



CheckSig

TRANSPARENT BITCOIN CUSTODY

Why Bitcoin



Bitcoin as Digital Gold

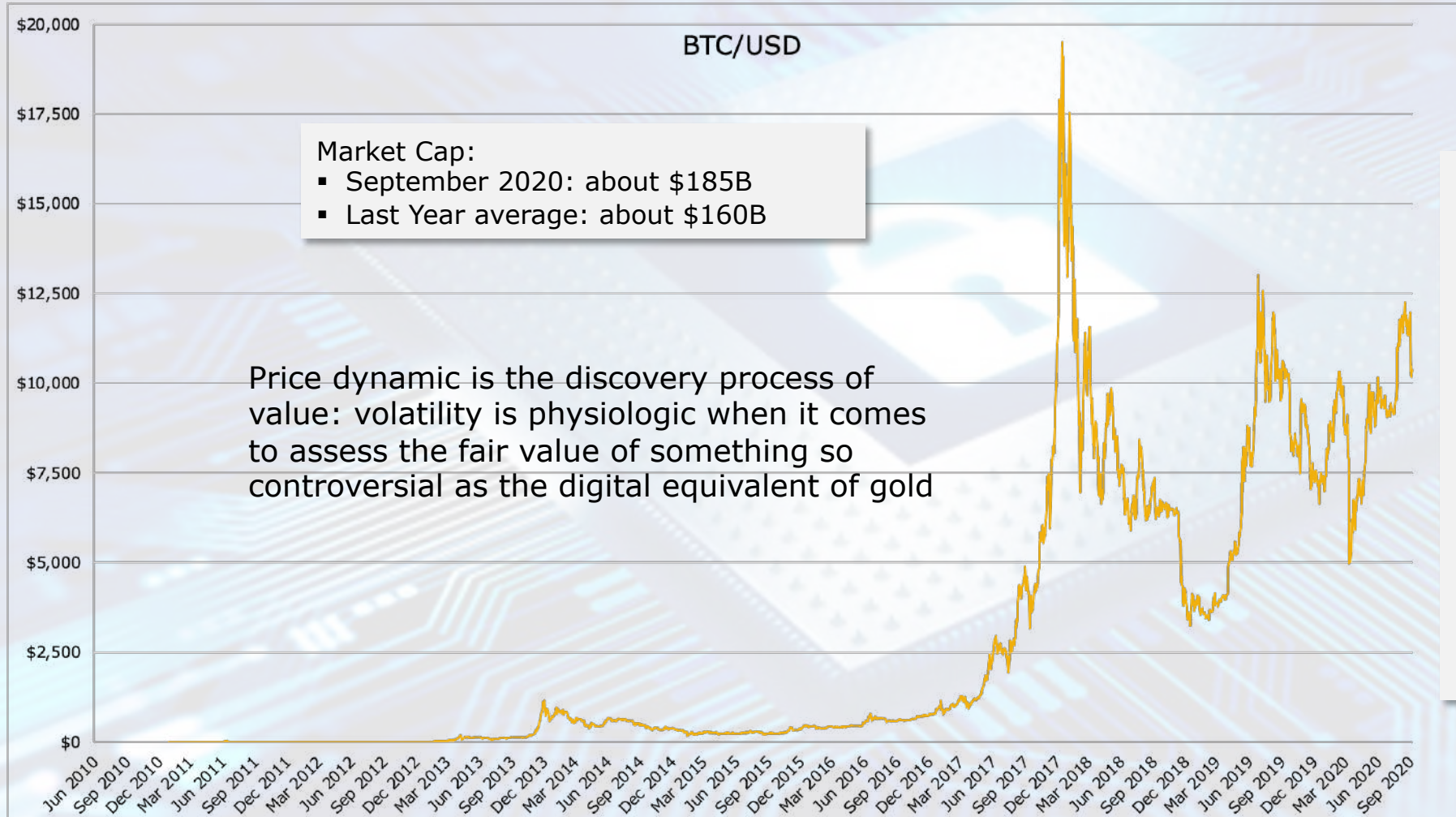
Bitcoin characteristics

- Digital and scriptural: it only exists as validated transaction
- Asset, not liability
- Bearer instrument
- It can be transferred but not duplicated (i.e. it can be spent, but not double-spent)
- ***Scarce in digital realm, as nothing else before***
- It mimics gold monetary policy of decreasing incremental extraction

***Bitcoin is digital gold
with a secure uncensorable
embedded
settlement network***



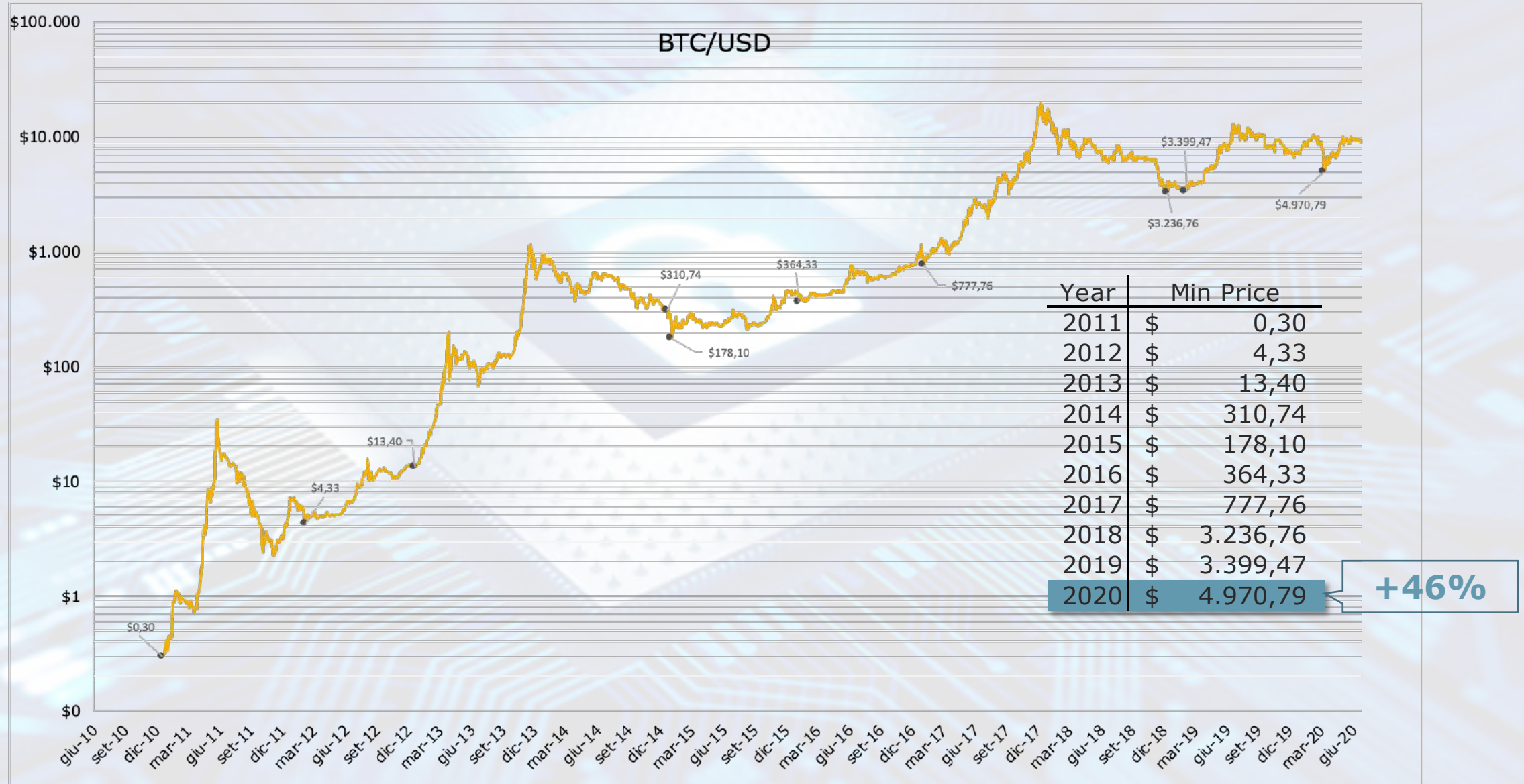
Bitcoin Performance



Date	Price	Yearly performance
Dec-11	5.00 \$	
Dec-12	13.59 \$	172%
Dec-13	739.10 \$	5339%
Dec-14	320.19 \$	-57%
Dec-15	430.57 \$	34%
Dec-16	963.74 \$	124%
Dec-17	14,156.40 \$	1369%
Dec-18	3,742.70 \$	-74%
Dec-19	7,193.60 \$	92%
Sep-20	10,369.56 \$	44%



Bitcoin Performance (Log Scale)

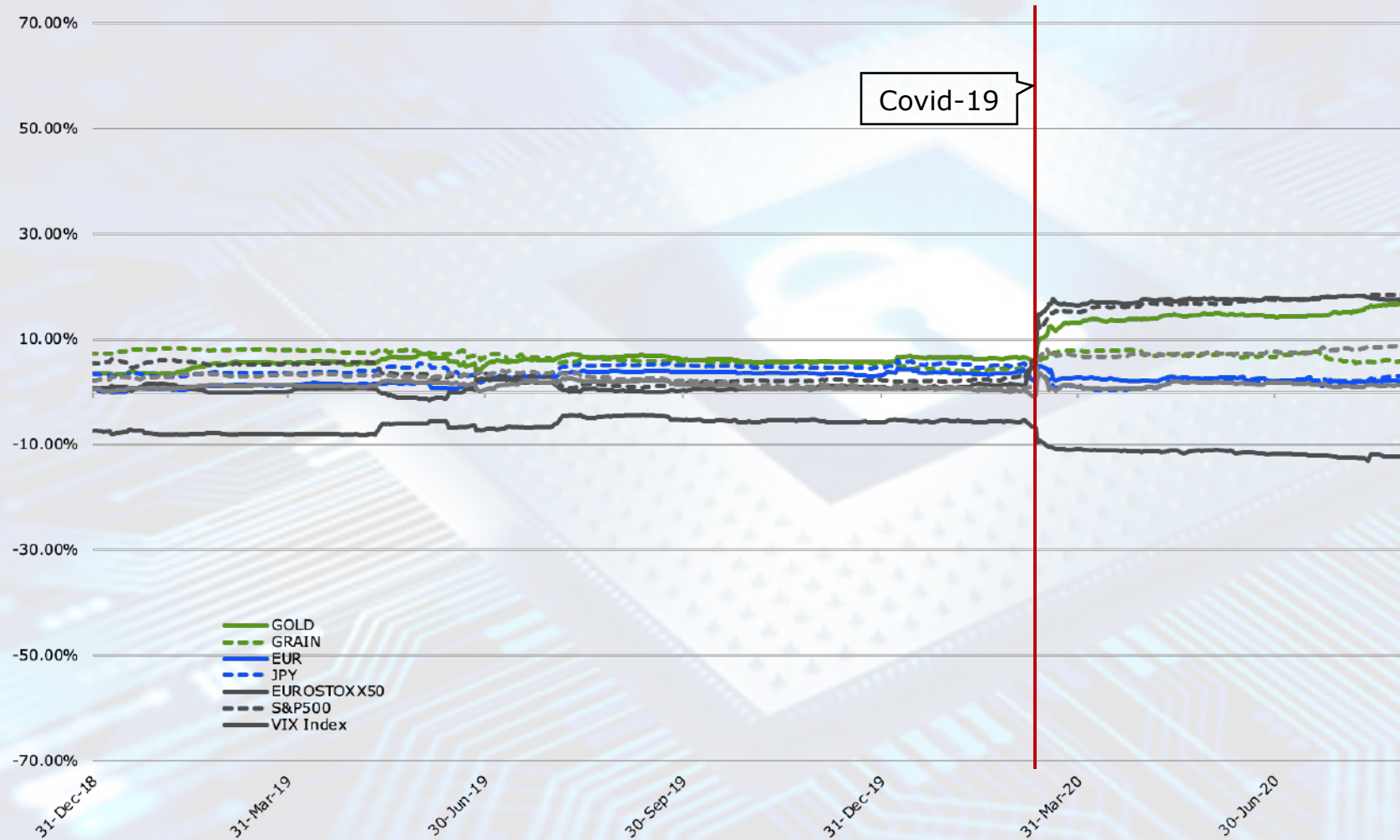




3Y																					
BTC	100,00%																				
ETH	17,09%	100,00%																			
LTC	15,65%	56,63%	100,00%																		
XRP	12,02%	37,21%	39,55%	100,00%																	
GOLD	5,68%	5,03%	0,11%	0,20%	100,00%																
IND MET	-0,15%	2,05%	-1,11%	1,34%	14,06%	100,00%															
WTI	-0,75%	1,99%	-2,92%	-0,44%	3,99%	20,64%	100,00%														
GRAIN	5,34%	1,20%	-2,64%	1,82%	2,93%	6,13%	10,94%	100,00%													
EUR	3,39%	9,31%	4,16%	1,31%	48,27%	19,98%	2,37%	6,38%	100,00%												
CHF	4,25%	8,58%	1,10%	-2,17%	56,04%	9,29%	-0,71%	4,32%	73,19%	100,00%											
GBP	3,51%	3,85%	0,50%	-2,59%	27,11%	9,32%	4,37%	4,45%	55,11%	40,57%	100,00%										
JPY	4,61%	8,90%	2,57%	0,98%	63,67%	-8,62%	-8,25%	-1,80%	39,66%	57,71%	20,73%	100,00%									
NASDAQ	2,88%	1,84%	2,36%	1,23%	-12,20%	19,32%	21,89%	4,60%	-0,56%	-14,89%	5,54%	-28,62%	100,00%								
EUR SX5E	1,07%	2,44%	8,19%	1,42%	-25,46%	24,80%	18,94%	8,55%	-10,59%	-27,97%	4,76%	-44,63%	47,75%	100,00%							
S&P500	2,31%	2,11%	2,24%	1,54%	-14,22%	20,77%	26,54%	5,44%	0,89%	-14,73%	6,34%	-32,01%	95,05%	52,89%	100,00%						
MSCI BRIC	1,20%	3,62%	3,48%	4,15%	2,74%	36,61%	21,85%	10,64%	13,09%	-0,10%	15,76%	-15,09%	48,33%	48,63%	46,30%	100,00%					
VIX	-5,69%	-4,14%	-1,52%	-2,85%	10,12%	-15,35%	-20,77%	-10,44%	-0,95%	14,13%	-5,11%	27,47%	-76,17%	-47,64%	-79,15%	-40,97%	100,00%				
EUR AGG	-0,36%	-4,63%	-3,80%	-1,48%	29,05%	-12,83%	-2,78%	-5,53%	-9,76%	4,35%	-10,71%	27,78%	-4,48%	-4,49%	-6,98%	-6,99%	1,92%	100,00%			
PAN EUR	0,85%	-5,08%	-3,83%	-1,30%	27,70%	-16,19%	-2,30%	-4,79%	-18,74%	2,18%	7,88%	28,93%	-5,90%	-5,39%	-8,87%	-7,66%	4,89%	91,63%	100,00%		
PAN US	0,55%	0,36%	0,48%	4,24%	46,06%	-14,36%	-13,04%	-3,50%	9,89%	27,91%	3,65%	52,39%	-26,55%	-27,34%	-30,30%	-16,68%	25,71%	55,09%	57,03%	100,00%	
	BTC	ETH	LTC	XRP	GOLD	IND MET	WTI	GRAIN	EUR	CHF	GBP	JPY	NASDAQ	EUR SX5E	S&P500	MSCI BRIC	VIX	EUR AGG	PAN EUR	PAN US	
	Crypto-currency				Commodity				Currency				Equity				Volatility	Bond			



Correlation with Bitcoin: 3Y Rolling Window



- Correlations of other asset classes with Bitcoin has always been very low
- It is still low even if after Covid-19 correlations of Equity (S&P500 and EUROSTOXX50) and Gold with Bitcoin has increased

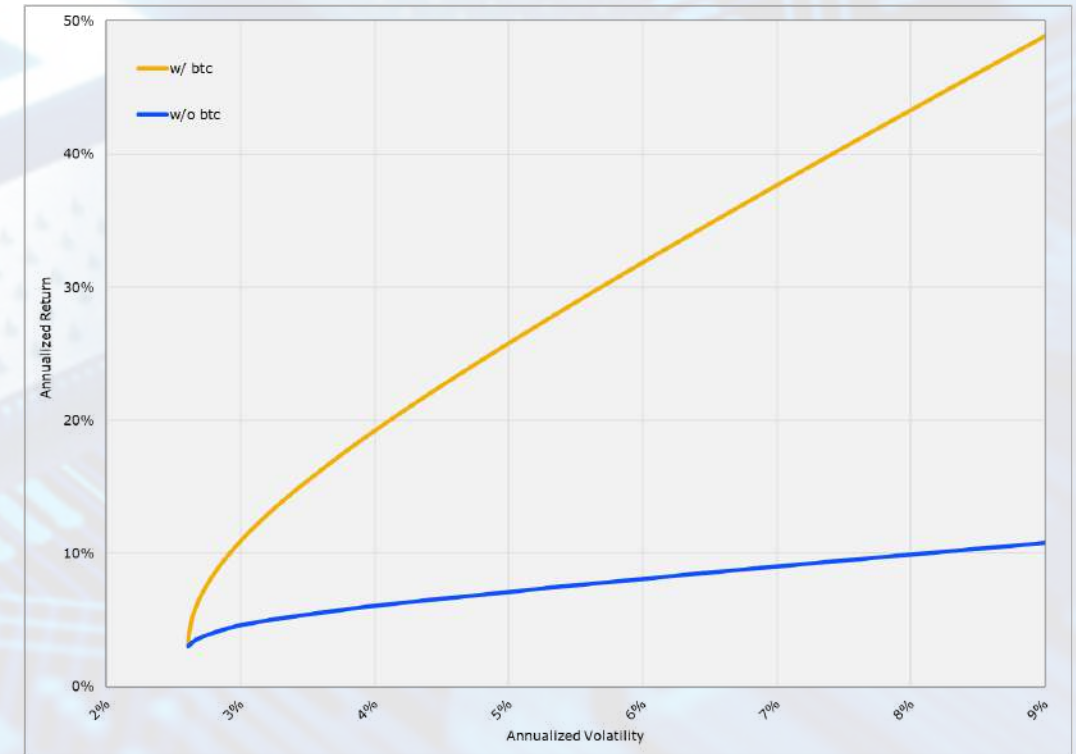
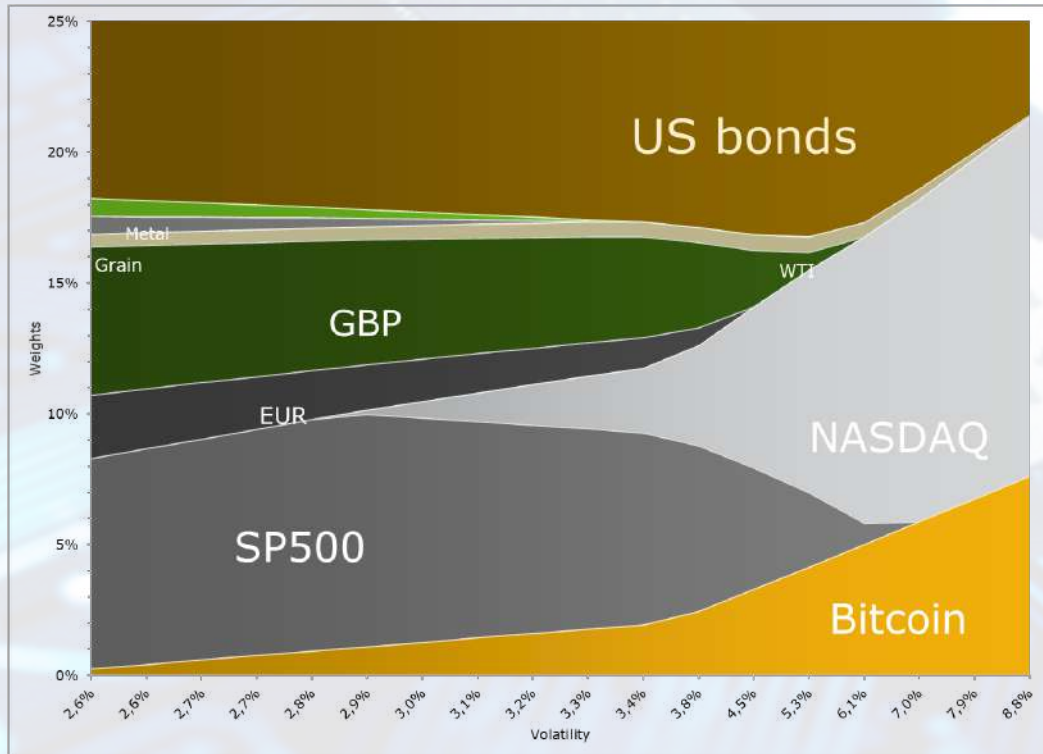


Bitcoin: CAPM Diversification

Bitcoin increases expected return for a given level of risk, e.g.

- at 4% volatility, return increases more than 140bps
- at 10% return, volatility decreases from 8.60% to 2.90%

For conservative risk levels, optimal CAPM diversification suggests to invest in Bitcoin up to 5% of the portfolio





Bitcoin Potential Upside

**Asset Under Management
worldwide:**
\$100T



If 2% will invest in BTC,
then its price should be:

~ \$100,000/BTC

Gold capitalization:
\$8T



if BTC reaches a similar level,
then its price should be:

~ \$400,000/BTC

Metcalfe's law*:
*"network value is
proportional to the square of
the number of users"*



Estimated BTC investors: 50m
Forecasted investors: 350m
BTC price might increase x49:

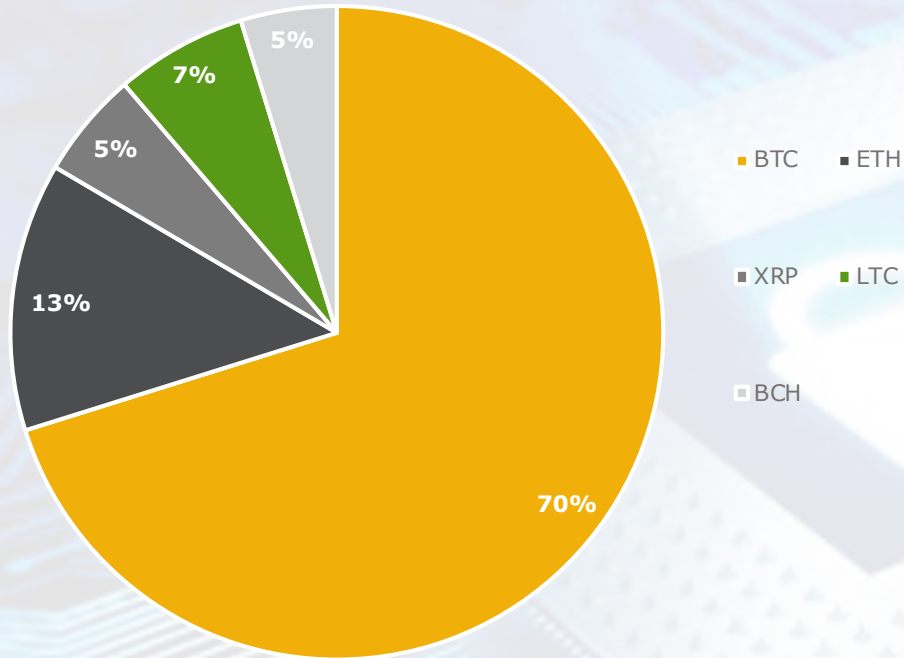
~ \$500,000/BTC

* <https://quantpedia.com/Blog/Details/metcalfes-law-in-bitcoin>



Why Bitcoin Only?

2019 Volume shares



- We only consider data from reliable exchanges, as CME did for its quoted Futures on Bitcoin
- Reduce the analysis to the five most liquid crypto-assets: BTC accounts for more than 70% of traded volume
- ETH, the second crypto-asset, accounts for just 13% of traded volumes



BITFINEX

Kraken

Bitstamp

coinbase

bitFlyer

GEMINI

itBit

BITTREX
INTERNATIONAL

POLONIEX



Bitcoin Regulated Markets

Futures



Chicago Mercantile Exchange:

- Quoted since December 2017
- Regulated by the Commodity Futures Trading Commission (CFTC)
- Cash-settled (delivery of the USD-equivalent at maturity)
- \$650M average daily volume

Bakkt

Bakkt (ICE, NYSE):

- Listed on ICE Futures U.S. and cleared by ICE Clear U.S.
- Physically-settled (delivery of Bitcoin at maturity)

Options



Chicago Mercantile Exchange:

- Quoted since January 2020
- The value of options is based on the regulated CME CF Bitcoin Reference Rate (BRR) and settles into actively traded Bitcoin futures
- \$300M average daily open interest

ETP



XBT Provider: listed on Nasdaq Stockholm



Wisdom Tree: listed on SIX Swiss Exchange



Amun: listed on SIX Swiss Exchange



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