

RIVEMONT

Rivemont - Week 359

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Rivemont is the portfolio manager responsible for the investment decisions of the Rivemont Crypto Fund.

It's now official! Bitcoin's price has surpassed \$70,000 (and over 100,000 CAD\$!), a level it hadn't reached since last June. This surge allows the asset to break out of its months-long consolidation channel. This spike can be attributed to renewed investor interest, especially in light of the upcoming U.S. elections. This increase, marked by a 3% rise in a single day, is fueled by the growth of cryptocurrency exchange-traded funds (ETFs), which now provide institutional investors with a regulated way to access Bitcoin, thereby easing their participation in this asset once seen as risky.

Bitcoin came close to a new all-time high on Tuesday, reaching over \$73,000 before falling short, missing the previous record of \$73,737 by only \$175. This

rebound, happening just a week before the U.S. presidential election, attracted the attention of many crypto investors, who saw Bitcoin regain momentum after five months of relative stability. However, social media enthusiasm was somewhat muted, with some observers even surprised by the lack of usual euphoric reactions. This near-record moment comes in a favorable context for cryptocurrency, with renewed interest in Bitcoin ETFs and the increasing role of crypto in the U.S. election debate. At \$72,200 at the time of writing, Bitcoin remains close to this historical peak, and analysts are still making optimistic projections for the coming months, with some even anticipating a six-figure jump. Although Bitcoin didn't set a new record on Tuesday, the bullish trend and positive market sentiment suggest a new high could soon be achieved.

In the U.S., Bitcoin ETFs recorded impressive net inflows of \$870 million on Tuesday, the largest since June, mainly driven by BlackRock. Its IBIT ETF alone attracted \$642 million and saw a daily trading volume of \$3.36 billion, a peak since March. Altogether, the 12 Bitcoin ETFs reached a trading volume of \$4.75 billion, up from \$3 billion the previous day. Other Bitcoin ETFs also attracted investments, though to a lesser extent: Fidelity's FBTC received \$133.86 million, while Bitwise's BITB logged inflows of \$52.49 million. According to Eric Balchunas from Bloomberg, this high activity might be explained by a "FOMO" effect (fear of missing out), tied to the recent rise in Bitcoin. Ethereum ETFs also saw positive net inflows, with total entries of \$7.65 million, albeit on a smaller scale. BlackRock's ETHA ETF led with \$13.62 million, while Grayscale's ETHE recorded net outflows of \$5.97 million. The total trading volume for Ethereum ETFs reached \$280.55 million, an increase over previous days.

Since the launch of these ETFs, the market has seen a capital influx, attracting billions of dollars in 2023 and pushing Bitcoin to a historic high of \$73,737 last March. BlackRock's iShares Bitcoin Trust stands out as the top-performing fund among the new options available, symbolizing the popularity of these financial products among investors. However, Bitcoin faced a period of stagnation this summer, impacted by geopolitical tensions and uncertainties linked to the U.S. Federal Reserve's decisions on high interest rates. The Fed's recent decision to lower these rates has reignited appetite for riskier assets like

Bitcoin, in an environment where borrowing costs are reduced, making these investments more attractive. Now, everyone wonders if Bitcoin will be able to reach new highs in the short term.

As the U.S. presidential election approaches, cryptocurrency investors are showing increasing optimism, with nearly a billion dollars injected into Bitcoin ETFs last week. This bullish trend comes as polls favor former President Donald Trump, who is seen as supportive of the digital asset industry. This political context seems to influence financial flows, as reported by CoinShares, which notes that interest in Bitcoin ETFs exceeds that of funds dedicated to other cryptocurrencies. New data from CoinShares reveals a capital outflow from Ethereum and Solana funds, while Bitcoin funds continue to thrive, with a total global injection of \$920 million. U.S.-listed Bitcoin funds are the main beneficiaries of these inflows, a sign of the continued popularity of these financial products. Additionally, funds aimed at betting on Bitcoin's decline also saw significant withdrawals, signaling renewed confidence in the asset's growth.

MicroStrategy's stock price recently hit a nearly 25-year high, surpassing \$230, thanks to an intensive Bitcoin buying strategy that has transformed the company into a major crypto player. Since 2020, MicroStrategy has repositioned its business model, moving away from its image as an enterprise software company to become a Bitcoin development company, holding more than 252,000 Bitcoins, over 1% of the total supply. Michael Saylor, co-founder of MicroStrategy, stated that the goal is to become a "Bitcoin bank," offering various Bitcoin-based financial instruments. To finance its Bitcoin acquisitions, MicroStrategy uses leveraged strategies, including equity and convertible debt issuance. According to Bernstein's analysis, which rated MicroStrategy as "Outperform" with a price target of \$290, the company offers a unique and highly leveraged exposure to Bitcoin. While Bitcoin ETFs have attracted billions of dollars this year, MicroStrategy's strategy continues to attract investors seeking a more aggressive alternative to traditional ETFs. However, this bold approach has its critics, such as Bitcoin skeptic and economist Peter Schiff, who recently predicted an inevitable decline in MicroStrategy's value. Despite these criticisms, the stock has risen by 426% over the past year, justifying a high premium over the net asset value of its Bitcoin holdings, making it one of the

few vehicles offering such leveraged exposure to the digital asset market.

Moreover, Saylor suggested that Microsoft could achieve significant gains by following his Bitcoin investment strategy as a treasury reserve. This proposal comes after the announcement that a Bitcoin investment proposal will be submitted to Microsoft shareholders for a vote, although the board recommended opposing it. Saylor shared a letter addressed to Microsoft CEO Satya Nadella on social media, offering his expertise to lead this initiative. Confident in his position, Saylor envisions MicroStrategy transforming into a “Bitcoin bank” and potentially reaching a trillion-dollar valuation, compared to around \$47 billion today. He continues to advocate Bitcoin as the optimal store of value and “digital gold” for long-term investors.

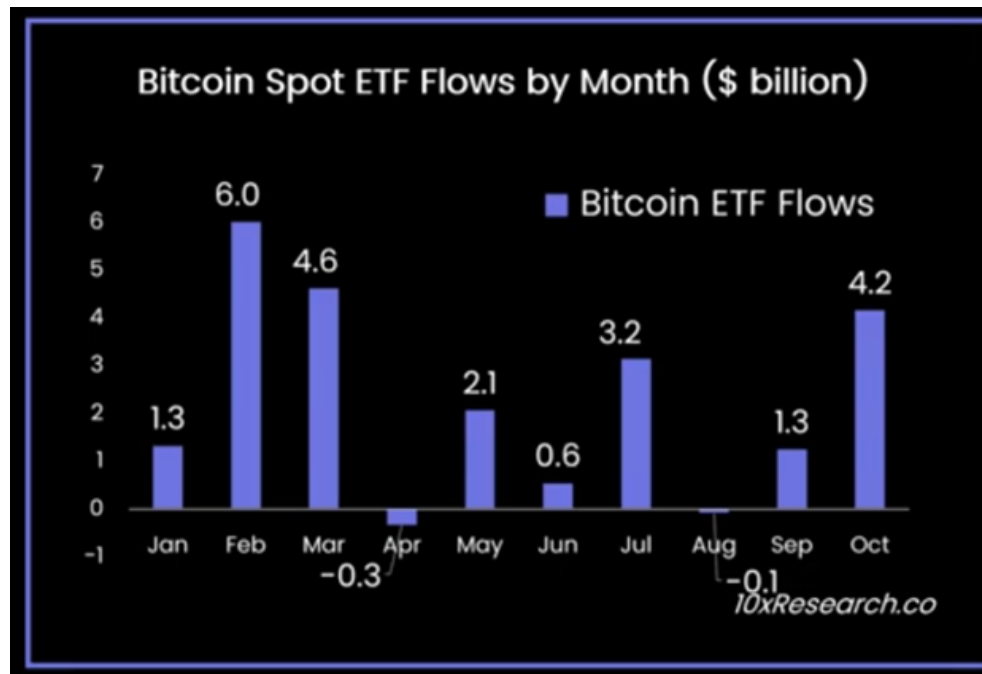
Bitcoin developer Peter Todd, accused in an HBO documentary of being Bitcoin’s anonymous creator, Satoshi Nakamoto, denied these allegations while implementing security measures. After the film "Money Electric: The Bitcoin Mystery" presented circumstantial evidence linking Todd to Nakamoto, he expressed his disagreement with these claims, dismissing the evidence as ludicrous. However, to protect himself, he enhanced his security without disclosing details. Despite these rumors, Todd insists he is not in hiding, as suggested by a Wired article. He even attended a Bitcoin event in Switzerland and plans to participate in several other global conferences. Todd revealed that his refusal to give audio or video interviews likely helped him avoid public recognition since the documentary’s release. The film’s director, Cullen Hoback, argues that similarities in writing style and Todd’s past experiences support his hypothesis. However, the crypto community remains skeptical. Hoback, for his part, continues to insinuate Todd’s calculated behavior, fueling further online speculation.

Bernstein analysts predict that Bitcoin could reach \$200,000 by the end of 2025, an estimate they even consider "conservative." According to their report, accelerated institutional adoption and enthusiasm for recently approved Bitcoin ETFs in the United States will play a crucial role in this increase. The popularity of ETFs, which allow investors to easily access Bitcoin through brokerage accounts, has been remarkable, with over \$20 billion in capital inflows since

their launch in January. Major institutions like Morgan Stanley view them as a secure means of exposure to Bitcoin, while Wall Street giants like BlackRock and Fidelity successfully manage these funds. Bernstein also highlights that U.S. Bitcoin mining companies and MicroStrategy, the largest institutional Bitcoin holder with a reserve of over \$16 billion, will continue to benefit from this growing interest in digital assets. These investments allow investors to gain exposure to the crypto market without directly owning Bitcoin, further strengthening the cryptocurrency ecosystem.

Bitfinex analysts believe the Bitcoin market is gearing up for a favorable "perfect storm," likely to push its price to a new all-time high after the U.S. presidential election. They note that electoral uncertainty, the scenario of a potential Trump comeback, and the typical Q4 bullish trend create ideal conditions for a Bitcoin rally. Despite volatility due to geopolitical and economic tensions, Bitcoin shows strong demand, with a record level of open interest at \$41.7 billion on October 29, indicating a massive appetite for leveraged positions. Bitfinex also notes a rise in Bitcoin call options for late December, signaling expectations of a post-election surge, especially if Trump, favored on some decentralized betting platforms, wins. Combined with a strategic investor position for a post-election rebound, these factors could push Bitcoin beyond its previous all-time high.

Finally, 10X Research analysts estimate that Bitcoin could reach \$100,000 by January 2025, supported by growing institutional interest, positive market signals, and increased Bitcoin dominance over other cryptocurrencies. Their prediction model, with an accuracy rate of 86.7% based on the last 15 signals, recently triggered two buy signals, the latest on October 14. On average, when Bitcoin hits a new six-month high, the price rises by 40% over the next three months, potentially pushing BTC above \$101,000 by late January. A key factor in this projection is the "Bitcoin black hole effect," where Bitcoin's dominance draws value away from other cryptocurrencies, strengthening its market position. Furthermore, major institutions, like BlackRock, now view Bitcoin as a safe haven or "digital gold," a stable long-term asset, attracting massive inflows through Bitcoin ETFs.



In October, the Bitcoin ETF market attracted \$4.1 billion, highlighting investor appeal for a long-term BTC investment. This influx also supports the rise in Bitcoin mining company stocks, confirming a correlation anticipated by 10X Research between Bitcoin investment and the performance of these companies.

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