Your clients' questions answered

CoinShares

Index

Digital asset fundamentals.

What are digital assets, how the blockchain works and the key distinction between different types of crypto.

1.

The basics

1.11 What is a blockchain and how does blockchain technology work?

A blockchain is a system that records transactions in a strict time order. It's unique because it lets people who don't know or trust each other work together to create and maintain a shared record of transactions — without giving special privileges to anyone.

Instead of using a central authority to keep time and settle transactions, a blockchain shares this responsibility among many voluntary participants. These participants take turns confirming groups of transactions (called blocks). Participants are rewarded for following the system's rules and face financial penalties if they try to cheat or act dishonestly.

1.12 What makes a blockchain a revolutionary technology for finance, security, trust and transparency?

Blockchain enables decentralized, 24/7 transaction settlement through a self-incentivized global infrastructure. When used as a sequencer for code execution, it can serve as the settlement layer for a wide range of automated financial services — operating independently of traditional institutions and accessible to anyone, anywhere, at any time.

Depending on the protocol's core properties, transactions settled or code executed on a public blockchain can achieve high levels of security, while also allowing users to define their own desired levels of settlement assurance based on the service they're engaging with.

Blockchains are inherently transparent, enabling real-time auditing by anyone. This brings both benefits and limitations. A key benefit is that users can verify that services function exactly as promised; a downside is that traders must accept that their strategies may be visible to competitors.

1.13 What is the difference between proof-of-work and proof-of-stake? What are the cryptos that offer staking yield?

Proof-of-work is a system where computers compete to solve complex problems to validate transactions and add them to the blockchain. The more energy a computer uses, the more likely it is to win the right to add a new block. If a participant tries to cheat, the energy they used is wasted — so there's a strong incentive to follow the rules. Bitcoin uses this method. It's secure and decentralized, but energy-intensive.

Proof-of-stake differently. Instead of using energy, participants lock up (or "stake") their own coins to gain the right to validate transactions. The more coins they stake, the higher their chances of being selected. If they break the rules, they lose part of their staked coins. This system uses very little energy but relies on economic penalties to ensure honesty. Ethereum and many other newer blockchains use this method.

With proof-of-stake, anyone who holds the token can earn rewards by either staking their own coins or delegating them to a validator. This is called "staking yield." It's a bit like earning interest, but it carries the risk of losing some of the staked amount if the validator behaves badly or makes a mistake.

Among the top 20 cryptocurrencies using staking, yields typically range from

2% to 21%.[1] The actual return depends on factors like how many people are staking, how the network is designed, and how much activity is happening on the blockchain.

1.2

Bitcoin

1.21 Can you explain the history behind Bitcoin?

Bitcoin was originally designed as a means of reliably settling peer-to-peer digital transactions without having to rely on any third party. It offers other cash-like properties, such as settlement finality and no counterparty risk, and thus replicates the properties of physical cash in digital form.

It is the successful result of many failed digital cash experiments and prototypes, drawing on the work of:

Digicash
Anonymized sender and receiver information, setting a foundation for Bitcoin's pseudonymity, but ultimately failed due to its reliance on a central server.

Eric Hughes' Cypherpunk Manifesto
Established a creed for cryptographers and engineers pursuing privacy and self-sovereignty in digital systems.

Adam Back's Hashcash
Introduced the concept of proof-of-work as a spam deterrent, which became a core component of Nakamoto consensus.

Wei Dai's B-money
Envisioned a network where participants maintained a distributed ledger and expended work to create money, but lacked a complete implementation and was vulnerable to collusion.

It has a rich 16-year history of both technical and market related milestones; some prominent ones include:

2011
Bitcoin reaches parity with the U.S. dollar (1 BTC = $1).

2013
Crosses $1,000 for the first time.

A blockchain is a system that records transactions in a strict time order—without giving special privileges to anyone.

2017
Segregated Witness (SegWit) protocol upgrade improves scalability outlook; Bitcoin reaches $20,000 in December.

2021
Bitcoin hits a new all-time high of $69,000; El Salvador becomes the first country to adopt Bitcoin as legal tender.

2023
Taproot upgrade activates, enhancing privacy and enabling more complex and flexible transactions.

2024
Spot Bitcoin ETFs approved and launched in the U.S., leading to large institutional inflows and broader accessibility; Bitcoin reaches $100,000 in December.

1.22 What exactly is Bitcoin, and how is it different from the investments I'm used to?

Bitcoin is a digital asset that is issued and settled outside of the traditional financial system, and is governed by a decentralized network.

Ownership of bitcoin is not, and cannot be, adjudicated in legal jurisdictions. It is only the state of the Bitcoin blockchain that can determine who has access to spend bitcoin.

Unlike all traditional assets, bitcoin is fundamentally limited in issuance. Once the limit of 21m bitcoin has been issued, no more can be created.

1.23 How does Bitcoin derive its value?

Bitcoin derives its value from its unique properties. These properties can be grouped into two categories:

Technical properties
such as scarcity (there will never be more than 21 million bitcoins), security (it's protected by a powerful network of computers), and decentralization (no single entity controls it).

Economic and social properties
including its use as a store of value, its global accessibility, and the trust it has earned over time from users, developers, and investors.
Together, these features make Bitcoin valuable as a form of digital money that is independent, transparent, and resistant to censorship.

1.24 What drives bitcoin prices?

Bitcoin prices are determined by supply and demand.

Since bitcoin is never consumed (although sometimes lost), the supply of bitcoin is effectively equal to the current number of coins owned by bitcoin users. Only a small fraction of this is added as new supply every year (currently 0.85%, but this is halved every four years).

Bitcoin demand is the more complicated and interesting part of the equation. Demand can be broken down into use cases. The predominant ones being saving and speculative investment.

Demand for bitcoin as a savings tool or store of value is often steady or slow-moving, being the most important input to bitcoin's long-term price.

Demand for bitcoin as a speculative investment is volatile and fast-moving, and this segment of demand is responsible for bitcoin's rapid and sometimes violent price swings. This segment is also the reason that bitcoin, over the short term, sometimes behaves like other risk assets.

1.25 Can another digital asset overtake Bitcoin and what would happen?

In short, no. Bitcoin's two most revolutionary properties are that it's fundamentally scarce, and that it requires no trusted parties. No digital asset can improve on those properties, they can only replicate them (and many have). Since they cannot improve on them, they are competing with Bitcoin based on the same properties, but will have to start from zero, with no network of auditing nodes, no miners, no users, no liquidity, and no brand. In other words, they would be perpetually lagging on network effect. This is the reason why none of the thousands of imitator digital assets have ever been able to unseat Bitcoin, even those with literal billions to spend on marketing, and why instead they are falling consistently behind.

1.3

Ethereum

1.31 Can you explain the history behind Ethereum?

Founded in late 2013 by Vitalik Buterin, Ethereum introduced the idea of programmable smart contracts. The mainnet — the blockchain network where real transactions take place and all transactions are permanently recorded on the blockchain — went live in 2015, and has undergone hundreds of upgrades, including the transition from proof-of-work to proof-of-stake.

1.32 What exactly is Ethereum, and how is it different from the investments I'm used to?

Ethereum is a decentralized platform that allows developers to build smart contracts — self-executing programs that run exactly as written. These contracts power decentralized applications (dApps), which offer services like lending, borrowing, trading tokens, or even gaming — without relying on traditional intermediaries.

To use these services, users pay transaction fees in Ethereum's native token, ether (ETH). Unlike traditional investments, Ethereum is not a company or stock — it's a technology platform powered by a global network of computers, and ETH is both its fuel and a digital asset with market value.

1.33 How does Ethereum derive its value?

There is a close link between network activity and value accrual to the ether token, given roughly 90% of transaction fees get burnt[2], or removed from the circulating supply. This generates a value flywheel since it can vastly affect supply/demand dynamics during periods of high usage.

1.34 What drives ETH prices?

Like most tokens, ether has a mostly positive directional correlation to bitcoin. In the short term, speculative trading can create supply and demand imbalances that influence price. Over the longer run, macro factors such as looser monetary policy can also have significant effects on prices. However, adoption of the network is the main driver of the ether price.

1.4

Other digital assets

1.41 What are the other digital assets and how should I navigate this industry?

Beyond Bitcoin and Ethereum, the digital asset space includes thousands of tokens and protocols with varying functions, risk profiles, and use cases. Broadly, these assets fall into several categories:

Layer 1 platforms (e.g., Solana, Avalanche, Cardano): blockchains that compete with Ethereum by offering alternative infrastructure for applications.

DeFi tokens (e.g., Aave, Uniswap, Curve): governance tokens of decentralized finance protocols offering lending, trading, or stablecoin services.

Stablecoins (e.g., USDT, USDC, EURC): digital representations of fiat currency, typically pegged 1:1 to the dollar or euro, used for settlement and liquidity.

Utility tokens (e.g., Chainlink, Filecoin): tokens that power specific services such as data or storage within decentralized networks.

Gaming and NFT tokens (e.g., Axie Infinity, ApeCoin): tied to digital entertainment ecosystems.

AI tokens (e.g., Render, Fetch.ai, Bittensor): support decentralized artificial intelligence infrastructure, computation, or data exchange. These tokens often represent access to GPU resources or participation in distributed machine learning networks.

1.42 Navigating the space requires a clear framework. Advisors should:

Focus on market structure and use cases, not just headlines.

Prioritise liquidity, regulatory clarity, and custody infrastructure when selecting investable assets.

Understand tokenomics (issuance schedules, burn mechanisms, utility) as you would understand a stock's cap table or dividend policy.

Stay aligned with regulated products — ETPs, ETFs, or compliant funds — when possible, and avoid direct exposure to illiquid or unaudited tokens unless in high-risk strategies.

1.43 What makes cryptocurrencies, tokens, and other digital assets unique?

Digital assets are programmable, borderless, and permissionless. They operate on public blockchains, which means:

Anyone with an internet connection can participate, creating open, global markets.

Ownership is recorded on-chain, offering transparency and auditability.

What differentiates these assets is what they do:

Cryptocurrencies like Bitcoin are designed primarily as stores of value or means of payment.

Smart contract platform tokens (like ETH or SOL) fuel computation and application activity.

Utility tokens grant access or rights within a protocol.

Governance tokens confer voting power over decentralized systems.

In short, these are not just "digital currencies" — they are the building blocks of an alternative financial and computing infrastructure.

1.44 What exactly is Solana, and how is it different from the investments I'm used to?

Solana (SOL) is a high-performance blockchain designed to host decentralized applications (dApps) with low transaction costs and high throughput. It distinguishes itself from Ethereum and others through:

> A novel consensus model (proof-of-history + proof-of-stake).
>
> Fast finality and throughput (thousands of transactions per second).
>
> An integrated execution environment (monolithic architecture), where consensus, execution, and data availability all happen on one layer.

What drives SOL's value:

Demand for block space: The more apps and users transacting on Solana (DeFi, NFTs, gaming), the greater the network fees — and part of those are burned, reducing supply.

Staking dynamics: SOL is used to secure the network via staking. High staking participation reduces liquid supply and generates yields.

Ecosystem growth: as developers build on Solana, demand for SOL increases for gas and security.

Market perception: performance during bull markets, community strength, and institutional support (e.g. ETFs, developer grants) also influence investor sentiment.

1.45 How are digital assets money if the majority of holders are not actually transacting business?

It's true that most holders treat digital assets like investments, not currency for daily spending. But that doesn't disqualify them from being forms of money. Economically, money has three roles:

Store of value – preserving purchasing power over time.
Medium of exchange – facilitating transactions.
Unit of account – measuring value in economic activity.

Bitcoin, for example, is increasingly treated as a store of value, especially in inflationary or unstable economies. Stablecoins (like USDC or USDT) are used as mediums of exchange within crypto-native finance and cross-border payments. Ethereum and Solana are primarily used to fuel transactions (gas), not as everyday currency, but their native tokens are essential for the system's internal economy.

So while usage as everyday "money" is still limited outside specific niches, digital assets are functioning as money within their ecosystems, and increasingly as a parallel financial infrastructure. As adoption grows, use cases expand—from DeFi and remittances to digital commerce and savings.

Crypto myths and misconceptions. Crypto investing is full of myths and misinformation; this section clears this up.

2.

2.1

Trust & legitimacy

2.11 I've heard that crypto is just a scam – is that really true?

Yes and no. It's true that a large portion of crypto tokens are scams or poorly designed projects, often created with minimal effort and little transparency. This is an inherent consequence of crypto's open, permissionless nature, anyone can launch a token, just as anyone can send an email. And much like email, where most messages might be spam but the technology itself is transformative, the same applies to crypto.

Bitcoin, for example, is the antithesis of a scam. It's open-source, highly audited, and governed by code that is nearly impossible to change. It has no central authority, no marketing team, and no hidden backdoors, making it one of the most transparent and trustless financial systems ever created. Ethereum and a handful of other blue-chip protocols share similar qualities. While they may carry risk, comparable to early-stage tech startups, they are fundamentally legitimate projects with real-world impact.

Ultimately, the freedom that enables innovation in crypto also enables exploitation. This places a responsibility on investors to critically evaluate each project, looking at the team, token unlock schedules, and actual utility, rather than assuming all digital assets are created equal. The presence of scams doesn't invalidate the technology; it simply highlights the need for diligence.

2.12 Aren't cryptocurrencies mainly used by criminals for illegal activities?

This is one of the most persistent myths about crypto, but the data tells a very different story. While digital assets have been used in illicit transactions, they represent only a tiny fraction of total activity. According to Chainalysis, just 0.14% of on-chain transaction volume, around $40 billion in 2024, was linked to criminal activity. By comparison, traditional financial systems are estimated to facilitate $700 billion to $1.9 trillion in money laundering annually, equivalent to 2–5% of global GDP. In other words, crypto is used for crime far less than legacy systems.

Moreover, public blockchains like Bitcoin's are open ledgers, every transaction is permanently recorded and traceable. This transparency actually makes it easier for law enforcement to track illicit flows than with cash or opaque bank transfers. Beyond that, crypto's permissionless design allows financial access in authoritarian regimes and underserved regions, enabling people to store value, transact freely, and escape censorship. Far from being a tool for crime, crypto is proving to be a vital financial lifeline and innovation driver in the modern economy.

2.13 How can I tell the difference between hype and genuine innovation in the crypto space?

Distinguishing hype from true innovation in crypto is difficult but not impossible. The key is to focus on actual utility, adoption, and developer activity, not just narratives. Real innovation solves timeless problems in new, transformative ways. Bitcoin, for example, offers a decentralized, censorship-resistant method of storing and transferring value. Ethereum enables decentralized code execution, forming the backbone for 24/7 financial infrastructure that doesn't rely on intermediaries. These are foundational use cases with broad, lasting relevance.

By contrast, hype often revolves around buzzwords, like "AI + crypto" or "metaverse tokens", without any real product, user base, or technical depth. Projects with legitimate promise tend to be open-source, with active GitHub repositories, engaged communities, sound tokenomics, and long-term roadmaps. You can also examine on-chain metrics like active wallets and transaction volumes for clues about real usage.

At the end of the day, it comes down to applying common sense. If a token's main "use case" is linking to a JPEG hosted on a random server, that's probably hype. If it's solving a real problem, incrementally building, and not just relying on price speculation for relevance, it's more likely to be meaningful innovation.

2.14 Is crypto even safe?

Crypto has unique risks, but it's not inherently unsafe. Blockchains like Bitcoin and Ethereum are secure and have never been hacked at the protocol level. Most security issues stem from user error (e.g. lost private keys), phishing, or poorly designed third-party platforms like exchanges and wallets. With proper education and secure practices, individuals can safeguard their crypto effectively. Regulation is also helping to create more trustworthy custodians.

2.2

Resilience & responsibility

2.21 Isn't crypto bad for the environment?

Not inherently. The environmental critique mainly targets Bitcoin's proof-of-work mechanism, which consumes energy to secure the network. However, many Bitcoin miners now use excess, stranded, or renewable energy, making mining more sustainable than often portrayed. Additionally, other cryptocurrencies use proof-of-stake, which drastically reduces energy use. The crypto industry is rapidly evolving toward greener practices, and mining can even help stabilize grids or monetize renewable overcapacity.

2.22 Can we break the blockchain?

It's extremely unlikely. Blockchains like Bitcoin are secured by proof-of-work, which requires massive computational effort to add new blocks. To tamper with the blockchain, an attacker would need to control over 51% of the global mining power (hashrate), a feat that's not just financially and logistically staggering, it's practically impossible. Mining isn't just about raw power; it also requires access to specialized hardware, cheap electricity, and a massive infrastructure. Even if someone pulled it off, the network would likely detect irregularities and fork away from the attack, rendering it economically self-defeating.

What about quantum computing? Despite the hype, today's quantum machines are nowhere near powerful enough to break Bitcoin's cryptography. Even optimistic projections put us decades away from a threat level. And even if quantum breakthroughs arrived faster than expected, Bitcoin's open-source nature means the community can upgrade its cryptographic algorithms, just like it would update software for any major security improvement. CoinShares notes that migrating to post-quantum cryptography (like lattice-based systems) is feasible and already being researched. Think of it like switching locks on a vault before anyone has the tools to pick them.

In short: Bitcoin's combination of decentralized mining, cryptographic integrity, and community adaptability makes breaking the blockchain incredibly hard, both with today's technology and tomorrow's quantum innovations.

2.3

Market behavior & financial risk

2.31 Why is crypto considered so volatile, and how might that affect my investments?

Crypto is highly volatile because it's still a young asset class in the early stages of price discovery. Market depth is relatively shallow, and retail participation remains high, making prices particularly sensitive to sentiment, regulatory headlines, and macroeconomic shifts. As a result, price swings can be extreme, which may affect short-term performance and investor confidence. However, volatility isn't inherently bad. It also creates opportunities for significant returns, especially for those with a long-term outlook. Managing this volatility comes down to understanding your personal risk tolerance and applying strategies like diversification or dollar-cost averaging. Investors often assess how much volatility their portfolio can absorb, and whether it's justified by potential returns, using metrics like the Sharpe or Sortino ratio. A higher ratio suggests that the additional risk is contributing meaningfully to overall performance, making the volatility more justifiable from a portfolio perspective.

In essence, volatility is a feature of crypto, not a flaw, but navigating it successfully requires informed, disciplined investing.

2.32 Is it accurate to say that crypto performance is closely correlated with the Nasdaq?

Over the long term, crypto performance is uncorrelated to the Nasdaq. However, there have been several shorter term periods where correlation has been close.

Correlation with other assets depends largely on how investors view the risk profiles of the various cryptos. If holders consider them similar in risk and attributes to tech equities, they will trade them like tech equities. If holders consider them more similar in risk and attributes to gold, they will trade them like gold.

Since there is disagreement between investors with regards to how the various cryptos should be traded during various market conditions, crypto correlations will continue to ebb and flow in line with the prevailing narratives surrounding each crypto. There may come a time where the market coalesces around a common understanding of each crypto asset's best market position, but for now, no such consensus exists.

Market trends and institutional adoption.

Institutions are reshaping crypto — exploring what's driving adoption, shifting market dynamics, and how to build resilient strategies across cycles.

3.

3.1

Strategic investment & adoption drivers

3.11 How has the digital asset market changed over the past few years?

Digital assets went from being niche, difficult to trade and quite controversial, to a widely accepted and adopted asset class. As a result, the landscape has become a fully fledged financial market, all the way from deeply liquid centralized exchanges to exchange traded products all over the world. The crypto market cap has increased by many orders of magnitude to over $3T today.

3.12 Why are large institutions and companies now investing in crypto?

Institutions invest across private and public crypto markets to diversify portfolios, hedge inflation, and tap into high growth. Bitcoin's non-sovereign store of value narrative, predictable issuance, and digital scarcity appeal amid fiscal and currency uncertainty.

3.13 What market trends should I consider for long-term investment planning?

For bitcoin: consider expansion of monetary bases all throughout the world, increasing appeal as a money alternative, and largely uncorrelated returns to traditional asset classes.

For Smart Contract Platforms, consider adoption of tokenized assets, stablecoin adoption, and novel DeFi applications that begin to shape financial markets in the digital era.

3.14 How might these trends affect my personal investment strategy?

Long term secular tailwinds point towards increased bitcoin adoption as a result of worsening fiscal backdrops all throughout the world, and as a natural, global alternative to worsening monies. Increased adoption of DeFi and tokenized initiatives should benefit market leaders that are set to take large portions of market share in these markets which have very large Total Addressable Market's (TAM's).

3.15 Which countries or companies are leading the way in digital asset adoption?

The U.S., Singapore, Switzerland and the UAE seemingly have taken a leading step given their clear regulatory frameworks and infrastructure surrounding digital assets. Companies such as Strategy (formerly MicroStrategy) introduced the novel "bitcoin treasury" approach, accumulating very large amounts of bitcoin by tapping into debt and equity markets to increase bitcoin per share.

3.16 Why do I see coins being created for Donald Trump, as an example? What are their use cases? If any?

Donald Trump has been associated with two memecoins, TRUMP and MELANIA. These tokens have raised concerns due to their highly extractive nature, with insiders reportedly capturing significant gains. While some utility has been suggested — such as the top 200 TRUMP holders being eligible for a dinner with the president — the broader perception is that these tokens offer limited real-world use and have negatively impacted market sentiment and the credibility of the digital asset space.

3.17 How should I consider the impact of the new administration on digital assets?

The change in SEC leadership from Gary Gensler to Paul Atkins signals a very big shift from a staunchly anti-crypto administration to a pro-crypto one. This is beneficial for crypto companies in the U.S., as well as the potential for further financialization through ETFs for a larger array of digital assets. The U.S. has also enacted a strategic reserve, promising to hold onto seized bitcoin and potentially buy more in the future, prompting countries all over the world to explore the same possibilities.

How to get exposure to crypto: spot, CFDs, and ETFs. Discover how spot, CFDs, and ETFs offer unique crypto exposure — each with distinct benefits, risks, and appropriateness for investors.

4.

4.1

Crypto products explained

4.11 What are the main ways I can invest in crypto—buying spot, trading CFDs, or investing in ETPs/ETFs?

There are a variety of ways to achieve an exposure to crypto assets, both in terms of venue as well as product types. However, the most common ones are (i) through spot trading on crypto platforms or other traditional investment platforms, (ii) through derivative products on crypto platforms or regulated exchanges, and (iii) through Exchange Traded Products (ETPs) that are regulated investment products listed on traditional securities exchanges.

> **(i) Spot trading:** spot trading requires opening an account with a specific crypto native exchange, or with a more traditional investment platform offering spot crypto solutions. Spot trading also raises the question of the custody of the assets, i.e., either holding them on the exchange/platform (which creates counterparty risk), or via self-custody or another custody solution.
>
> **(ii) Crypto derivatives:** derivative products, such as futures or CFDs (Contracts for Difference), allow speculation on price movements without owning the asset. Derivatives are best suited for traders looking for leverage, shorting, and short-term speculation.
>
> **(iii) ETPs/ETFs:** Exchange Traded Products, generally backed by physical crypto custody, offering regulated exposure through traditional brokerages. ETPs/ETFs are popular among institutional or risk-averse investors seeking secure, transparent and regulated access without direct crypto handling.

4.12 How does purchasing spot crypto on an exchange differ from trading CFDs or investing in an ETP/ETF?

Spot crypto involves buying the actual asset (e.g., Bitcoin, Ethereum) and holding it in a digital wallet or on an exchange. The investor owns the underlying coins and is exposed to their price, custody, and storage.

CFDs and futures are derivative instruments. You don't own the asset itself — you're entering into a contract to benefit (or lose) from price movements. These are typically used for short-term trading, leverage, or hedging.

ETPs/ETFs are regulated financial products listed on traditional stock exchanges. Investors gain exposure to the asset's price performance without owning or managing the crypto directly. These are suitable for long-term, passive exposure with high regulatory standards and easier integration into portfolios.

4.13 How does a crypto spot ETF differ from a futures crypto ETF?

A crypto spot ETF and a futures-based crypto ETF both aim to give investors exposure to the price of cryptocurrencies like Bitcoin or Ethereum — but they do so in very different ways:

Spot crypto ETF

What it holds: The ETF physically holds the actual cryptocurrency (e.g., Bitcoin), stored by a regulated custodian.
Price tracking: It closely tracks the real-time market price of the underlying asset.
Investor profile: Suitable for long-term investors seeking direct exposure to the asset's performance without managing wallets or custody.

Futures-based crypto ETF

What it holds: The ETF holds Bitcoin or Ethereum futures contracts, not the actual crypto. These are standardized contracts traded on regulated futures exchanges (e.g. CME).
Price tracking: May diverge from the spot price, especially during times of market stress or steep futures curve (known as "contango" or "backwardation").
Investor profile: Often used for tactical exposure or short-term trades.

4.2

Choosing the right approach

4.21 What are the risks and benefits associated with each type of investment vehicle?

INVESTMENT TYPE	BENEFITS	RISKS
Spot Crypto	Direct ownership, 24/7 trading, access to staking/yield opportunities	Custody risk, security threats (hacks), lower regulatory protection
CFDs / Futures	Leverage, ability to short, no need to hold crypto	High volatility, margin calls, potential for amplified losses, regulatory gaps
ETPs / ETFs	Regulated, integrated in traditional portfolios, no custody concerns	Limited trading hours, tracking error, management fees, no direct ownership

4.22 Which method offers the best balance between ease of access, risk management, and potential returns?

For **retail or conservative investors, ETPs/ETFs** offer the best balance; they are regulated, transparent, easy to access via traditional brokers, and mitigate custody risk.

For **active traders, CFDs or futures** offer tactical flexibility but require deep risk management expertise.

For **crypto-native or long-term believers, spot holdings** offer the most control, optionality (staking, DeFi), and upside — but also the highest operational complexity.

4.23 How do fees, liquidity, and regulatory oversight compare across these different options?

FACTOR	SPOT	CFDS / FUTURES	ETPS / ETFS
Fees	Direct ownership, 24/7 trading, access to staking/ yield opportunities	Spread + overnight funding + commissions	Management fees (0.35–2%) + brokerage
Liquidity	Varies by exchange and asset	High on major platforms	High for listed products on regulated markets
ETPs / ETFs	Light or absent, depends on jurisdiction	Varies widely by platform	High – governed by financial regulators (e.g., SFSA, SEC, AMF)

Bitcoin mining and its investment proxy. Uncover its economics, operational demands, and how it enables indirect exposure to crypto markets.

5.

Fundamentals & business model

5.11 What exactly is Bitcoin mining, and how does it work?

Mining involves solving a mathematical cost function, which allows miners to add new transactions to the blockchain transaction record in a provable time-sequence, without needing to trust any third parties. The cost function not only proves the passage of a certain amount of time since the last transactions were settled, guaranteeing correct transaction ordering, it also makes tampering with the transaction record prohibitively costly.

Miners are remunerated for their cost from two sources: transaction fees, and newly minted coins. The process requires a substantial amount of energy because the protocol is designed such that the cost of obtaining mining rewards always approaches the value of the rewards. The cost function itself involves submitting proof of work (cost) spent, and the technique is therefore called proof-of-work.

To participate in transaction settlement, miners use specialized hardware, called Application-Specific Integrated Circuits (ASICs). Miners compete to solve the cost function, and the first miner to do so is rewarded with newly minted bitcoins and transaction fees from the transactions included in the block. If the value of the rewards increases, more miners join the competition. As more miners participate, the protocol automatically makes mining more difficult to ensure that the cost of mining again approaches the value of the rewards. Conversely, if the value of the rewards decreases, the protocol adjusts to make mining less costly.

5.12 What costs and technical challenges are involved in Bitcoin mining?

Bitcoin mining involves significant costs and technical challenges, typically categorised into Capital Expenditures (Capex) and Operational Expenditures (Opex). The split between the two depends on the mining operation's capital structure and technology stack.

> Capex includes the purchase of mining machines and investment in datacenter infrastructure — such as electrical wiring, air-cooling systems (fans), liquid cooling systems (fluids), earthworks, physical structures, and electrical transformers.
>
> Opex is dominated by electricity, which accounts for approximately 50% of cash costs. Other expenses include SG&A, interest payments, and income taxes. Non-cash costs typically include depreciation, amortisation, and stock-based compensation (SBC).

The technical challenges are similar to those faced in the traditional datacenter industry. However, because Bitcoin mining is a fault-tolerant and interruptible process, mining datacenters can be built with significantly lower redundancy and uptime requirements — making them much cheaper to construct than conventional datacenters.

5.13 What happens when all the bitcoins are mined? Does mining stop?

Once all 21 million bitcoins are mined, one of the two income streams of miners will fall away, and miners will have to rely entirely on fees for their bitcoin income. This shift emphasises the importance of transaction fees in incentivizing miners to maintain the network's security and functionality.

5.14 Should Bitcoin miners be viewed like Visa or PayPal in terms of verifying and securing transactions?

Bitcoin miners and traditional payment processors both aggregate transactions, but unlike pure aggregators like Visa, miners also actually settle transactions. Miners are therefore better compared to central bank settlement systems like FedWire, Visa, PayPal and the rest are better compared to Layer 2 transaction aggregators like Lightning or Base.

Miners use decentralized computational power to confirm transactions and add them to the blockchain, ensuring network security. In contrast, companies like Visa and PayPal rely on centralized systems to process payments. While both ensure transaction integrity, Bitcoin's decentralized approach offers a trustless system without intermediaries.

5.15 How are Bitcoin mining companies valued? How do they make money?

Bitcoin mining companies are typically valued using a mix of traditional and sector-specific metrics, including:

> **EV/EHs (Enterprise Value per Exahash)**
> A mining-specific ratio that reflects how much investors are paying per unit of computational power.
>
> **EV/Revenue**
> To assess how the market values the company relative to its top-line income.
>
> **EV/EBITDA**
> A common valuation multiple used to compare profitability before non-cash and non-operating expenses.

These companies make money primarily by earning newly issued bitcoins (block rewards) and transaction fees in return for validating transactions on the Bitcoin network. Their profitability depends on factors like Bitcoin price, mining difficulty, energy costs, operational efficiency, and hardware performance.

5.2

Sustainability, policy & market outlook

5.21 How does investing in Bitcoin mining compare to directly investing in crypto?

Investing in Bitcoin mining companies is often expected to outperform bitcoin itself, due to both idiosyncratic factors — such as operational efficiency, treasury strategies, stock dilution, solvency risks, and the Halving — and market-related factors, such as a higher beta to Bitcoin. However, the reality has been quite different: year-to-date, Bitcoin (BTC/USD) is down 17%, while the WGMI Bitcoin Mining ETF is down 47%. Over the past year, Bitcoin has gained 12%, whereas the index has declined by 23%.

5.22 What impact do enviromental concerns have on the future of Bitcoin mining?

The carbon intensity of Bitcoin mining varies significantly by region due to differences in energy sources. During some parts of Bitcoin's history, much of the network's emissions originated from fossil fuel-heavy regions, but this is changing. The current emissions per kWh used in Bitcoin mining are much lower than the global average making mining a global leader in green electricity utilization.

Additionally, Bitcoin mining has enabled petroleum producers to utilize gas that would otherwise be flared, reducing harmful emissions and offering a more sustainable energy solution by monetizing this otherwise wasted byproduct.

Bitcoin mining also serves as a catalyst for improving electrical grids. Miners support new energy projects by purchasing power directly from poorly connected or new generation sources, providing revenue to help scale and expand grid infrastructure.

This accelerates the development of power generation in areas that might otherwise struggle to attract investment. Miners' unique ability to power up or down with precision allows them to adjust energy consumption based on grid demand. When demand exceeds supply, miners reduce operations, freeing electricity for critical needs like hospitals or residential areas. This flexibility supports grid stability, enables power plants to operate more consistently, and increases total power supply during peak demand, all without requiring government subsidies or intervention.

5.23 How do the new administration's energy policies tie into Bitcoin mining?

Trump's administration has traditionally promoted oil, gas, and coal production through environmental deregulation and expanded drilling rights. This has boosted fossil fuel output, especially in energy-rich states like Texas. With abundant natural gas (especially flared gas) and deregulated wholesale electricity markets under ERCOT (Electric Reliability Council of Texas), miners could negotiate directly with generators for low-cost power. This made Texas a magnet for Bitcoin miners seeking high uptime and cheap energy. We expect trends like this to continue under the new administration.

Risk management and portfolio integration. Master crypto risk with smart allocation, rebalancing, and security — strategies that turn volatility into opportunity while protecting long-term portfolios.

6.

Risk, return & asset classification

6.11 What are the primary risks associated with digital asset investments, including security and hacking concerns?

Volatility

Seven years ago, Bitcoin exhibited annualized volatility exceeding 200%, making it one of the most volatile assets in financial markets. Since then, its volatility has steadily declined as the asset has matured and institutional investors have increasingly employed portfolio rebalancing and diversification techniques. Today, while Bitcoin remains more volatile than traditional equities, including technology stocks, it has become significantly more stable compared to its early years. The asset is still in the process of establishing a widely accepted identity, but it is increasingly regarded as a digital store of value. As this narrative strengthens and institutional adoption deepens, we expect volatility to continue its downward trend over time.

Regulation and politics

Regulatory risk has long been one of the most significant concerns for Bitcoin and digital assets, frequently cited as the leading risk factor in CoinShares fund manager surveys. This is well-founded: regulation remains one of the most effective tools to influence usage, particularly by targeting centralized exchanges and fiat conversion on-ramps.

At CoinShares, we view recent developments, especially in the U.S. and Europe, as positive. Rather than outright bans, regulatory authorities are moving toward clearer, more structured frameworks aimed at consumer protection and financial transparency. This regulatory maturation reduces the risk of users being driven into unregulated, opaque corners of the digital asset ecosystem, and is a crucial step in legitimizing the asset class for broader institutional participation.

Custody

Custody is a central concern for digital asset investors, given the dual challenges of technical complexity and security. While transferring large sums of bitcoin can be straightforward for experienced users, the process is daunting for many and carries substantial risks if best practices are not followed. The potential for loss, either through theft, mismanagement, or user error, is non-trivial.

Much like gold, large holdings of Bitcoin benefit from institutional-grade custody solutions that offer high-security vaulting, insurance coverage, and robust key management practices. At CoinShares, we believe our Exchange Traded Product (ETF included) model represents one of the most resilient custody frameworks: it is physically backed, bankruptcy remote, and enables secure, regulated trading in both large and small volumes on public exchanges.

Protocol risks

All digital assets, including Bitcoin and Ethereum, are fundamentally software systems. As such, they are theoretically susceptible to vulnerabilities, whether from software bugs, external attacks, or oversights in design. However, it is critical to distinguish between vulnerabilities in decentralized protocols and those in surrounding infrastructure, such as exchanges or custodial wallets.

Both Bitcoin and Ethereum have demonstrated remarkable resilience. They have never been successfully hacked, and their core protocols have operated with uninterrupted uptime. When vulnerabilities have been identified, they have typically been resolved quickly through well-coordinated network upgrades. Their decentralized architectures mean there is no central point of failure, no server or database that can be compromised to control the system.

Quantum computing
This presents a long-term, theoretical risk to public-key cryptography, which underpins Bitcoin and other blockchains. However, current quantum capabilities are far from being able to break Bitcoin's cryptography, and researchers are already working on quantum-resistant solutions. Moreover, given Bitcoin's upgradeable nature, its protocol could adapt to future cryptographic standards well before such risks become actionable.

Miner Collusion (51% Attack)
A commonly discussed theoretical threat is the possibility of a 51% attack, where a single entity gains majority control of the Bitcoin mining network and could manipulate transaction ordering or rewrite parts of the blockchain. While this scenario is technically possible, it is prohibitively difficult to execute in practice.

First, any such attack would likely lead to an immediate fork by the broader Bitcoin community, rendering the attacker's version of the chain invalid. More importantly, the operational and economic costs are staggering. At today's network hashrate and energy consumption, an attacker would require resources equivalent to over a dozen medium-sized nuclear power plants, in addition to over US$10 billion in mining hardware, all while avoiding detection. The logistical complexity and financial exposure involved serve as powerful deterrents, reinforcing Bitcoin's security model through economic incentives and decentralized resilience.

6.12 How do digital asset returns compare to those of traditional investments?

Returns for digital assets vary significantly, but they all share one common feature: high volatility. Bitcoin generally exhibits lower volatility than other digital assets, yet it remains more volatile than most traditional assets, such as equities and gold. This elevated volatility is often associated with higher return potential. Since the beginning of 2017, Bitcoin has delivered annualized returns of 72%, compared to 11.7% for MSCI World Equities and 13.8% for gold over the same period.[3.]

Volatility presents opportunities. However, as the digital asset class matures, we have observed a marked decline in volatility. As a result, future price returns may also diminish. Nevertheless, on a risk-adjusted basis, as measured by the Sharpe ratio, digital assets, particularly Bitcoin, remain attractive to investors. Bitcoin's Sharpe ratio since 2017 stands at 1.34, nearly three times that of equities (0.46) and notably higher than gold (0.96).[4]

UNBROKEN SECURITY RECORD

Bitcoin and Ethereum have demonstrated remarkable resilience. They have never been successfully hacked.

6.13 Should digital assets be categorized under technology, financials, or another asset class?

Digital assets, particularly Bitcoin, do not fit neatly into traditional asset class categories such as technology or financials. Their classification is inherently subjective, shaped by both performance data and qualitative factors like investor perception and market behavior. As the Yale Endowment noted, defining an asset class requires distinctions where none may clearly exist. Bitcoin, for example, exhibits properties of currencies, commodities, and technology all at once, making conventional labels inadequate.

Functionally, Bitcoin was designed as a decentralized, peer-to-peer payment system, bypassing traditional financial intermediaries. This aligns it with financial assets on purpose, but its underlying blockchain infrastructure and open-source protocol position it squarely in the technology domain. Moreover, Bitcoin's behavior in diversified portfolios, such as improving risk-adjusted returns and offering diversification benefits, further supports its distinction from either category. It behaves differently across market cycles and has a low correlation with traditional assets.

Investor sentiment and speculative demand add another layer of complexity to its classification. These forces influence price behavior in ways that diverge from traditional financial instruments or tech stocks. As a result, Bitcoin may serve different roles over time: a speculative asset today, a store of value tomorrow, and potentially a settlement layer or financial rail in the future. This fluid identity makes static classification impractical and supports a dynamic, forward-looking view of its investability.

Given these characteristics, digital assets are best treated as a new, standalone asset class. They blend elements of financial systems and technological innovation, but exhibit unique market dynamics, infrastructure, and investor behavior. As the asset class matures and volatility declines, its economic fundamentals may become clearer, justifying its distinct treatment within portfolio construction frameworks.

6.2

Strategic integration of digital assets

6.21 How can I effectively incorporate digital assets into my existing portfolio?

CoinShares' research has written extensively about this here.[5]

Our research shows that even a small allocation of Bitcoin within a traditional investment portfolio can significantly improve risk-adjusted returns and diversification. Bitcoin's low correlation with other asset classes could make it a hedge against traditional economic cycles. To assess Bitcoin's portfolio impact, we simulated its integration into a traditional 60/40 equity-bond portfolio using daily return data from January 2017 until January 2024, the year Bitcoin was first financialized via exchange-traded products (ETPs). Including just a 4% allocation to Bitcoin, with quarterly rebalancing, raised annualised returns from 9% to 12% and increased the Sharpe ratio from 0.42 to 1[6]. Moreover, this allocation reduced the portfolio's correlation with the base portfolio by 15%, showing improved diversification without a significant rise in drawdown risk.

We also compared Bitcoin's performance with other alternative assets, including gold, REITS, and the CRB commodity index. While all are commonly considered for diversification, Bitcoin appears to enhance returns while maintaining a favorable risk profile. Notably, Bitcoin exhibited an asymmetric return profile, offering substantial upside with limited additional downside, making it a compelling addition to a diversified portfolio despite its inherent volatility.

6.22 What allocation strategy is appropriate for digital assets given their volatility? And which performance benchmarks and risk mitigation strategies should I consider when evaluating my crypto investments?

Bitcoin, as an asset still in its early growth phase, often sees its weight within a portfolio drift over time. While this may be acceptable to some investors, it can significantly increase overall portfolio volatility. For instance, a traditional 60/40 equity/bond portfolio has exhibited an annualized volatility of around 11% since 2017. Introducing a 4% allocation to Bitcoin without any rebalancing would increase that volatility nearly threefold to 28%.[7]

To address this, quarterly rebalancing, returning Bitcoin to its original allocation, can help mitigate the impact on portfolio volatility, even though it may slightly limit potential returns. The optimal allocation to Bitcoin depends largely on an investor's risk tolerance. For example, a 4% Bitcoin position in a standard 60/40 portfolio, when rebalanced regularly, would raise portfolio volatility by approximately 1%. A larger 10% allocation would increase it by around 3.5%.

A classic strategy to manage entry risk is dollar-cost averaging (DCA), which involves investing a fixed amount at regular intervals, such as $100 in Bitcoin each week, regardless of price fluctuations. Sometimes referred to as a "savings plan," this approach encourages consistent investing over time without reacting to market cycles. By following a DCA strategy, investors may reduce their average purchase cost, limit portfolio volatility and drawdowns, and avoid the pitfalls of poorly timed lump-sum investments.

Regulatory and tax considerations. Navigate evolving U.S. crypto regulations and tax rules with clarity — gain practical insights to stay compliant and safeguard your investments confidently.

7.

7.1 Client questions

Client questions

7.11 What regulatory challenges exist in the digital asset space that I should know about?

The digital asset industry is still navigating a fragmented and evolving regulatory landscape. In the U.S., the SEC continues to evaluate how to classify various crypto assets — particularly whether some tokens (e.g., SOL, XRP) should be deemed securities. If certain assets are classified as securities, fiduciaries may be required to hold them with qualified custodians.

Currently, only Bitcoin and Ethereum have received approval for spot ETFs in the U.S. A wider range of digital assets has futures-based products available. The lack of clarity around asset classification and product approval remains a key hurdle.

7.12 How does the tax treatment of crypto differ from traditional investments?[8]

In most jurisdictions, including the U.S., crypto is treated as property for tax purposes, similar to stocks or real estate. Capital gains taxes apply when digital assets are sold, traded, or otherwise disposed of, and the amount owed depends on the holding period and tax bracket.

7.13 What do I need to do to stay compliant with current and future regulations?

Ongoing education and monitoring are essential. Advisors should stay current with updates from regulators like the SEC, IRS, and FINRA. Working with legal and compliance experts is also advisable when managing or recommending crypto exposures.

7.14 How might upcoming regulatory changes impact my crypto investments?

In general, increased regulatory clarity is seen as positive for the industry. It may enable the launch of more products, broaden investor access, and reduce legal uncertainty. However, reclassification of assets as securities or stricter custody rules could increase compliance burdens for advisors and investors.

7.15 What are my tax obligations if I gain or lose money on crypto investments?[9]

A taxable event occurs when a gain or loss is realized — typically through a sale, trade, or disposal of the crypto asset. These gains or losses must be reported on your tax return, and the holding period will determine whether the gain is treated as short-term or long-term.

7.16 What are staking rewards? And what, if any, tax implications should I be aware of?

Staking allows participants to help validate transactions on proof-of-stake blockchains in exchange for rewards, usually paid in the native token.
In most jurisdictions (including the U.S.), these rewards are considered ordinary income and are taxable at the time they are received, based on the fair market value.

7.17 How does the wash-sale rule impact the trading of digital asset ETFs?

Wash-sale rules, which disallow the deduction of a loss if the same or a substantially identical asset is repurchased within 30 days, currently apply to digital asset ETFs in the same way they apply to traditional securities. However, direct crypto assets (like BTC or ETH held on-chain) are currently not subject to wash-sale rules in the U.S.—though this may change in future legislation.

7.18 How are these products regulated by the SEC? '40 Act? '33 Act?

Crypto futures ETFs are regulated as '40 Act funds (Investment Company Act), providing robust investor protections. These funds may be either passively or actively managed and are subject to strict risk management, liquidity, and governance requirements.

'33 Act ETFs (e.g., spot Bitcoin ETFs) are not investment companies and are governed by the Securities Act of 1933. They are structured more like commodity trusts and do not carry the same protections as '40 Act funds.

7.19 What is the role of the custodian with these products? Who are the custodians of the coins?

For '33 Act ETFs, the underlying crypto is held by specialist custodians such as Coinbase Custody, Komainu or BitGo, operating through regulated trust entities. The vast majority of assets are stored in cold wallets, which are offline and protected by stringent physical and digital security protocols. Custodians play a crucial role in risk management, regulatory compliance, and investor trust.

Future outlook and emerging trends. Crypto evolves rapidly — discover upcoming innovations, key trends, and how to position your portfolio for long-term opportunity and resilience.

8.

8.1

Emerging tech trends

8.11 What emerging trends should I keep an eye on in the digital asset space?

Several key trends are beginning to shape the future of digital assets. One of the most exciting is the rise of DePIN (Decentralized Physical Infrastructure Networks), with projects like Helium and Hivemapper leveraging token incentives to crowdsource real-world data and infrastructure.

Gaming is another vibrant frontier, with titles like Off the Grid showing strong momentum, boasting around 2.5 million monthly active users and adding nearly 100,000 daily players in just the past month.

Additionally, tokens are being used in new ways as a form of capital formation, allowing private companies to raise funds directly from communities via platforms like Echo.xyz and Pump.fun. This signals a shift toward more decentralized and inclusive funding models.

8.12 How might innovations like DeFi and NFTs influence the crypto market?

DeFi is evolving to include more complex financial instruments, such as tokenized real-world assets. One emerging use case is the tokenization of private credit, which can be used as collateral or margin, opening new doors for liquidity and risk management.

NFTs, on the other hand, are finding strong traction in the gaming and ticketing industries. Companies like Ticketmaster are experimenting with NFT-based ticketing, while gaming ecosystems are integrating NFTs to support in-game ownership and loyalty. Additionally, NFTs are being used in creator-led programs to foster fan engagement and reward content creators directly.

8.13 How will advancements in blockchain technology shape the next phase of crypto evolution?

Zero-Knowledge (ZK) technology is one of the most promising advancements in blockchain today. For advisors, the key takeaway is this: ZK can improve both privacy and efficiency in blockchain networks, making them more scalable, secure, and potentially investable over time.

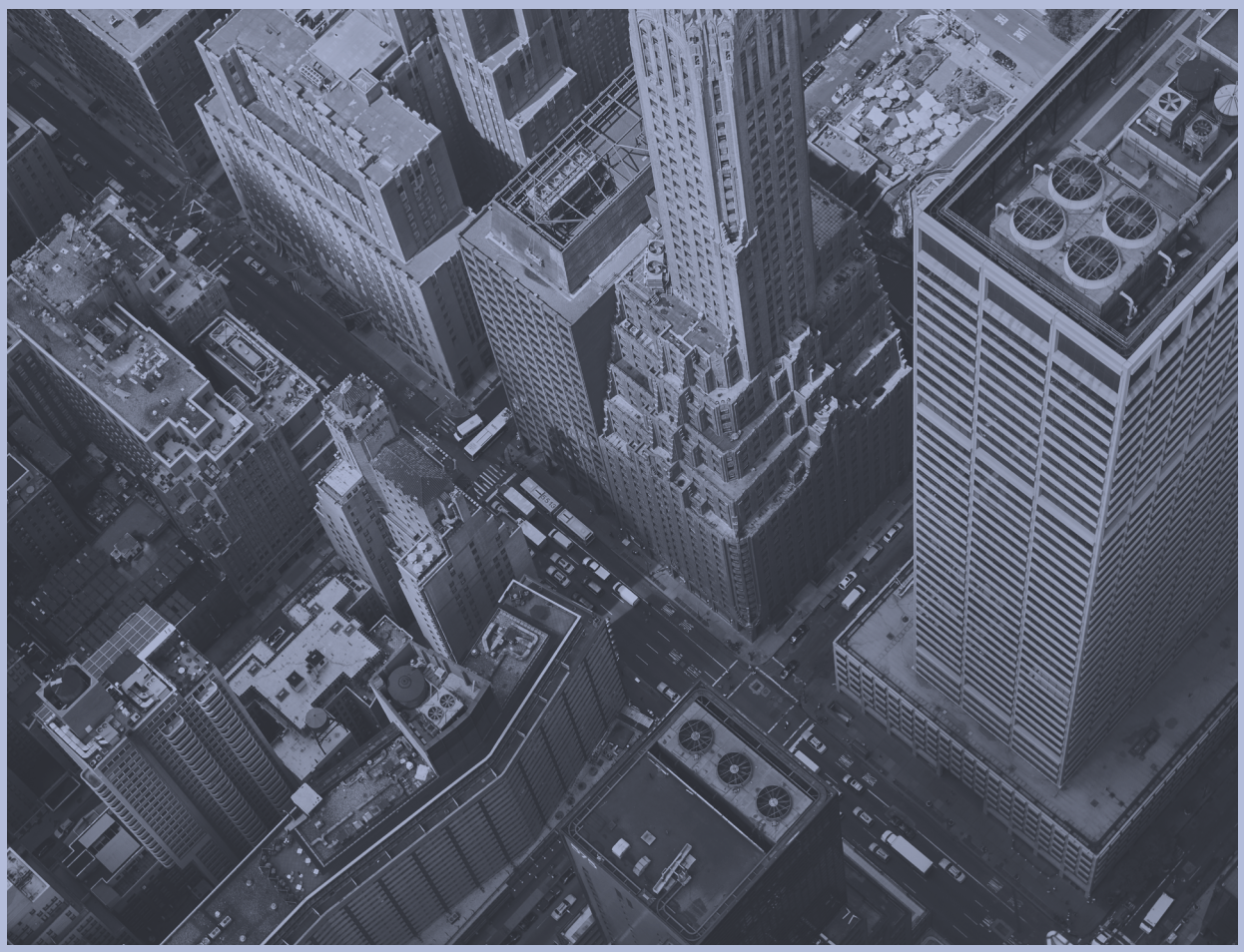
Currently, Ethereum — the most widely used smart contract platform — is fragmented, with many separate tools and networks. ZK technology is helping bring this ecosystem together by creating faster, more integrated infrastructure. For example, new ZK-powered systems like zkVMs (developed by companies like Succinct and Risc0) allow blockchain operations to be processed more efficiently and securely, with fewer moving parts.

Some protocols, like Taiko, are testing hybrid approaches that use secure hardware today but plan to transition to ZK systems over time. The goal: scalable, low-cost networks that don't compromise security.

We're also seeing the rise of ZK proving markets, which essentially act as marketplaces for computing power used to verify transactions securely. Think of them as a new kind of infrastructure layer that supports multiple blockchain networks, improving interoperability.

Even Bitcoin is starting to experiment in this area. A proposed upgrade called OP_CAT could enable advanced ZK-based features on Bitcoin, making it more adaptable for future use cases.

Since 2017, Bitcoin has delivered 72% annualized returns with a Sharpe ratio nearly 3x higher than equities and gold.



What's more, ZK technology is now moving beyond crypto — into sectors like artificial intelligence and cloud computing, showing it could become foundational in other digital industries.

On a macro level, it's worth noting the growing role of stablecoins (crypto assets pegged to fiat currencies). Stablecoins have become the seventh-largest holder of U.S. Treasuries, and their use in global payments and yield-bearing products is expanding fast—signaling their increasing relevance in fixed-income and macro strategies.

8.14 What happens if Bitcoin becomes a reserve currency for some countries?

If Bitcoin was to become a reserve currency, it would fundamentally reshape global finance. Its neutral settlement layer would give it geopolitical neutrality, making it a valuable medium of exchange between countries seeking to reduce reliance on the U.S. dollar. This could lead to a weakening of dollar dominance over time. Moreover, financial innovations like Bitcoin-denominated bonds could emerge, providing alternative forms of sovereign financing. Such developments would underscore Bitcoin's potential not just as a store of value, but as a core component of a new, multipolar financial system.

8.2

Sustaining value over time

8.21 What factors should I consider for long-term exposure to digital assets?

First is investment horizon: crypto markets are naturally volatile in the short term. However, Bitcoin's long-term volatility has been steadily declining and is now often lower than that of equities or high-yield bonds. Staying invested is essential — historically, missing just a handful of the best-performing days in the market can significantly reduce overall returns.

Another important factor is the low-beta anomaly in crypto. Since January 2014, assets with lower beta — meaning less volatility relative to the broader market — have consistently outperformed higher-beta assets, both in absolute terms and on a risk-adjusted basis.

8.22 Is there a chance that digital assets could become obsolete in the future?

The probability of digital assets becoming obsolete is increasingly remote. Regulatory clarity has improved significantly, particularly in the U.S., where Bitcoin has been classified as a commodity by the SEC and CFTC, an important de-risking milestone reinforced by approval of Bitcoin ETFs. Adoption by central banks and U.S. states add to Bitcoin's institutional credibility.

The crypto space doesn't operate on a "first-mover advantage" model—innovation is constant and interactive. For example, while Solana is rapidly gaining network effects and could outcompete Ethereum, it faces challenges like Hyperliquid and Aptos, highlighting the sector's dynamic, competitive nature.

Footnotes

1. Coinmarketcap - 16-05-2025

2. As of May 2025, approximately 87–90% of transaction fees on Ethereum are burned under the EIP-1559 mechanism, according to on-chain data from ultrasound.money and Dune Analytics.

3. Data as of May 2025, based on total return calculations from January 1, 2017, to April 30, 2025. Sources: CoinGecko (BTC), Bloomberg (MSCI World Index, Gold). Returns are annualised. Past performance not indicative of future results. Capital at risk.

4. Data as of May 2025, based on weekly return observations from January 1, 2017, to April 30, 2025. Sharpe ratios calculated using a 3-month U.S. Treasury bill rate as the risk-free benchmark. Sources: CoinGecko (BTC), Bloomberg (MSCI World Index, Gold, Risk-Free Rate). Past performance not indicative of future results. Capital at risk.

5. https://coinshares.com/us/insights/research-data/bitcoins-role-in-an-investment-portfolio/

6. https://coinshares.com/se-en/insights/research-data/bitcoins-role-in-an-investment-portfolio/ Performance presented gross of any execution and management fees/costs. Past performance not indicative of future results. Capital at risk.

7. https://coinshares.com/se-en/insights/research-data/bitcoins-role-in-an-investment-portfolio/ Performance presented gross of any execution and management fees/costs. Past performance not indicative of future results. Capital at risk.

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