

CheckSig

TRANSPARENT BITCOIN CUSTODY

Why Bitcoin



Bitcoin as Digital Gold

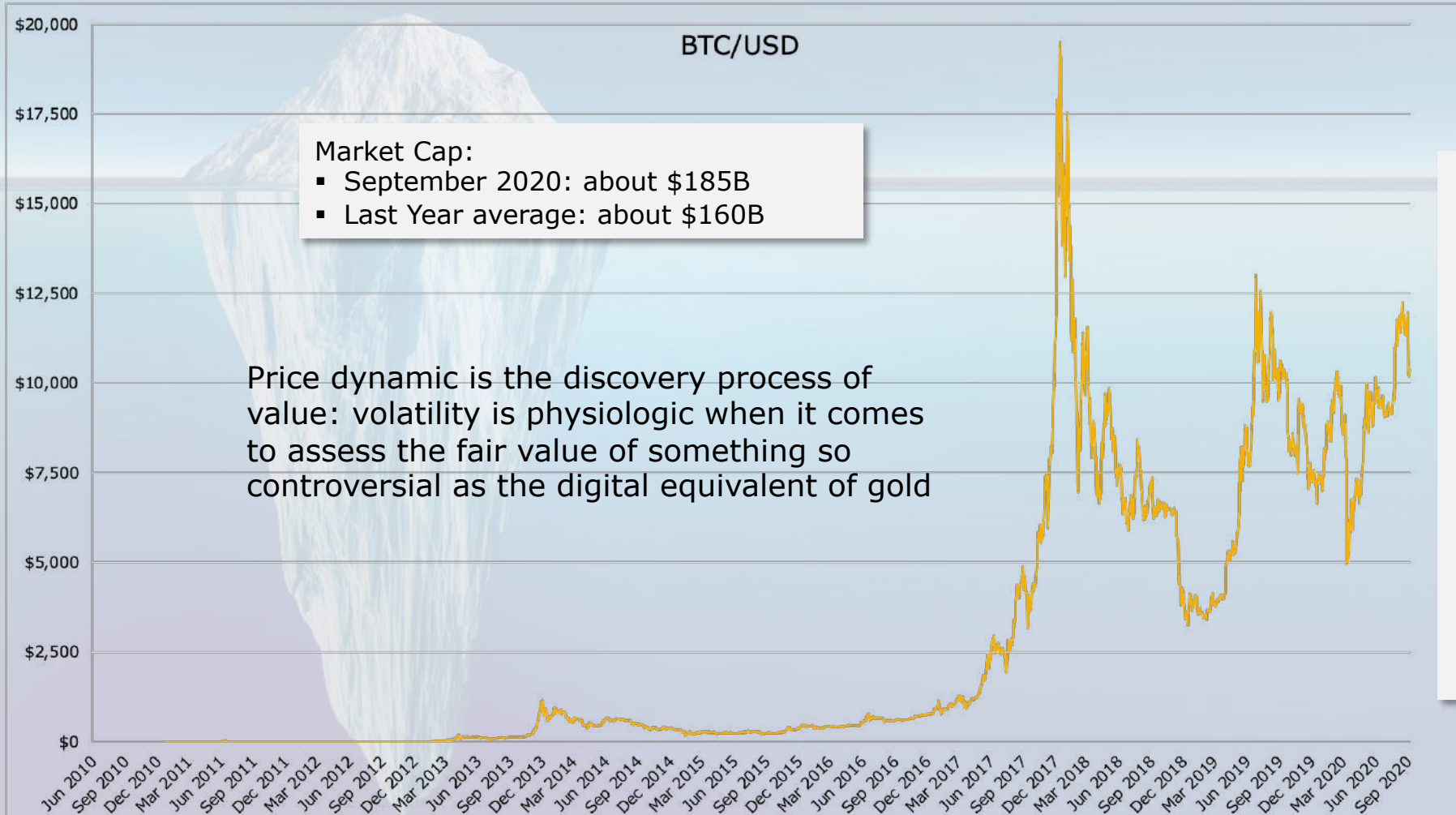
Bitcoin characteristics

- 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***



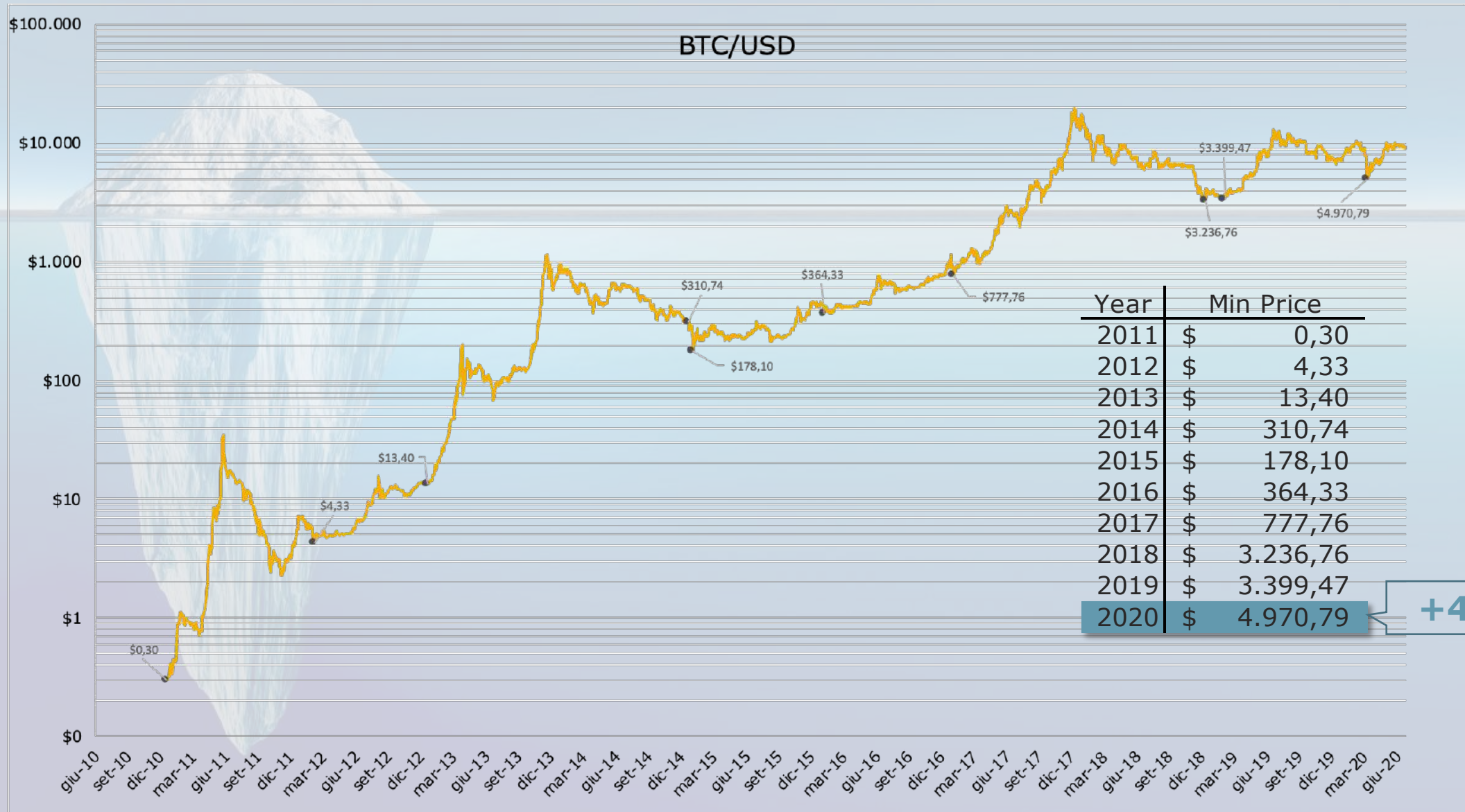
Bitcoin Performance



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%

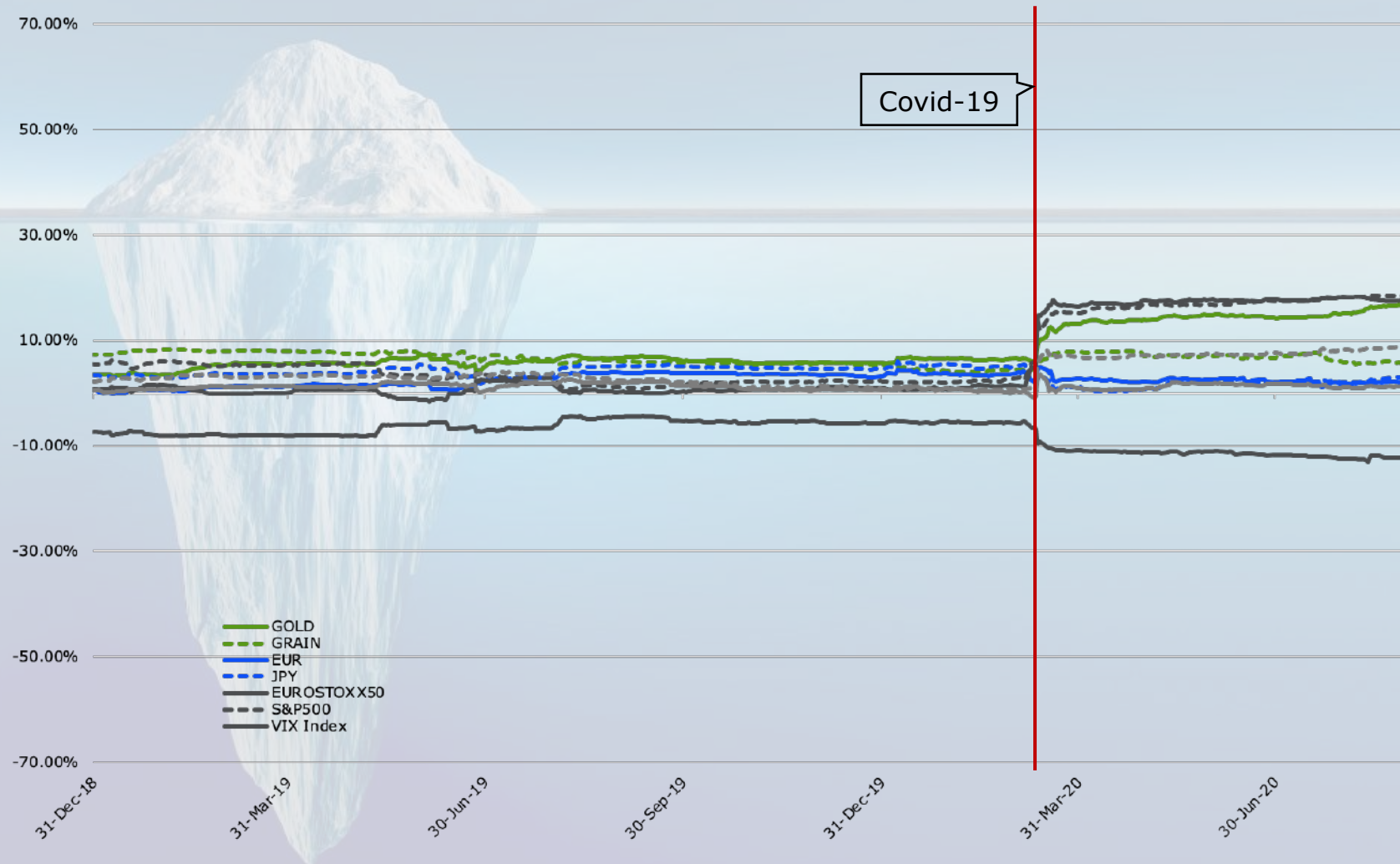


Bitcoin Performance (Log Scale)





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

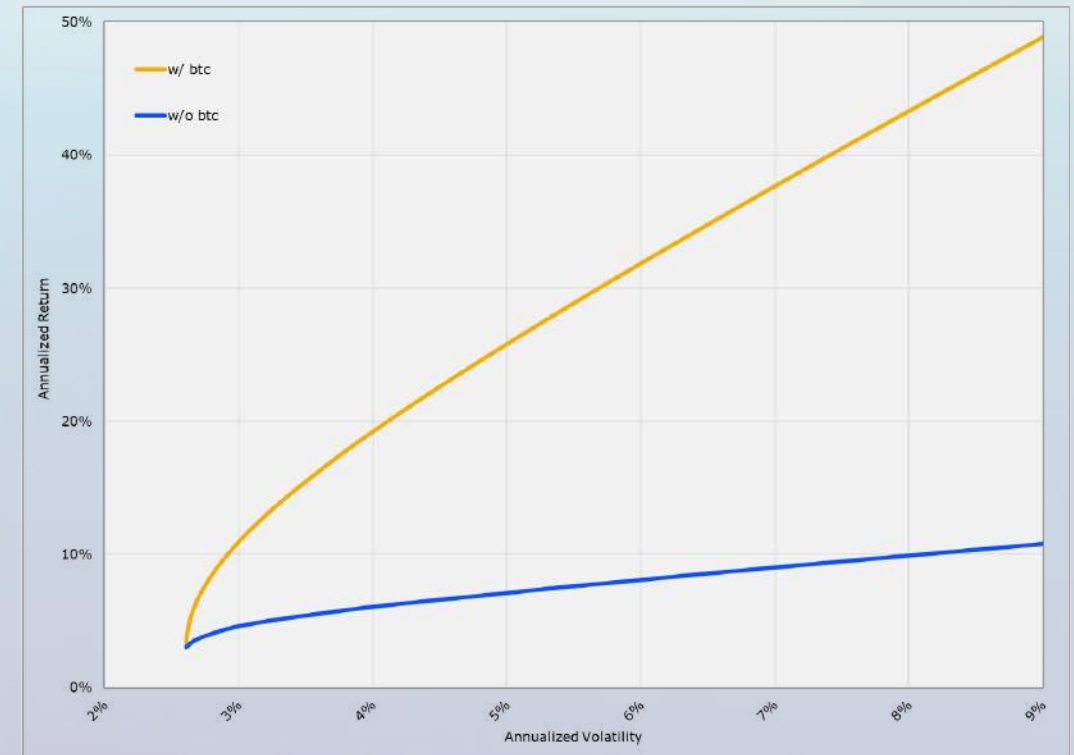
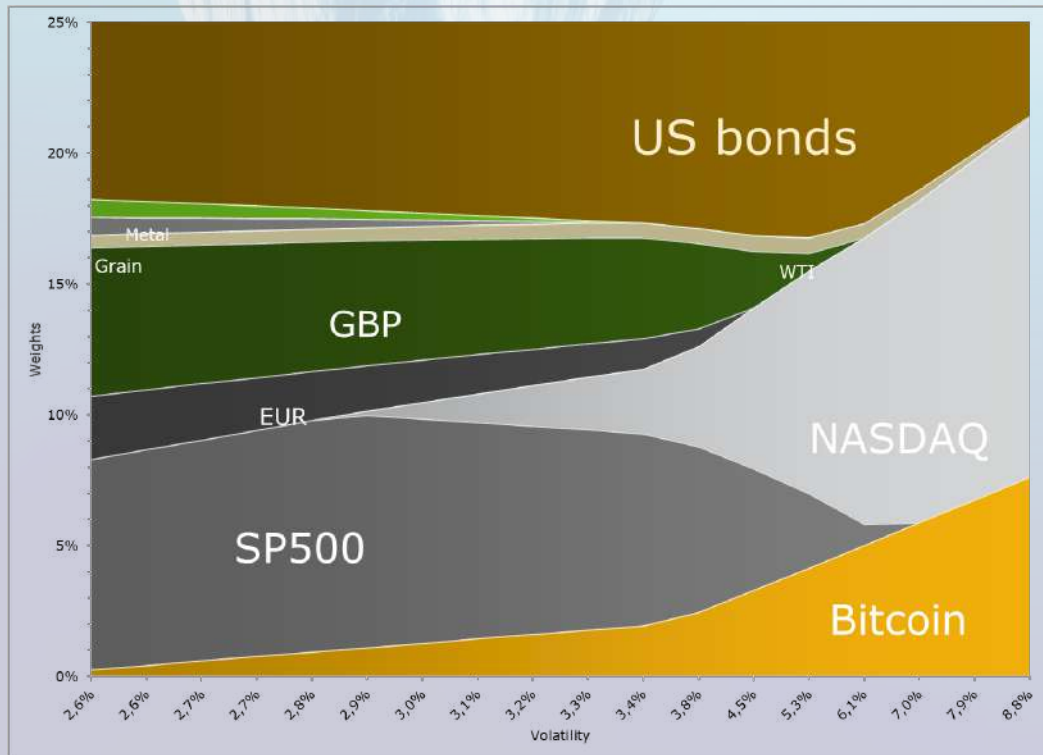


Bitcoin: CAPM Diversification

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:

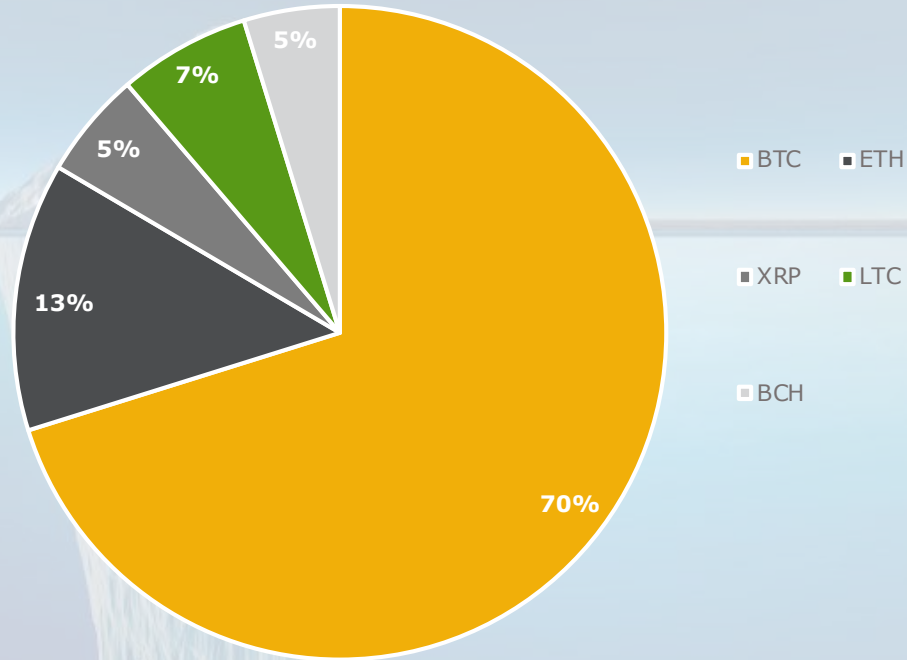
~ **\$500,000/BTC**

* <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





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

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



WISDOMTREE®

Wisdom Tree: listed on SIX Swiss Exchange

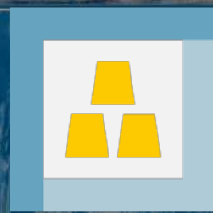


Amun: listed on SIX Swiss Exchange

Bakkt

Bakkt (ICE, NYSE):

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



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www.checksig.io



info@checksig.io

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