



THE DIGITAL ASSET THESIS

A birds-eye view at Bitcoin and digital assets in 10 charts



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A BIRD'S EYE VIEW

It's easy to miss the forest for the trees when considering crypto. It's too volatile, it's too risky, it's speculative. This deck takes an aerial view of Bitcoin and digital assets. It's a combination of historical performance facts we find convincing and a variety of arguments for potential market size growth. This deck is not intended to be a comprehensive analysis of either market. It does not cover various risks nor the fact that the future performance of Bitcoin and digital assets may not look like the past. Bitcoin regularly draws down more than 80%, and such volatility should be expected into the future. There are few certainties in life, especially in investing. But if we had to pick just 10 charts to present the digital asset thesis, and why we find this industry compelling, these would be it.

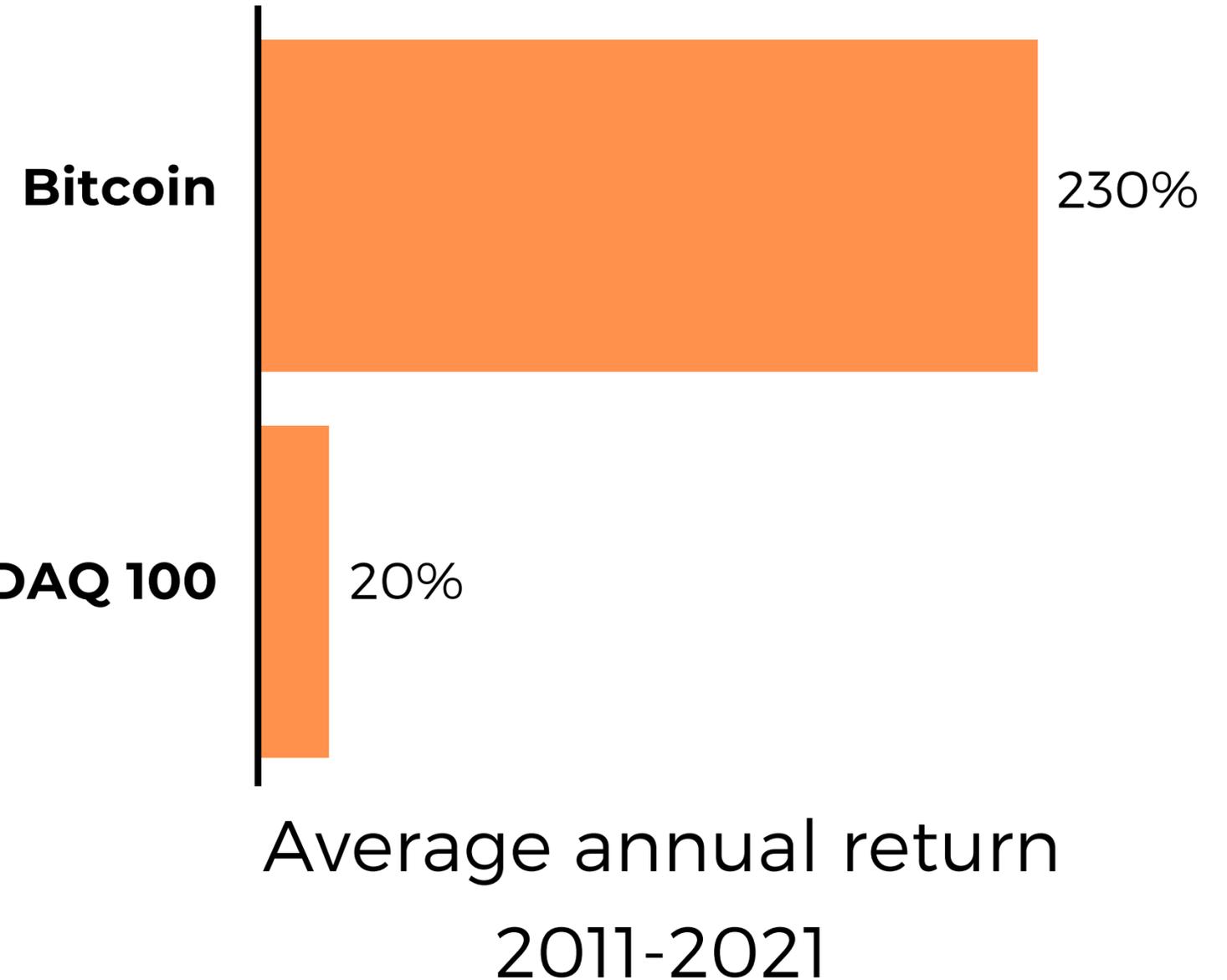
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1. High returns.

Bitcoin and digital assets were the **highest returning asset class** of the last decade. Bitcoin returned **10X** more per year than the second best asset class, the NASDAQ 100.



Sources: [Yahoo, 2021](#)

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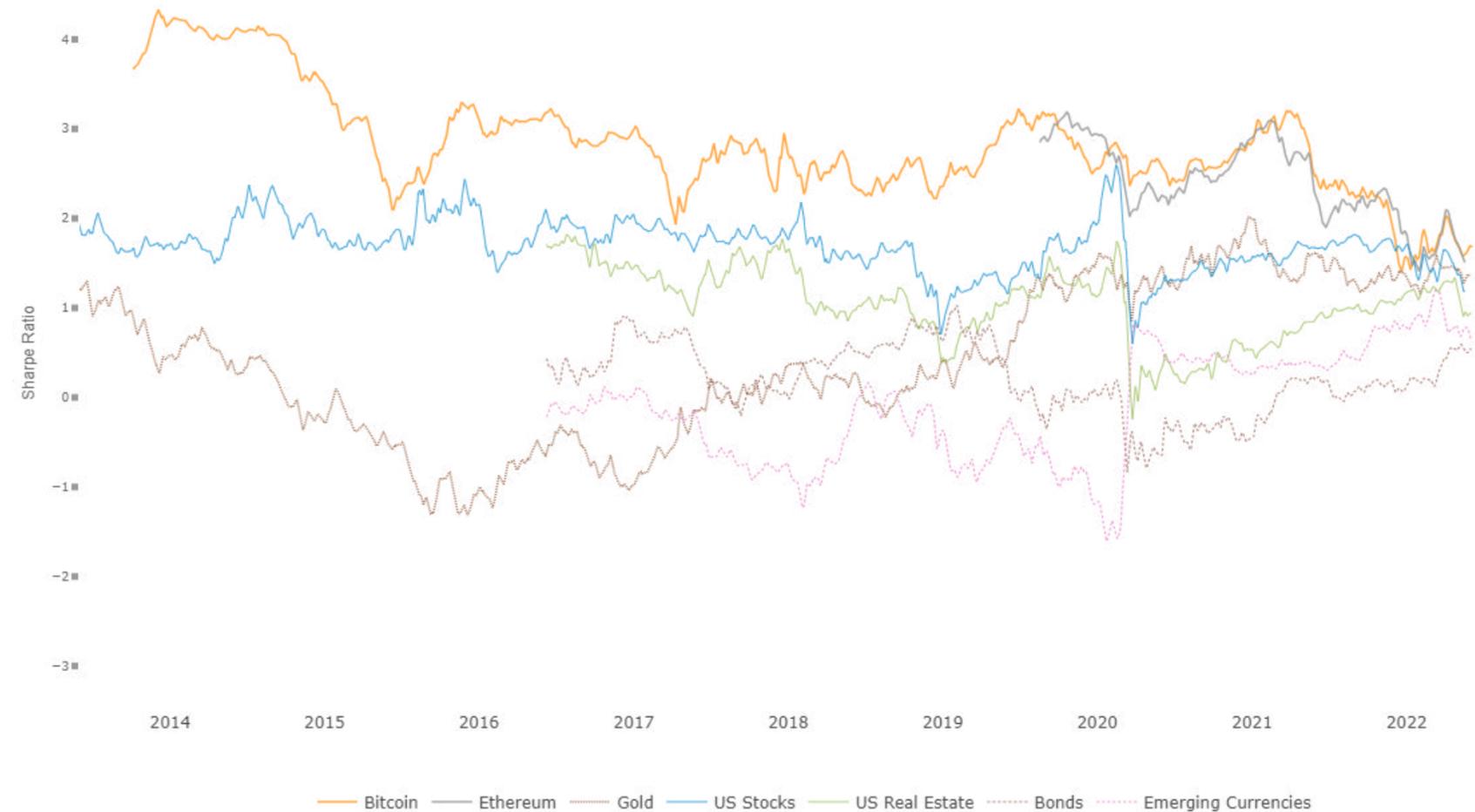


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2. Best risk-adjusted returns

Bitcoin and Ethereum had **the best risk-return relationship** of major asset classes through the last decade based on Sharpe Ratios.

Sources: [Woobull Charts, 2022](#)



4-year rolling Sharpe Ratio of major asset classes

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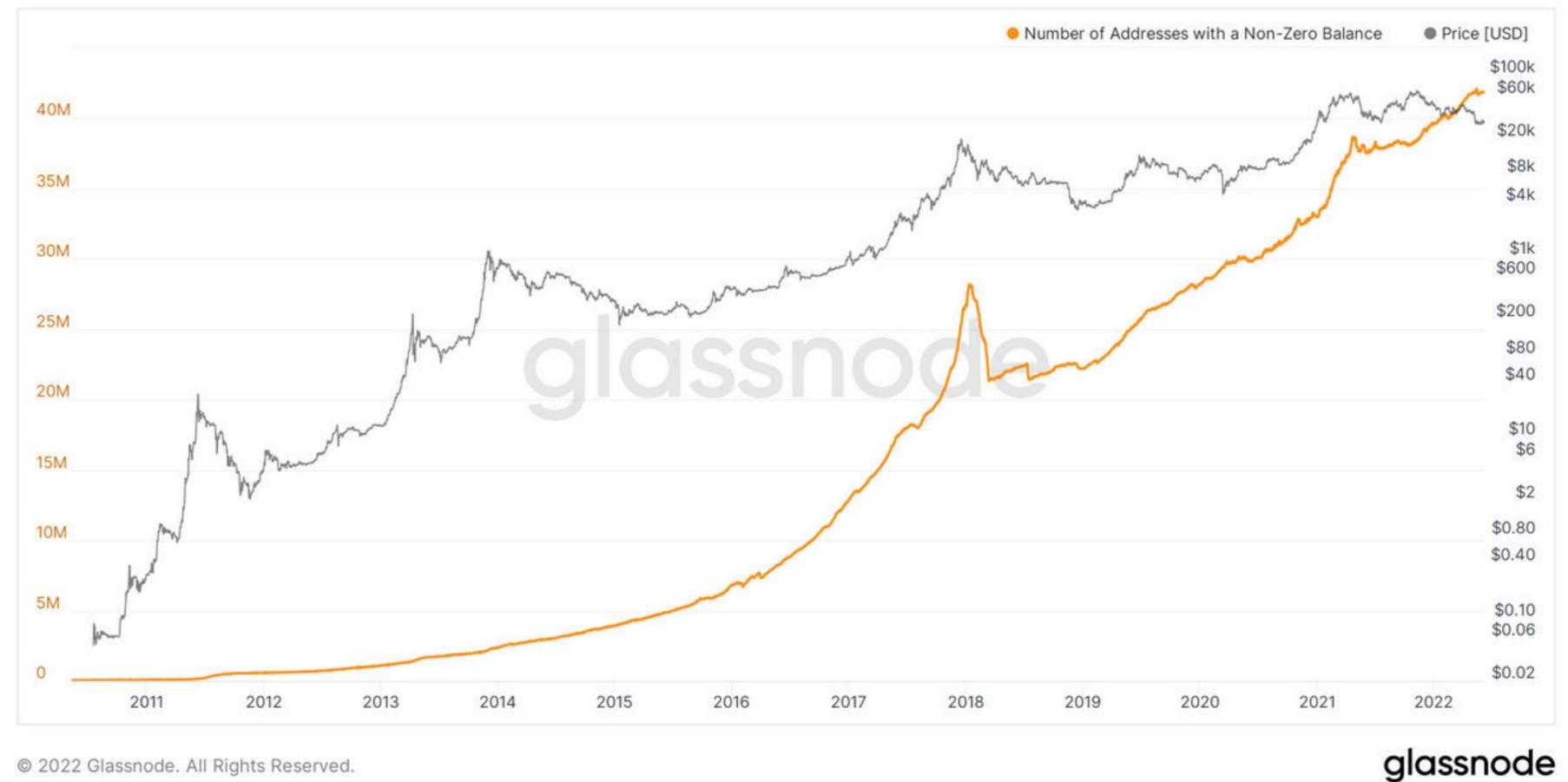
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3. Adoption is still in its infancy.

Bitcoin holders represent **just 0.5% of the World's** population today.

Sources: [Glassnode, 2022](#)

Bitcoin: Number of Addresses with a Non-Zero Balance



There are still only 40M Bitcoin addresses with a non-zero balance

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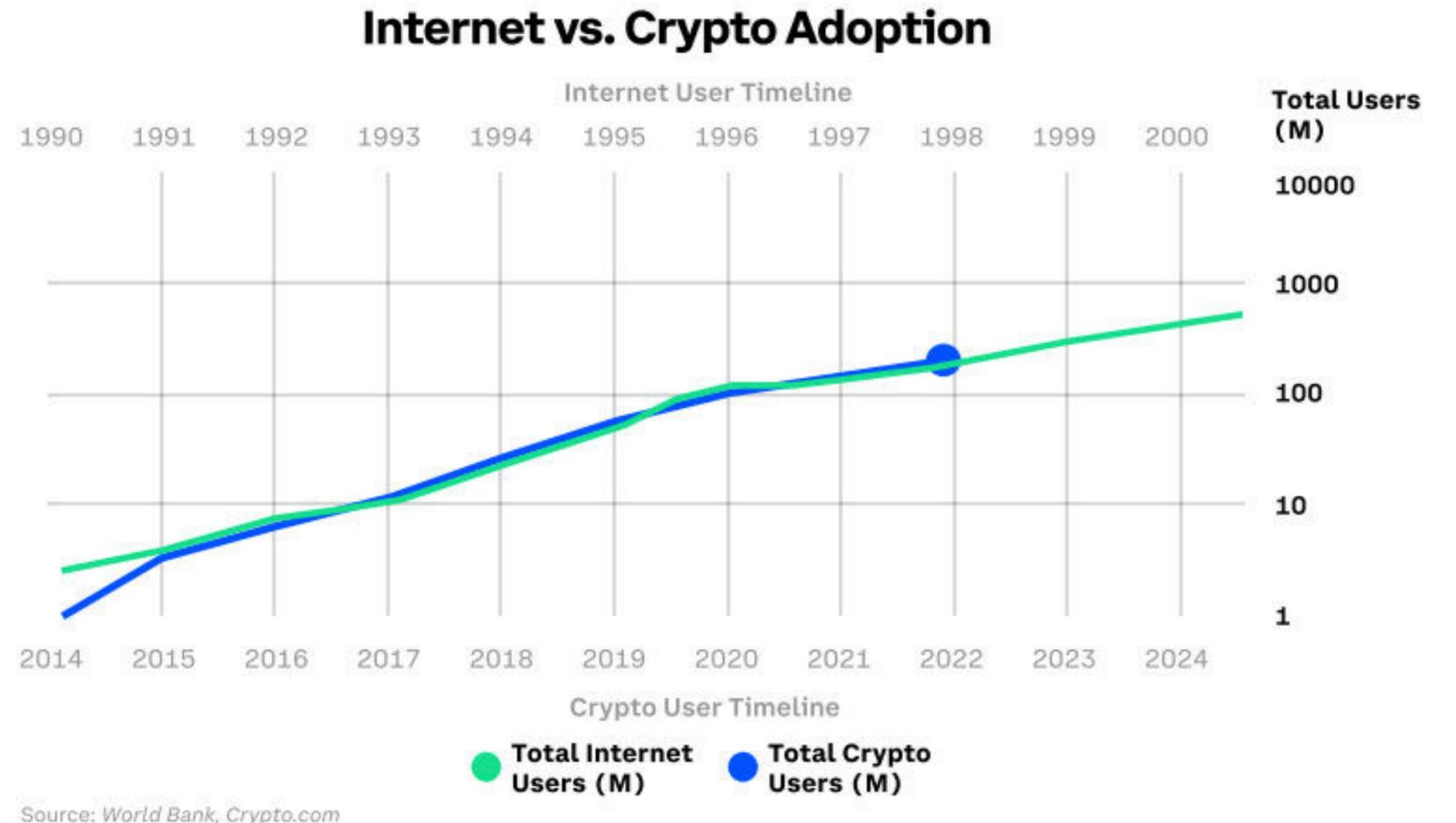
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4. It's still early.

Digital asset adoption is following the path of the internet, but with **faster growth**.

Digital asset adoption is roughly **in the same place the internet was in 1998**.

Sources: [Zero Hedge](#), [World Bank](#), [Crypto.com](#) (2021).



Digital asset adoption is tracking the internet's 1990s trajectory



FRIEDRICK HAYEK (1984)

“

I don't believe we shall ever have a good money again before we take the thing out of the hands of government. That is, we can't take it violently out of the hands of government, all we can do is by some sly roundabout way introduce something that they can't stop.

”

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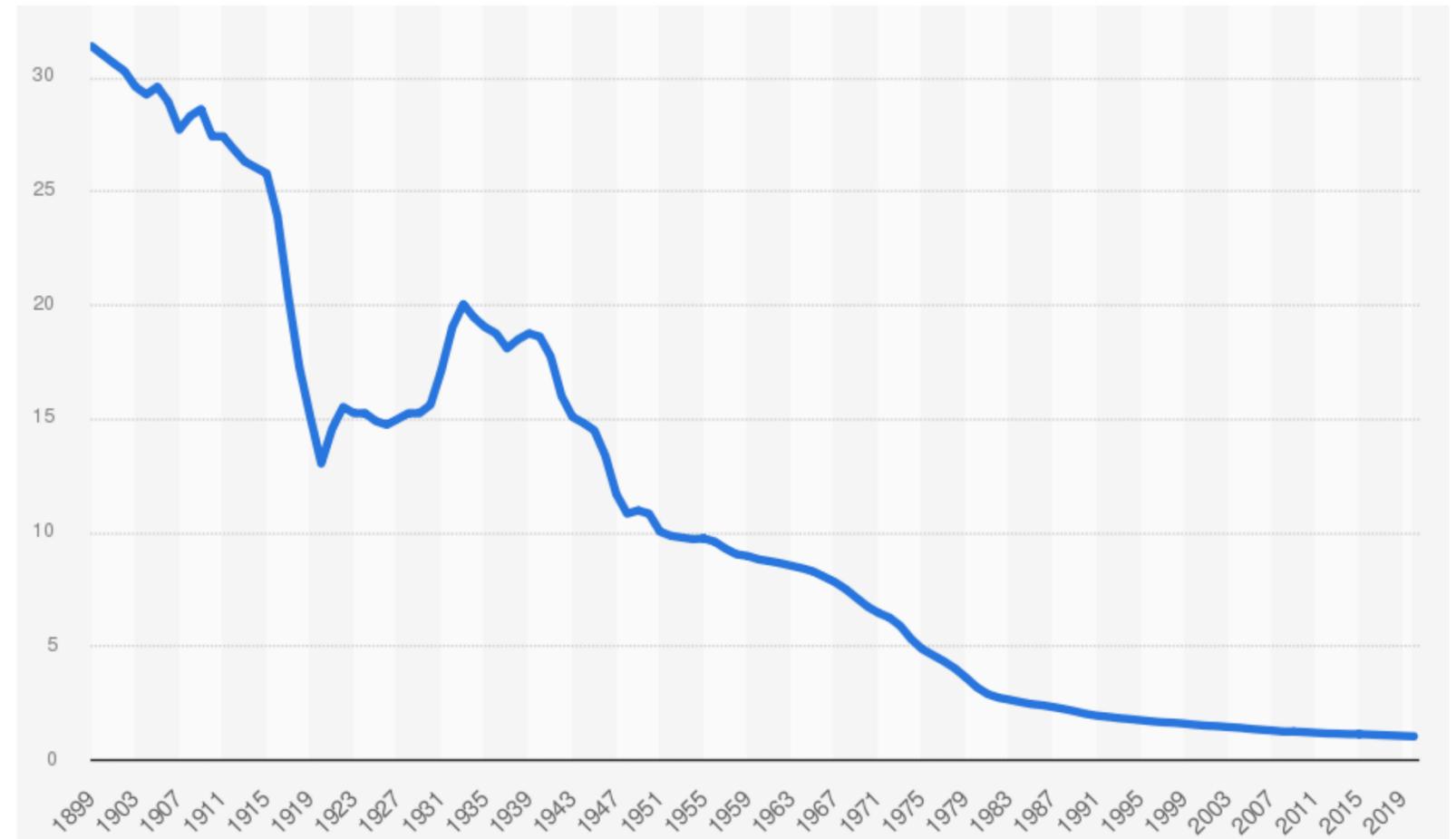


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5. Hard as Gold.

With Debt-to-GDP higher than the WW2 peak, it wouldn't be surprising for the current multi-decade **trend of fiat inflation and devaluation** to continue out of necessity. In 2 years, Bitcoin will be less inflationary than gold.

Sources: [Trading Economics](#), [Statista](#), 2022



Purchasing power of one US Dollar has declined 97% in the last century

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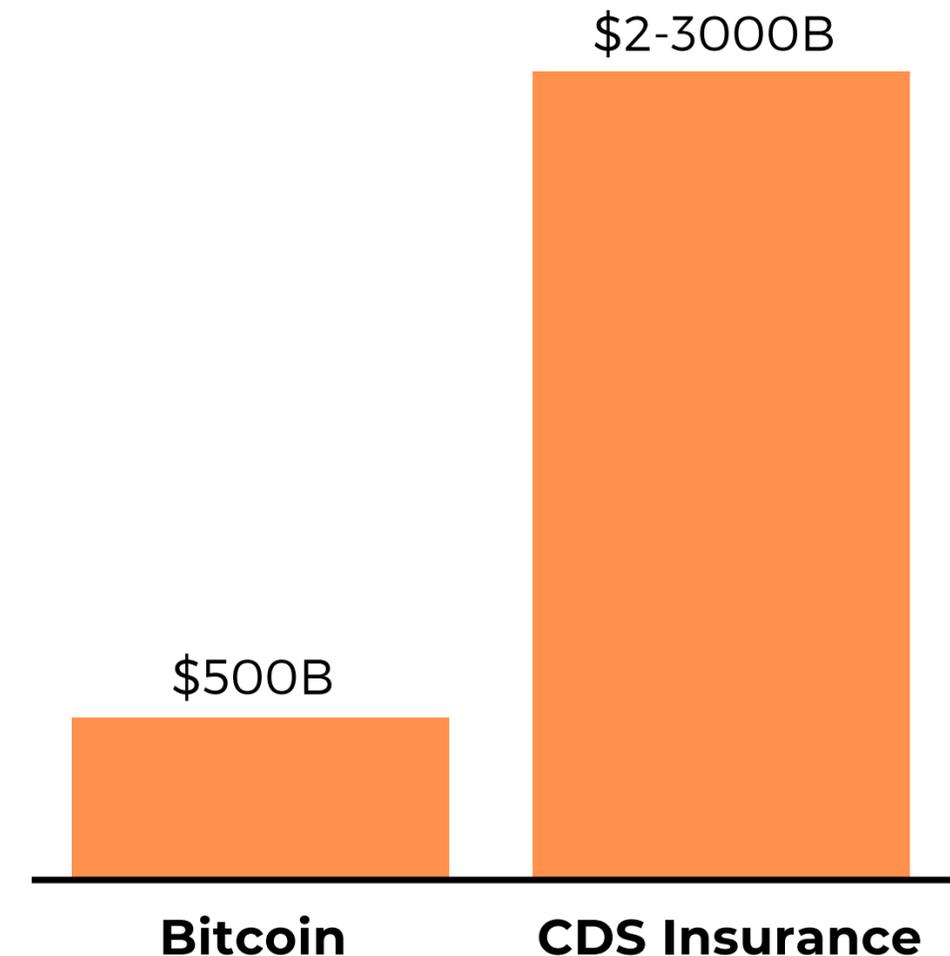
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6. Fiat default insurance.

The CDS default insurance market for fiats is valued at \$2-3T.

Greg Foss makes a compelling case **Bitcoin is also fiat default insurance**. Valuing Bitcoin as fiat default insurance alone puts Bitcoin's price closer to **\$150K per coin**.

Sources: [Rockstar Inner Circle \(Greg Foss 2021\)](#)



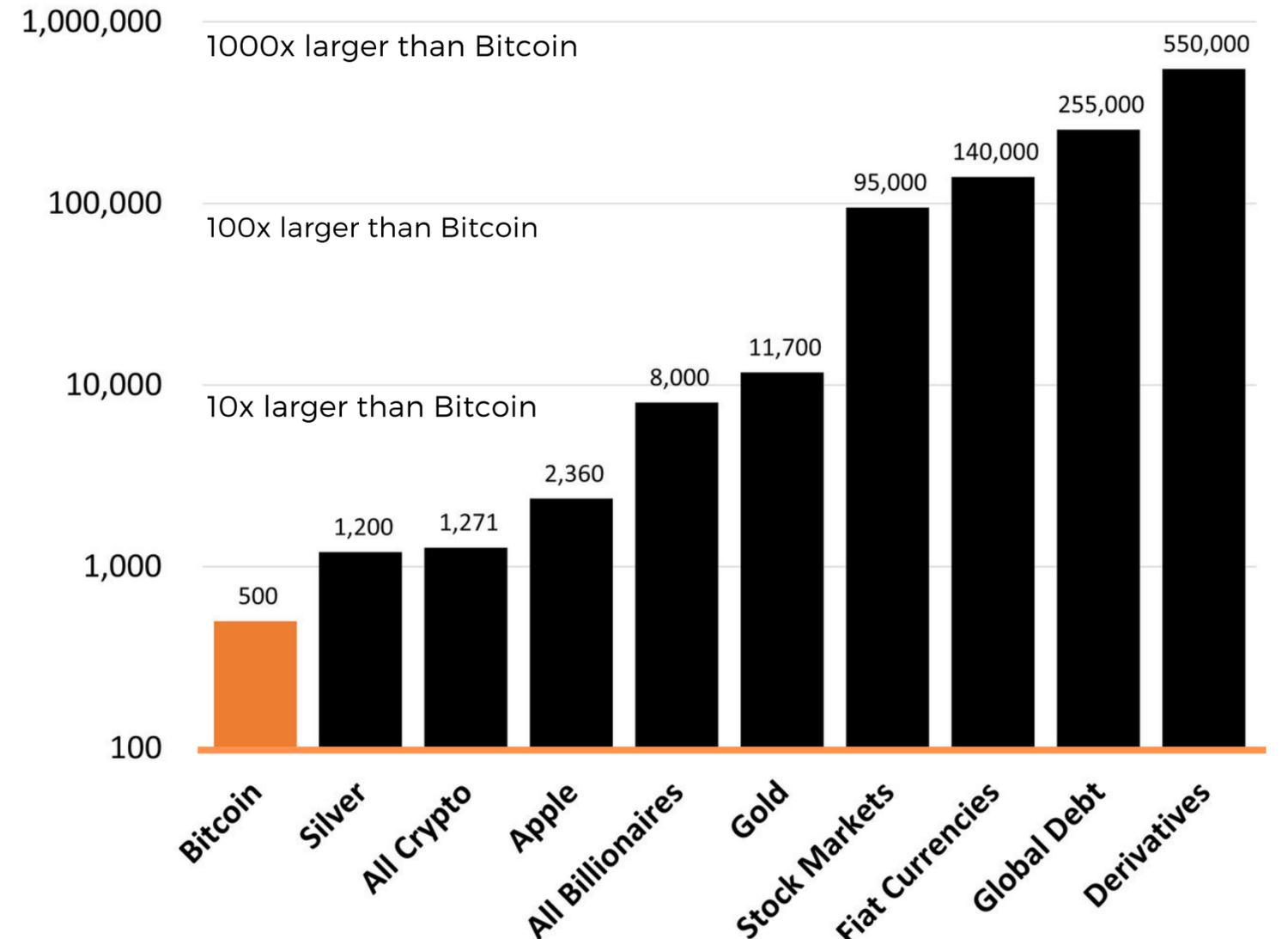
Market caps of Fiat default insurance

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7. Asset market caps are still emerging.

If Bitcoin becomes the global default for hard money or peer-to-peer cash, that would be an order of magnitude increase of circa **10X (gold)** to **100X (fiat)**.



Market Caps of major asset classes

Sources: [Coin Market Cap](#) [Fiat Market Cap](#) [Companies Market Cap](#) [Visual Capitalist](#) (2022)

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8. Bitcoin is regulated, institutional and sovereign.



2

Number of countries that have already made Bitcoin legal tender since 2021.



38

Number of public companies that have added Bitcoin to their balance sheet.



96%

Percent of the world where Bitcoin is legal.

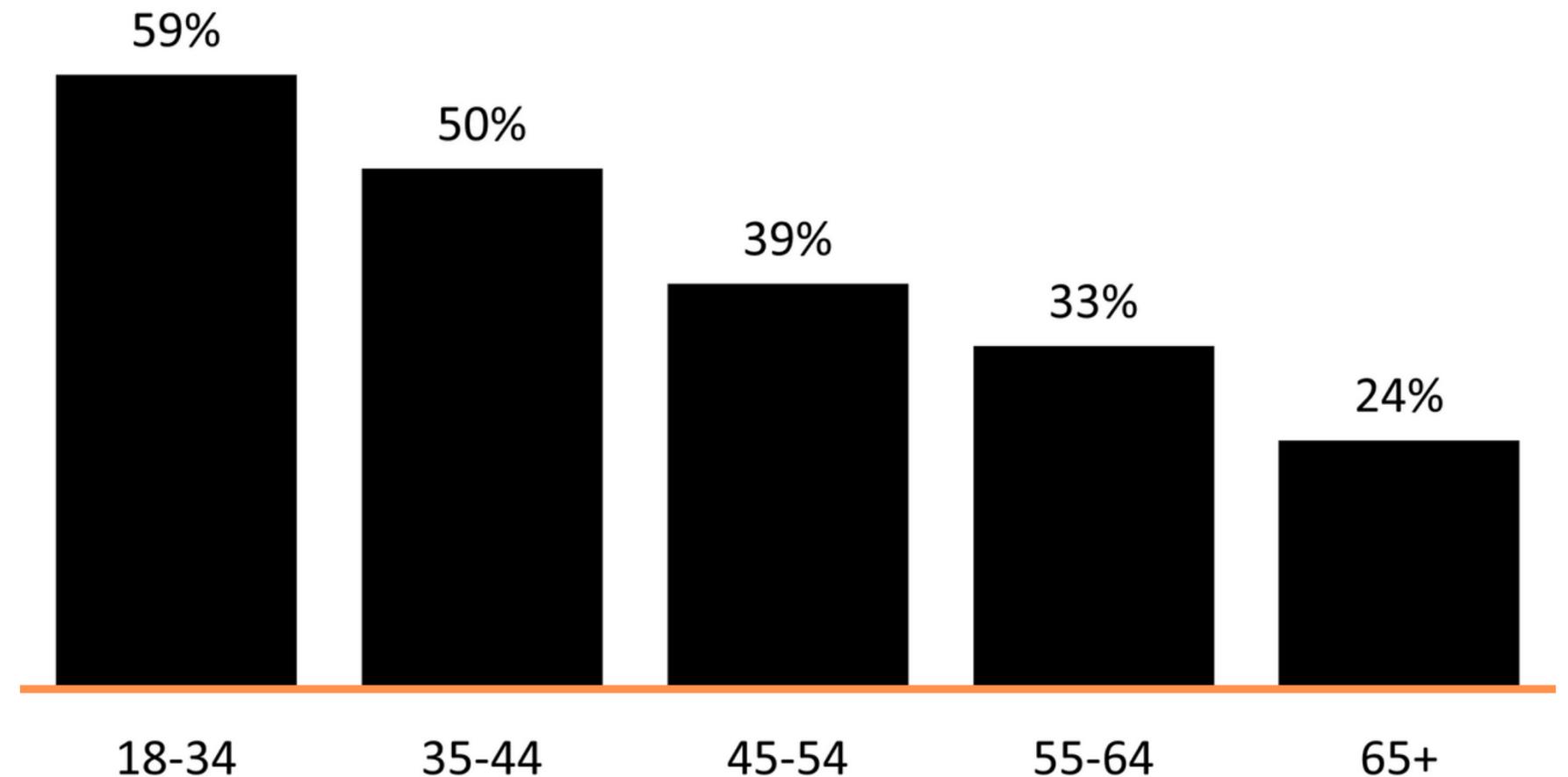
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9. Bitcoin is the future.

Younger generations, that are entering their peak income earning years, mostly **agree Bitcoin is a positive financial innovation.**



Percent that agree Bitcoin is a positive innovation in financial technology

Sources: [Cointelegraph](#) (2020)

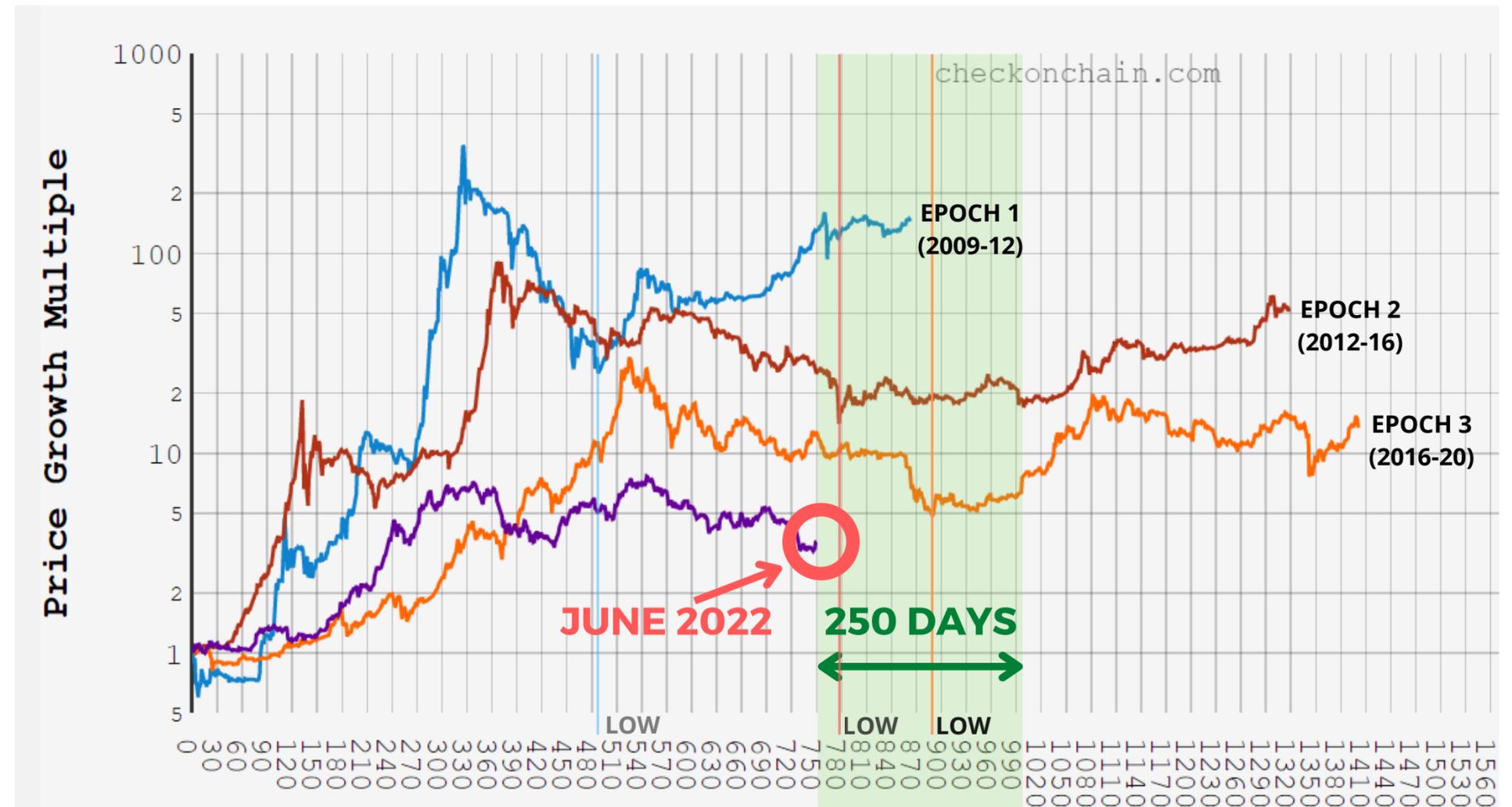
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10. Bitcoin's 4-year cycle provides opportunity.

Since 2012, **the best time to invest** has been the 1-year period ending 1-year prior to the Bitcoin Halving (now until Q1 2023).

Sources: [CheckonChain \(2022\)](#).



Days since Bitcoin Halving

DIGITAL ASSETS SUMMARY

- **High return:** the best returning asset class of the last decade
- **Low relative risk:** the best risk-reward of major asset classes
- **Emerging:** less than 1% of the world owns Bitcoin
- **Value:** comparable markets are valued 5X, 10X and 100X more
- **Adoption:** adoption looks like the internet in 1998, but faster
- **Sovereign:** companies and countries are adopting Bitcoin
- **The future:** today's prime earners value Bitcoin
- **Cyclical:** we are in a period where Bitcoin historically bottoms.

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FORWARD LOOKING STATEMENTS

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