



Bitcoin: The New Inflation Hedge

Investment Idea :
18 November 2021

Structuration : Twin Win Autocallable

Maturity: **9 months**
Underlying: **Bitcoin (XBTUSD
Currency)**

Coupon Level (per annum): **10%**
Autocall: **Yes**
Frequency: **Monthly**
Autocall Trigger Level(s): **100%**
Coupon Type: **Conditional**
Memory Coupon: **Yes**
Coupon Trigger Level(s): **100%**

Strike Level: **100%**
Downside Leverage: **100%**
Barrier Type: **European**
Barrier Level: **58%**
Currency: **USD**

Overview

We believe that the timing is currently interesting to invest in Bitcoin.

Some big players such as JP Morgan are very bullish on Bitcoin and expect a price target of \$146,000 in the long term which represents an upside of 124% from now.

The SEC has recently given its approval to the ProShares Bitcoin Strategy ETF which reached \$1 Billion in asset under management.

The arrival of the **BITO** ETF has now offered many possibilities in terms of derivative products and investment solutions.

That's why, we designed a conservative product based on a Twin-Win strategy which allows our client to generate gains on the upside as well as partial protection on the downside.

**“Bitcoin Could Hit
\$100,000 Before The End
Of 2021” – Forbes
November 2021**

Why Now ?

1. **A hedge against inflation:** Inflation is surging worldwide, and the International Monetary fund projects further inflation rates of 4.6% for 2022. Central banks around the world have adopted radical monetary policies which caused inflationary pressures on paperback currencies. Bitcoin on the other hand has deflationary attributes as its 'Halving Cycle' reduces the rate at which new coins are created.
2. **An alternative asset class to diversify a portfolio:** Bonds yields continue to be at historic lows and with inflation running well higher than the returns, many investors are getting negative real returns on their investments. Bitcoin has provided some eye-watering returns since its inception and has now caught the attention of many big banks and asset managers around the world.
3. With the Bitcoin price back at its all-time high, **many big investors like JP Morgan have restated their price predictions of \$100,000 and more.** There is an overall bullish sentiment surrounding Bitcoin.
4. **Rising adoption by countries and corporates:** In 2021, Bitcoin became a legal tender in El Salvador and countries like Cuba and Ukraine have recently announced its legalization for payments allowing their combined 54.6 million inhabitants to transact using the crypto currency.

Mastercard is partnering with the digital assets firm Bakkt to allow banks and merchants on its network to integrate Bitcoin into their products thus allowing their customers to buy, see and hold cryptocurrency, as well as earn reward in crypto.

5. **A strong increase in trading volumes over the last year:** The Bitcoin spot trading volumes for 2021 has considerably increased compared to approximately \$ 11 trillion for 2020. Despite the drastic drop back in June, those volumes still rank in the top ten highest month's volumes ever recorded. The volumes for 2021 have reached approximately \$ 15 trillion as of October.
6. **A new Bitcoin ETF was launched this week by VanEck** becoming the third Bitcoin Futures ETF after the **BITO** ETF and the Valkyrie Bitcoin Strategy ETF.
7. **A very high implied volatility above 70 % which should decrease** with the arrival of new investor levels on this market and allow us to structure high value-added investment products.

“Bitcoin not gold is the new inflation hedge, says JPMorgan.”



Which investment vehicles?

We decided to structure the product around the **BITO** ETF.

ProShares Bitcoin Strategy ETF is the first U.S. bitcoin-linked ETF offering investors an opportunity to gain exposure to bitcoin returns. It seeks to provide capital appreciation primarily through managed exposure to bitcoin futures contracts.

The **BITO** is currently the most liquid Bitcoin futures-based ETF and the fastest ETF in history to reach \$1 Billion in assets in just two days of trading. The daily trading volumes are on average \$ 320 Million since its launch.



Which Structuration?

We have designed a conservative product for investors who want to get exposure to Bitcoin's upside in the long-term while benefiting from part of the likelihood of a market correction.

The Twin Win strategy allows to generate a positive return in both the bullish and bearish scenarios as long as the underlying doesn't breach through the barrier.

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