

1	MicroStrategy	\$2,963,492,801	0.62%
2	Galaxy Digital Holdi	\$374,723,644	0.08%
3	Voyager Digital LTD	\$280,128,773	0.0
4	Tesla, Inc	\$245,055,55	
5	Marathon	\$229,746,72	
6		\$183,408,24	

Institutions around the world are investing in Bitcoin.
Chris Nagahama [unsplash.com/@chris_nagahama] y *My CBS*

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Why are institutional investors putting money into Bitcoin?

From "rat poison" to an essential asset

After being labeled as "rat poison", Bitcoin is now attracting institutional investors' interest and money. So, what is driving its mainstream adoption?



Victor Tapia | 2022-08-13
Updated: 2022-08-14
Read: 5.3 mins

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From Guayaquil, Ecuador

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NOTE: This is the first in a series of articles in which I cover the topic of institutional Bitcoin investing.

Former bitcoin detractors are now embracing it

Indeed. Regarding institutional investment in Bitcoin, the cryptocurrency has evolved from undesirable trash to an unquestionable investment choice and is

on the verge of becoming a crucial component of any asset manager's portfolio.

A few years ago, some of the biggest names in finance were calling Bitcoin a sham. Warren Buffet went so far as to call it "rat poison squared" and J.P. Morgan also pronounced its verdict calling it a scam.

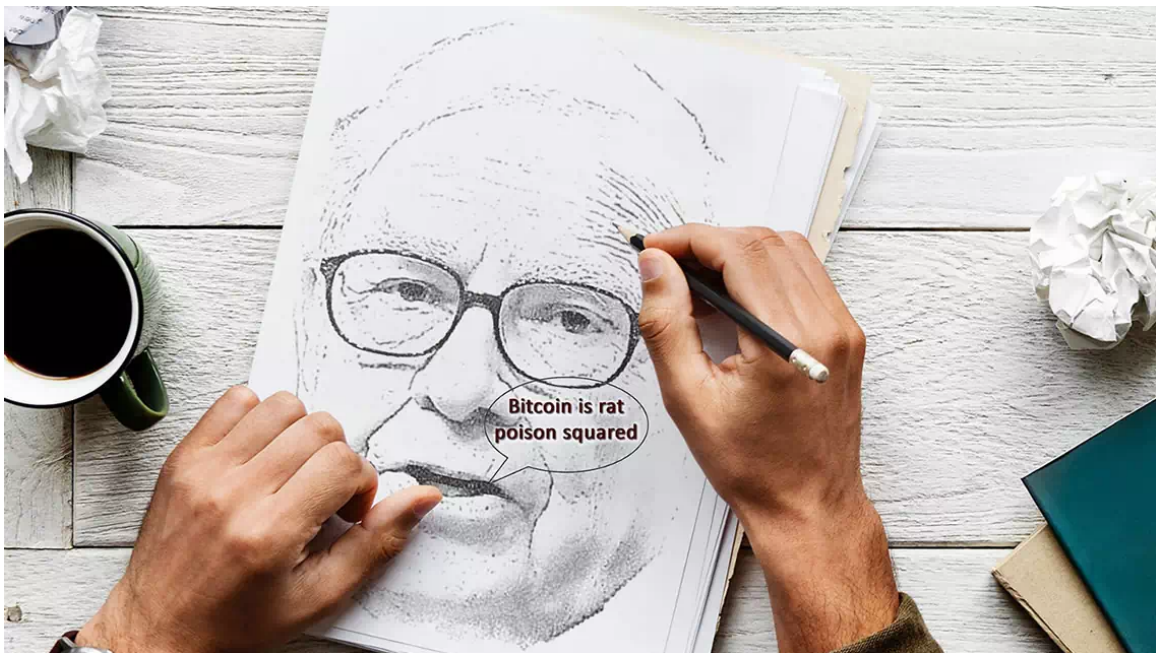
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You can see a common thread connecting their asset managers' reasoning: to preserve or increase the value of their companies' assets. There does not appear to be speculative intent, but rather a desire to replace a portion of their assets making a small allocation into something more solid and of real value to them.

What about Jordan Belfort, whose memoir **The Wolf of Wall Street** became the inspiration for Martin Scorsese's film of the same name? After previously calling bitcoin a "massive hoax" he became a convert to the digital currency and was the first to predict that it would rise to \$100,000 in value.



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Today, Buffet's company, Berkshire Hathaway, one of the world's largest multinational conglomerate holdings, **has invested a billion dollars** in digital bank Nubank. NuInvest, the digital bank's investment unit, allows users to invest in a Bitcoin exchange-traded fund (ETF), tapping into a financial domain that Buffet criticized.

And J.P. Morgan? The largest bank in the West, has changed its mind and expects the price of bitcoin to rise to USD 130,000, calling it "digital gold". While that is happening, it has created a "cryptocurrency exposure basket" of representative bitcoin stocks.

So, does bitcoin have institutional investors?

Yes, by the first week of August 2022, institutions already owned 6.88 percent of the maximum 21 million bitcoins that can be mined. This group includes public companies like Marathon Digital Holdings Inc, private companies such as Seetee AS, ETFs like Grayscale Bitcoin Trust, as well as El Salvador, and other nations and governments¹.

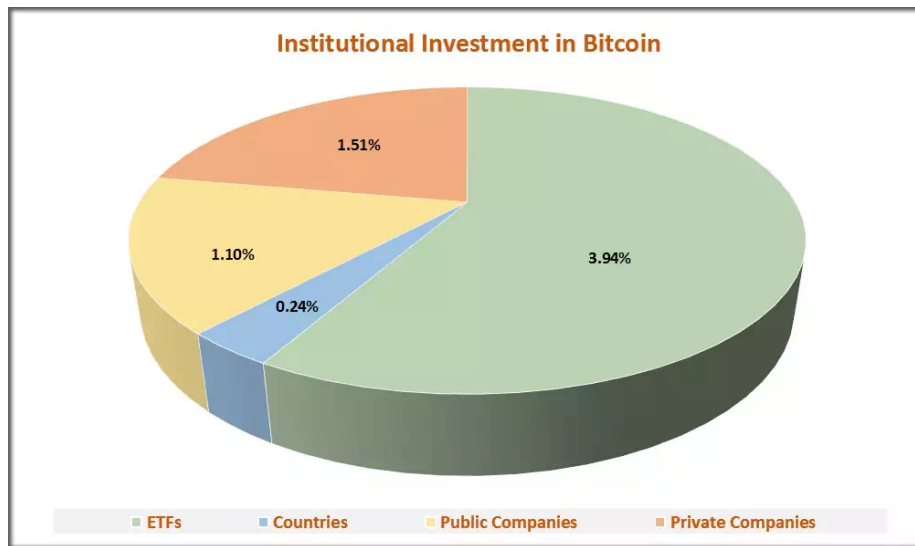


Chart prepared by author with data from buybitcoinworldwide.com

The 12 Public companies with the most bitcoin on their balance sheets

According to Buy Bitcoin Worldwide, 11 of the top 12 institutional investors in Bitcoin are public companies based in North America. The following table shows how remarkable is the institutional presence of this region of the world in the category.

#	COMPANY	COUNTRY	# of BTC	Value as of 2022-08-03	% of 21m
1	MicroStrategy	USA	129,699	\$2,963,492,801	0.62%
2	Galaxy Digital Holdings	USA	16,400	\$374,723,644	0.08%
3	Voyager Digital LTD	CAN	12,260	\$280,128,773	0.06%
4	Tesla, Inc	USA	10,725	\$245,055,554	0.05%
5	Marathon Digital Holdings Inc	USA	10,055	\$229,746,722	0.05%
6	Square Inc.	USA	8,027	\$183,408,945	0.04%
7	Hut 8 Mining Corp	CAN	7,406	\$169,219,714	0.04%
8	Riot Blockchain, Inc.	USA	6,654	\$152,037,264	0.03%
9	Coinbase Global, Inc.	USA	4,482	\$102,409,230	0.02%
10	Bitcoin Group SE	DEU	3,947	\$90,185,014	0.02%
11	Hive Blockchain	CAN	3,239	\$74,007,920	0.02%
12	Bitfarms Limited	CAN	3,144	\$71,837,264	0.02%

Table prepared by the author with data taken from buybitcoinworldwide.com

Which institutions hold the most bitcoin?

Grayscale Bitcoin Trust, Mt. Gox, Block One, MicroStrategy, CoinShares / XBT Provider, and the Government of Ukraine are the top 6 global bitcoin holders, respectively, with **643 572 BTC**, **141 686 BTC**, 140,000 BTC, 129,699 BTC, 48,466 BTC, and 46,351 BTC each on their balance sheets.

First reason: bitcoin has gained credibility as a store of value

But, returning to the initial questions that prompted this article, perhaps the best way to get them answered is to allow the companies that are investing in

Bitcoin to explain their motivations behind that decision.

Ruffer

British fund firm Ruffer has 550 million pounds bitcoin bet - spokesman 2020-11

Country: Great Britain

Investment Rationale: "[The allocation] acts as a hedge to some of the risks that we see in a fragile monetary system and distorted financial markets" and "We see this as a small but potent insurance policy against the continuing devaluation of the world's major currencies."

Tesla

Tesla buys \$1.5 billion in bitcoin, plans to accept it as payment 2021-02-08

Country: USA

Investment Rationale: The American EV manufacturer Tesla explained that the move was "for more flexibility to further diversify and maximize the returns on our cash."²

Letter to the shareholders of Aker

Discover a brilliantly written Bitcoin defense and manifesto that reasons about the value there is, for an institution, on investing in th...

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Seetee

With plans to invest "significantly more" in its own mining operations and businesses engaged in Bitcoin-related initiatives, Seetee has set aside NOK 500 million to purchase bitcoin as a treasury asset. This will give the company direct exposure to the cryptocurrency asset and its protocol. 2021-03-08

Country: Norway

Investment Rationale: "Aker's decision to enter bitcoin through Seetee is the result of a long and fundamental discussion about value."

Nexon

The video game developer **announced the purchase of 1,717 bitcoins** worth approximately USD 100 million, which at the time represented just under 2% of the firm's total cash and cash equivalents. 2021-04-27

Country: South Korea

Investment Rationale: "Our purchase of bitcoin reflects a disciplined strategy for protecting shareholder value and for maintaining the purchasing power of our cash assets" and "In the current economic environment, we believe bitcoin offers long-term stability and liquidity while maintaining the value of our cash for future investments."

Last articles and updates

2022-08-14 [Why are institutional investors putting money into Bitcoin?](#)

2022-07-01 [Letter to the shareholders of Aker](#)

MicroStrategy

Microstrategy Spends \$200 Million More on Bitcoin, Raising Total Holdings to 129,218 BTC, a value of USD 3.97 billion. The amount represents 2.7% of its investment portfolio. 2022-04-05

Country: USA

Investment Rationale: The company's CEO, Michael Saylor, gave three justifications for the purchase when he announced the acquisition of 21,454 BTC in 2020.

"Bitcoin is digital gold: harder, stronger, faster, and smarter than any money that has preceded it," he said, stating that his team believes its value will rise as technology advances, more people begin to use it, and the Bitcoin network expands.

Saylor added that "our decision to invest in Bitcoin at this time was driven in part by a confluence of macro factors affecting the economic and business landscape that we believe is creating long-term risks for our corporate treasury program — risks that should be addressed proactively."

He cited the unparalleled use of global quantitative easing and other government financial stimulus programs, as well as political and economic unrest around the world. The long-term real value of national currencies and many other traditional asset types typically held as part of corporate treasury operations, he said, may very well deteriorate drastically as a result of these and other factors.

He finally said that "the global acceptance, brand recognition, ecosystem vitality, network dominance, architectural resilience, technical utility, and community ethos of Bitcoin" were seen by his team as a convincing indication of its superiority as an asset class for those seeking a long-term store of value.



These statements by Saylor are especially significant given that he was an early critic of Bitcoin, predicting that its "days were numbered."

The five companies whose investment rationale I have presented comprise an international mix that, while arbitrary, appears to be representative to me.

You can see a common thread connecting their asset managers' reasoning: to preserve or increase the value of their companies' assets. There does not appear to be speculative intent, but rather a desire to replace a portion of their assets making a

small allocation into something more solid and of real value to them.

I'd like to conclude this discussion of the motivations driving institutions' current interest in investing in Bitcoin. To that end, I'd like you to read the letter to Aker ASA shareholders from Kjell Inge Røkke, the company's Chairman of the Board. It makes one of the strongest cases for the opportunity, if not the

urgency, of investing in Bitcoin. It's a joy to read, and I encourage you to do so. You can get it from [this page](#) or directly from [Seetee's](#).

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This article is part of a series written about Institutional Bitcoin Investing. Click on the arrow.

Bitcoin ↕

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Jennifer Aquino, Philippines - 2022-02-18

Hello,

I want to thank Mr. Tapia for the excellent Bitcoin security guide I purchased from him. I must say that although I found it a bit dense at first, I asked for help from an acquaintance.

Together we followed the instructions in the Guide and it really is very complete. It is not as difficult to follow as I thought it would be, you just have to go step by step.

Regarding the DCA investment you suggested to me, it is very effective and I follow it religiously. Now you are my instructors when I want to move forward in bitcoin investing. I hope to meet you again soon on Zoom.

Jennifer Aquino

Thank you again

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- ¹ There is a debate over whether Bulgaria, which is not represented in the graph's statistics, has a sizable bitcoin holding. See www.thecurrencyanalytics.com/bitcoin/bulgaria-officially-owns-0-bitcoin-where-is-the-213k-btc-38430.php
- ² Subsequently, in the third quarter of 2002, the company announced the sale of a good portion of its bitcoin. In this regard, Musk said, "It's just that we were concerned about overall liquidity for the company, given Covid shutdowns in China."

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