



Investment Thesis

BOLD

Product type

Volatility-managed exposure to both BTC and Gold.

Key Figures

Asset	Annualized Volatility
BOLD	16.39%
Bitcoin (BTC)	47.75%
Gold (GLD)	13.91%
S&P 500 (SPY)	13.45%

*Based on daily data from January 23, 2023 to January 22, 2024. BOLD is rebalanced monthly according to the inverse historical volatility (360-day) of BTC and Gold.

Overview

The 21Shares ByteTree BOLD ETP (BOLD) seeks to serve as an inflation hedge by blending Bitcoin and gold on a risk-adjusted basis. Gold provides safety in a storm, while Bitcoin captures the growth of the digital economy. As a result, BOLD aims to protect investors from inflation and act as an effective portfolio diversifier. BOLD adjusts weightings monthly according to historical volatility such that the less volatile asset will have a higher weight. The strength of this relationship is the low or negative correlation between both assets, meaning their combination offers increased stability and resilience during different macroeconomic conditions. In addition, low or negatively correlated assets have diversification benefits that can improve portfolio risk-adjusted returns. In the past year, BOLD has registered a similar annualized return to the S&P 500 while being consistently less volatile, meaning it has achieved a higher Sharpe ratio.

Fundamentals

Gold

- Gold is the seminal store-of-value asset, used as money since the early days of civilization.
- Investors and central banks tend to buy gold during adverse macroeconomic conditions to protect against inflation.
- It is categorized as a commodity and has a broad range of use cases: store-of-value, jewelry, dentistry, and other technological applications.

Bitcoin

- The first-ever cryptoasset, Bitcoin is still the largest by market cap and represents around 40% of the global crypto market capitalization.
- At its core, Bitcoin is a non-sovereign form of money and an emerging store-of-value asset, with a maximum supply of 21 million.
- Bitcoin has been the best-performing asset of the last decade while exhibiting a low correlation to traditional asset classes.

Key takeaways

- The main advantage of BOLD over holding the underlying assets comes from the monthly rebalancing and institutional-grade security.
- BOLD combines two store-of-value assets with a low correlation between them, providing diversification benefits and protection against inflation.

Risk factors

- Macroeconomic and regulatory uncertainty.
- Effects of eliminating block rewards on miners' profitability.
- Environmental impact of Proof-of-Work mining.

Figure 1:
21Shares ByteTree BOLD ETP Performance (1-Year)



Data Source for All Figures:

21Shares (BOLD), Yahoo Finance (BTC, GLD, SPY)

*23/01/2023 - 22/01/2024

Figure 2:
Correlation Matrix (1-Year)

CORRELATION MATRIX				
	BOLD	BTC	GLD	SPY
BOLD	1	0.353	0.418	-0.064
BTC	0.353	1	0.059	0.139
GLD	0.418	0.059	1	0.01
SPY	-0.064	0.139	0.01	1

*Color description: Grey color means a higher correlation among assets, and yellow color means a lower or negative correlation among assets. Lower or negatively correlated assets have diversification benefits that could improve portfolio risk-adjusted returns.

Figure 3:
Performance Metrics (1-Year)

PERFORMANCE METRICS				
	BOLD	BTC	GLD	SPY
Annualized Return	20.51%	59.79%	4.66%	23.15%
Annualized Volatility	16.39%	47.75%	13.91%	13.45%
Sharpe Ratio (Ret/Vol)	1.25	1.25	0.34	1.72

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