



Figure 2 provides a table denoting the journey to 21 million bitcoins and how where we are today relates to history on certain metrics, like 'block reward', which is what miners get for solving the proof-of-work algorithm or the amount mined in a particular period.

Figure 2: The Journey to 21 Million Bitcoins—Bitcoin Halving

Launch	January 2009		50	10,500,000	





Figure 3 summarizes the pros and cons of the different methods (or routes to market) to invest in digital assets. While numerous, the choice for institutional investors is, in fact, quite constrained:

Exposure through direct investment in crypto native exchanges could be risky particularly if digital assets are kept in hot wallets.

Exposure through direct investment stored with a custodian in a cold wallet is tedious to set up but offers greater security than hot wallets.

Exposure through a spot ETF is a turnkey solution that combines an easy operational setup and trading with security and efficient tracking of the price of bitcoin.

Synthetic exposure through futures contracts can be useful when leverage is needed, but a negative roll yield is detrimental for medium to long term investments.

Synthetic exposure through futures-backed ETFs is suboptimal compared to spot ETF.

Overall, for a long-only investor, the spot ETF route appears the most robust and the easiest to set up, of course recognizing that different investors may have their own unique considerations.



Figure 3: Summation of Different Avenues of Bitcoin Ownership

	<ul style="list-style-type: none"> - Hot wallet with exchange - Cold wallet with custodian - Need to set up an account - KYC/AML and onboarding process 	<ul style="list-style-type: none"> - Cash-settled or crypto-settled futures contracts or perpetual swaps - Traded on a traditional exchanges or crypto-native exchange 	<ul style="list-style-type: none"> - Non-listed wrapped solutions like closed-end investment funds or index funds 	<ul style="list-style-type: none"> - Listed wrapped solutions: open-end exchange-traded instruments- Tracks the futures contracts on the underlying digital assets 	<ul style="list-style-type: none"> - Listed wrapped solutions: open-end exchange-traded instruments like exchange-traded





