Brandon Averill ([00:03](https://www.rev.com/transcript-editor/shared/RSA0aQ_mbpjSin1P5UoXtpZTggMgAsKPv81udzH2hOawSKRVjdA9TnulfPQKLRo_eb8NaopMA7-WDU9O5GLN5dv9zXw?loadFrom=DocumentDeeplink&ts=3.09)):

Hey everybody. Welcome back to another episode of AWM Insights, Brandon and Justin here, and we're going to dive into a topic that certainly something that you've heard over the past few years pop up from time to time, and it's certainly back in vogue kind of in the conversation. And so we thought we'd touch on it a little bit, just talk about kind of what's happening, why are we all hearing about this again, this resurgence of this topic, and then kind of what's our take? Just a good refresher of how we look at things. And so I still haven't mentioned what we're actually talking about and for good reason, I wanted to build up the suspense. So what we're talking about is crypto, and so blockchain, crypto, et cetera. Just a good time to jump back into the conversation here, and maybe that's where we'll start off, Justin, is just why now? I mean, crypto has been around for a long time. It had its kind of boom cycle and then we had a sell off, seemingly back a little bit. Is that why we're talking about this again?

Justin Dyer ([01:04](https://www.rev.com/transcript-editor/shared/PX0gvH06jmQsAnoXEIxwm-iN9AaW1Sk3cypQHn-V3VGO43safBegfcVe82ptF1LkTES9Jrp4xGBSHc_Z1PgdHJnjXOA?loadFrom=DocumentDeeplink&ts=64.77)):

That's exactly why we're talking about this again. I shouldn't say exactly why. I mean there's, and we'll get to it I think in the back half of the conversation, there are some interesting potential applications. I think that word potential is a pretty important word to throw in there, but the short of it is, why are we talking about it again? You kind of referenced it. Price has come back to record highs, near record highs. As we're recording this, it's kind of bounced around past but then bounced around previous record highs around that $70,000 per Bitcoin mark, but specifically I think taking a step back as to why it's rallying again, there's a lot that goes into it, but suffice it to say one of the likely big contributors is that earlier this year, the SEC Securities and Exchange Commission approved what are called Bitcoin Spot ETFs.

([02:06](https://www.rev.com/transcript-editor/shared/dCJpPUqacSAGA3s8j0PwmiELTljae3iOT3yiOdLd3oRoCc8LoMKXno9yQrvZy3M1dWYk1OStnjNxsHqifrdAlXEwo_0?loadFrom=DocumentDeeplink&ts=126.06)):

There's a lot in that statement. A spot ETF basically just means it's trading in line with the actual live price as opposed to a derivative of some kind. Derivatives are options or futures type contracts. We're not going to go into that. You don't need to necessarily know what those words mean, but just know that there's a difference in what was recently approved versus what previously existed in the marketplace and it was approved in an ETF format. I think everyone listening to this podcast is pretty familiar with what an ETF is. It stands for Exchange Traded fund, and it's just an incredibly accessible way to invest money. There are ETFs that represent US stocks of variety of types, the entire market like the S&P 500 or some refined defined sector like biotech stocks or something like that. Now there's an ETF that tracks crypto, Bitcoin specifically. And essentially what that has allowed to happen, put all the arguments about Bitcoin and kind of what you believe with respect to crypto aside, it's just allowed a way easier way to get access to an asset class.

([03:15](https://www.rev.com/transcript-editor/shared/NBDzqclQPGcP5U6m1kCeUp2LhW-3_u0tUsdbvVTGumQpQXoTw-MTSdaQz7KanUM47leCcZ2TP8kSKzLLpGMdBPtONAQ?loadFrom=DocumentDeeplink&ts=195.3)):

So for anyone who's taken kind of a basic economics course, supply and demand are two really important factors when it comes to figuring out the price of an asset. All of a sudden, arguably demand has increased or at least gotten a lot easier to really implement. And what does that happen to an asset that has fixed supply? Guess what? It increases the price. I want to caveat that there is a lot that potentially is going on elsewhere, but that is a big, big, big kind of line in the sand from, let's call it, or a line in the sand that contributed or probably coincided with the start of this rally, and I think it's fair to say contributed quite a bit to it. So that's why we're here.

Brandon Averill ([03:57](https://www.rev.com/transcript-editor/shared/p8fL7mdkpVRg6h0KEujIRXq7EfaqCxZsm7Os_5_WL15asE3BXXqx7G0zkVTqFZ6Mjn5__AZDli6gCKpovDghaDq5I3I?loadFrom=DocumentDeeplink&ts=237.42)):

No, I think that's interesting, and one thing I've always kind of struggled with a little bit is, and maybe this is the answer to that, but is really the difference of investing in crypto, investing in Bitcoin versus the actual currency use. And maybe if you could touch on that a little bit, Justin, like it seems like those waters get pretty muddied across the way, but when you look at trying to invest in, I guess crypto, invest in Bitcoin, how would somebody even go about ascertaining like is this a good investment? How do you evaluate that type of thing or how would we evaluate that type of thing? Is the better way of asking the question.

Justin Dyer ([04:43](https://www.rev.com/transcript-editor/shared/KOe2y_LLFG5YRLMBSa6ASzjKSl_5GlF_Kby13mR2LrOQVjIBlle9CEJ9D18ikk9NNoANlJZgAd4CD8tPVU_IH7QnDao?loadFrom=DocumentDeeplink&ts=283.38)):

I'll give us two pretty simple terms. One's investing, the other one's speculation. You could argue, okay, Justin, you're setting up a loaded argument here, but just bear with me. I think investing is in my definition where you have a known set of cash flows, I shouldn't say known, an expected set of cash flows that you can ascertain with fairly high likelihood, and then you basically say, okay, well I'm going to get these cash flows X distance, X number of years into the future. I'm willing to pay for those cash flows today. Cash flows can be replaced for profits, for revenue, whatever you want to kind of put into that equation, but that's very simple investing. You take a finance course, that is a very kind of tried and true method to approach making an investment. You say, okay, I have a high expectation of receiving some cash flows. I'm going to pay. I'm willing to pay X amount for said cash flows versus speculating.

([05:48](https://www.rev.com/transcript-editor/shared/hs_sRWF6zLEMpS_uExhxhPmMTWyjpTMU6nl5KycKlYx5GBRmmEAmG6dhj3uFO1Oqx2LRTdAiWDqUO97FaJstV9bynsY?loadFrom=DocumentDeeplink&ts=348.54)):

It's a little bit more like gambling, and again, I'm not trying to use loaded terms on purpose here, but you don't have as many known variables to put into an equation when you're speculating. Speculating really is, I'm going to buy something today with the hopes that some other investor or some other individual down the road will pay more for it. We'll think it's worth more. You can think about things that don't have cash flows attached to it that are typically thought about investments. Art potentially is a great item to put into their, gold, I think you could put that asset into this more speculative type category where there there's a true difference. Right. One is as a company or as an entity that is going out into the marketplace to try and generate revenue and generate cash flows that I can then ascertain a value to.

([06:41](https://www.rev.com/transcript-editor/shared/jU8Nl6ctxyl6P8wM4i_adQG57pDr5o2r3ckDRtz44RQpVQvnSBwrNpXFEbO9Qzk259TUIicIvFWsKTe25sMgbj10lAE?loadFrom=DocumentDeeplink&ts=401.64)):

The other one is really more what do I think another individual, another person is going to think something is worth into the future? Right. So this is kind of the broad framework in which we think about, and one gives us a lot more confidence and probability and outcomes. It's not to say speculating is bad. Speculating has driven a lot of innovation in the world. It corresponds to risk taking and has some good outcomes, but they're two wildly different things.

Brandon Averill ([07:11](https://www.rev.com/transcript-editor/shared/FI_RwHccjjL0X_folv9sIua2bnX8LeOw6sHphZC-kpJ6Zet5bx4M41a8n6LTTYKQyWrhnflu6mYILS8Pw9FV6ctRC5c?loadFrom=DocumentDeeplink&ts=431.43)):

I think that's really helpful. And so I guess maybe hit on specifically how we look at this entire space and I guess to bury the lead, right? We're not speculators, we're investors, and so we do look for more of those expected values of cash flows and that's where we choose to put our money. Yet I think we would both sit here and acknowledge that the potential for blockchain and maybe even some sort of crypto could have pretty significant impacts on the overall market. And so we do want some sort of exposure in some ways. And so maybe just talk to people listening, like how are we going about making sure that we're not just burying our head in the sand, but we're actually thinking thoughtfully around this whole topic and saying like, hey, if there is something to this movement without being speculators, how can we benefit from this space?

Justin Dyer ([08:02](https://www.rev.com/transcript-editor/shared/QhJD8EcC1h4zy49WL5-rTTFK65LrPYDFjtDQKmzA7WcB93v70KT1Eyyh5oELjvEnD40I0MnGRGihm6KD1gRGkdEJ6Sc?loadFrom=DocumentDeeplink&ts=482.82)):

Yeah, so just to double down on what you said in your burying the lead, right, we're building a portfolio that has a high level of confidence to meet a client's need. We have that high level of confidence by investing, by partaking in investments in a broadly diversified way, cash flow, generating businesses that we can discount and subscribe or ascribe some sort of value to. That's really a core of what we do. And then as client's wealth grows, gets more complicated, et cetera. I think a lot of our listeners know we love participating in the private markets, venture capital being an area that we subscribe to quite a bit. That's where a lot of innovative type investing starts to happen. I wouldn't say it's speculating. There's a spectrum here. We could argue kind of back and forth on all this stuff, but we do it in a very systematic way.

([08:57](https://www.rev.com/transcript-editor/shared/XIWT9yeSHylPOPlkQA_tqy9-ND4dbRCak3IV2iFEGughUS1h0bUYh4JTO1Ff_qTJ09psDNTUHlkFENRQlq_4wffeeHc?loadFrom=DocumentDeeplink&ts=537.39)):

So we have a high level of confidence and in that part of the market, it allows us to get exposure to interesting new technologies. Crypto or Web3 is another term to be used here, is one of those interesting technologies. It's not something we're full bore allocating to 100% in the venture markets, but there are certainly companies that are partaking in this new Web3 environment and using this new technology of blockchain, right? This whole idea of crypto Web3, we didn't even really get into exactly what it all is, but Bitcoin being the poster boy for it doesn't, just kind of scratches the surface. There's a lot underneath it around blockchain protocol, et cetera, et cetera. And there's some interesting tools that can be used effectively, and that's where the venture capital exposure can be really, really beneficial.

([09:51](https://www.rev.com/transcript-editor/shared/ng-1AX9RaKDx12e5l-pzzu_P-rUwfANRo-fhgV1Rc1OFvm5wj5YR3PH7w53XTxABsOyxBhc4TcDA7QJbpmJZLOxXr1c?loadFrom=DocumentDeeplink&ts=591.18)):

To take that a level further, think about this as a picks and shovels type approach, right? There are interesting tools that can be created within these type of instruments, within this type of protocol, blockchain, etc where you're not really speculating as you are with respect to the price of Bitcoin. And that's really the approach that we'd rather take when it comes to deploying capital because we have a lot more confidence in the outcome when it comes to something like that as opposed to just saying, okay, Bitcoin was half the price X number of months ago. We think it's going to be twice the amount, two months in the future or whatnot. Right. Those are just way more speculative bets that we just don't have any meaningful confidence in.

Brandon Averill ([10:37](https://www.rev.com/transcript-editor/shared/zOu0htiajkXI5onBdcRpbqUQzOHau3_4MQRGKQdJEOslANZRmNWU4ne2elzXQdmBnw1rFFzs_j43iYkucSEg0tFusko?loadFrom=DocumentDeeplink&ts=637.17)):

I think that's all real helpful and hopefully what you guys are hearing, and maybe in summary to take away is we really want to focus on the plan. We want to focus on your financial structure. What are you trying to accomplish? Let's make sure we put an investment portfolio together that's highly likely to accomplish your priorities. And then yes, there might be a place for some speculation once you've built out a portfolio with enough resources to actually achieve those priorities. Then you can start to look at the speculation side a little bit. If you want to take a shot in a very direct way, you're not going to hear an argument from us, but even in the meantime of going there, we are accessing, you are exposed, I guess is the big deal here. You're exposed through the public markets and you're exposed through the private markets if your situation allows you to be allocated to those markets.

([11:31](https://www.rev.com/transcript-editor/shared/_BdrG-N-JW9d9_FiGy9z6QLcuhq4C4nbySdglnw1muEo-WrS5TwAagS6TSeibGk-lboJUuX8Iz1ZXmKdNu_3ajXN-SI?loadFrom=DocumentDeeplink&ts=691.74)):

But this is just a place that I think any reasonable investor would look and say, "Hey, if you're going to participate here, do it in small amounts. Really be thoughtful around making sure that you've got everything else taken care of and then see where this can fit into your portfolio." So hopefully this was helpful, just our thoughts on how you should approach this hot topic again, of crypto and specifically Bitcoin. Reach out with any questions that you have, any comments, we'd love to hear from you. Again, (714)-504-7689. And until next time, own your wealth, make an impact, and always be a pro.