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Elixir News

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CREATING INCOME FOR EVERYDAY PEOPLE BY USING TECHNOLOGY
TO HARVEST VOLATILITY.

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Hi, everyone.

I trust that you and your family are keeping well. As Eve and I are writing this newsletter, it really doesn't feel like 2020 is behind us. That said, we remain optimistic that things will improve soon. In the meantime, please continue to stay strong and healthy.

In this newsletter, I want to discuss three topics: a short review of the assets' performances in 2020, my outlook for 2021, and my view on bitcoin.

We hope you find this newsletter insightful. Please feel free to reach out.

Warmest regards,

Bill and Eve McNarland

2020 Review

With all the craziness in the capital market in 2020, perhaps the most shocking occurrence is that all established correlations broke. Everything increased in value except for oil and USD. Following is a 2020 performance chart that we compiled on major asset classes.

If the established correlation didn't break, these assets' annual returns would have looked a lot different. When volatility is high (in 2020, volatility increased nearly 71%), risk assets should fall in value, while safe assets should rise.

For FX with risk, this means a lower price in Australian, Canadian, Euro, British, and New Zealand currencies. However, the opposite happened; these currencies all increased in value as compared to the US Dollar. For FX with low risk, their values should rise. While the Japanese Yen and Swiss Franc had a good return in 2020, the US Dollar, being a traditional safe FX option for times of uncertainty, didn't perform well. Some say that the US money-printing is the cause, but this is not a strong argument, as most of the major economies have been printing money, and some countries (for example, Canada) were a lot more aggressive relative to their GDP.

Asset Class		2020 Return
Volatility		70.80%
FX	AUD/USD	9.59%
	CAD/USD	2.04%
	EUR/USD	8.93%
	GBP/USD	3.16%
	JPY/USD	5.18%
	NZD/USD	6.67%
	CHF/USD	9.34%
Equities	DJIA	6.76%
	NASDAQ	45.25%
	S&P 500	15.12%
	Russel Small Cap	17.58%
Bonds	US 30 Year	24.30%
Commodities Energy	Natural Gas	16.52%
	Oil - WTI	-20.89%
Commodities Metals	Copper	25.36%
	Gold	24.67%
	Silver	47.35%
	Platinum	10.67%
Commodities Agricultural	Cocoa	2.80%
	Coffee	0.90%
	Cotton	13.06%
	Corn	4.56%
	Soybeans	22.68%
	Wheat	14.67%

A low US Dollar creates challenges for Canadians to trade. Every trade a Canadian makes involves acquiring the US Dollar first. So, even if you sit waiting in US Dollar cash, you are losing when the Canadian Dollar is increasing.

The performance of oil and gas and industrial metals is tightly correlated to economic growth. With the global economic slowdown and a higher unemployment rate in 2020, I'm scratching my head as to why these commodities would increase in value. Only oil performed within expectations. Gold has an opposite correlation to fear, so we expected an increase in the gold price in 2020.

Then, there is the equity market. With high volatility and uncertainty, the stock market should fall. However, governments' stimulus payments and the belief that the government would come to the rescue at all costs were like continuous dopamine shots to bullish speculators. The fact that technology stocks gained traction is somewhat understandable as remote working and online shopping becomes the new normal. Still, a 45.25% reward? And it is mind-blowing to see that the S&P 500 ended the year with a 15.12% return, considering that its first-quarter drop was 34%.

With US bonds being a low-risk asset, I'm not surprised that it rose in value in 2020. That said, US bonds and the US stock market typically move in the opposite direction. For bonds and stocks to go in one direction is rare. I believe that this is happening because investors can't agree on a consensus – some are bullish and fearless, and some are bearish and positioning for risk assets to fall.

2021 Outlook

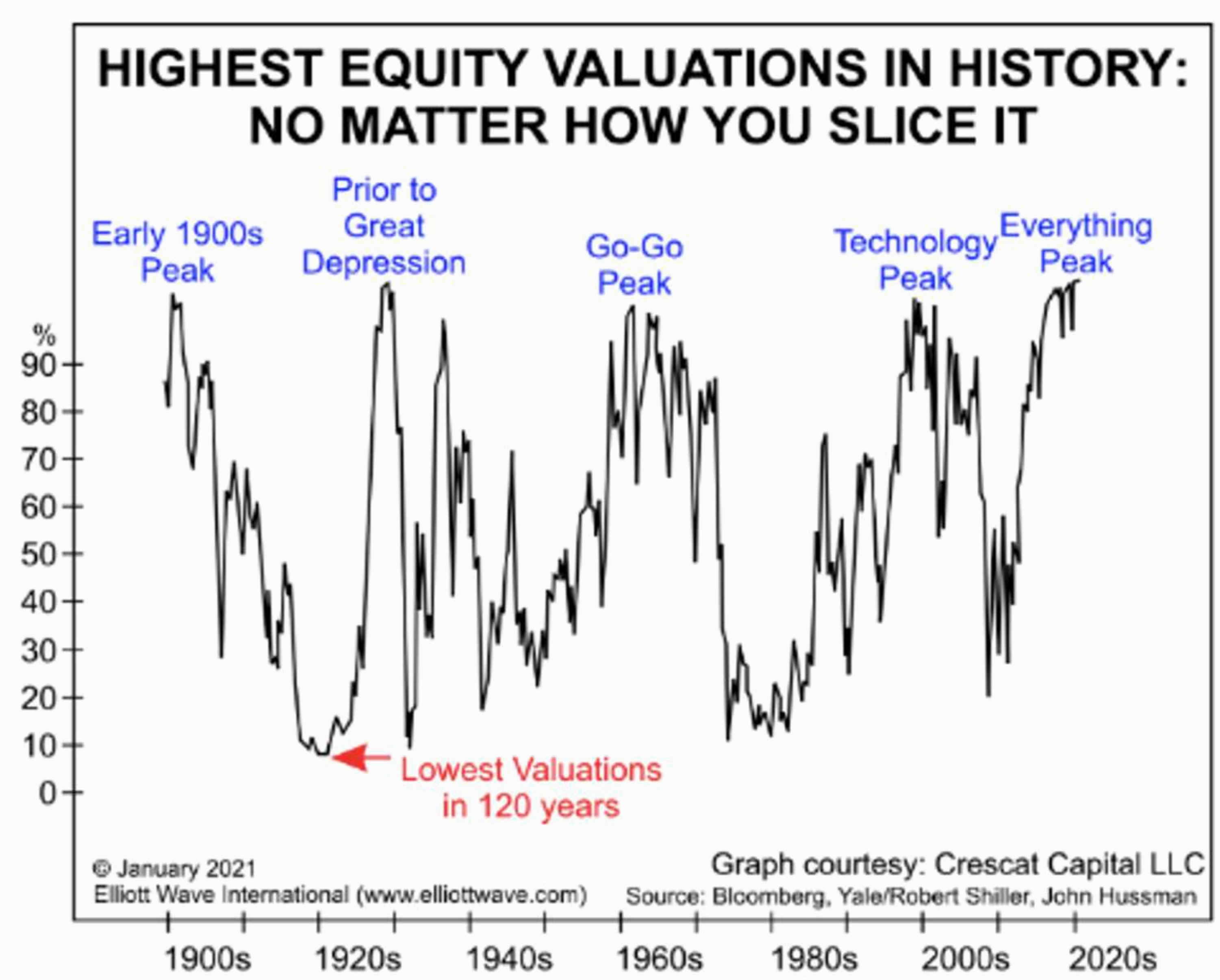
We approach 2021 with caution and optimism. Based on historical data and indicators shown from our revised algorithm, this year would be an excellent one for profiting from the fall of most asset classes given that the current optimism has been stretched for too long and that updated economic data is not suggesting a recovery from COVID-19 any time soon.

Our optimism is based on the idea that mean revision always happens. Several clues indicate that a market drop should be happening soon.

Clue #1 Even with a vaccine, economic growth remains grim in 2021. The World Bank predicted that global growth would be slow for the rest of the decade because of the ongoing hangover from COVID-19 [1].

Clue #2 The corporate debt level is becoming a dire problem in 2021. According to Rosenberg Research, 20% of companies in the S&P 500 are Zombies [2]. A Zombie company does not have enough cash flow to cover its interest obligations. Unless the company can raise new capital or renegotiate its debt, the index could disqualify it. The point is that companies that made it to the S&P500 index went through a stringent initial qualification process. To even be considered for the index, they must be in the best shape financially. The fact that 20% of the best companies in the world can't service their debt is shocking! And the S&P500 went up 15%!

Clue #3 Valuations are at the highest point in history. The following chart shows how extreme the situation has become in all categories. Elliot Wave International publishes the chart with research compiled by Crescent Capital and analysts from Bloomberg, Yale University, Robert Shiller, and John Hussman.



Model Factors	Most Recent Values	Historical Percentile
Median EV to Sales (Ex-Financials)	4.0	100%
US Total Market Cap to GDP	170%	100%
EV to Free Cash Flow Margin-Adjusted (Ex-Financials)	48.8	100%
Median Price to Sales	2.8	100%
Median Price to Book	3.9	100%
Median EV to EBITDA (Ex-Financials)	15.0	100%
Aggregate EV to Sales	3.0	100%
Aggregate EV to Trailing 12 M EBITDA	17.5	100%
Aggregate EV to 2021 EBITDA Estimate	15.9	100%
Aggregate Price to 2021 Book Value Estimate	3.8	100%
Aggregate Price to Tangible Book Value	12.8	100%
Aggregate Price to Earnings	27.9	98%
Cyclically Adjusted P/E (CAPE)	32.9	97%
Aggregate Price to 2021 Earnings Estimate	25.6	97%
Aggregate Price to Book	3.9	91%

*Numbers as of November 2020 **Table courtesy: Crescat Capital LLC**

Clue #4 Based on research compiled by Sentiment Trader, cash from the margin is starting to run out and we are at a historic high for debt.

All these clues point to a market drop soon. That said, we are very cautious in our execution for the following reasons.

Although it is hard to think like a bullish speculator when all logical reasoning points to a bearish future, we think that we have a fairly good idea of why and how bullish investors could keep bull-running a while longer for 2021.

Bullish investors think that the world battled COVID-19 all through 2020, the economy stalled, and millions lost their jobs, yet risk assets not only didn't fall in value but had a stellar year in the end. With the release of the vaccine and continued government stimulus for recovering the economy, things will improve greatly in 2021. Risk assets (such as stocks) did fantastic in an awful year. It stands to reason that they will do better when the world is recovering.

This kind of logic will continue to fuel the enthusiasm and confidence of speculative investors in 2021. Typically, the market would decline when there are no new investors to allocate capital or when investors are fully invested. However, the possibility of swift new stimulus money is very high in the US, given that the pro-stimulus Democrats control both the House and the Senate. With the bullish sentiment and new cash on hand, we could see more investment in risk assets, further pushing the price higher for a period of time.

Final Remarks

After experiencing 2020, I acknowledge that speculators' confidence could keep the bull running longer than I expected. "Be patient and execute with caution" is the key for 2021. My last comment goes to investors who have a bullish outlook for 2021: When a repricing of risk comes, it always happens violently and without warning.

Feature Article:
My view on Bitcoin

Around this time two years ago, many investors wanted to talk to me about bitcoin. At the time, bitcoin's price had increased from $963 per coin on January 1, 2017 to $19,166.98 per coin on December 16, 2017. Investors were super-hyped about this decentralized cryptocurrency, regarding it as a life-changing, can't-miss investment opportunity.

I didn't agree with the popular sentiment. In fact, in the December 2017 newsletter [3], I said that we were in a bitcoin bubble and stated why it didn't fit Elixir's investment mandate. It turned out that December 2017 was bitcoin's peak month bubble. In the subsequent 12 months, we all witnessed bitcoin's 84% fall to $3,200 per coin level in mid-December 2018.

As discussed earlier in this newsletter, all assets' correlations broke in 2020, and investors' future confidence remains unprecedentedly high going into 2021, I am not surprised to see the rise of bitcoin again; nor was I surprised to see that the price rose to over $50,000 per coin earlier this month. History always repeats itself. My phone is ringing a lot these days. Investors and friends want to talk about bitcoin again. I hear comments like, "Bill, this time is different. It's going to replace gold! It's going to be the new currency that everyone will use!" What caught my attention is that sophisticated retail investors are showing strong interest in bitcoin this time around. I decided to update my research on cryptocurrency. I share it with our investors here.

Two central beliefs are backing bitcoin's current high valuation and the conviction that its value deserves to go even higher. One is that bitcoin is on its way to replacing traditional currencies for exchanging goods and services. The second is that bitcoin is a stand-alone asset class for investment. It can be viewed and invested as digital gold. Let's take a closer look at these two ideas.

PART ONE
Bitcoin as a currency

In our opinion, bitcoin will likely not scale up in circulation as a currency. Here's why we say that.

First, governments' incentive to support an alternative cryptocurrency independent of their control is nearly nil.

Currency (money supply) is one of the essential financial tools for a country. In 1815, Nathan Rothschild made his famous statement: *"I care not what puppet is placed upon the throne of England to rule the Empire on which the sun never sets. The man who controls the British money supply controls the British Empire, and I control the British money supply."* Today, the central banks are Rothschilds of their respective countries.

Familiar with the Plaza Accord? In 1985, the G5 nations agreed to depreciate the US Dollar in relation to the Japanese Yen and German Deutsche Mark by intervening in currency markets. The US Dollar depreciation saved the US manufacturing industry but sent Japan on a long path of low growth and deflation. Why would governments want to give up that kind of power and support a digital barter system?

Of course, governments won't publicize the real reason for their unwillingness to green light cryptocurrencies' wide use as a means of exchange for goods and services. Instead, they emphasize the regulation needed to address money laundering concerns, funding illegal activities, and tax avoidance. For a decentralized currency such as bitcoin, these problems are inherently unsolvable. The lack of government support makes it very difficult for bitcoin to scale up its circulation as a currency.

In fact, this has already been evidenced in the last ten years of bitcoin's limited circulation/adoption journey. According to Coin ATM Radar [4], an online provider that tracks real-time bitcoin ATM locations globally, currently, 14,084 Crypto ATMs facilitate the purchase or sale of bitcoins or other cryptocurrencies for cash. Over 83% (11,782) of the machines are in the US. Canada and the United Kingdom ranked second and third, housing nearly 8% (1,108) and 2% (230) of the world's crypto ATMs. To put the world-leading Canadian number into perspective, the Royal Bank of Canada alone has more than 4,200 ATMs in Canada. Interestingly, there are a lot more "Buy with cash" ATMs than "Sell for cash" ATMs. Take the city of Vancouver; at the time of this writing on January 11, 108 machines are for buying bitcoin, while only 49 machines facilitate selling bitcoin for cash.

On the merchant side, in a study released on August 31, 2020, Payments Canada concluded that "Canadian merchants do not widely accept cryptocurrency. Globally, it is estimated that up to 100,000 organizations accept Bitcoin, while in Canada, Bitcoin is only reportedly accepted as a payment option by an estimated 400 to 500 retail-based businesses. [5]" In the same study, over 80% of the 83 merchants interviewed (including 32 Canadian businesses currently or previously accepting cryptocurrency as a payment option and 51 Canadian companies of similar profile that do not accept bitcoin) predict moderate to significant growth of the cryptocurrency for retail payments over the next three years. Among these merchants, safety/security and price volatility are two critical drawbacks for merchants.

I find the optimism regarding future merchant expansion interesting, but the study lacks credibility because the conclusion stems from only the small number of merchants that participated in the survey. That said, I suspect that security and volatility will impede bitcoin's wide use as currency. Here are some data to support this statement.

Despite its key selling feature, i.e., that it's a safe alternative currency due to sophisticated encryption, cryptocurrency can be lost and stolen.

A bitcoin is considered permanently lost when it shows no movement for five years or longer. Since its creation, more than 18.6 million bitcoins have been mined, and about 20% of them (3.72 million bitcoin) are permanently lost, based on data analysis from Chainalysis [6] and Unchained Capital [7].

Although many of these losses occurred during bitcoin's early pre-value-explosion days due to the careless storage of private keys, the important message is that reclaiming a lost bitcoin is almost impossible, as there are no ownership records. As we were finishing up the newsletter, on January 12, news broke out about a San Francisco-based computer programmer with two password guesses left to access his 7,002 bitcoins (valued at about US$240 million based on $34,000 per coin) [8].

Bitcoin thievery is also a concern. Based on research from Inside Bitcoins, over US$11 billion was stolen through crypto exchanges, wallets, and mining platforms between 2011 and early 2020 [9]. While bitcoin theft appears to be decreasing year after year, according to Jameson Lopp, the CTO at Casa, viruses stealing private keys tend to be on a small scale and hard to aggregate [10].

Aside from safety concerns, bitcoin's price is too volatile for its use as a currency. In 2020, the average daily change in bitcoin's price was 2.5%. To put this percentage of change into perspective, the US dollar average daily change against the Canadian dollar was 0.37% in the same period, and 2020 was an extremely volatile year for the US dollar. Still not convincing? Well. With a 2.02% drop, March 9 marked the highest daily change date for USD/CAD in 2020, and it is still lower than bitcoin's 2.5% average daily change. On March 12, 2020, bitcoin lost 38% of its value in one day! How can anyone run a day-to-day business when the price of your goods or services can drop by 38% in a day?

Some bitcoin promoters say that as more institutional investors participate in bitcoin, the pricing volatility will calm down. The statement is entirely misleading. First, there is no basis for the belief that more trading volume leads to less volatility. Second, only one notable institution, Mass Mutual, made a passive investment in bitcoin in December 2020, and the investment accounts for only 0.04% of its total assets [11]. Investors would be wise to look at what institutional investors do instead of what promoters or speculators say in the media. Bitcoin will remain volatile for a long time. I will comment on why in a later section. The point is that volatile pricing will undoubtedly challenge bitcoin to increase its circulation as a broadly used currency.

The last point in this part one is that bitcoin's electricity consumption for mining could be a barrier preventing it from scaling up as a currency. Bitcoin's outstanding value was about 0.4% of Global GDP in 2020.

Therefore, for bitcoin to become broadly adopted as a currency, many more of them would need to be created. In 2020, the amount of electricity required to mine bitcoin was similar to a whole year of electricity use in Switzerland [12]. The world would have to produce an excessive amount of new electricity to scale up bitcoin. As our world becomes more environmentally conscious, we wouldn't be surprised if electricity became another issue causing governments to delay bitcoin's wide adoption as a currency.

To conclude the first part of our discussion, it is almost impossible—or at least would take a very long time—to see bitcoin replacing traditional currencies and being freely and widely used as a currency for our day-to-day transactions. It is too difficult to overcome the barriers, such as government obstruction, safety risks for owners, high volatility, and large energy requirements.

PART TWO

Bitcoin as an investment asset

First, let's compare bitcoin to different asset classes. Bitcoin is not like shares of a company whose underlying value is based on its earnings or revenue. It shares no similarities with the treasury bond of a country whose value is derived from its ability to collect tax revenue, nor is it comparable to most commodities, such as corn and copper, with real consumption and industrial need.

So, what is bitcoin's value proposition? As discussed earlier, if bitcoin were widely accepted as an alternative currency for the exchange of goods and services, or if its ability to transfer money without a trace were permitted by the world's governments and widely used, or if its ability to digitally store value were absolutely bullet-proof from cyber-attacks, then I could see the value in bitcoin. However, our research has revealed that the barriers are just too high to overcome for the decentralized bitcoin and other cryptocurrencies with a similar concept to materialize their value proposition.

The core issue is that I don't see a dire need for our current financial system to make disruptive changes for decentralized cryptocurrencies. That said, I do see exciting value in digital currencies powered by blockchain technology and backed by governments and central banks. We can talk about digital currency another time.

The point is that, in my opinion, currently and for the long-foreseeable future, bitcoin belongs to an asset class with no intrinsic value. Its value is based purely on the collective opinion of speculative investors. In the capital market, only two assets fit bitcoin's value characteristic: shares of a concept-stage company (no revenue, earnings, and assets) and gold. Speaking of these two speculative assets, bitcoin investors seem to believe that their bitcoin is a much better comparative investment. We will explore this belief later in this article.

Given that bitcoin has no real intrinsic value, what factors support the current bullish speculations, and do these positive beliefs have tangible traction supporting the increase of bitcoin's worth?

Bitcoin investors firmly believe that many developed countries' excessive money printing will cause traditional currencies to significantly decline in value. Some go further to predict a system-wide financial collapse. The excitement about bitcoin as a solution to traditional currencies' speculative fall is the initial and foremost reason why the price increased in 2020.

My take on this is that while the significant devaluation of traditional currencies and the collapse of the financial system could happen (I am not making any predictions), how could a digital token with no value be the solution? A country's tax revenue backs a traditional currency, and companies' earnings in that currency are real. Yes, there will be volatility with traditional currencies, but an asset's price with no value-backings could drop to zero.

Besides, hedging the risk of currency devaluation requires strategies of opposite correlation. If currency devaluation occurred, all assets with risk would fall in value. Bitcoin has proven to be correlated with risky assets like stocks. For example, it did not increase in value in March 2020. Bitcoin was at its pre-pandemic high of $10,367.53 per coin on February 14, 2020. After the bloodbath, it lost over 52% of its value, falling to $4,944.70 per coin on March 16, 2020! Comparatively, the stock market loss is much smaller, at 34%. It is such a mystery as to why people think bitcoin could be considered an effective hedging tool for risk diversification.

The "bitcoin is the solution" theory gained substantial traction at the end of 2020 and the beginning of 2021, when investors are starting to believe that institutions are coming on board due to the following articles, published by reputable media and financial institutions.

- *Forbes, November 19, 2020, "Leaked Citibank Report Reveals Bitcoin Could Rocket To $300,000 Price By End Of 2021"* [13]
- *Bloomberg, January 4, 2021, "JPMorgan Says Bitcoin Could Surge to $146,000 in Long Term"* [14]

These kinds of endorsement articles pushed up the price of bitcoin; investors are led to believe that institutions are now investing in bitcoin and they project that bitcoin's price will increase by 10X or 5X!

However, as mature retail investors, we must read beyond the headlines and really think about what was said, who said it, and, more importantly, whether any actions have taken place.

So, let's have a closer look. The main thesis that these news articles shared to support the belief that bitcoin's price will increase is that bitcoin is becoming an alternative to gold.

In their analysis, bitcoin is better than gold for the following reasons. First, the source code of bitcoin made the cryptocurrency a finite resource. About 88.5% of bitcoin has already been mined to date. This unique situation pushes investors to get in at any price now, as they believe that scarcity can only push up bitcoin's value. Gold, on the other hand, although not unlimited neither, fake gold (mixed with impurities) is a real risk to investors. Gold requires physical storage and does not allow people to launder money or avoid taxes. (Identification is required to buy gold.)

I do not believe any of these concerns are valid. One can simply buy a gold-backed ETF or certificate from a financial institution and not worry about storage or fraud. I don't consider money laundering and tax avoidance to be valid concerns. Perhaps this is a real selling feature for many bitcoin retail enthusiasts, but institutions would be in so much trouble if they replaced gold with bitcoin for these reasons.

The shockingly good future price prediction from Citibank and JPMorgan is weak, as their analysis is based on only one factor: In the future, there will be more buyers of bitcoin than sellers because more people will abandon gold for bitcoin. I don't think that a switch from gold to bitcoin will push the price of bitcoin higher. However, I do believe that public endorsements from reputable institutions (like those in the previously referenced articles) could create more buying pressure and drive bitcoin's price higher. The bitcoin bubble could be much bigger and last much longer as a result.

Concerning "who said" in these articles, the projections were presented by analysts at these giant institutions. Institutions such as Citibank and JPMorgan have thousands of analysts. They are not the ones who decide to make mandate changes and take large positions in bitcoin.

So, what did Jamie Dimon, chairman and CEO of JPMorgan, have to say about bitcoin? In September 2017, Dimon called bitcoin a "fraud ... worse than tulip bulbs" and predicted that it "isn't going to work." He also said that if his traders were trading cryptocurrency, "I would fire them in a second, for two reasons: It is against our rules, and they are stupid, and both are dangerous. [15]" In his most recent interview in late 2020, while he regretted saying that bitcoin was a fraud, he was still firm about it being "not my cup of tea." Instead, he is more interested in building out JPMorgan's own crypto and blockchain ecosystem [16].

Lastly, amidst all the hype about them joining the bitcoin party, what actions did institutions actually take? Not many. As mentioned earlier, only one insurance company, Mass Mutual, bought bitcoin worth 0.04% of its total assets.

To summarize part two, bitcoin is a risky and speculative asset. It is similar to gold with no intrinsic value. We are certainly in another bitcoin bubble. The bubble could last longer and grow if more buyers believe that bitcoin has the potential to replace traditional currencies or to replace gold as an investment asset.

Final Remarks

Despite the positive media coverage of bitcoin, retail investors seem to ignore headlines, i.e.: "U.K. Regulator Warns Crypto Investors Risk Losing All Their Money [17]," from just a couple of days ago. I'm surprised, actually, because sophisticated and extremely intelligent veteran investors have very strong opposite opinions and many of them remain on the fence. A list of quotes from these respected investors appears at the end of this article in case readers are interested in reviewing them.

After an in-depth look into bitcoin two years after my initial look, I'm comfortable in not changing my view on it. We are in a bitcoin bubble. As I said, the bubble can last longer and grow. That's why, unless I had a way without margin requirements and a long horizon, I would not short bitcoin.

Of course, I am talking about personal trading decisions. At Elixir, we have a strict mandate for investment; a speculative, risky asset like bitcoin is far outside our mandate.

Instead of focusing on decentralized cryptocurrency, we are monitoring the development of digital currency. Eventually, projects like Libra may gain traction with governments. There could be a third-party payment and currency system independent of banks but under governments' and regulators' supervision. Digital payment systems, such as Apple Pay and Facebook Pay, will bypass banks and be detrimental to banks' earnings. The potential for technology companies to chip away at banks' market share is intriguing to watch.

POSITIVE OPINIONS:

1 *"Bitcoin is going to be digital Gold."* [18]

Mike Novogratz
CEO of Galaxy Digital Holdings &
Former Portfolio Manager at Fortress Investment Group

2 *"We saw the field advancing more quickly than other fields, and we saw it was more durable."* [19] *– Comment on why the CFA Institute adding cryptocurrencies and blockchain topics to the CFA exams.*

Stephen Horan
Managing Director, CFA Institute

3 *"We have seen historical instances where such a rush into certain investments has benefited our economy and those investors who backed the right ventures."* [20]

Jay Clayton
Chairman, US Securities and Exchange Commission

4 *"We need better cross-border payments……so Bitcoin can help us."* [21]

Benoît Cœuré
Executive Board Member, European Central Bank

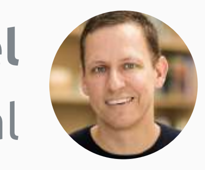
5 *"I believe that Starbucks is in a unique position to take advantage of that (referring to blockchain technology and Bitcoin"* [22]

Howard Schultz
Chairman Emeritus & Founder, Starbucks

6 *"I don't see why there is all this hostility to it, it is much not different than gold, it doesn't have security attached to it". He reconfirmed this view in December 2020".* [23]

Jeff Currie
Global head of Commodities, Goldman Sachs Group

7 *"Bitcoin critics are underestimating it, it is like a reserve form of money like gold to store value, you don't need to use it to make payments."* [24]



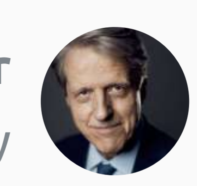
Peter Thiel
Co-founder, Paypal

NEGATIVE OPINIONS:

1 *"People get excited from big price movements, but you can't value Bitcoin because it is not a value producing asset."* [25] *He followed up with following advice: "You're speculating. There's nothing wrong with it. If you want to gamble somebody else will come along and pay more money tomorrow, that's one kind of game. That is not investing."* [26]

Warren Buffett
Chairman, Berkshire Hathaway

2 *"I think of Bitcoin as a remarkable social phenomenon, it is an epidemic of enthusiasm. We had a bubble in Bitcoin in 2013 and looked like it was done, but now look, it comes back."* [27]



Robert Shiller
Sterling Professor of Economics at Yale University
& Winner of 2013 Nobel Prize in Economics

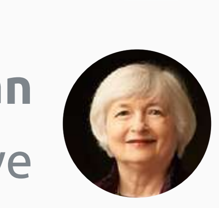
3 *"Blockchain technology could change the world, Bitcoin however could be a bubble."* [28]

Jack Ma
Founder & Chairman, Alibaba Group Holdings

4 *"The main feature of crypto currencies is their anonymity. The government's ability to find money laundering and tax evasion is a good thing."* [29]

Bill Gates
Co-Founder, Microsoft

5 *"It is a not a sable store of value, and it does not constitute legal tender. The Fed does not play any regulatory role except assuring that banking organization manage any interactions they have with participants in that market."* [30]



Janet Yellan
Former Chairwoman, US Federal Reserve

MODERATE OPINIONS:

1 *"Bitcoin has nothing to do with real economy."* [31]

Stéphane Boujnah
CEO, Euronext

2 *"I don't have an investment in it, but I'm not willing to pooh-pooh it, and that is why I say I am open to it"* [32]

Lloyd Blakfein
CEO, Goldman Sachs

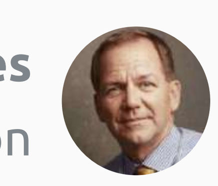
3 *"I think that Bitcoin (and some other digital currencies) have, over the last ten years, established themselves as interesting gold-like asset alternatives, with similarities and differences to gold and other limited-supply, mobile (unlike real estate) store holds of wealth. As far Bitcoin relative to gold, I have a strong preference for holding those things which central banks are going to want to hold and exchange value in when they are trying to transact."* [34]

Ray Dalio
Co-Chief Investment Officer and Co-Chairman,
Bridgewater and Associates

4 *"I believe there is still a nontrivial chance Bitcoin goes to zero, but each day it does not, that chance declines as more venture capital flows into the Bitcoin ecosystem and more people become familiar with Bitcoin and buy it."* [33]

Bill Miller
Founder, Miller Value Partners

5 *"Bitcoin reminds me so much of the internet stocks of 1999 because the internet was in its infancy. No one knew how to value it because of the world of possibility that lay ahead. What you can be certain of is that probably 20 years from now, our kids and grandkids, whatever, all of us, we'll be using some type of digital currency. Digital currency will be used by every sovereign."* [35]



Paul Tudor Jones
Founder, Tudor Investment Corporation