

who have gotten extremely wealthy just by getting bitcoin right. It isn't hard. Buy bitcoin and hold it. Outperform everyone, hold it for at least a cycle, and then multiply your wealth and purchasing power.

Getting super rich by HODLing bitcoin isn't all just winning. Although almost no mutual funds aside from Black-Rock and Fidelity are even looking at including bitcoin, I can describe some of the pain you might have to endure on a temporary basis. This pain is what is untenable for fund managers today because they believe it can cost them their jobs. There are two basic facts about bitcoin's returns. It's a good-news / bad-news story. Which one do you want first? OK — we'll begin with the bad news:

10.1 Bad News: Severe Drawdowns

Bitcoin has severe drawdowns after hitting its market tops, usually ranging between 70% and 80%. This might not look very attractive to fund managers at the moment, particularly since it is unclear when this will happen. It begins to make sense why individuals are more suited to deal with losses of this size, as they aren't accountable to boards, shareholders, clients, etc. I've been hammering this point home throughout the whole book. There are a few key reasons why these drawdowns are so severe: 1) Bitcoin is an emerging market; 2) Bitcoin's marketplace is always open; 3) Bitcoin is not well understood; 4) Speculation leads to leverage, which leads to liquidations.