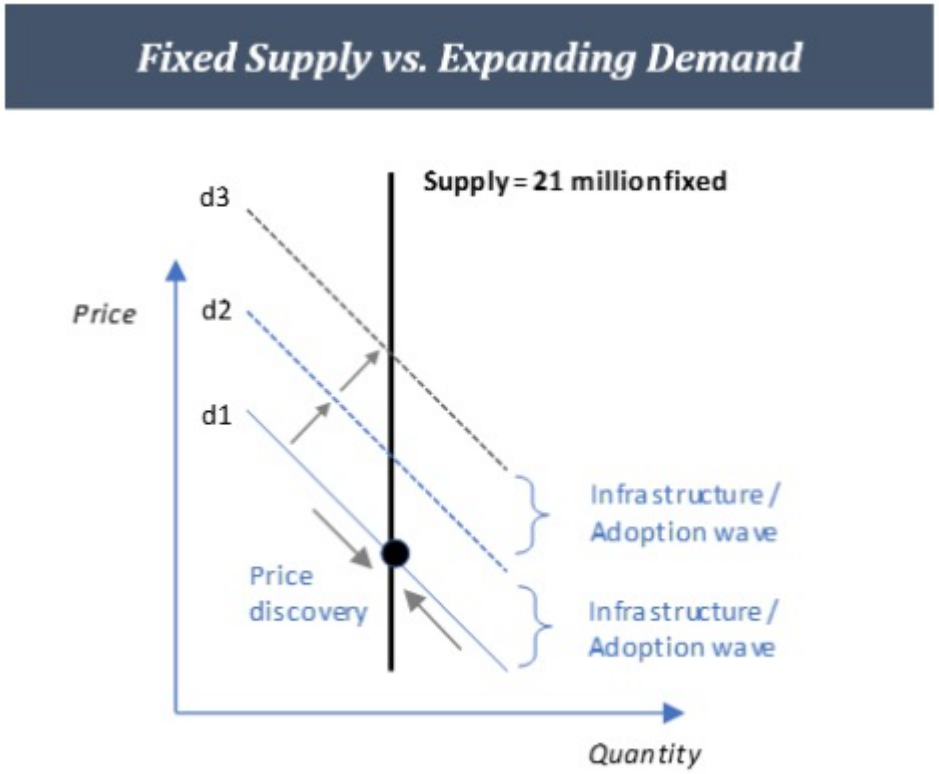
The Five Factors of Bitcoin

1) Scarcity
2) Network Effect
3) Decentralized
4) Security
5) Disinflationary



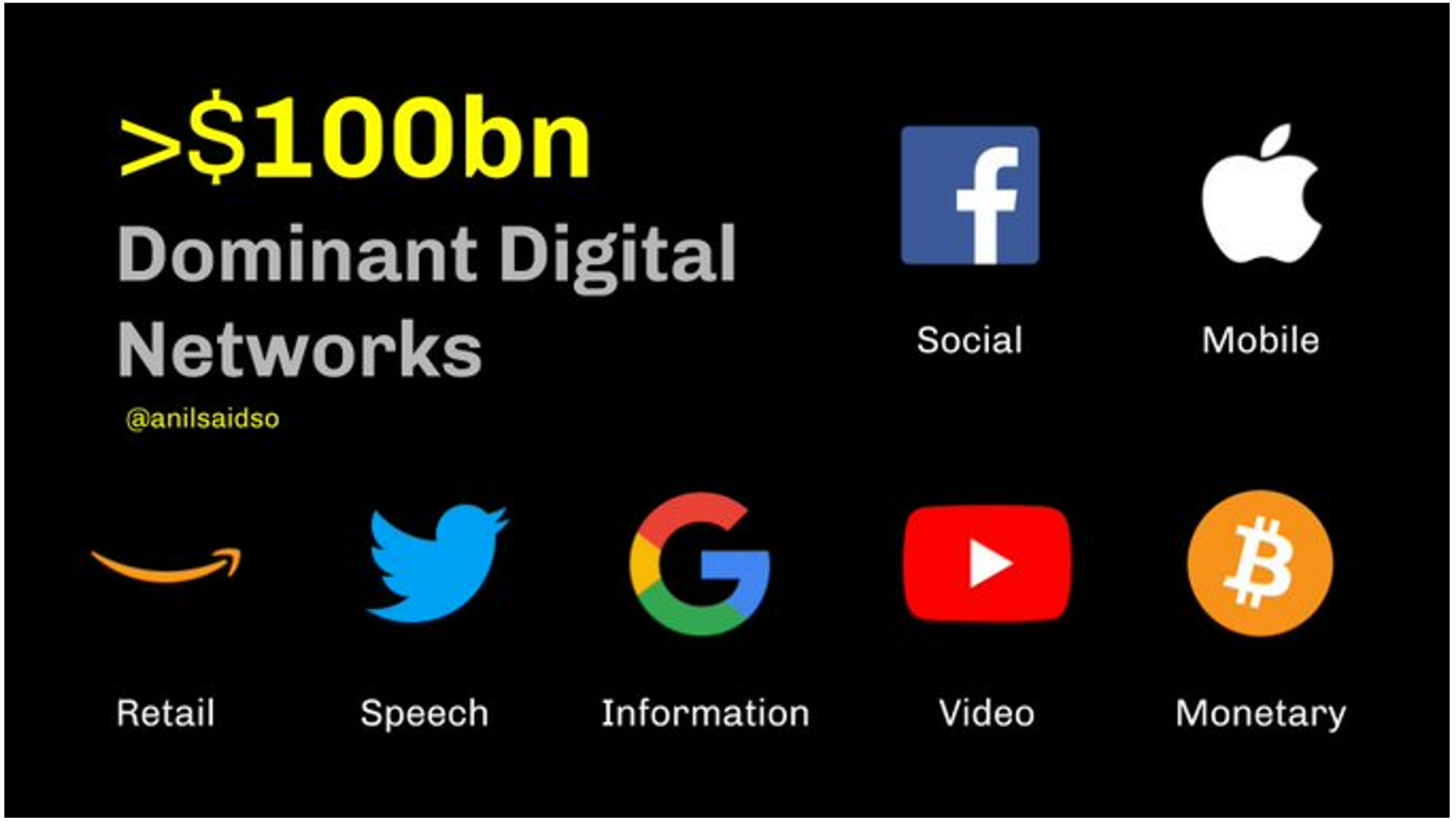
Scarcity

1.75 BTC



Network Effect

Network Effect

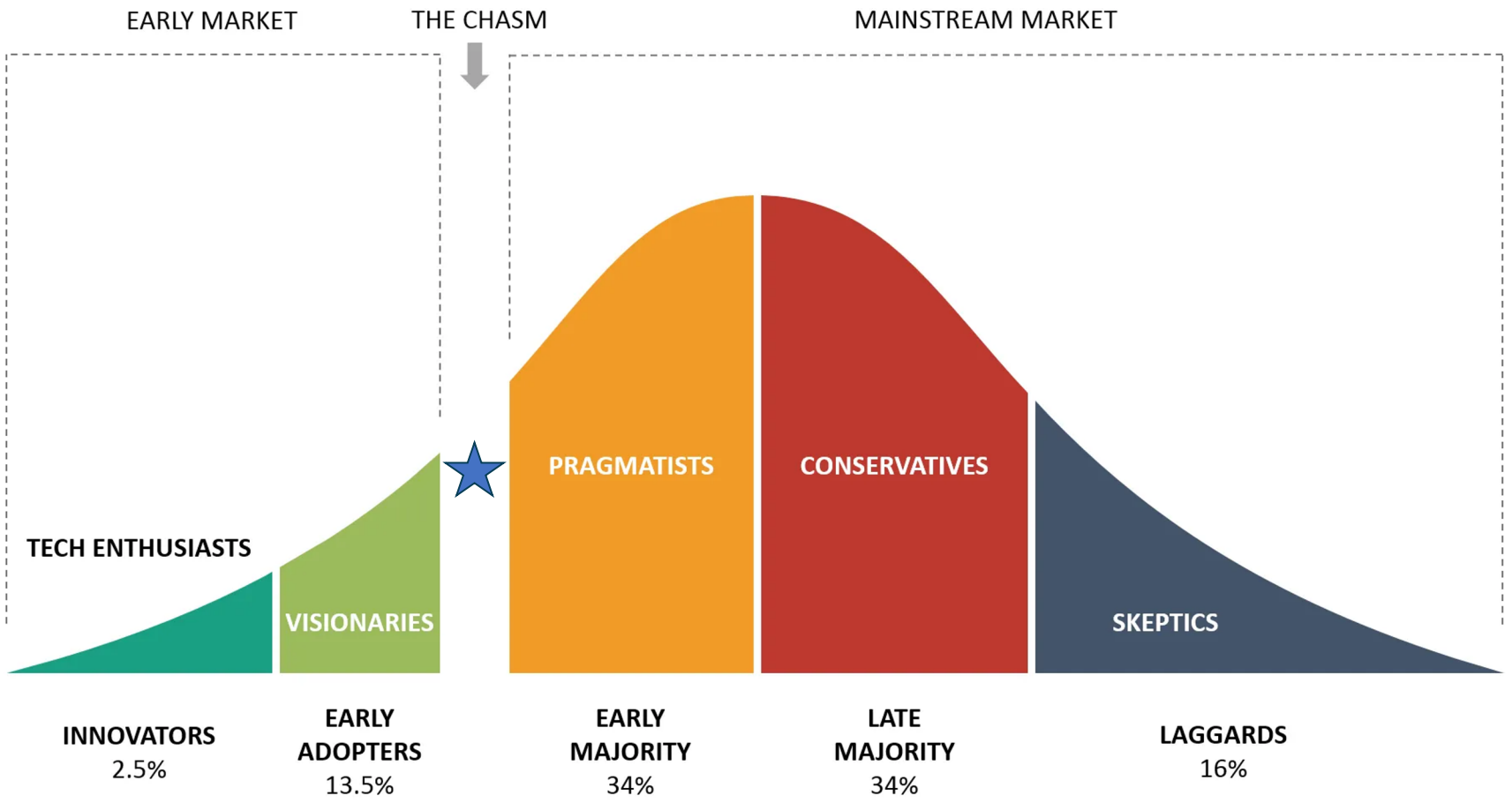


Source: Anil

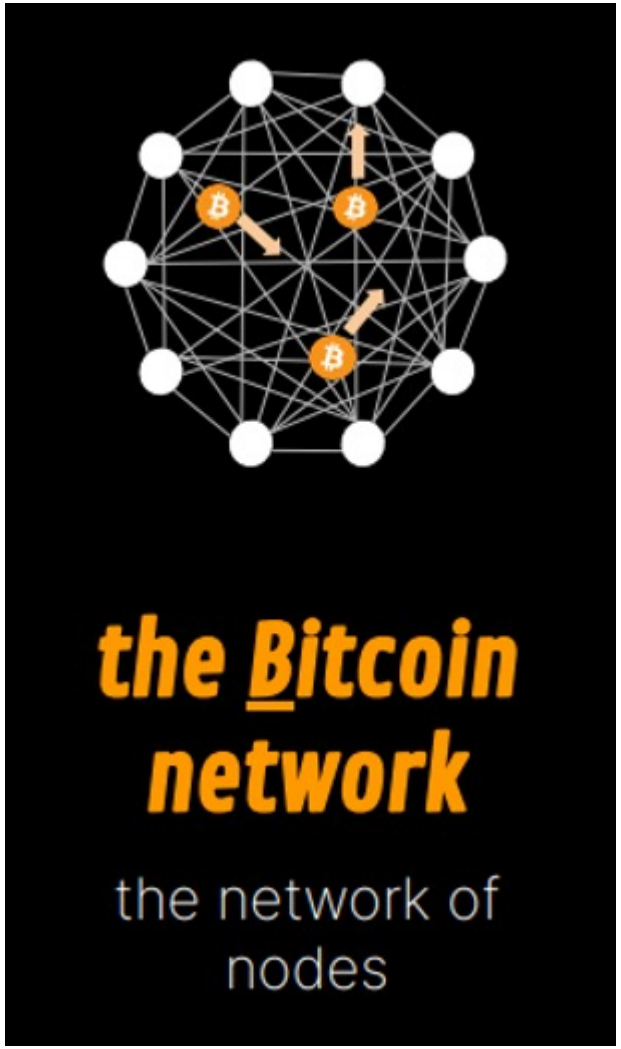
Network Effect

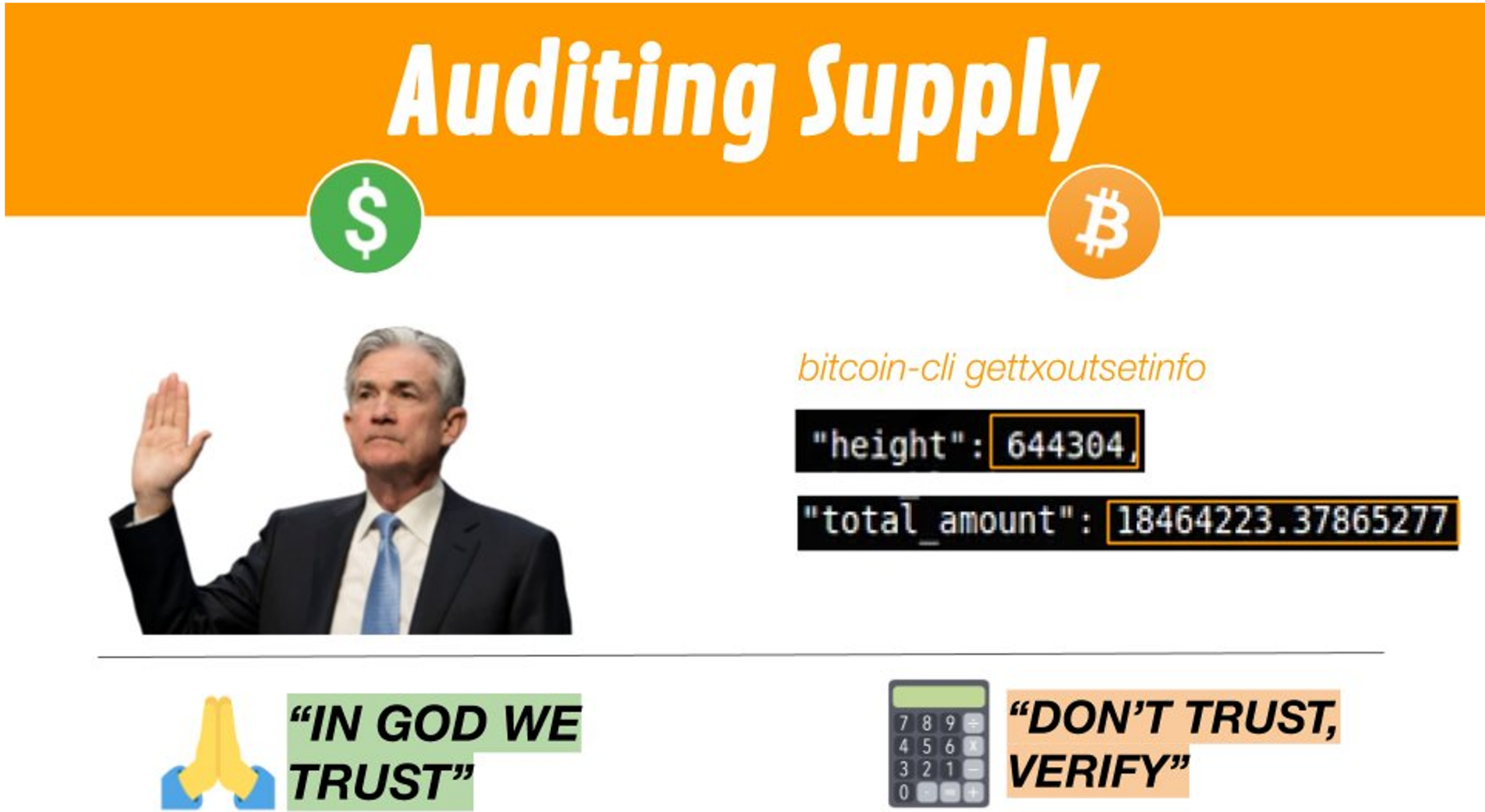
"25% of Americans with $10,000 in investable assets owns Bitcoin…"

**Source: Grayscale Third Annual Bitcoin Investor Study – December 2021*



Decentralized

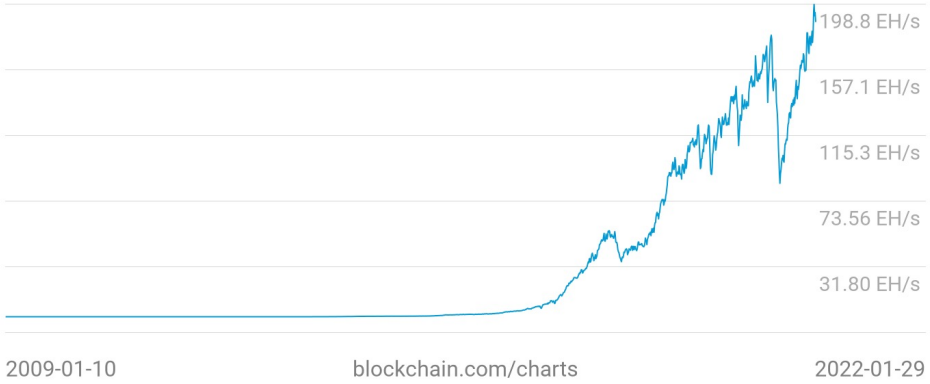




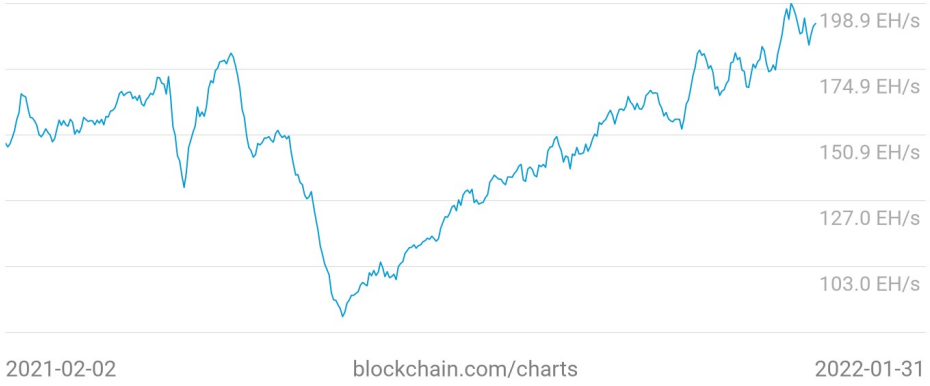
Source: Anil

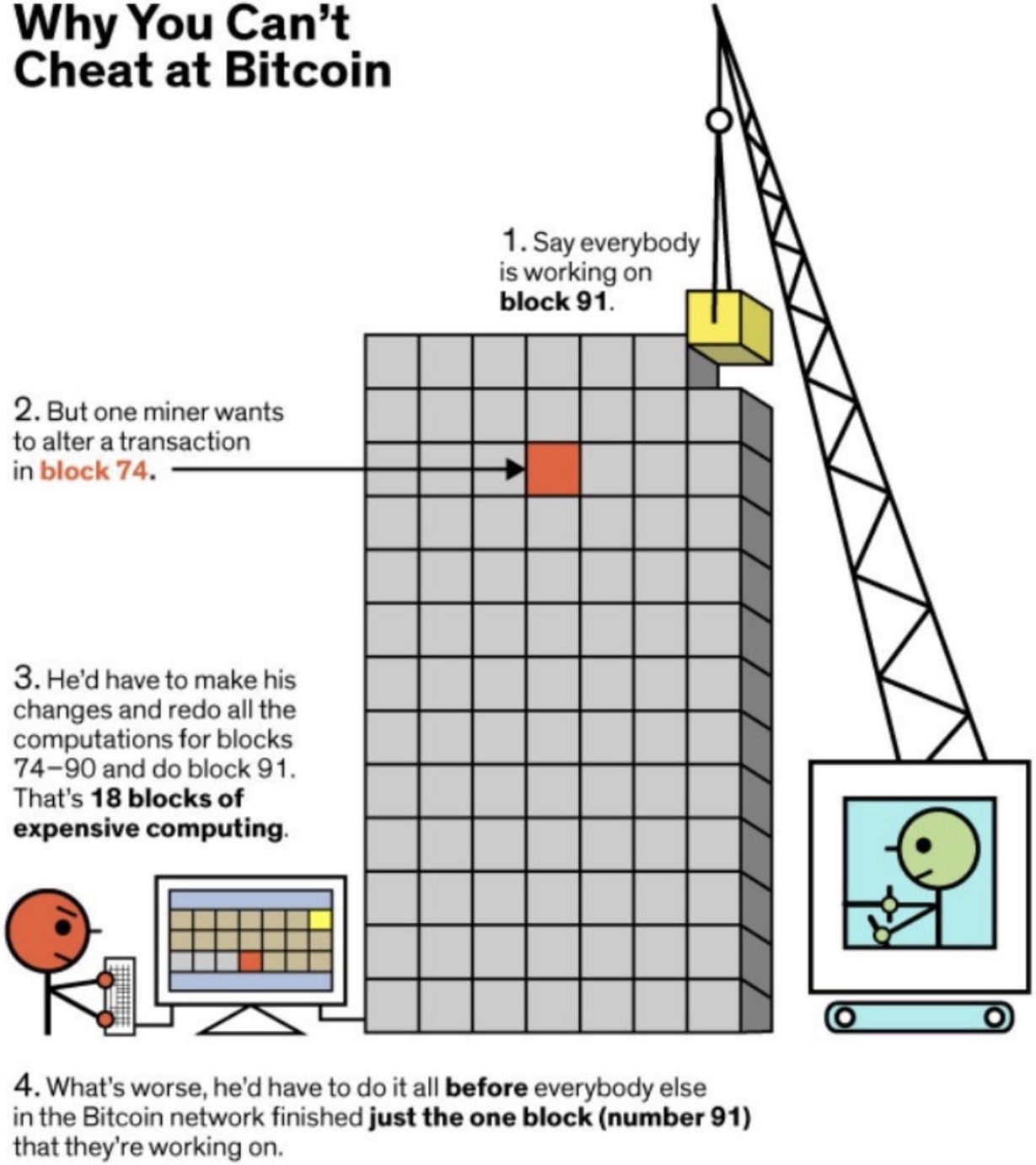
Security

Hash Rate
187.7 EH/s

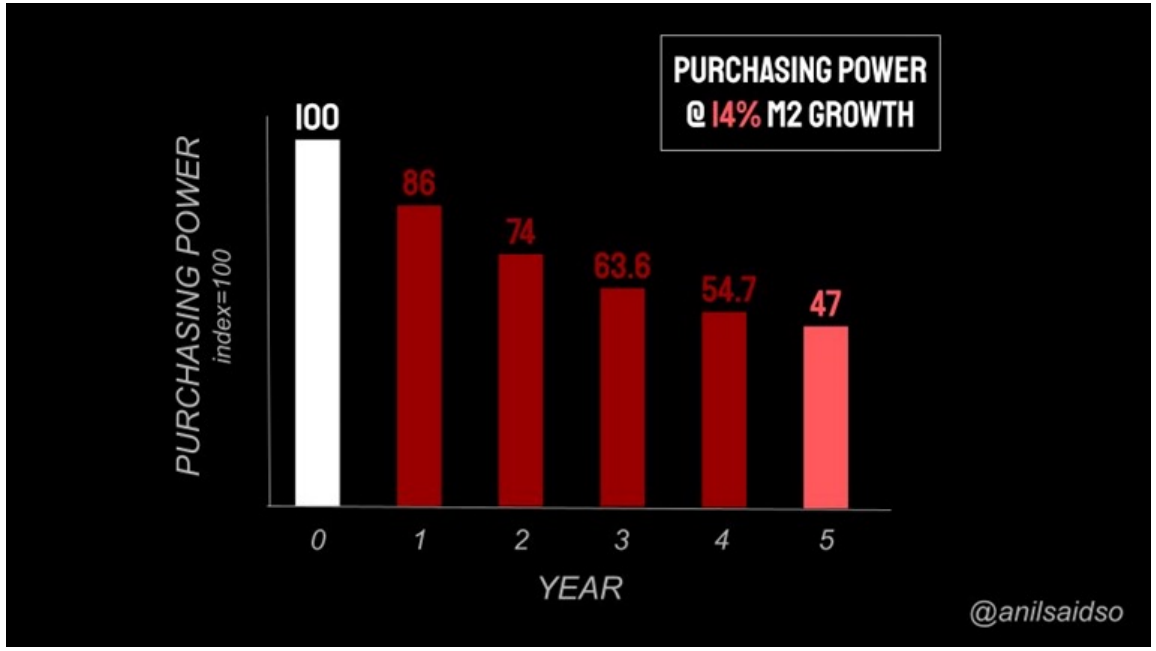


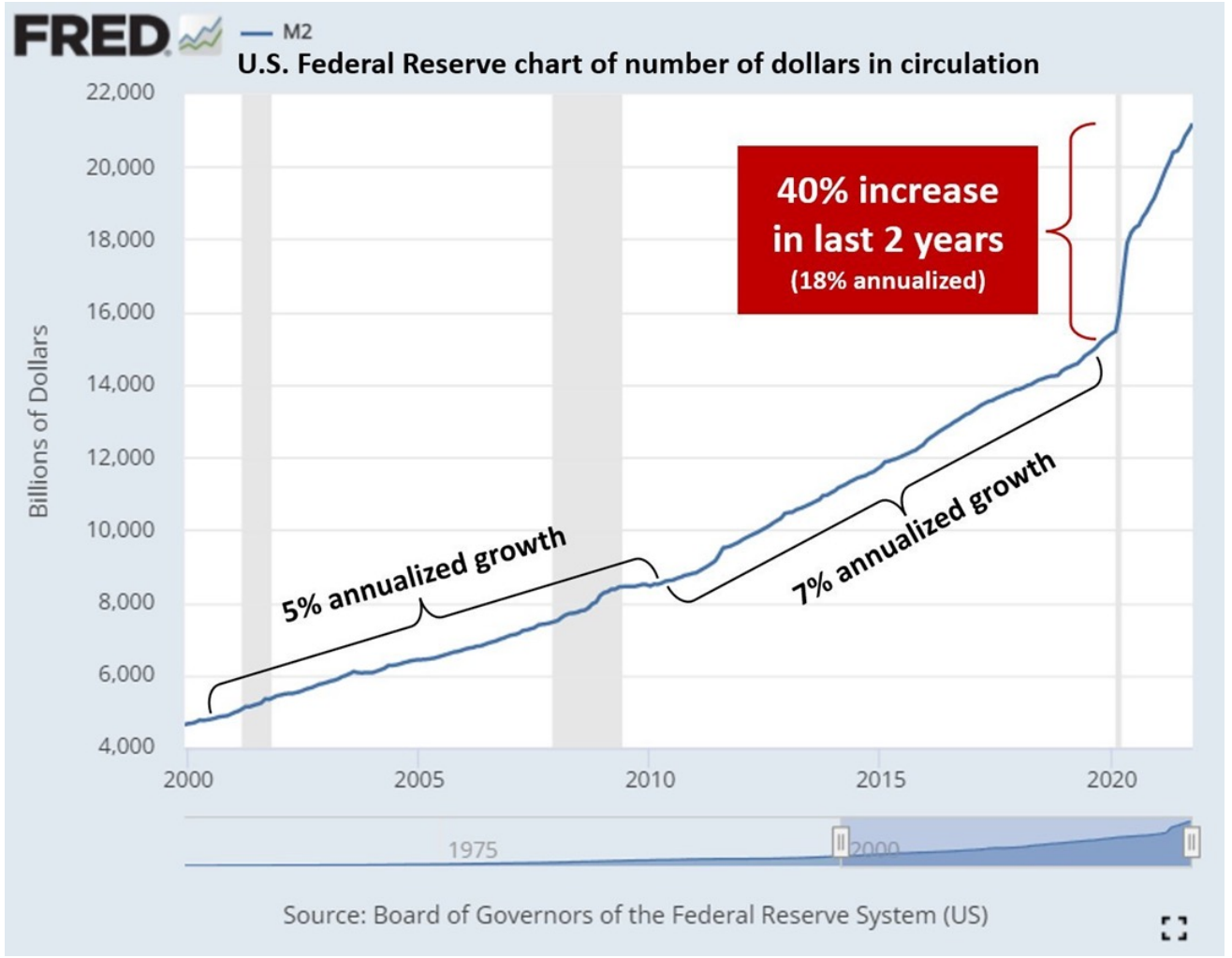
Hash Rate
191.5 EH/s





Disinflationary





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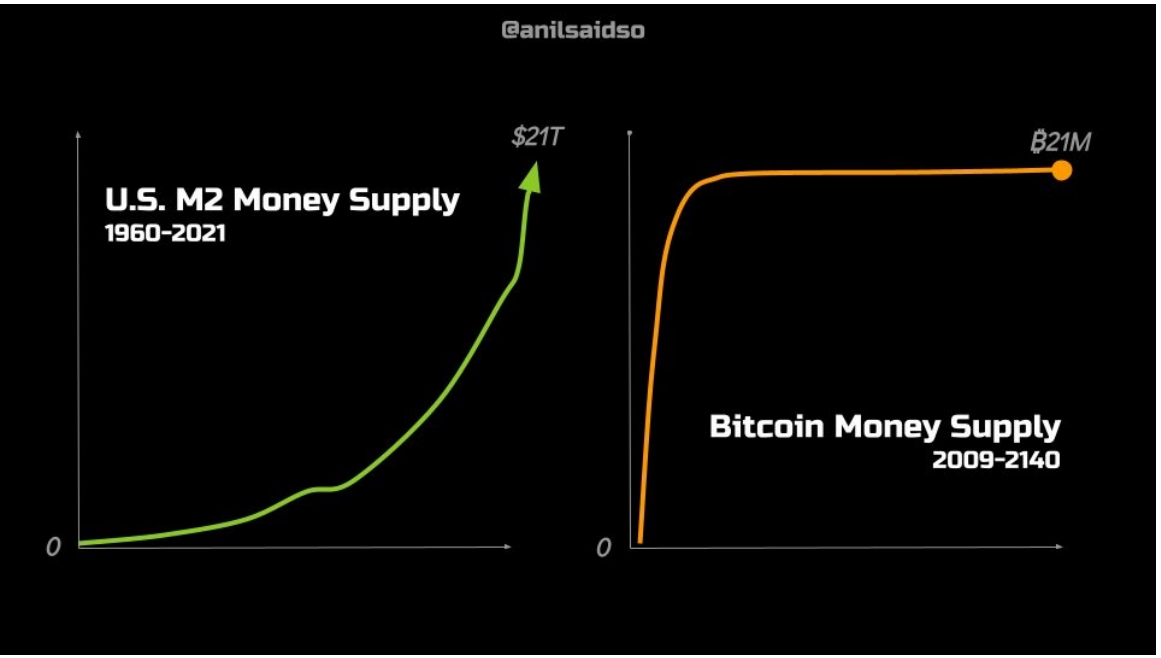
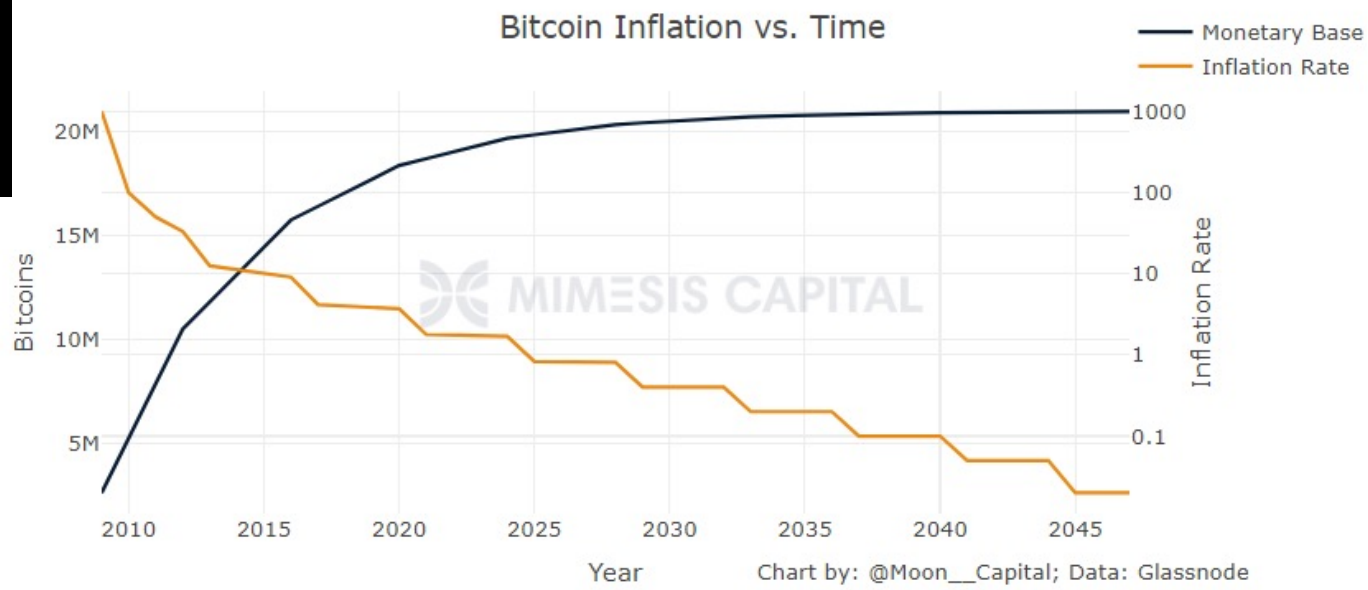
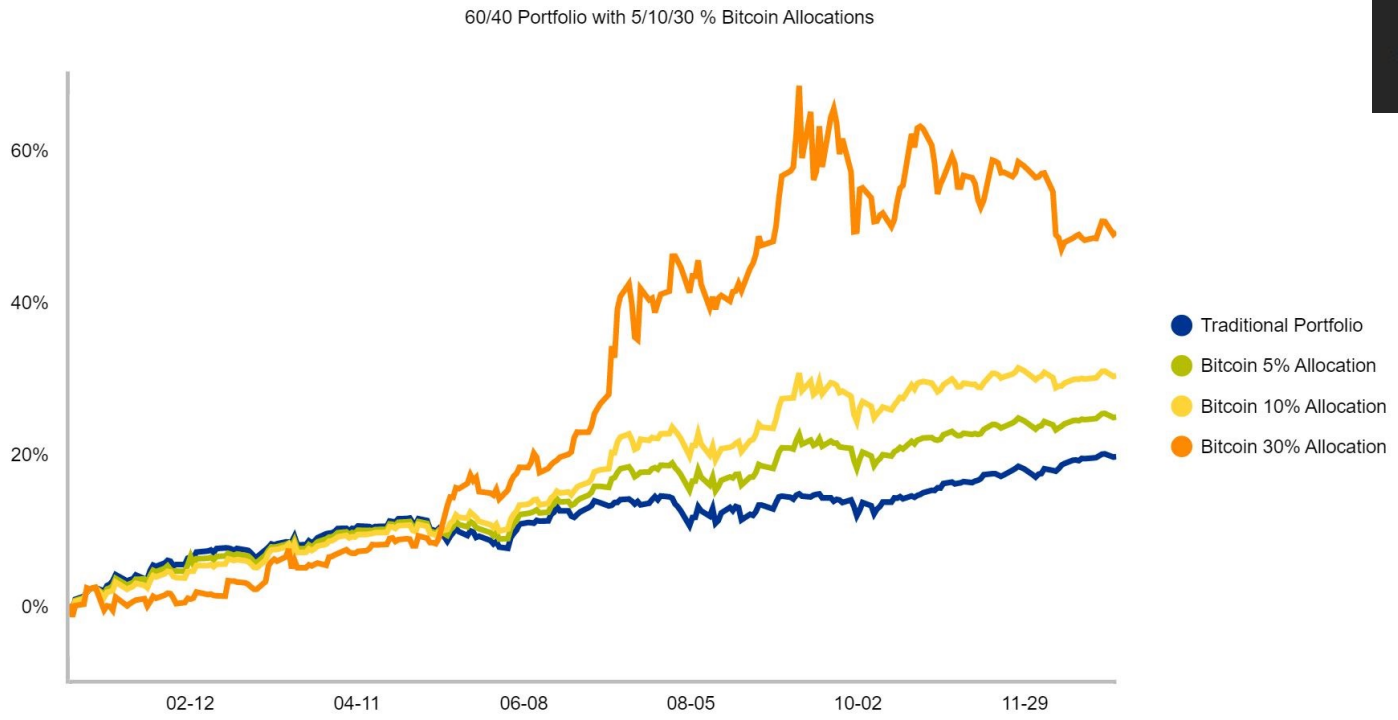


Current Inflation 1.74%



How to think about Bitcoin in Portfolios

- Digital gold – 7.5%
- Growth sleeve – 10%-20%
- Credit insurance (bonds) – 5%
- Dragon portfolio – 19%
- Equity exposed companies



"Bitcoin helps solve a real issue for clients trying not to outlive their money. Only you, as the partner to your clients, can know what the right fit is for bitcoin, but the evidence is clear that it does belong in everyone's portfolio."

Bitcoin's Total Addressable Market (TAM)

- Apple $2T = $107,000 per BTC
- Gold $11T = $525,000 per BTC
- Negative Yielding Bonds $18T = $855,000 per BTC
- Global Stock Market $90T = $4,285,000 per BTC
- Real Estate $200T = $9,500,000 per BTC

Sources: World Gold Council 2020, Forbes, Savills Global Research, CIA Factbook,

$900 Trillion US Dollars on the Globe – 5% or $45T = **$2,000,000 per BTC**

Greg Foss 32 Year High Yield Credit Trader

What About….

-The government will banning it!

-It is too volatile!

-They will make more of it!

-It will boil the oceans!

-It has no intrinsic value!

-Quantum Computing

-It is used by drug dealers and criminals!

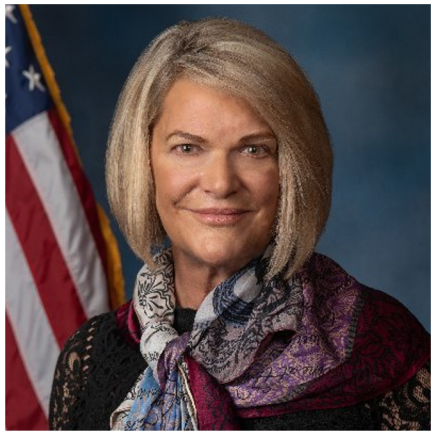
What about….the government?

Business

State Senator Introduces Bill to Make Bitcoin Legal Tender in Arizona

The U.S. Constitution doesn't allow individual states to create their own legal tender, however.

By Brandy Betz · Jan 28, 2022 at 4:30 p.m. EST · Updated Jan 28, 2022 at 5:55 p.m. EST ·



U.S. Senator - Wyoming - Senate Banking Committee

Avanti Unanimously Wins Bitcoin Banking Charter

Business

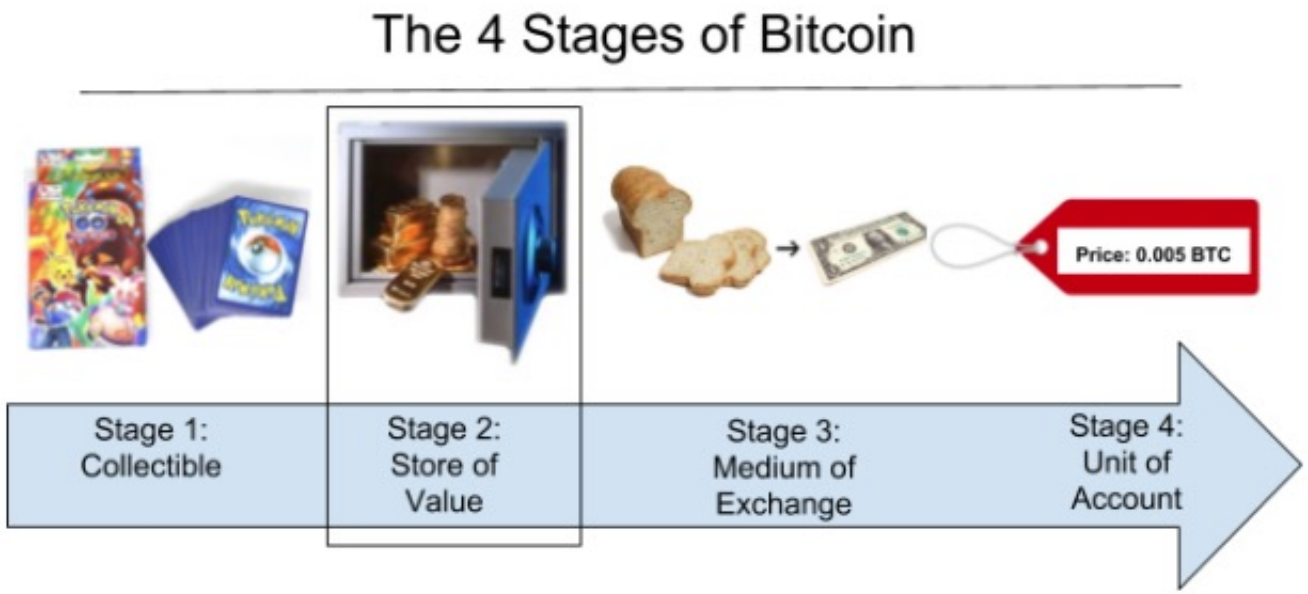
Institutional Bitcoin Broker NYDIG Valued at $7B in Whopping $1B Funding Round

WestCap is leading what appears to be the largest funding round in crypto history.

By Zack Seward, Ian Allison · Dec 14, 2021 at 8:43 a.m. EST · Updated Dec 14, 2021 at 11:17 a.m. EST ·

U.S. Congressman - Ohio 8th District

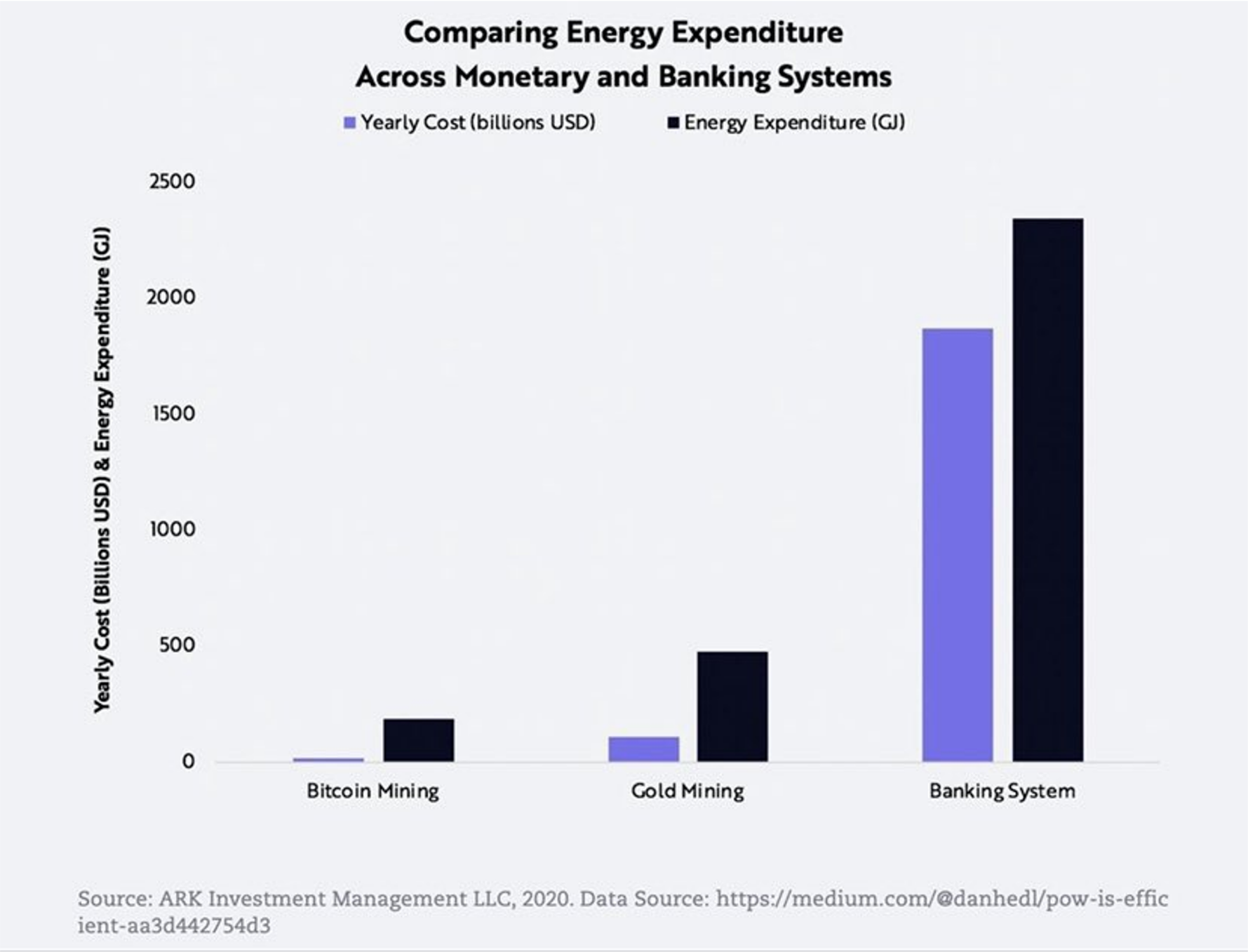
What About….volatility?



"Bitcoin is currently transitioning from the first stage of monetization to the second stage. It will likely be several years before Bitcoin transitions from being an incipient store of value to being a true medium of exchange, and the path it takes to get there is still fraught with risk and uncertainty. It is striking to note that the same transition took many centuries for gold. ***No one alive has seen the real-time monetization of a good (as is taking place with Bitcoin), so there is precious little experience regarding the path this monetization will take."***

Vijay Boyapati – **The Bullish Case for Bitcoin (2018)**

What about…. energy usage?

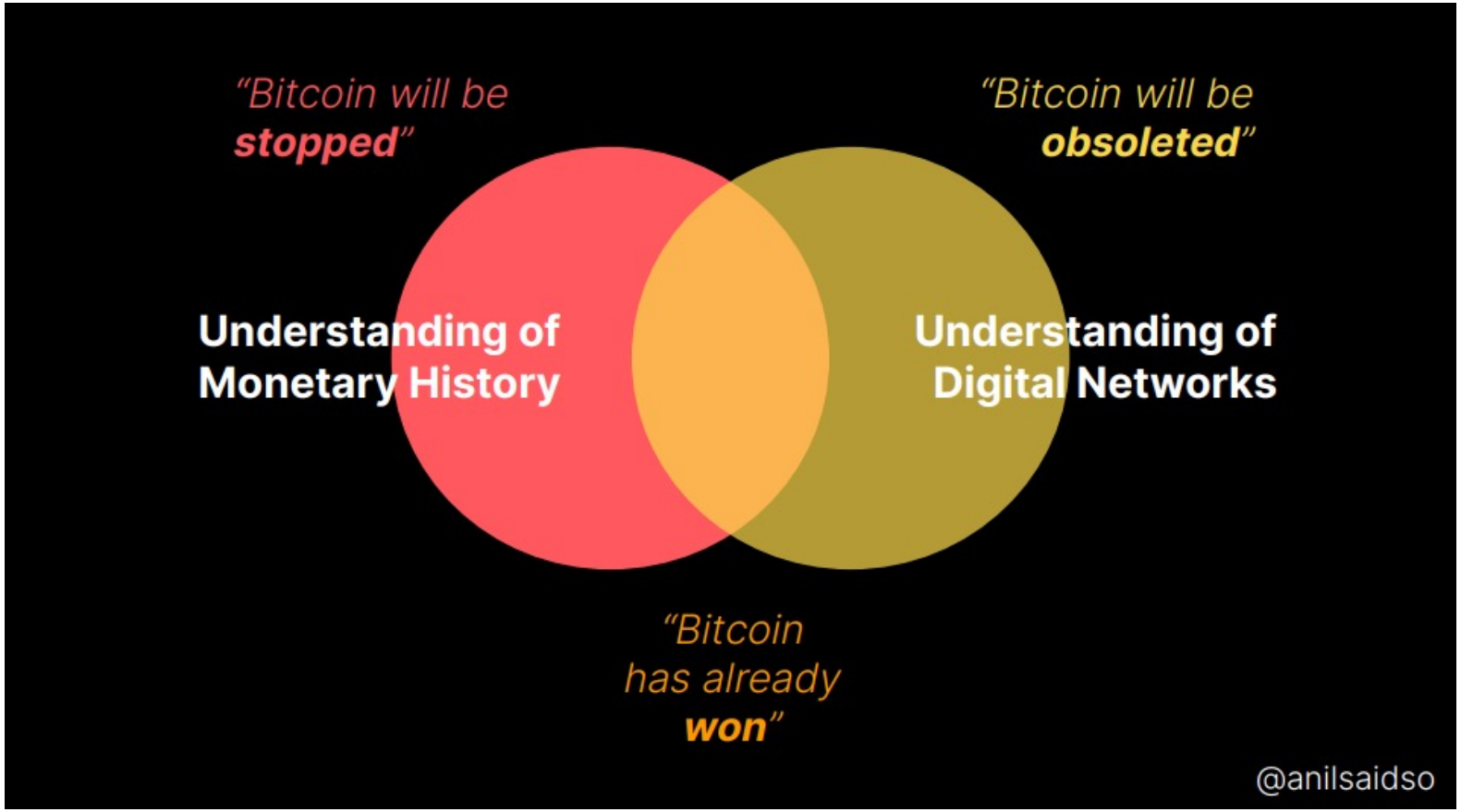


Source: ARK Investment Management LLC, 2020. Data Source: https://medium.com/@danhedl/pow-is-efficient-aa3d442754d3

In Conclusion

“When everyone loves to print money and everyone can print money, the money that no one can print is the one that wins.”

-Robert Breedlove

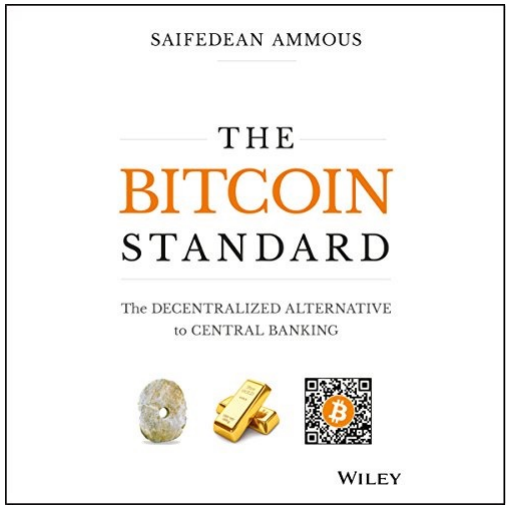


Q&A + Best Resources

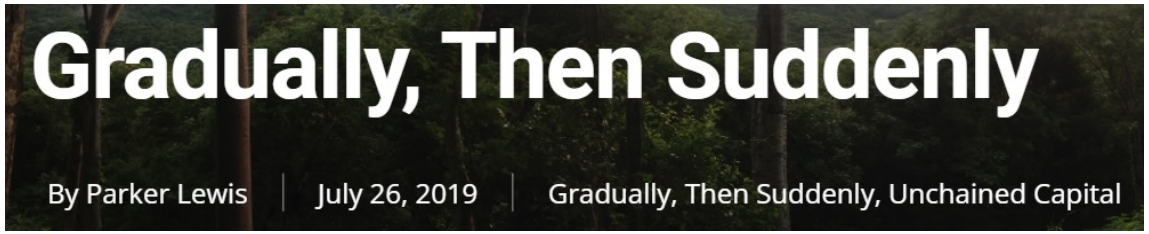
Podcast

BITCOIN FUNDAMENTALS
BY THE INVESTOR'S PODCAST NETWORK

Book



Blog Series



Research Report

Fidelity DIGITAL ASSETS℠

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