

ASK THE ADVISERS

The views and opinions expressed in "Ask the Advisers" are solely those of Keith Singer.



Singer Wealth

Keith Singer, JD CFP™

Keith Singer

Singer Wealth

2 Locations:

1515 S. Federal Highway, #211,
Boca Raton, FL 33432

20900 NE 30th Avenue,
Suite 600, Aventura, FL 33180

Phone: 561-998-9985

Website: www.singerwealth.com

Email: Keith@singerwealth.com

Buying Bitcoin at a 43% Discount

Greyscale Bitcoin Trust (GBTC) is a closed end fund that owns bitcoin. Closed end funds can often trade at a discount or a premium relative to the assets owned by the fund. In the case of Greyscale, as of late February, the fund owns \$15.4 billion worth of Bitcoin. The fund is trading at a 47% discount to the actual value of the Bitcoin that it owns. GBTC is trading for only about \$8.6 billion.

As other bitcoin funds like the ETF Proshares Bitcoin Strategy (BITO) which buys bitcoin futures have become available and charge lower annual fee, the GBTC's discount has gotten even wider. Greyscale is trying to convert its shares to an ETF which would close the discount and create additional value for its shareholders.

The problem is that the SEC has been denying applications for ETF's that want to own bitcoin directly as opposed to Bitcoin futures like BITO owns. The SEC is concerned that the spot Bitcoin market does not have sufficient protections in place to prevent fraud and manipulation unlike the futures

markets which are viewed as more regulated. The SEC has denied Greyscale's request to convert to an ETF.

GBTC has sued the SEC requesting the courts to reverse the SEC's decision. A ruling to allow Greyscale to operate as an ETF could pave the way for many more Bitcoin ETF's, which the SEC does not appear to want. Oral arguments begin the first week in March. A ruling is expected in the fall.

A favorable ruling for Greyscale could cause the price of its fund to increase. In the meantime, shareholder activists and hedge Funds are trying to get Greyscale to relinquish management of the fund to unlock shareholder value. Greyscale has indicated it is open to a tender offer of up to 20% of its shares if their lawsuit is unsuccessful. Investing in Bitcoin is a risk but perhaps investing at a 43% discount could potentially mitigate that risk.

*Barrons

To receive the weekly email version of Mr. Singer's column, email the word Column to Caitlin@Singerwealth.com.