

Bitwise®

The Bitwise/VettaFi 2024 Benchmark Survey of Financial Advisor Attitudes Toward Crypto Assets

01-2024

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I Executive Summary

Crypto emerged from the ashes in 2023.

The industry's 2022 woes—punctuated by sharp price declines and the high-profile collapses of FTX, LUNA, and Three Arrows Capital, among others—gave way to a series of favorable developments, including a 157% rise in bitcoin and a 242% gain for crypto equities. “Resilience” seems an understatement.

Among the positives for 2023: a succession of encouraging court rulings, including landmark wins by Grayscale and Ripple Labs; top financial institutions putting their weight behind crypto in an unprecedented way, highlighted by BlackRock's decision to file for a spot bitcoin ETF in June; big gains in Layer 2 scaling solutions, which have brought new speed and efficiency to blockchains; and a renewed growth in real-world applications and real-world users, as evidenced by Ethereum's 31% surge in daily active users and Solana's phoenix-like rise to precedence.

Against this backdrop, Bitwise, the largest crypto index fund manager in America, and VettaFi, a leading provider of news and analysis in the ETF space, joined forces for the sixth consecutive year to conduct *The Bitwise/VettaFi 2024 Benchmark Survey of Financial Advisor Attitudes Toward Crypto Assets*. The goal was to benchmark how financial advisors—who manage roughly half of all wealth in America—are currently thinking about crypto, including how some are allocating to crypto in client portfolios.

Among the key takeaways:

01	Less than half of all advisors expect a spot bitcoin ETF in 2024. In a surprising development, only 39% of advisors believe a spot bitcoin ETF will be approved in 2024. By contrast, Bloomberg ETF analysts peg the likelihood of a January approval at 90%.
02	...But the vast majority see its approval as a major catalyst. Eighty-eight percent (88%) of advisors interested in purchasing bitcoin are waiting until after a spot bitcoin ETF is approved.
03	Access is a major barrier to adoption. Only 19% of advisors said they are able to buy crypto in client accounts.

04	<p>Once you invest, you tend to stay invested (or invest more). Ninety-eight percent (98%) of advisors who currently have an allocation to crypto in client accounts plan to either maintain or increase that exposure in 2024.</p>
05	<p>Client interest remains strong. Eighty-eight percent (88%) of advisors received a question about crypto from clients last year.</p>
06	<p>Held-away assets remain a major opportunity. Fifty-nine percent (59%) of advisors said “some” or “all” of their clients were investing in crypto on their own, outside of the advisory relationship. This is a major business opportunity for advisors ... and an area where advisors can help clients make smarter choices.</p>
07	<p>Crypto equity ETFs dominate advisor interest. When advisors were asked what type of crypto exposure they were most interested in allocating to in 2024, crypto equity ETFs were their top choice.</p>
08	<p>Crypto allocations fell year-over-year. Eleven percent (11%) of advisors reported allocating to crypto in client accounts this past year. That’s below 2022 (15%) and 2021 (16%), but still above 2020 (9%) and 2019 (6%).</p>
09	<p>Among advisors who allocate, the size of the allocation is rising. Large crypto allocations (more than 3% of a portfolio) more than doubled, from 22% of all client portfolios with crypto exposure in 2022 to 47% in 2023.</p>
10	<p>Regulatory uncertainty and volatility are top concerns. Sixty-four percent (64%) of advisors cited regulatory uncertainty as a barrier to greater crypto adoption in portfolios. Volatility was the second most pressing concern (47% of respondents). Difficulty valuing crypto assets and the lack of easily accessible investment vehicles tied for third (42%).</p>
11	<p>Advisors prefer bitcoin over Ethereum. Seventy-one percent (71%) of advisors favor bitcoin over Ethereum, a marked increase from the previous year (53%).</p>
12	<p>Advisors are bullish on crypto, short- and long-term. More than half (52%) of respondents believe the price of bitcoin will be higher in one year, and 64% believe the same over a five-year horizon. This is up significantly from last year.</p>

The survey's findings reveal some of the same themes we've seen across prior years—strong client interest, barriers to access, and concerns about regulation and volatility. But they also suggest that the approval of a spot bitcoin ETF could be an even bigger catalyst to adoption than many expect. For the vast majority of advisors, an ETF is their preferred method to invest. Its approval would help address two of their greatest concerns: lack of regulatory oversight and lack of access to the market. Add to that a huge gap between their expectations of approval and that of ETF analysts, and you have the recipe for a very interesting year ahead.



A stylized handwritten signature of Matt Hougan in black ink.

Matt Hougan
Chief Investment Officer
Bitwise Asset Management



A stylized handwritten signature of Juan Leon in black ink.

Juan Leon
Senior Crypto Research Analyst
Bitwise Asset Management



A stylized handwritten signature of Todd Rosenbluth in black ink.

Todd Rosenbluth
Head of Research
VettaFi

II Methodology

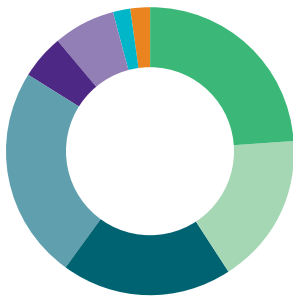
The goal of *The Bitwise/VettaFi 2024 Benchmark Survey of Financial Advisor Attitudes Toward Crypto Assets* is to benchmark how U.S.-based financial advisors are thinking about crypto, including whether or not they believe it is appropriate to allocate client assets to the space. Our survey aimed to take a cross sample of different types of advisors from across the country, including independent registered investment advisors (RIAs), broker-dealer representatives, financial planners, wirehouse representatives, and institutional investors. Outreach took place from October 20 to December 18, 2023.

Survey respondents were not paid for participating in the survey, although respondents were entered into a raffle for the chance to win an Amazon gift card. The survey elicited 437 eligible responses from financial advisors.

III Respondent Profile

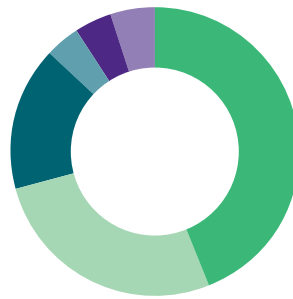
Independent RIAs represented the largest contingent of respondents (44%), followed by independent broker-dealer representatives (27%), financial planners (16%), other investment professionals (5%), wirehouse representatives (4%), and institutional investors (4%).

The mean advisor in the survey had between \$50 million and \$100 million in assets under management, and asset size was well distributed: Almost an equal number of respondents had either less than \$50 million in AUM (41%) or more than \$100 million (40%); 11% had more than \$1 billion.



Survey Respondents by AUM

% of Advisors	
24%	\$1 - \$24.99M
17%	\$25M - \$49.99M
19%	\$50M - \$99.99M
24%	\$100M - \$499.99M
5%	\$500M - \$999.99M
7%	\$1B - \$9.99B
2%	\$10B - \$49.99B
0%	\$50B - \$99.99B
2%	\$100B+



Survey Respondents by Advisor Type

% of Advisors	
44%	Independent Registered Investment Advisor
27%	Independent Broker-Dealer Representative
16%	Financial Planner
4%	Wirehouse Representative
4%	Institutional Investor (pension, endowment, foundation, etc.)
5%	Other (family office, private bank wealth management, etc.)

Note: Due to rounding, there may be small discrepancies between the statistics in the charts and those reported in the prose, particularly when two statistics are added together and referenced in the text. In all instances, the textual reference is more precise. Numbers may not add to 100% due to rounding and/or survey design.

The percentage of advisors who reported owning crypto assets in their personal portfolios fell to 34% from 37% and 47% in the 2022 and 2021 surveys, respectively. Still, that is substantially higher than either 2020 (24%) or 2019 (17%).

Among identified respondent types, RIAs were the most likely to own crypto at 41%, followed by financial planners (29%), independent broker-dealers (25%), wirehouse representatives (24%), and institutional investors (19%). Other financial professionals—a category that captured family offices, private bank wealth management divisions, and institutional investment consultants—registered 43% on this measure.

Do you own crypto in your personal portfolio? (% answering yes)

	2023
Independent Registered Investment Advisor	41%
Financial Planner	29%
Independent Broker-Dealer Representative	25%
Wirehouse Representative	24%
Institutional Investor (pension, endowment, foundation, etc.)	19%
Other (family office, private bank wealth management, etc.)	43%

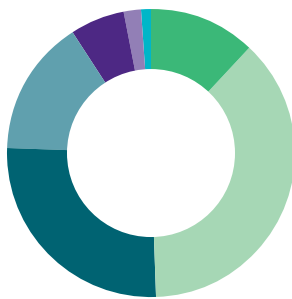
Note: Numbers may not add to 100% due to rounding and/or survey design.

IV Survey Findings

Are Advisors' Clients Interested in Crypto?

Rallying crypto asset prices and an abundance of positive crypto headlines over the past year sparked curiosity among clients and advisors. Eighty-eight percent (88%) of advisors received a question about crypto from clients last year. That compares with 90% in 2022 and 94% in 2021, and is up from 81% in 2020 and 76% in 2019.

Continued high interest reinforces a key takeaway of the survey: Advisors who are well armed to answer client questions about crypto possess a key advantage.



What percentage of clients asked questions about crypto in the past 12 months?

% of Advisors	% of Clients	% of Advisors	% of Clients
12%	0%	6%	20%-49.99%
37%	0.01%-4.99%	2%	50%-99.99%
26%	5%-9.99%	1%	100%
15%	10%-19.99%		

Despite rising prices, the percentage of advisors allocating to crypto in client accounts dipped in 2023, with 11% of respondents reporting advisor-managed allocations for clients. That's below 2022 (15%) and 2021 (16%), but above 2020 (9%) and 2019 (6%).

Do you currently allocate to crypto in client accounts?

	2019	2020	2021	2022	2023
Yes	6%	9%	16%	15%	11%
No	94%	91%	84%	85%	89%

Do you currently allocate to crypto in client accounts? (% answering yes)

	2021	2022	2023
Independent Registered Investment Advisor	22%	22%	15%
Institutional Investor (pension, endowment, foundation, etc.)	–	14%	13%
Wirehouse Representative	15%	9%	12%
Independent Broker-Dealer Representative	13%	7%	8%
Financial Planner	8%	11%	3%
Other (family office, private bank wealth management, etc.)	–	–	17%

Note: The choices provided in the previous surveys were slightly different. Numbers may not add to 100% due to rounding and/or survey design.

One key reason why advisors haven't been able to take advantage of crypto for their clients: Many can't allocate. Eighty-one percent (81%) of advisors said they were either unable to buy crypto in client accounts or were unsure whether they could.

Regardless, allocations through an advisor account for only a fraction of overall client interest: According to respondents, well more than half (59%) of clients were investing in crypto outside their advisory relationship in 2023, the same proportion as in 2022. This compared to 68% in 2021, 36% in 2020, and 35% in 2019. This is a major business opportunity for the savvy advisor.

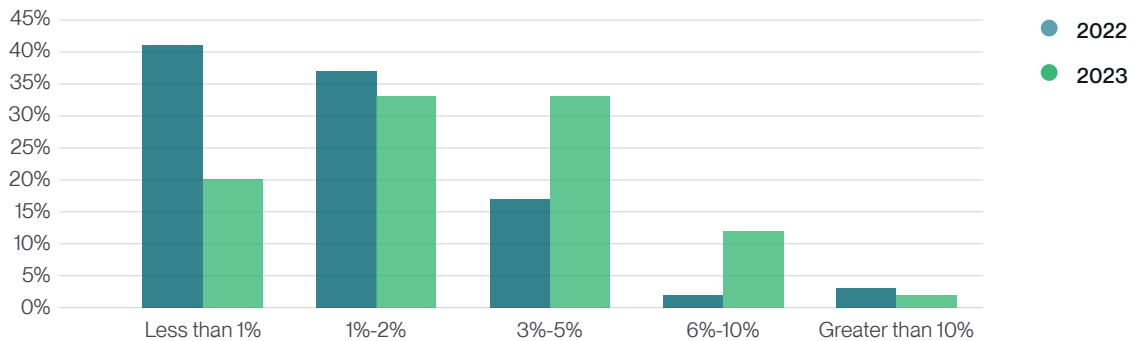
Do your clients invest in crypto on their own?

	2019	2020	2021	2022	2023
Yes: All of them	1%	2%	6%	14%	1%
Yes: Some of them	34%	34%	62%	45%	58%
Don't know	37%	38%	19%	24%	18%
No	27%	26%	14%	17%	23%

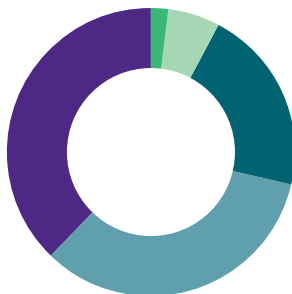
Advisors' clients largely invested in line with Bitwise's general recommendation: Eighty-six percent (86%) of those with crypto exposure have less than 5% of their portfolios allocated to crypto. This suggests that, for the vast majority of advisor clients, crypto plays an important but supporting role in their portfolios.

Interestingly, however, the size of crypto allocations within portfolios is growing. Of those client portfolios with crypto exposure, nearly half (47%) had allocations to crypto greater than 3%. That's more than double the proportion in 2022 (22%).

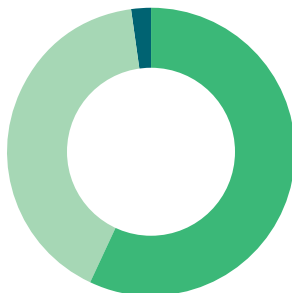
What percentage of your clients' portfolios are currently allocated to crypto?



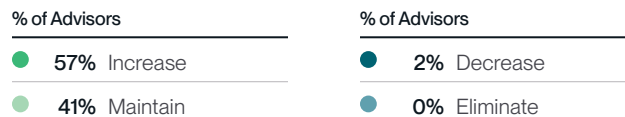
Another key finding was how advisors who have already allocated to crypto differ in their approach from those who have not. Of those advisors who have not allocated for clients, 8% are definitely or probably planning on adding exposure in 2024, while an additional 21% are considering it. However, 71% are definitely or probably not planning on adding exposure. On the other hand, 98% of advisors who have already allocated to crypto in client accounts plan to maintain or increase the exposure. This suggests a gap between advisors who already have exposure—and therefore may have greater firsthand knowledge of crypto's opportunities and risks—and those who don't.



If you currently do not allocate to crypto in client accounts, do you plan to do so in 2024?



If you currently allocate to crypto in client accounts, do you plan to increase, maintain, decrease, or eliminate your allocation in 2024?



Are Financial Advisors Allocating to Crypto on Their Own?

Thirty-four percent (34%) of all advisors reported owning crypto assets in their personal portfolios. That was down from 2022 (37%) and 2021 (47%), but well above 2020 (24%) and 2019 (17%).

Do you own crypto in your personal portfolio?

	2019	2020	2021	2022	2023
Yes	17%	24%	47%	37%	34%
No	83%	76%	53%	63%	66%

Where Do Financial Advisors See Opportunity in 2024?

When asked which exposures they're most interested in for 2024, financial advisors indicated crypto equity ETFs were their top choice (28%), a testament to the important role stocks and the familiar ETF wrapper can play in crypto investing. Given the large percentage of advisors who either cannot buy crypto in client accounts or are unsure whether they can (81%), crypto equity ETFs may be attractive for the easier and more familiar form of exposure they provide than direct crypto asset holdings.

Spot crypto ETFs and diversified crypto asset funds were the next preferred exposure (13%), ranking above individual crypto assets (11%) and individual crypto equities (7%). Crypto futures ETFs came in last (5%).

What, if any, of the following exposures are you most interested in allocating to in 2024?

	2022	2023
Crypto equity ETFs	25%	28%
Spot crypto ETFs (if available)	–	13%
Crypto asset funds that hold multiple crypto assets	10%	13%
Individual crypto assets	17%	11%
Individual crypto equities	4%	7%
Crypto futures ETFs	–	5%
N/A	44%	23%

Note: The choices provided in previous surveys were slightly different. Numbers may not add to 100% due to rounding and/or survey design.

Advisors showed broad curiosity across the crypto market. Bitcoin and Ethereum commanded the most attention, with 37% and 25% of advisors selecting them as their areas of greatest interest, respectively. However, interest extended into other areas: 14% for crypto equities, 9% for DeFi, 9% for Web3 and the Metaverse, and 5% for NFTs.

Which areas of the crypto market do you find most interesting?

	2022	2023
Bitcoin	41%	37%
Ethereum	20%	25%
Crypto equities	12%	14%
DeFi	16%	9%
Web3 and the Metaverse	11%	9%
NFTs	–	5%

Note: The choices provided in previous surveys were slightly different. Numbers may not add to 100% due to rounding and/or survey design.

One intriguing finding: Advisors are substantially more bullish on bitcoin than Ethereum heading into 2024, with 71% preferring the former. This is up from just 53% last year, and is likely reflective of bitcoin's strong performance in 2023 and positive sentiment around a potential new ETF.

Do you prefer bitcoin or Ethereum?

	2022	2023
Bitcoin	53%	71%
Ethereum	47%	29%

What Is Preventing Advisors From Initiating (or Adding to) Crypto Exposure in Client Accounts?

Consistent with prior years, advisors cited two major obstacles to initiating or adding to crypto exposure: volatility and lack of regulatory clarity.

Regulatory opacity remains the largest obstacle. Sixty-four percent (64%) of advisors claimed this was an obstacle to greater crypto adoption, compared to 65% in 2022 and 60% in 2021.

We are not surprised that volatility remains a top concern, with 47% flagging it as a barrier to entry. This is down from 60% of advisors in 2022 and 53% in 2021—likely due to crypto’s strong performance in 2023—but it remains an issue.

Other areas that continue to stymie advisors include the difficulty of valuing crypto assets and the lack of easily accessible investment vehicles such as ETFs (42%).

There were two particularly encouraging findings. First, advisors’ crypto knowledge continues to grow. Fewer advisors selected “lack of understanding” (24%) as a roadblock in 2023, down from 25% in 2022 and 28% in 2021. Second, concerns over custody and fear of hacks dropped markedly, from 38% in 2022 to 31% in 2023.

What is preventing you from either increasing your investment in crypto assets or making your first allocation?

	2021	2022	2023
Regulatory concerns	60%	65%	64%
Too volatile	53%	60%	47%
No idea how to value crypto assets	34%	44%	42%
Lack of easily accessible investment vehicles like ETFs or mutual funds	32%	32%	42%
Custody concerns / fear of hacks	31%	38%	31%
Lack of understanding	28%	25%	24%
Crypto assets are associated with criminal activity	13%	18%	21%
Don't feel confident talking to clients about crypto	18%	16%	16%
Cryptocurrencies are a scam	5%	15%	14%
Crypto assets are in a bubble	16%	17%	12%
Reputational risk with colleagues	7%	10%	7%
Other	5%	9%	14%

Note: Numbers may not add to 100% due to rounding and/or survey design.

What Would Make Advisors More Comfortable Adding to Crypto Exposure in the Future?

Clearer regulation is the factor most likely to make advisors more comfortable allocating to crypto in the future. Fifty percent (50%) of advisors named “better regulation” as a critical step towards improving their confidence in allocating to crypto. The next most important on the priority list: the launch of a spot-based ETF (14%).

It surprises us that this figure is so low, and suggests an ETF may not be a complete panacea for crypto’s regulatory concerns.

That said, in terms of investment vehicles, ETFs continue to be the overwhelming preference among advisors. Sixty-four percent (64%) chose them as their top way to invest in crypto, roughly in line with the previous year (68%).

What would make you more comfortable in allocating to crypto assets in the future?

	2023
Better regulation	50%
The launch of a spot-based ETF	14%
Better education	10%
Better custodial solutions	9%
Less volatility	4%
Easier trading	3%
Other	10%

If all options were on the table, what would be your preferred way to invest in crypto?

	2023
Exchange-traded fund	64%
Direct ownership of individual coins	13%
Traditional mutual fund	7%
Separately managed account	4%
Fund of funds	2%
Private fund	1%
Closed-end fund	1%
Hedge fund	0%
Other	7%

Expectations for the Price of Bitcoin

One of the survey’s most fascinating topics historically has been its gauge of investor expectations surrounding the price of bitcoin, the largest and most widely used crypto asset. Here the results reflected bullishness, both in the short and long term.

More than half (52%) of respondents believe the price of bitcoin will be higher in one year than when survey responses were taken, while that figure increases to 64% over a five-year horizon.

Interestingly, only 9% believe bitcoin will top its all-time high of \$67,366 over the coming year. Over the next five years that rises to 38% of respondents. Respondents are bullish, but not exuberant.

What will the price of bitcoin be in one year?

	2021	2022	2023
\$0	1%	4%	2%
\$1 - \$9,999	3%	22%	4%
\$10,000 - \$19,999	83%	37%	10%
\$20,000 - \$29,999 (<i>price when survey was taken</i>)		36%	32%
\$30,000 - \$69,999			43%
\$70,000 - \$99,999			7%
\$100,000 - \$499,999	12%	1%	2%
\$500,000+	0%	1%	0%

What will the price of bitcoin be in five years?

	2021	2022	2023
\$0	3%	6%	5%
\$1 - \$9,999	7%	17%	7%
\$10,000 - \$19,999	38%	17%	8%
\$20,000 - \$29,999 (<i>price when survey was taken</i>)		48%	16%
\$30,000 - \$69,999			25%
\$70,000 - \$99,999			17%
\$100,000 - \$499,999	45%	10%	18%
\$500,000+	8%	2%	3%

Note: The choices provided in previous surveys were slightly different. Numbers may not add to 100% due to rounding and/or survey design.

Expectations for a Spot Bitcoin ETF

Expert market observers say that the chance of a spot bitcoin ETF approval surged in 2023.¹ A favorable ruling for Grayscale in its longstanding legal battle with the SEC to convert its bitcoin trust to an ETF was among several key developments tilting the odds in favor of approval. Filings for spot bitcoin ETFs by a dozen asset managers likewise dialed up the anticipation to a fever pitch.

Yet, for all the conversation surrounding the long-awaited ETF, there's a significant gap in expectations between advisors and those who monitor ETF developments for a living. While Bloomberg's ETF analysts assign a ~90% chance of approval in early 2024, only 39% of advisors believe that will be the case. In fact, 47% of advisors think a spot ETF will not arrive until 2025 or later, and 12% believe it will never get approved. This suggests a significant gap among advisors in their perceptions of how quickly the crypto investment landscape may be changing.

When do you think a spot bitcoin ETF will be approved in the U.S.?

	2023
2023	2%
2024	39%
2025	22%
After 2025	24%
Never	12%

It's worth noting that advisors are eager for approval. Of those who would like to purchase bitcoin but don't yet have any exposure—personally or in client accounts—88% said they are waiting to do so until after a spot bitcoin ETF is approved in the U.S.

I would like to purchase bitcoin...

	2023
Before a spot bitcoin ETF is approved in the U.S.	12%
After a spot bitcoin ETF is approved in the U.S.	88%

Note: Question limited to advisors who want bitcoin exposure but do not currently have exposure.

(1) <https://finbold.com/bloomberg-analyst-reaffirms-90-chance-of-bitcoin-etf-approval-in-january/>

V Conclusion

2023 was an unusual year for crypto. The market rallied, but trading volume was light. Crypto made huge regulatory advances, even as certain politicians and bureaucrats ramped up anti-crypto rhetoric.

You can see this dichotomy in the survey results. For instance, the overall percentage of advisors allocating to crypto fell slightly, but the average portfolio allocation of those who did allocate rose sharply.

But if you view these survey results holistically, they paint a strongly bullish portrait.

Among the 11% of advisors who have allocated to crypto, 98% plan to increase or maintain that allocation. But more importantly, among those that have not yet allocated to crypto but are interested, 88% are waiting to start an allocation once a spot bitcoin ETF is approved. With an ETF potentially on deck, we believe them. If advisors follow through on these plans, 2024 will be transformative for the space. Crypto will move from a niche allocation among few to a normalized allocation among many. When you consider that advisors control more than \$20 trillion of assets in America, the implications for crypto are considerable.

VI About Bitwise and VettaFi

About Bitwise

Bitwise Asset Management is the largest crypto index fund manager in America. Thousands of financial advisors, family offices, and institutional investors partner with Bitwise to understand and access the opportunities in crypto. For six years, Bitwise has established a track record of excellence managing a broad suite of index and active solutions across ETFs, separately managed accounts, private funds, and hedge fund strategies. Bitwise is known for providing unparalleled client support through expert research and commentary, its nationwide client team of crypto specialists, and its deep access to the crypto ecosystem. The Bitwise team of more than 60 professionals combines expertise in technology and asset management with backgrounds including BlackRock, Millennium, ETF.com, Meta, Google, and the U.S. Attorney's Office. Bitwise is backed by leading institutional investors and has been profiled in Institutional Investor, Barron's, Bloomberg, and The Wall Street Journal. It has offices in San Francisco and New York. For more information, visit www.bitwiseinvestments.com.

About VettaFi

VettaFi is a provider of indexing, data & analytics, industry-leading conferences, and digital distribution services to ETF issuers and fund managers. It operates the ETFdb, Advisor Perspectives, and ETF Trends websites and the LOGICLY portfolio analytics platform—engaging millions of investors annually—empowering and educating the modern financial advisor and institutional investor. For more information, please visit www.vettafi.com.

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Risks and Important Information

No Advice on Investment; Risk of Loss: Prior to making any investment decision, each investor must undertake its own independent examination and investigation, including the merits and risks involved in an investment, and must base its investment decision – including a determination whether the investment would be a suitable investment for the investor – on such examination and investigation.

Crypto assets are digital representations of value that function as a medium of exchange, a unit of account, or a store of value, but it does not have legal tender status. Cryptocurrencies are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not currently backed nor supported by any government or central bank. Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional currencies, stocks, or bonds.

Trading in crypto assets comes with significant risks, including volatile market price swings or flash crashes, market manipulation, and cybersecurity risks and risk of losing principal or all of your investment. In addition, crypto asset markets and exchanges are not regulated with the same controls or customer protections available in equity, option, futures, or foreign exchange investing.

Crypto asset trading requires knowledge of crypto asset markets. In attempting to profit through crypto asset trading, you must compete with traders worldwide. You should have appropriate knowledge and experience before engaging in substantial crypto asset trading. Crypto asset trading can lead to large and immediate financial losses. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price.

The information herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice, or investment recommendations. You should consult your accounting, legal, tax or other advisors about the matters discussed herein.

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