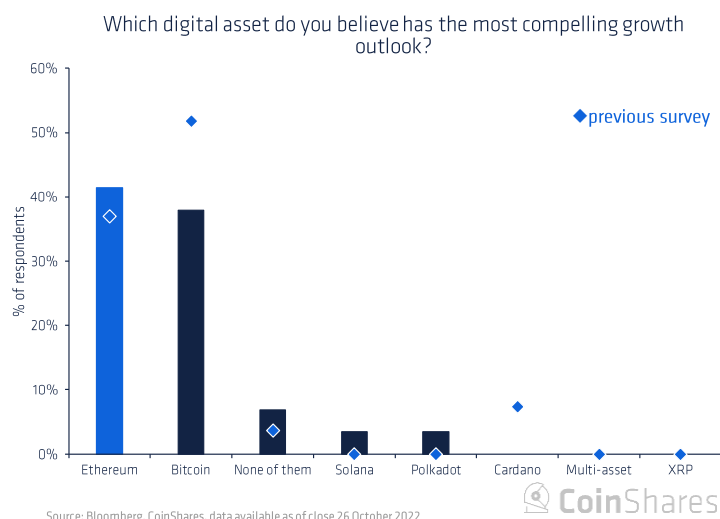




28<sup>th</sup> October 2022 (survey period ending 26<sup>th</sup> October 2022)

## Investors reduce weighting in Bitcoin in favour of Ethereum and multi-asset

- Bitcoin and Ethereum continue to dominate positioning in investor portfolios, with 79% of survey respondents choosing one or the other.
- Digital asset weighting in portfolios have fallen to their lowest level since the survey began (Sept 2021) to just 0.2% of assets under management.
- Investors have recently reduced their weighting in Bitcoin in favour of Ethereum and multi-asset investment products.
- Client demand has dropped significantly, while diversification and good value as reasons to add to a portfolio have fallen too, implying investors may have capitulated.

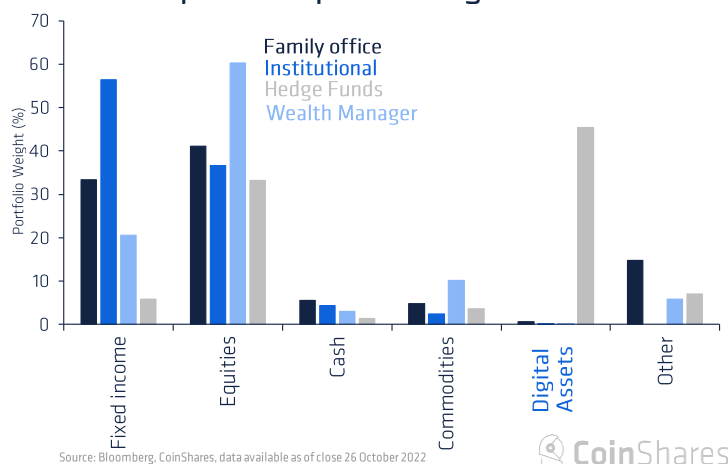


Bitcoin and Ethereum continue to dominate positioning in investor portfolios, with 79% of survey respondents choosing one or the other.

We believe recent events surrounding the Merge in Ethereum have led investors to favour Ethereum over Bitcoin due to the Merge's successful implementation while offering a yield.

7% are sceptics of the asset class, believing no crypto assets have value.

## Current portfolio positioning

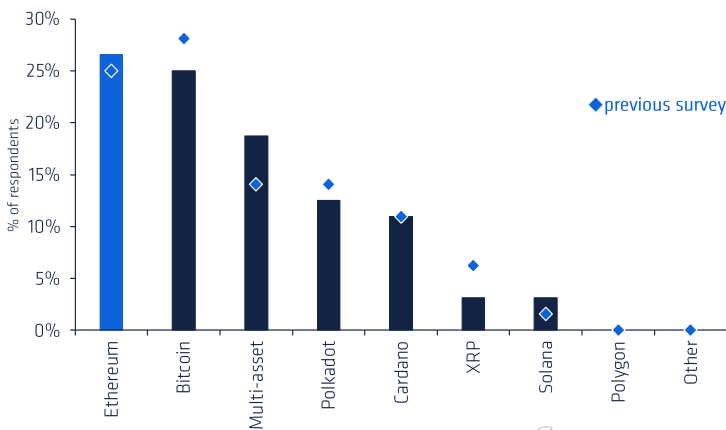


Digital asset weighting in portfolios have fallen to their lowest level since the survey began (Sept 2021) to just 0.2% of assets under management (AuM). Mainly due to family offices and institutional investors reducing weights.

While hedge funds represent a much smaller component of the over all AuM, they have increased allocations by 17 percentage points since the last survey in July 2022.

If you would like to regularly contribute to the survey, please follow this [link](#) – survey window opens for 3 weeks at the end of every calendar quarter

Which digital assets have you invested into?



Source: Bloomberg, CoinShares, data available as of close 26 October 2022

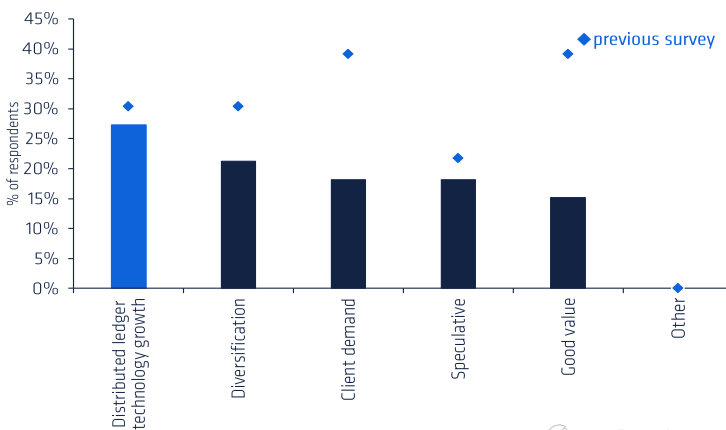


Investors have recently reduced their weighting in Bitcoin in favour of Ethereum and multi-asset investment products. This is echoed in our fund flows [report](#) where multi-asset investment products have seen inflows representing 9% of AuM.

XRP and Polkadot saw minor declines in positions while Solana positions have risen to their highest level since the survey began.

Broadly, investors have been selling out of altcoins.

What were your reasons for adding digital assets to your portfolio?



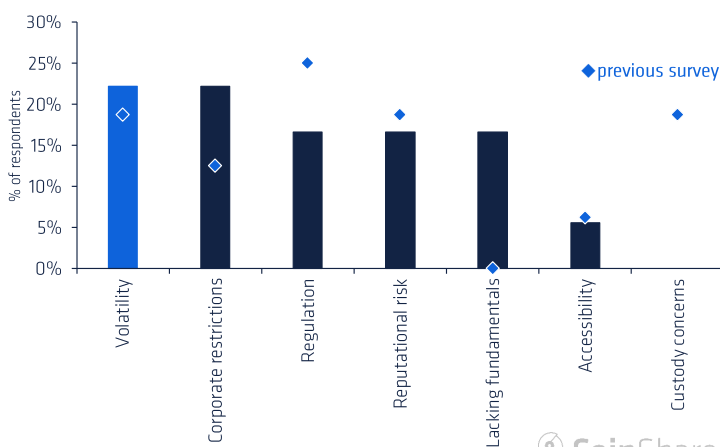
Source: Bloomberg, CoinShares, data available as of close 26 October 2022



Exposure to distributed ledger technology is now the key reason for adding digital assets to a portfolio and remains little changed since the last survey.

Understandably, client demand has dropped significantly, while diversification and good value as reasons to add to a portfolio have fallen too, implying investors may have capitulated to some extent since July.

What is preventing you from investing in digital assets at present?



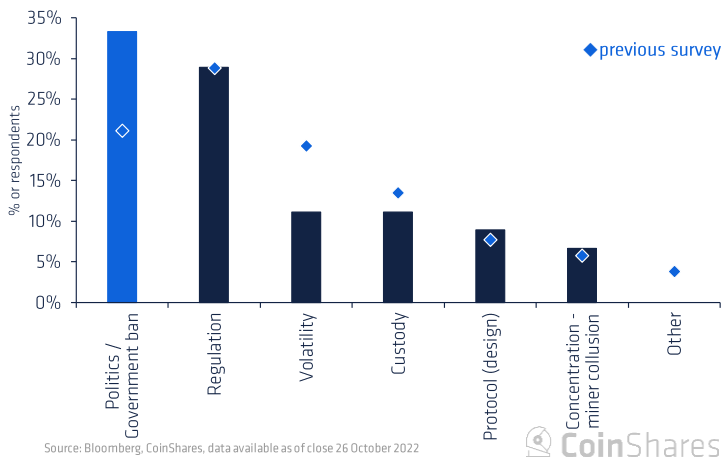
Source: Bloomberg, CoinShares, data available as of close 26 October 2022



Custody is now of little concern for investors, with volatility and corporate restrictions being the key blocker for investing in the asset class.

Interestingly, regulatory blockers look to have subsided over the last quarter, having previously been the key reason for not being able to add to a portfolio.

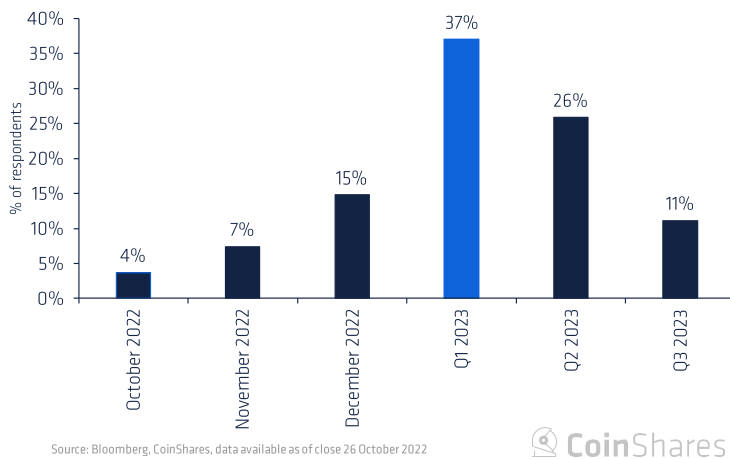
### What are the key risks for digital assets at present?



Regulation and a government ban stubbornly remain the primary fears amongst investors, comprising 63% of the total. Political concerns have risen though, suggesting recent sabre rattling from regulatory bodies worldwide has impacted sentiment.

Investors are less concerned with volatility; this might be due to the fact that Bitcoin volatility is now lower than the S&P500.

### Zeitgeist question: When will the FED Pivot?

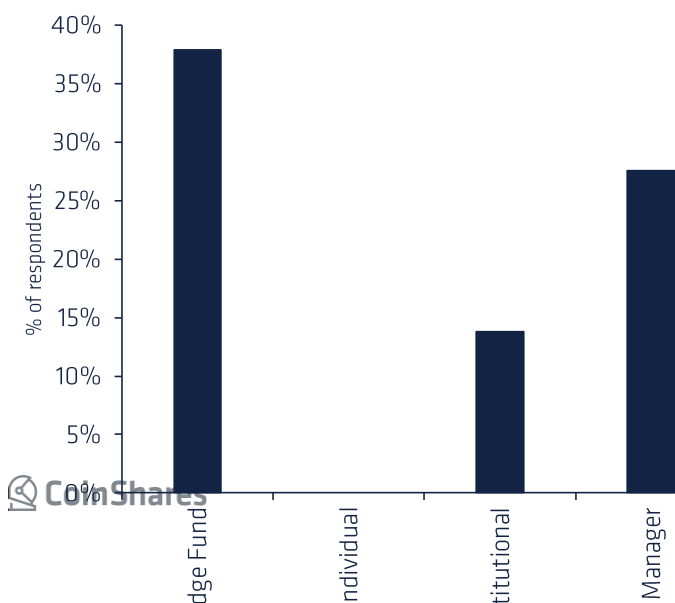


Having changed the zeitgeist question this survey, we are trying to get a sense of when investors expect the FED to pivot. This is of particular importance for Bitcoin given its interest rate sensitivity.

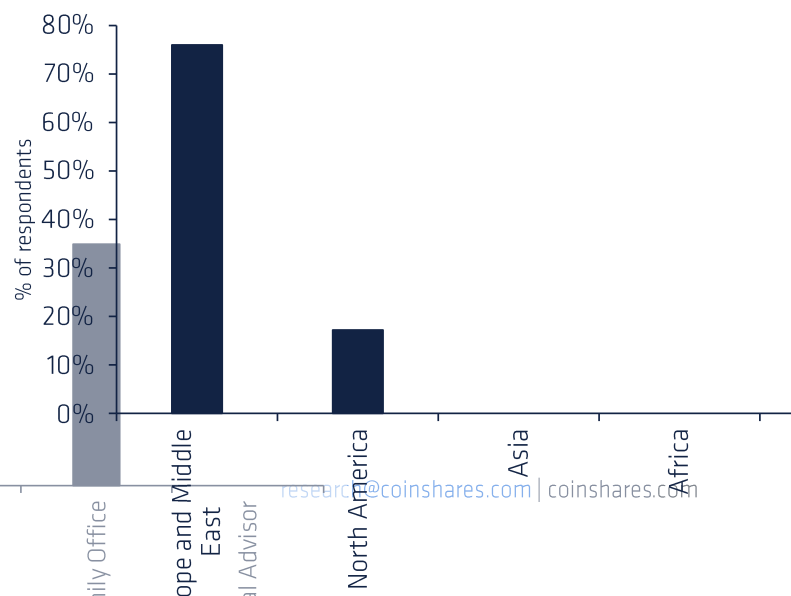
The Majority expect somewhere between Q1 and Q2 2023 implying a little later than the futures market where it implies a pivot in March 2023.

**ABOUT OUR SURVEY:** The October 2022 Survey drew 29 responses from investors who cover US\$330bn of assets under management.

### What type of investor are you?



### Where are you / your fund domiciled



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