

BITCOIN: THE WORLD'S BEST EVER RISK-REWARD INVESTMENT



ADAM SMITH, author of “The Wealth of Nations,” was opined that the problem with fiat money is that it rewards the minority that can handle money, but fools those that have worked and saved money. Bitcoin is the solution for and antidote to Adam Smith’s problem for the global Internet

nation. Fiat nation state currencies have unrestricted supply and restricted borders. Bitcoin has the opposite: restricted supply and unrestricted borders.

Bitcoin is MOIP (Money over Internet Protocol), using consensus algorithms and Blockchain technology not controlled by any government, country, company or person. Qualities of sound money include that it is scarce, divisible, portable, durable, recognizable and fungible. Bitcoin is a deflationary asset with a restricted supply, as a maximum limit of 21 million Bitcoins is “hardwired” into the Blockchain protocol.

For over 5,000 years this definition of “sound money” was gold and that is why all central banks own gold as reserves. Now with Bitcoin’s value reaching parity with that of gold, the Bitcoin market cap (\$20 billion) expressed as a percentage of gold in circulation (\$7 trillion) is currently at about 0.388%. If Bitcoin would reach the market cap of gold, one Bitcoin could be worth more than \$1 million.

The price of one Bitcoin surpassed the price of an ounce of gold for the first time in history in early March 2017. For the first time in 5,000 years we have something that is superior to gold but today the Bitcoin space still feels like surfing the Internet in 1995. Bitcoin so far has had returns unlike any asset in history, and the trend is your friend with Bitcoin.

Bitcoin is a geopolitical hedge and a useful addition to traditional global investment portfolios, and, as such, it is becoming popular with family offices. Bitcoin is the best tail-risk option—either worth zero or a truly outstanding amount of money. With Bitcoin, one should



Coining Money

Bitcoin volatility in perspective. As of March 7, one Bitcoin was \$1,290.

2011	+1,316%
2012	+218%
2013	+5,428%
2014	-57%
2015	+36%
2016	+125%
2017 YTD	+30%

SOURCE: BITSTAMP. YTD AS OF MARCH 7

hold on and not get shaken out. While critics call Bitcoin volatile, since 2011 it has had only one down year. With a market cap over \$20 billion, Bitcoin’s risk-reward has changed for the better.

The easiest way to own and trade Bitcoin is to open an account with a reputable Bitcoin exchange. Buying a hardware vault (cold storage), allows you to keep private keys completely offline (to prevent hacking), while enabling the flexibility of an online wallet.

The chances of Bitcoin being worth nothing are now near zero—there’s been too much progress in Bitcoin and its Blockchain protocol for that to happen. If the global market grows more turbulent this year (as is likely), investors may swap traditional currencies for Bitcoins—and as demand rises, so will its value. With a potential upside of \$1 million, Bitcoin may be the best ever risk-reward in the history of financial markets.