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THE WALL STREET JOURNAL.

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564 words

13 October 2022

The Wall Street Journal

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English

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Betterment LLC, the largest independent online financial adviser, is launching four thematic crypto investing portfolios for its retail and adviser customers.

The product launch on Wednesday is the latest sign of mainstream acceptance of cryptocurrencies despite a \$2 trillion wipeout in the cryptocurrency market since last November. Bank of New York Mellon Corp., the country's oldest bank, said Tuesday that it would begin safeguarding clients' cryptocurrencies.

"I think the asset class is here to stay," Sarah Levy, chief executive of Betterment, said in an interview. "Crypto represents technological advancement and the **technology** will continue to improve, but just like stocks there will be winners and losers."

Last year, the Securities and Exchange Commission started allowing companies to offer futures-based exchange-traded funds that track bitcoin. But the SEC so far hasn't allowed any ETFs that hold bitcoin or other cryptocurrencies directly, which means some financial advisers are finding creative ways to give clients direct access to baskets of cryptocurrencies.

Betterment, with \$33 billion in assets under management, is teaming up with crypto exchange Gemini to offer four portfolios populated with tokens listed on Gemini.

Each portfolio will track a basket of cryptocurrencies corresponding to a specific theme, including the metaverse and **decentralized finance**. Gemini also will serve as custodian for the digital assets.

The portfolios will hold cryptocurrencies directly in managed investment accounts. Those are vehicles that will allow investors to buy into an account overseen by a Betterment algorithm.

ETFs, on the other hand, trade on exchanges just as any other stock.

Money managers Franklin Templeton and ARK Investment Management recently teamed up with Eaglebrook Advisors to offer separately managed crypto accounts for financial advisers who wish to offer clients direct exposure to digital tokens.

Betterment will charge a 1% annual fee for cryptocurrency assets. For traditional portfolios, the company charges 0.25% for its digital investing plan and 0.4% for customers who want access to human financial advisers. The cryptocurrency portfolios are an optional add-on for Betterment's retail and financial adviser customers. They are inaccessible to the company's 401(k) clients.

Betterment said it works with over 2,000 financial advisers from more than 600 wealth-management firms.

In February, Betterment made its foray into cryptocurrencies by acquiring digital asset robo adviser Makara, which had about \$13 million in assets under management at the end of 2021, according to a regulatory filing.

Since then, a steep decline in token prices and the failures of several once-highflying cryptocurrency startups have damped retail enthusiasm for the asset class.

Institutional adoption of major digital assets, often viewed as the fuel to supercharge crypto's rise, also slowed.

Betterment's cryptocurrency offering will draw from its diversified, long-term and automated approach to investing in traditional assets, Ms. Levy said.

The company will recommend that customers invest no more than 5% of their total investible assets in cryptocurrencies and it will offer educational materials about cryptocurrencies, according to Ms. Levy. She

said the company is "thrilled about the timing" of the launch in part because it harks back to Betterment being founded in the depths of the 2008 global financial crisis.

Betterment, which has over 730,000 customers across all of its business lines, was valued at \$1.3 billion at its last funding round in September 2021.

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