

LISTED RESERVE

MoneyBits

This happens once

Investor feedback:

Let's say you think bitcoin is money, how can you actually make money from something that is supposed to act as money? If it really is money then it should not go up or change in value really, the fact that that is happening means something is wrong.

Good point. You can't make more USD by holding USD or indeed any other currency. You have to use it, build things, add value etc. So what then is the purpose of bitcoin because it does not do any of those things?

The answer is this: to become a widely used money, the asset in question must first monetise. That is, accrete the value of all those things around it so that it might be used in exchange. That is what is happening, that is why in the table below, despite its epic drawdowns, bitcoin is destroying everything else in performance terms. It is monetising. Incidentally, it very rarely happens; in the most recent century that is because the only thing that could really be money are those things blessed by government decree. The internet and then bitcoin have changed that.

As Michael Saylor pointed out this weekend. Nothing beats bitcoin; because nothing else is monetising.



CREATIVE PLANNING		Asset Class Total Returns Since 2011 (Data via YCharts as of 6/21/24)														@CharlieBilello	
ETF	Asset Class	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2011-24 Cumulative	2011-24 Annualized
N/A	Bitcoin (\$BTC)	1473%	186%	5507%	-58%	35%	125%	1331%	-73%	95%	301%	66%	-65.5%	155.8%	51.7%	21372237%	148.9%
IWF	US Growth	2.3%	15.2%	33.1%	12.8%	5.5%	7.0%	30.0%	-1.7%	35.9%	38.3%	27.4%	-29.3%	42.6%	20.4%	641.7%	16.1%
QQQ	US Nasdaq 100	3.4%	18.1%	36.6%	19.2%	9.5%	7.1%	32.7%	-0.1%	39.0%	48.6%	27.4%	-32.6%	54.9%	17.4%	896.2%	18.6%
SPY	US Large Caps	1.9%	16.0%	32.2%	13.5%	1.2%	12.0%	21.7%	-4.5%	31.2%	18.4%	28.7%	-18.2%	26.2%	15.3%	456.0%	13.6%
GLD	Gold	9.6%	6.6%	-28.3%	-2.2%	-10.7%	8.0%	12.8%	-1.9%	17.9%	24.8%	-4.2%	-0.8%	12.7%	12.4%	54.8%	3.3%
EEM	EM Stocks	-18.8%	19.1%	-3.7%	-3.9%	-16.2%	10.9%	37.3%	-15.3%	18.2%	17.0%	-3.6%	-20.6%	9.0%	6.9%	19.3%	1.3%
IWD	US Value	0.1%	17.5%	32.1%	13.2%	-4.0%	17.3%	13.5%	-8.5%	26.1%	2.7%	25.0%	-7.7%	11.4%	6.7%	264.9%	10.1%
MDY	US Mid Caps	-2.1%	17.8%	33.1%	9.4%	-2.5%	20.5%	15.9%	-11.3%	25.8%	13.5%	24.5%	-13.3%	16.1%	6.1%	285.0%	10.5%
EFA	EAFE Stocks	-12.2%	18.8%	21.4%	-6.2%	-1.0%	1.4%	25.1%	-13.8%	22.0%	7.6%	11.5%	-14.4%	18.4%	5.3%	100.7%	5.3%
DBC	Commodities	-2.6%	3.5%	-7.6%	-28.1%	-27.6%	18.6%	4.9%	-11.6%	11.8%	-7.8%	41.4%	19.3%	-6.2%	5.3%	-8.6%	-0.7%
PFF	Preferred Stocks	-2.0%	17.8%	-1.0%	14.1%	4.3%	1.3%	8.1%	-4.7%	15.9%	7.9%	7.2%	-18.2%	9.2%	3.9%	76.5%	4.3%
HYG	High Yield Bonds	6.8%	11.7%	5.8%	1.9%	-5.0%	13.4%	6.1%	-2.0%	14.1%	4.5%	3.8%	-11.0%	11.5%	2.6%	81.1%	4.5%
BIL	US Cash	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.1%	0.7%	1.7%	2.2%	0.4%	-0.1%	1.4%	4.9%	2.5%	14.2%	1.0%
EMB	EM Bonds (USD)	7.7%	16.9%	-7.8%	6.1%	1.0%	9.3%	10.3%	-5.5%	15.5%	5.4%	-2.2%	-18.6%	10.6%	2.5%	55.4%	3.3%
TIP	TIPS	13.3%	6.4%	-8.5%	3.6%	-1.8%	4.7%	2.9%	-1.4%	8.3%	10.8%	5.7%	-12.2%	3.8%	1.0%	39.2%	2.5%
IWM	US Small Caps	-4.4%	16.7%	38.7%	5.0%	-4.5%	21.6%	14.6%	-11.1%	25.4%	20.0%	14.5%	-20.5%	16.8%	0.4%	208.9%	8.7%
BND	US Total Bond Market	7.7%	3.9%	-2.1%	5.8%	0.6%	2.5%	3.6%	-0.1%	8.8%	7.7%	-1.9%	-13.1%	5.7%	0.1%	30.6%	2.0%
CWB	Convertible Bonds	-7.7%	15.9%	20.5%	7.7%	-0.8%	10.6%	15.7%	-2.0%	22.4%	53.4%	2.2%	-20.8%	14.5%	0.0%	200.3%	8.5%
LQD	Investment Grade Bonds	9.7%	10.6%	-2.0%	8.2%	-1.3%	6.2%	7.1%	-3.8%	17.4%	11.0%	-1.8%	-17.9%	9.4%	-0.5%	58.8%	3.5%
TLT	Long Duration Treasuries	34.0%	2.6%	-13.4%	27.3%	-1.8%	1.2%	9.2%	-1.6%	14.1%	18.2%	-4.6%	-31.2%	2.8%	-3.4%	42.1%	2.6%
VNQ	US REITs	8.6%	17.6%	2.3%	30.4%	2.4%	8.6%	4.9%	-6.0%	28.9%	-4.7%	40.5%	-26.2%	11.8%	-4.1%	155.0%	7.2%
Highest Return		BTC	BTC	BTC	VNQ	BTC	BTC	BTC	BIL	BTC	BTC	BTC	DBC	BTC	BTC	BTC	BTC
Lowest Return		EEM	BIL	GLD	BTC	DBC	BIL	BIL	BTC	BIL	DBC	TLT	BTC	DBC	VNQ	DBC	DBC
% of Asset Classes Positive		62%	95%	52%	71%	38%	100%	100%	5%	100%	90%	67%	10%	95%	81%	95%	95%

The thing to remember here, despite the pain of the volatility. Bitcoin will monetise *only once*. We are here early, we are befitting from the fact that it is eating the value of less resilient assets around it. Real estate, stocks, gold, and everything else is falling in terms of bitcoin.

We are investing in the monetisation of the asset as much as the asset itself. In addition, it will build an ecosystem around it that itself will generate opportunities (stablecoins etc). I accept that one day, decades from now, that process will be complete and people will hold bitcoin simply to protect their wealth from inflation and it might grow at something like the natural rate of interest each year. Today though, that is not the position we are in. Use of bitcoin is not ubiquitous. Our play here is that it will become ubiquitous because the newer generations simply accept it and use it. For that to happen it needs to get much, much bigger.

It will happen gradually, then suddenly.

And how will you know when that day comes? You will be going about your business and someone will offer to pay you in bitcoin for some good or service and you will remember reading this. You will check if the market capitalisation of bitcoin exceeds gold. You will check if it tops the ranking in the list of international currencies. Is it meaningfully higher than everything? When it is, you will know.

Mount Gox

Ugly week then. Seemingly driven by the Mount Gox [announcement](#). I don't want to dwell on this too much since we covered it in [May](#); so if you want to understand what has been happening that's a good place to start.

Whatever the short term price impact, the resolution of the Mount Gox and FTX bankruptcies is fundamentally a good thing for the industry. Interestingly, FTX creditors are in line for something like 110 cents in the dollar, they will still have missed out on the last 12 months gains but that sort of payout is something that very rarely happens.

I would point out again that by contrast, banks (our principal industry competitors) are almost never allowed to go bust. They are generally subsumed by some larger banking entity (like Silicon Valley Bank was), often at the request of the government. Their equity value then lurches along for what feels like an eternity. A case in point being the NatWest Group in the UK.

Market Summary > Natwest Group PLC

315.70 GBX

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



They went bankrupt in 2008; my personal view is that they remain technically bankrupt today but they were bailed out by the government and have limped along ever since. At the end of June 2009, post their bail out the share price was £4.10, today it is £3.15. Remarkably, they still rank 24th in the UK's FTSE 100.

Part of the difficulties in the UK's economy still relate to 2008. A heavily financialised economy chose the easy way out rather than the incredible pain that bankrupting its major financial institutions would have caused. It has not recovered and it shows no sign of doing so.

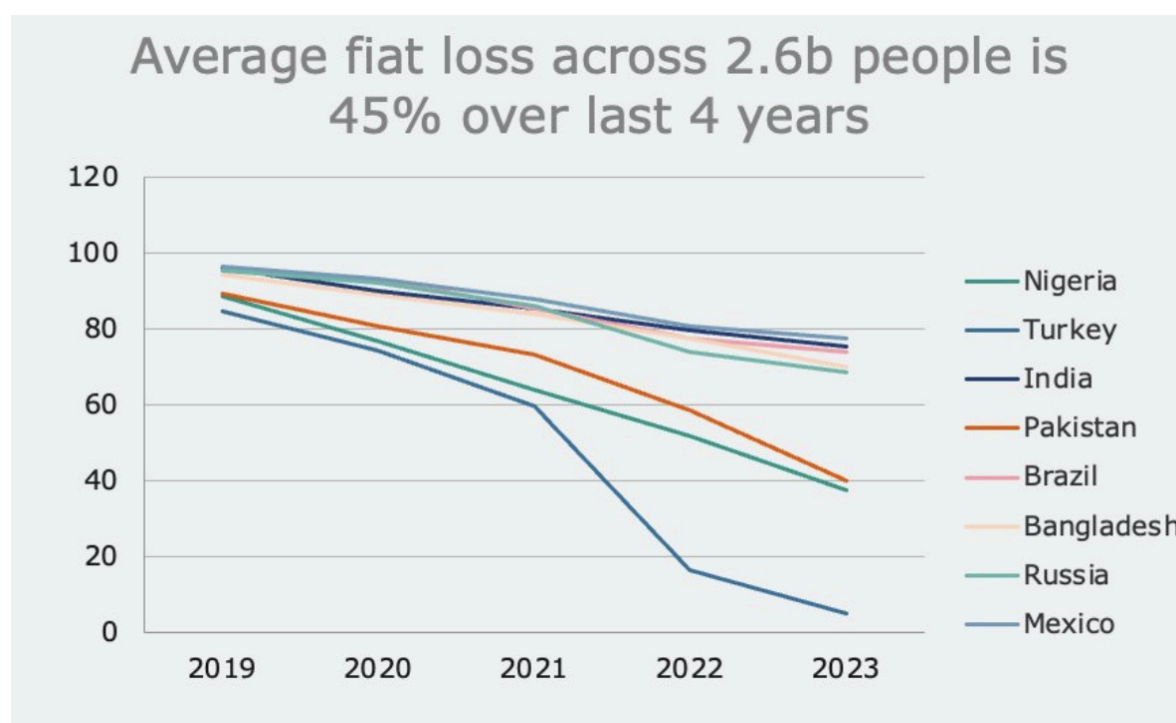
The entire position of the banking industry would be so much healthier if those banks had gone to the wall. Not just NatWest and Lehmans, but Bank of Scotland, and Goldman Sachs too which would have been wiped out in 2008 but for all their associations with the government.

Yet here we are. Once again reminded in the media of all the terrible bankruptcies that take place in the 'crypto industry'. And it's true, it's wild with people trying crazy stuff every week.

The alternative though is a sclerotic, corrupt regime that limps along carrying the cancers of history. No wonder they cannot innovate, no wonder they cannot attract staff. To be a banker these days is simply to work for a government organisation. You can't go bust but you can't make any real money either.

Not exactly the career you imagined after reading [Liar's Poker](#).

Non-trivial



This is the extent of the losses suffered by a third of the world's population. Weighted for population it's not quite so bad because clearly India dominates this group and its loss in purchasing power is a mere 20%.

India though is a fine example because the country is growing very quickly, has positive demographic skew and almost nobody in India is complaining about the stealth theft of their wealth as a result. Again, the critical elements for fiat success are growing population, growing economy. When you have those things you can skim off 3-4% a year and nobody will notice. When you don't have those things the sky tends to fall in, like in Turkey.

One country not listed above is Japan. A slower death there with a 53% drop in value versus the USD over the last 10 years.



Slow burn hyperinflation is a real thing. For a very large part of the world it's brutal.

Metaplanet

Notice Regarding the Purchase of Bitcoin

Metaplanet Inc. (3350:JP) hereby announces that the Board of Directors has resolved to purchase Bitcoin worth 1 billion yen as of today's meeting. The funds for this purchase will be allocated from the capital raised through the issuance of the second series of ordinary bonds (with guarantees), as disclosed separately today in the "Announcement on the Issuance of the Second Series of Ordinary Bonds (with Guarantees)."

What can you do then to address that fundamental currency weakness? Well, one company in Japan has bitten the bullet and bought bitcoin. A sort of MicroStrategy approach of issuing bonds on the public market and buying bitcoin with the proceeds.

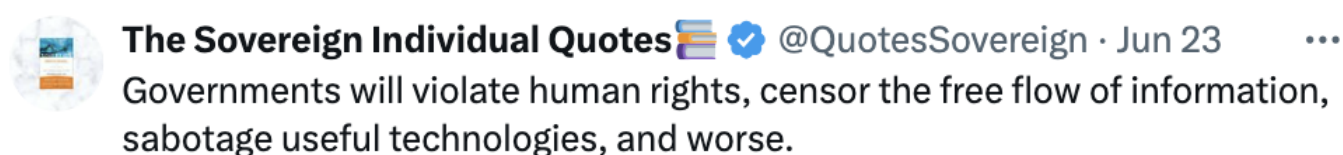
In total, the company issued ¥1,000,000,000 in bonds at 0.5%; which in total is a mere US\$6m.

The fundamental issue for all company treasuries is where do you put the money? The USD has crushed every other currency for years now. Even so, it is weak itself and appears set to go on a yo-yo ride of politically induced volatility. You could buy gold, but that is not terribly liquid and it is hard to secure. You could buy bonds, but again they are now volatile versus their claim to be the global reserve asset.

Difficult choice then.

Today, given the available choices would you really consider a corporate treasury that kept 5% of its holdings in bitcoin as crazy? I'm waiting for Apple or Google to do it. Some cash rich tech goliath, then people will sit up and listen.

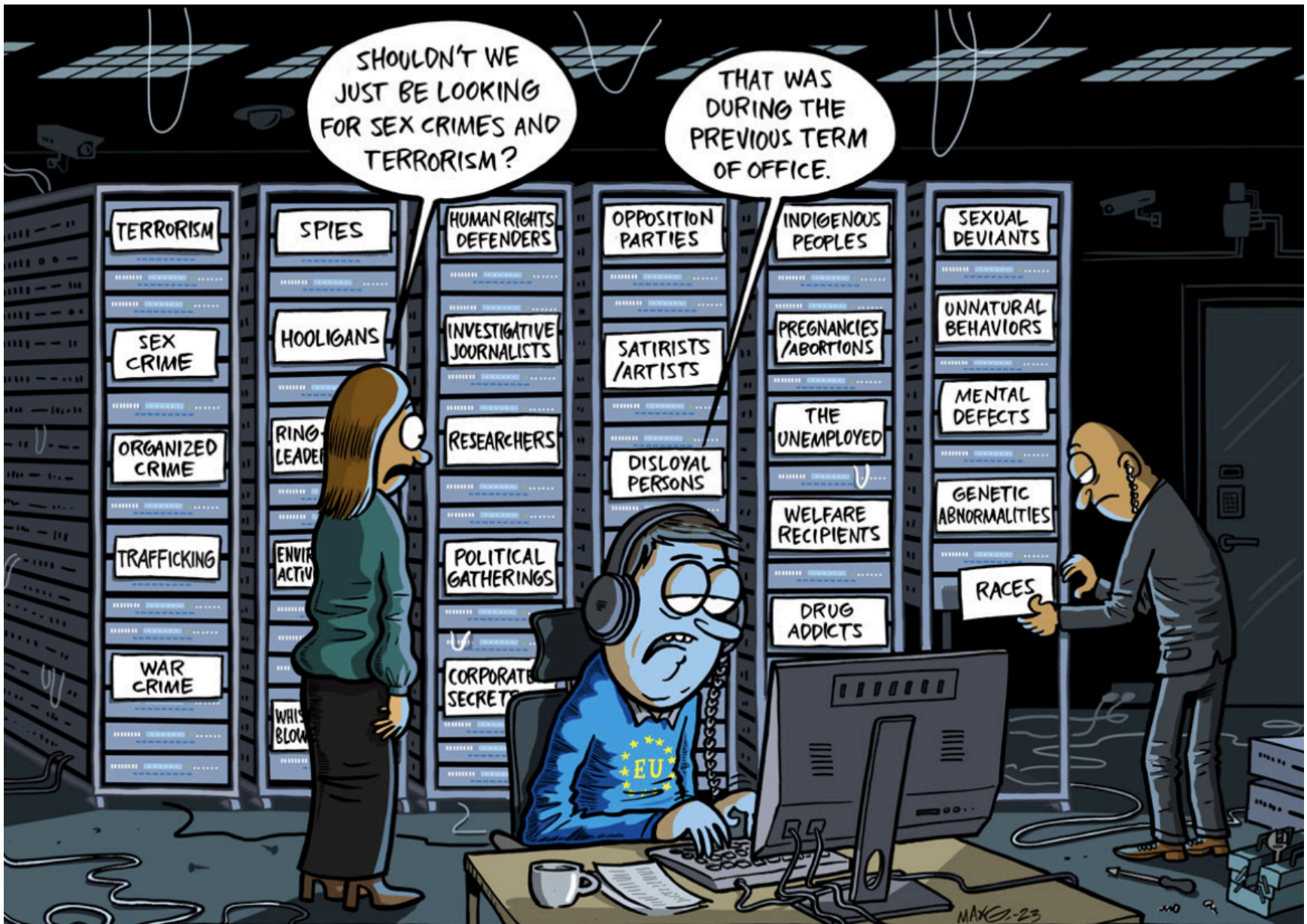
Euro-Trash



This week marks the end of Belgium's stint in the rotating chair of EU Presidency. Right at the death they tried to introduce new legislation called "Chat Control". The Belgian Chair explained that this would 'break encryption' and allow the EU to better protect children.

Members of the European Council were originally expected to take a decision on Thursday, June 20, about jointly supporting a 2022 draft amendment that would require instant messaging apps such as WhatsApp and Signal to mandatorily scan users' photos, videos, and links before they were sent to recipients.

It is just extraordinary how many attempts the EU has made at this. Aside from anything else, their proposal was complete nonsense, it did not 'break encryption'; it actually proposed that any messaging provider would be required to scan all of the content sent on a users device and store it in a database such that the EU would be able to come and look at it if it wanted to. The scanning would be "voluntary" but for those tech companies not wishing to volunteer, their services would be banned from sharing files and photographs.



You can imagine the technical honeypot this would create. A database of all messages sent by Europeans, which inevitably one day would be hacked or leaked leading to unknown catastrophe. The full story is laid out [here](#).

That the EU pursues this kind of thing is surprising. One would think it is more a national government duty than a pan-national body that would introduce such surveillance. It is exactly this sort of stupidity that turns people against their otherwise noble objective of stopping Europe going to war with itself.

The EU [website](#) is quite clear on its goals. Nowhere does it say we will build a surveillance panopticon. Are people in Europe actually calling for this? Has a single voter called a politician and said "Hey guys, why don't you monitor every single message, ever?"

While the whole Chat Control disaster played out it brought to mind an excellent film. "[The Lives of Others](#)". All about the East German Stasi monitoring people's lives; that was done for your safety too. I wholly recommend it.