



WHY OWN CRYPTOCURRENCY?/CRYPTOCURRENCY THESIS

Sageworth's focus has always been to preserve and grow long-term wealth through diversified high-quality portfolios which offer a margin of safety. Relative to other traditional asset classes (i.e., stocks, bonds, real estate etc.) cryptocurrencies face more uncertainty and price volatility, making them inappropriate for those with lower risk tolerance.

Why Do Investors Own Crypto and How Do They Assess Its Value?:

SENTIMENT AND EMERGENT TECHNOLOGIES

Cryptocurrencies often experience sentiment-driven cycles of sharp rallies and deep crashes, often with little news driving them. Cryptocurrency proponents liken its investment profile to that of an emerging technology firm, embodying a venture capital exposure of high risk and potential high reward. Thus, appraising its value involves weighing the speculative aspects of cryptocurrency against its anticipated adoption and practical application within the broader financial and technological spheres.

PROTECTION FROM INFLATION AND POLITICAL INSTABILITY

Many cryptocurrency investors hope it will act as a shield in economically and politically volatile environments. They seek refuge in it from the erosive effects of negative real interest rates and/or inflation, and as a counterbalance to the deteriorating trust in central banks. Yet, the assumption that cryptocurrency can reliably preserve value during such unstable periods is largely theoretical.

HOW TO OWN CRYPTOCURRENCY

WALLETS AND KEYS

In the realm of digital assets, security is crucial. Cryptocurrencies rely on passwords or "keys" to access and transfer digital assets. Private keys can be stored by the individual holder or a custodian. Storage options include internet-connected ("hot") wallets, which offer convenience but are more vulnerable to hacking, and offline ("cold") wallets, which provide enhanced security by being disconnected from the internet.

When buying cryptocurrency, it's essential to recognize the risks of online exchanges, which are frequent hacker targets. To mitigate this risk, offline cold wallets, like Ledger or Trezor devices, offer the highest security and control but require diligent safeguarding of private keys, as recovery is likely impossible if lost or forgotten.

EXCHANGE TRADED FUNDS (ETFs)

In early 2024, the U.S. SEC approved NYSE-listed Bitcoin ETFs, marking a major milestone in reducing the legal, custody, and cybersecurity risks associated with cryptocurrency ownership.

For a reliable and straightforward way to invest in Bitcoin, the BlackRock iShares IBIT ETF is our preferred option. Custodied by Coinbase, it offers a trusted and secure solution for Bitcoin ownership.

We recommend avoiding fiat-settled crypto derivatives such as Bitcoin futures.