New Asset Class –100x Return Potential

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It is not often anyone can talk about an investment opportunity with risk mitigation and 100x return potential in the same breath. But that is exactly what a new breed of crypto asset is specifically designed to do.

At this time of economic recession and central bank money expansion is it really possible to reduce risk and still have strong upside potential?

The new breed of crypto asset I want to share with you can be packaged for traditional markets if that better suites your needs. But I am going to tell the story from a crypto-asset perspective.

The invention of the blockchain in 2009 created a new $350 billion dollar asset class. About 35-50 million people now own crypto. That is 0.6% of the population. That figure is likely to change fast as the building blocks for mass adoption fall into place.

One of these blocks took place on 22nd July 2020 when the US Office of the Comptroller of the Currency (OCC) issued guidance that banks can store and work with crypto currency. The US banking system alone touches the lives of 300 million Americans. It holds more than $20 trillion of assets. If customers allocated just 1% of their accounts to Bitcoin its market cap would double.

Financial institutions such as Fidelity, Intercontinental Exchange and JPMorgan Chase are building infrastructure to offer crypto products and services for their clients.

As hundreds of millions of people gain access to crypto former Goldman Sachs executive Mike Novogratz predicts the market will grow to $20 trillion.

Investment fund Pantera Capital predicts the entire market will top $40 trillion.

Billionaire venture capital legend Tim Draper predicts this market is going to $100 trillion and beyond. That's a 500X increase from today.

The blockchain makes all kinds of transactions faster, safer, cheaper and more efficient. It is these capabilities that are driving adoption.

Walmart, Visa, IBM, Citigroup and UPS are using blockchain technology to track supply chains and facilitate cross border transactions.

Eighty per cent of central banks are engaged in blockchain research according to the Bank of International Settlements. China has recently begun trials of its own central bank digital currency (CBDC).

Developments like these lead the World Economic Forum to estimate blockchain projects will store 10% of the world's gross domestic product – or about $8.6 trillion – by 2027.

Yet what if I suggest to you that these trends will only be accelerated by a new breed of crypto-asset specifically designed to reduce risk and yet have 100x return potential?

You see the launch of Bitcoin in early 2009 by a bunch of cyber-punks did more than demonstrate that the blockchain worked. In my opinion it also created a revolution 99.9% of investors today remain unaware of.

That revolution goes to the core of investing and, quite literally how we make money.

The key event took place on May 22, 2010. When Bitcoin was a little over a year old developer Laszlo Hanyecz bought two pizzas for 10,000 BTC.

The day is now known as "Bitcoin Pizza Day." With one Bitcoin now worth $13,000, this was a $130 million purchase!

Bitcoin became the investment of the decade. All other investments paled in comparison to Bitcoin's growth.

How many investors today wish they had bought Bitcoin at the very beginning? The new breed of crypto-asset I want to talk about is designed to enable people to do just that.

In fact it may be that the message hidden in Laszlo's pizza purchase turns out to be every bit as important to investors as the invention of the blockchain itself.

Without those pizzas the blockchain could have remained an arcane piece of computer code, a plaything for geeks rather than game-changing technology.

That is because Laszlo's pizza's said something about money that may just change how we invest.

One day we may look at Laszlo as much as Satashi as the person who transformed the investing world by improving returns, reducing risk and resurrecting the golden rule of sound investing – portfolio diversification.

You see one of the greatest problems for investors today is the loss of diversification in many portfolios. On 9th April 2020 the Federal Reserve announced its entry into the US bond market with "infinite money". Six days later Blackrock, the world's largest investor announced it would forgo its investing strategy and instead to buy what leading central banks are buying.

In other words Blackrock recognised that from now on only one thing mattered – the actions of the Federal Reserve.

Diversification is designed to safeguard investments. If one asset class is falling the returns of another are expected to make up the loss. To do this the assets need to be uncorrelated with each other.

The two largest asset classes have traditionally been equities and bonds. But with the Federal Reserve's intervention in the bond market diversification of traditional assets effectively came to an

end. The movement of both bonds and equities are now correlated to a single source – the actions of the Federal Reserve and other central banks.

Investors may feel they have no choice but to put their faith in the Federal Reserve even though it means for-going portfolio diversification, the most sacred rule of prudent investing. But I want to suggest to you that the secret behind Laszlo's purchase shows that no sacrifice is necessary.

Instead Laszlo takes us back to the very foundations of money. Those roots I believe have very big implications for investors. For Laszlo showed how monetary value is created.

Quite simply monetary value is created when people decide to give something value. On May 22nd 2010 Laszlo and the folks at Papa John's pizzas decided to give value to a piece of software.

The purchase of those pizzas required no central bank. No government mandate. No state or federal laws. Just a couple of people agreeing to give some computer code value.

Since then an estimated 25 million people now own Bitcoin and believe in its value. A whole new system of value has been born.

You see in the final analysis money is like language, it is something we humans create. Money and monetary value is a human invention. To my thinking this return to the basis of money, that people, and only people create value is as big as the invention of the blockchain itself.

Here's why.

If Laszlo and Papa John's can create the most successful asset of the decade so can others. In fact, now we have the blockchain we can be very deliberate in designing a new crypto asset class that specifically does this. I have called this new class Self-Managed Investments (SMIs).

SMIs are designed to replicate the success Laszlo and Papa John's got started in 2010 with Bitcoin.

I have called this new asset class Self-Management Investments because their defining feature is that *the asset owners give value to the asset rather than relying on collateral*.

This single feature is very important in reducing risk for investors today.

Think for a moment of Bitcoin, the template for all SMIs. The number one risk investors face is the loss of diversification in their portfolios. But because Bitcoin's value does not depend upon anything other than what Bitcoin investors believe that value should be, Bitcoin is an asset that helps restore portfolio diversification. You see, its value is independent of all other assets.

Gold is the classic asset that is also valued in itself. When people call Bitcoin *Digital Gold* they are at least in part referring to Bitcoin sharing this important feature with gold.

Because SMI's are designed so that asset owners give the asset value they follow the example of both Bitcoin and gold in enabling investors to diversify their portfolios.

A lot of investors point to other risks in today's market. Legendary hedge fund manager Paul Tudor Jones has called the actions of the Federal Reserve and other central banks *the Great Monetary Inflation (GMI)—an unprecedented expansion of every form of money unlike anything the developed*

world has ever seen. How will this expansion end? Money historian Nathan Lewis points out that since the invention of money in Turkey in the 7th Century B.C. oversupply has inevitably led to inflation followed by hyperinflation.

When inflation begins to work its way into the financial system investors flee to assets that are valued in themselves. Traditionally this has meant precious metals such as gold and silver along with property. It now includes Bitcoin and SMIs.

Because investors give SMIs their value they are like other hard assets such as gold and Bitcoin in helping to restore portfolio diversification and reduce inflation risk.

I should add that Bitcoin and SMIs also help investors reduce risk in another important way.

The 2009 Financial Crisis was the impetus for the mysterious figure of Satoshi Nakamoto to invent Bitcoin. Satoshi was deliberately trying to invent a kind of money that would avoid the near-meltdown of the financial system that took place. Yet how could the failure of one bank, Lehman Brothers on 15th September 2008 threaten the entire financial system? The answer is *systemic risk*.

Since the 1980s banks, insurance companies and other financial institutions have been using financial products called derivatives to spread the risk they carry. For example if a bank makes a loan it can spread the risk of that loan not being repaid by selling a *credit default swap* to another bank.

Derivatives are like a spider web of connections between large financial institutions. With an estimated $1 quadrillion, that is a thousand billion, derivatives dwarf all other asset classes. That is 100 times more than the value of all the gold in the world including known reserves.

Each of those dollars ties the value of one institution to another. A quadrillion dollars shows just how dependent one bank is upon those it trades derivatives with for its solvency.

The irony of derivatives is that while they are used to reduce risk, they have actually created a system that is inherently fragile. If one bank fails the solvency of all the other banks it trades with is compromised. It was to prevent this domino effect of banks collapsing across the financial system that caused the Federal Reserve to step in in 2008 with massive bailouts and the start of money expansion that it has been accelerating ever since.

Systemic risk is the friend of no investor with assets whose value depends upon an underlying asset such as an ETF, or an asset that depends upon an institution such as a bank, brokerage or exchange to be able to buy and sell. In other words many assets carry systemic risk.

Satoshi understood that systemic risk was the result of assets whose value depended upon the value of other assets. So he created Bitcoin as a stand-alone asset – one whose value only depends upon what investors are willing to buy and sell it for. Because SMIs are like Bitcoin in having stand-alone value, they also do not carry systemic risk.

One way to look at Satoshi's invention is as an insurance policy against systemic risk. That insurance policy has two components. First Satoshi built Bitcoin so that it would have stand-alone value. Laszlo's pizza deal confirmed this. The second was the blockchain itself. Ownership of your Bitcoin does not depend upon any third party authority such as a bank or exchange. It's a distributed leger

where your ownership is recorded in many places in a way that the records cannot be tampered with. When these two components are spelt out you can begin to see how important both are to the investor in reducing risk.

As SMI's are built on Bitcoin's blueprint they share the same risk mitigation features. But it is not simply the systemic risk they help investors with.

You can say that what happened that night with the call to Papa Joe's for pizza was luck. Laszlo was probably just hungry and wanted something to eat. Bitcoin at the time was worth less than a cent. Since then Bitcoin's value has risen 1.3 million per cent. Not a bad ROI in 12 years.

But what if the Bitcoin experience can be built in to very way an asset is designed to work?

We are talking about an asset designed to reward asymmetrical bets. That is where small investments of as little as $100 can reap gains as huge as Bitcoin has provided its early investors.

The idea behind asymmetrical bets is that not all one's investments are going to pay off. But a few are able to deliver 100X returns that more than compensate for the duds.

Asymmetrical bets are in fact the most successful investment method over the last 20 years. An entire industry has grown up around making small grub investments in the hope that one or two will pay off big time. It is called the Venture Capital industry. According to global financial consultants Cambridge Associates seed stage VC firms over 20 years have been nine times more profitable than investing in the S&P500 and 15 times more profitable than putting your money in bond market.

VC firms scan for start-up companies they believe has the ability to grow to 100X earnings. The same phenomenon is taking place in crypto today. In fact VC legends such as Andreessen Horowitz is one of the many VC firms investing heavily in the crypto space in search of their asymmetrical winners.

Now I am not saying it is easy to pick which will be the next 100x investment for your asymmetrical bet. But I want to show you how SMI's are designed in a way that can give you a significant edge.

The risk VC's carry is that they just don't know which of their grub stakes are going to pay off. Valuations are low like the early days of Bitcoin because no one knows if the investment will make it. Yet, as incredible as it sounds, what if investors had a way of seeing the performance of the asset before they make their investment? How is that possible?

You can see that if such a thing was possible then the success rate of asymmetrical bets would soar.

You would still only be paying your grub stake at low valuations. But because you have already seen how the asset has performed, you have a much better idea of its likely success. SMI's are designed to make this possible.

Let me show you how this works with an example of a simple SMI. Suppose we create an SMI that tracks the price of Bitcoin. That's it. All the token does is track the ups and downs of Bitcoin. So let us call our SMI Bitcoin Tracker. Let us also cap the number of tokens at, say 10 million.

You can see immediately that Bitcoin Tracker follows an asset with an impressive track record. 12 years of performance that has yielded 1.3 million per cent returns. A track record like this would give a great deal of confidence to any investor. But why, you are probably asking, would anyone invest in Bitcoin Tracker when they could put their money into the real thing and buy Bitcoin instead?

The answer is to be in at the beginning where a $100 grub stake can lead to huge asymmetrical returns.

This is how it works. SMI's recreate the early capital efficient days of seed investing by discounting the first tokens. The discount means early investors stand to gain a disproportionate share of the gains. It is exactly what early stage VC firms are looking for.

For our Bitcoin Tracker SMI let us discount the first million tokens by 99%. If Bitcoin is trading at $13,000 then the first million Bitcoin Tracker tokens sell for $130 each. That means if the SMI is successful the early investors not only profit from any continued gains in Bitcoin but also reap a 100x return on Bitcoin's current price.

They have only invested a grub stake of $130 to buy into a system that already has a very impressive track record. They can look back over 12 years at the performance of Bitcoin. *That is something no early stage asymmetrical investment has ever been able to do before.* SMIs enable investors to see both past performance and still invest at early day prices when the asymmetrical bet can produce the greatest return.

Before SMIs many would have considered it impossible to see a track record and still invest at seed-stage valuations. But SMIs show that investors can indeed improve the chances of their asymmetrical bets while still being able to commit only small amounts.

These discounts in our Bitcoin Tracker SMI can continue for each million tokens sold. The second million can be sold at an 89% discount, the third at a 79% discount and so on until all tokens have been sold and Bitcoin Tracker is trading at 100% the Bitcoin price.

Tokens	Discount	Offer Price
1 million	99%	$130
1 million	89%	$1,430
1 million	79%	$2,730
1 million	69%	$4,030
1 million	59%	$5,330
1 million	49%	$6,630
1 million	39%	$7,930
1 million	29%	$9,243
1 million	19%	$10,543
1 million	9%	$11,830
1 million	0%	$13,000

Curent Bitcoin Price: $13,000

Bitcoin Tracker tokens discounted to give investors the potential of up to 100x gains by being in early yet with the benefit of Bitcoin's 12 year sterling track record.

All the SMI is doing is building into the asset's structure exactly what took place during the first 12 years of Bitcoin as 25 million people invested in the coin and pushed the price higher. Bitcoin Tracker is simply replicating what happens naturally in the growth of any successful asset.

Of course this does not make the investment bullet proof any more than investing in Bitcoin itself is 100% certain of gains. There is always risk. But by giving the investor the opportunity to view past performance and still have all the advantages of being in at the beginning SMIs are tipping the odds in the investor's favour that their asymmetrical bets pay off.

But discounting early tokens is not the only way SMIs improve the odds for investors. I want to share with you two other ways SMIs give investors a greater edge.

First you may have noticed another unique feature of SMIs. The Bitcoin Tracker is not buying Bitcoin and using it as collateral. That would make discounting the tokens impossible. Instead, as we have already seen SMIs are like Bitcoin in that investors give value to the token. Like Bitcoin, gold and property SMIs have stand-alone value. In other words they go back to Papa Joe's pizzas that showed that people can give monetary value to any system.

They also go one step further. Unlike Bitcoin, the value of our Bitcoin Tracker SMI is pegged. We expect the value of Bitcoin Tracker tokens, once the discounts have been worked through, to trade at the same price as Bitcoin. We do not expect Bitcoin Tracker tokens to take off on their own price discovery outside the set discount stages and the price of Bitcoin.

There are several ways that the value of one asset can be pegged to another. A gold ETF like SPDR Gold Shares holds physical gold as the means of keeping the value of shares pegged to the value of gold. As I have said, this approach does not work for an SMI as it would mean early tokens could not be discounted.

Instead, SMIs maintain their peg by once again returning to the basics of money.

People have for thousands of years been able to keep the value of any asset pegged. In fact, just as Papa Joe's pizza's demonstrated the basic principle of finance that only people create value, people's ability to maintain a peg is also one of the foundations of money.

The banker J.P. Morgan once said *Gold is money that's it!* What he meant was gold has been the basis of money even before the first coins were minted.

Gold was also the first example of people's ability to maintain a peg. What do I mean by this?

One of the reasons why gold has been the basis of money is that long ago people needed some means of exchange that would have a stable value. If the price of wheat or pigs went up people wanted to know that it was because these goods were costing more, not that the value of their money was changing.

So they gave gold this characteristic which it has kept ever since. In other words, gold has worked as the basis of money for thousands of years because people have kept its value relatively stable. Gold was the world's first peg. Gold was pegged to be stable. People needed a stable unit of exchange. They expected gold to meet this role. And so it was.

The same is true of investors in of our Bitcoin Tracker SMI. The only reason to invest in Bitcoin Tracker is to participate in the early discounts and future Bitcoin gains. This is only possible if the tokens trade at that price. Like gold for thousands of years, it is in everyone's interest to maintain the peg. And so it is.

Gold shows this *soft peg* of investor need and expectation has been around even before money was invented. Other examples include:

- In 1923 Germany the government issued *Gold Loan Bonds*. People bought and kept the value of the bonds stable even though they had no more collateral backing them than the hyper inflating mark.
- A month later, on 15th November 1923 the government issued a new currency, the Rentenmark. Again people believed in its value and kept the money stable without the need for collateral.
- Tether (USDT) is the largest crypto coin pegged to the value of the dollar. Since its early days the coin has been surrounded by claims that it is not backed 1 for 1 with dollars. Finally in 2019 the company admitted the coin was not 100% backed by dollars. Yet because of the soft peg Tether continues to trade at US dollar rates.

It is this tried and tested use of a soft peg that enables SMIs to offer discounted tokens while tracking a specified price.

Our Bitcoin Tracker SMI is a simple example of what an SMI can do and its benefits to investors. But I see one of the main use-cases for the new asset class is as an alternative to investing in the typical fee structure of a hedge fund.

For example, Light Street Capital Management based in Palo Alto has posted a 99.94% return over the last three years. Assuming you could have put $100 grub stake into the fund three years ago you would have doubled your money.

But suppose three years ago Glen Kacher who runs the firm set up an SMI to track the performance of his fund. If he had the same token discount structure as our Bitcoin Tracker you could have bought at the initial 99% discount.

If the tokens were now trading with no discount because all had been sold you would have made not 100% return but 9,900%.

Light Street Capital Management actually started trading in 2015 and had already posted 100% returns by the time I am suggesting Glen could have set up an SMI. So investors in the SMI would already have had a track record to base their investment decisions upon and still had all the capital efficiency of an early investor because of the token discounts.

But the story of SMI benefits does not end here.

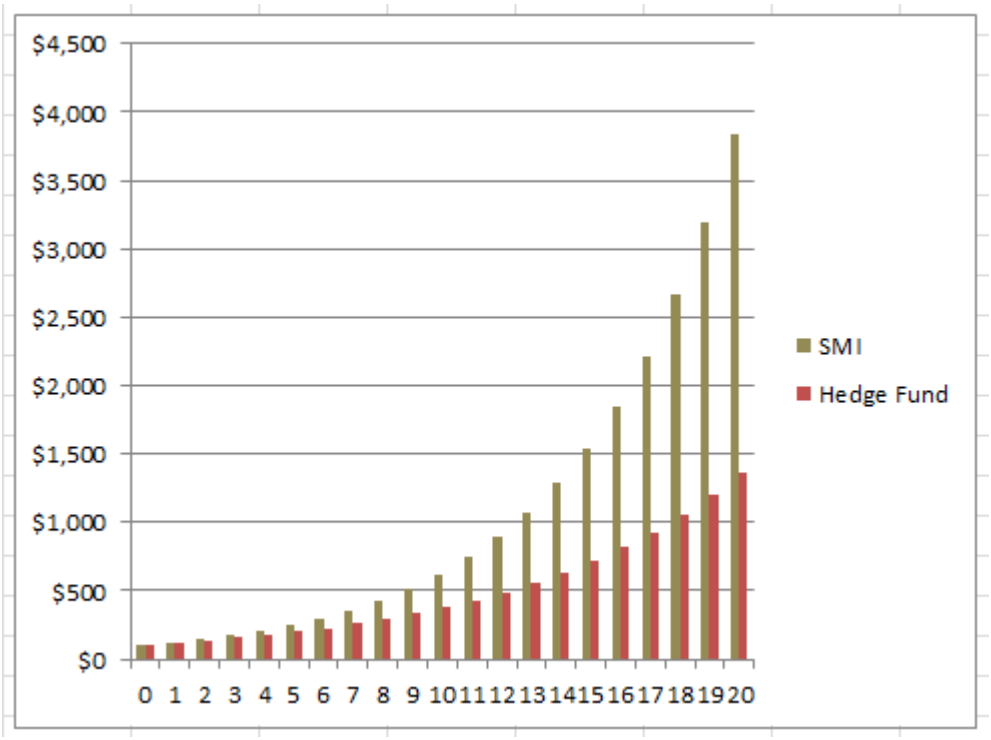
Hedge funds earn their money by charging fees. I don't know what Glen charges his clients but let us say it is the industry average of 2% management fee and 20% performance fee (*2 and 20*). So you have to remember that the 100% returns investors in Glen's hedge fund have received over the last three years are net of fees. What if those fees weren't there?

As a rough approximation investors have paid Glen 20% plus 2% each year for his expertise. If there were no fees they would have earned an extra 26% return. SMIs have no fees. That means that if the SMI is tracking Glen's gross returns, not his net returns, they would have made not 9,900% but 12,500% over the last three years with the purchase of the first discounted tokens.

Over time no fees makes a big different to returns. Because of the compounding of returns re-invested, assets with no fees take off relative to fee based assets after a few years.

Suppose you invest $100 in a SMI and another $100 in a hedge fund fee structure that both track the same strategy retuning 20% a year. By year 10 the SMI is returning 71% more a year than the hedge fund. By year 20 it is returning 195% more.

Remember these gains are simply because SMIs have no fees. It does not factor in the discounts to the tokens.



Comparing returns from $100 invested in an SMI with a hedge fund fee charging a 20% performance fee for the same strategy returning 20% p.a.

Of course Glen needs to earn a living. So why would he want to set up an SMI with no fees?

I believe this is where SMIs really come into their own. The answer to this question is, in my opinion, what makes SMI's such a revolution for investors seeking asymmetrical returns.

The reason why grubs stakes at an early stage can produce 100x or more returns is because investors are being compensated for the risk that the venture may fail. Traditionally the earlier the investments the less is known about the investment. It is an unknown quantity.

We have already seen how SMI's solve this problem by providing investors with a historical track record. They fill in the knowledge gap about the performance of the asset the SMI tracks while still offering seed-stage like earning potential.

But even with the knowledge-gap filled investors still face the risk that the demand for the SMI will not reach levels that enable them to exit when the time comes.

It is the way SMI's handle this liquidity risk that gives me such confidence is the new asset class.

Every early stage VC knows that part of the reason they can earn such disproportionate returns is because of liquidity risk. If their investment does not grow to a certain size they may not be able to exit.

In order to reduce liquidity risk VCs usually take an active role in promoting their investments. Having a big name VC behind a start-up company can make a difference between success and failure.

SMIs can grow organically through small grub stakes from individual investors. This is exactly what happened with the growth of Bitcoin. But a safer route lies in investing in an SMI associated with a trusted brand.

Let me put it like this. Say Goldman Sachs decides to offer its clients our simple Bitcoin Tracker SMI. Investors have all the advantages of the asset we have already discussed. Bitcoin Tracker has independent value so helps restore portfolio diversification. It has zero systemic risk. It has zero inflation risk. If offers the potential of asymmetrical returns of early stage investments with all the advantages of a proven track record.

Now, with a large institution backing it investors can feel safe in knowing that Goldman Sachs will do everything it can to promote the asset and ensure uptake. Having a large trusted backer is the best guarantee an investor can have that the asset will grow to achieve the liquidity required to exit. Of course, the guarantee is not full-proof. But it is about as good as it gets.

So what are the benefits SMIs offer their creators that give them every incentive to back their products?

Let's come back to Glen for a moment. Glen now has two ways he can leverage his investing expertise. He can run his hedge fund along traditional lines. This earns him his 2% + 20% fees. But for very little extra effort he can create an SMI as an entirely new product base upon the investment strategy he is already running.

This opens Glen's business to a whole new set of investors. Hedge funds usually require minimum investments. They are also generally only available to accredited investors with a net worth exceeding $1 million. As a digital token SMIs are likely to be open to most people in most jurisdictions.

In short launching and SMI opens up a whole new target audience who can benefit from Glen's expertise.

But the big upside for Glen in launching an SMI is the up-front nature of the money he earns.

With his traditional hedge fund Glen earns a management fee (2%) a year plus a performance fee (20%) on any gains he makes for his clients. If he performs well the income is steady and grows as he has more assets under management.

With an SMI Glen earns all his money from the sale of the tokens tracking his strategy. Once all the tokens are sold Glen earns no more from the SMI. But the great upside for Glen is that he earns all his revenue up-front when he sells a token. If token sales go well this gives him cash flow that he does not have with the hedge fund model.

Cash flow gives him options. Many of the most successful hedge funds are now closed to outsiders because the owners are simply trading the strategy for their own benefit. With income from the SMI Glen can do the same and put his earning back into his strategy, compounding returns. He is now not just earning 2% + 20% of his clients' gains. He is earning 100% of any gains by investing his own money.

Hedge Funds, banks, VCs and investment firms are all in the business of making money. If you can show them a new way of doing this then that is the right kind of incentive for them to jump in.

Remember, Goldman Sachs does not even need an investment strategy like Glenn. They can simply set up a Bitcoin Tracker or Gold Tracker or Property Tracker SMI. They are fully incentivised to do this because of the up-front revenue the SMI brings in.

For example at today's Bitcoin prices our Bitcoin Tracker SMI would bring Goldman Sachs $72.8 billion. By any reckoning that is a lot of money. In 2019 Goldman Sachs recorded a year-end profit of $8.47 billion. The Bitcoin Tracker SMI would earn Goldman Sachs eight and a half times more than the profit from their entire business that year.

This incentive for firms to set up SMIs is good news for the investor. It means institutions have every incentive to launch their own SMIs. This increases the range of SMIs available. It means more ways to place asymmetrical bets with all the advantages SMIs provide. Most importantly an SMI promoted by a trusted name creates confidence in the product and increases it chances of success.

The upside for firms to launch their own SMIs also tells us something about how the entry of the new asset class into the markets is likely to play out. It highlights importance for firms launching SMIs to be first to market.

You see, given all the advantages that SMIs have both for the investor and for their creators SMIs are likely to become an important asset class very quickly. They are also relatively simple to create and can rolled out fast.

Imagine that in 12 months' time you decide to launch a Bitcoin based SMI. In that time a dozen other Bitcoin based SMIs are already underway. A saturated market like this severely increases your risk as an investor. The people who wanted to invest in such a product may already have put in their grub stake.

Early SMIs are therefore more likely to succeed than later ones just as SMIs created by large institutions are safer bets than those created by smaller firms.

Finally let us return to our Bitcoin Tracker SMI. Buying tokens at a 99% discount early investors have the opportunity secure 100x their initial investment plus and future gains of Bitcoin. They are in a similar position to Laszlo when he bought his pizza back in 2010 but with the benefit of Bitcoin's 12 year track record to base their decision upon.

All well and good for the first million Bitcoin Tracker tokens sold. But what about the next million? Now the discount is 89% instead of the original 99%. Do they still have incentive to buy Bitcoin Tracker rather than Bitcoin itself?

Remember seed stage VCs are the most successful asset class of the last 20 years. Their returns are 9 times those of the S&P500. Yet there are other VCs making up the VC ecosystem that also do well. The may not be always the first to invest but they still make a good living.

The VC industry is in fact made up of different firms with different preferences about when they like to invest. These are typically described as five stages:

Stage 1: Seed

Stage 2: Start-up

Stage 3: Early

Stage 4: Expansion

Stage 5: Mezzanine/pre-public

Each stage is like a particular discount in our Bitcoin Tracker SMI. Some investors choose to forgo some of the asymmetrical returns of the seed stage and come in with larger investments later on. The later they wait the greater the surety around the asset's likely success.

The same is true for investors in our Bitcoin Tracker. By the time the discount reduces to 89% there are already a million tokens in circulation. Investors in crypto assets do not have to wait to realise their gains through a trade sale or IPO as VCs traditionally have to do. With a million tokens sold there is probably already sufficient liquidity for these early investors to exit and pocket a 1000% return. At 89% discount the next stage of investors are entering a market that already has liquidity but still offers the benefit of participating in any future gains of Bitcoin at a steep discount.

The story continues. At 50% discount there are now 5 million tokens in circulation, half the fixed amount. If investors like what they see in Bitcoin's track record they are still incentivised to hold Bitcoin Tracker rather than Bitcoin itself by the disproportionate returns the bet makes.

When all 10 million Bitcoin Tracker tokens are sold there is no difference between the price of Bitcoin Tracker and the price of Bitcoin. The two now trade in tandem. From the market's perspective the opportunity to participate in the gains of Bitcoin have simply increased by 10 million tokens. But the real difference is in which crypto investors choose to enter.

Say during that time Bitcoin doubles in price from $13,000 to $26,000. For someone buying Bitcoin they have doubled their money. But the investor who bought Bitcoin Tracker at 99% discount has made 200 times their money. A 19,900% gain. That is because the SMI has given them the opportunity to wind back the clock and sit next to Laszlo when he picked up the phone and dialed his order.