

Xangle

# Crypto Investing in 2021

Insights from 350+  
Accredited Investors



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Five years ago, few people had heard of Bitcoin or cryptocurrency, nor was there any easy way to use it or invest in it. Few people even saw a use case for it, and figured it was just another tech fad or, worse, a scam.

Nevertheless, crypto endured, and today, it seems each news cycle features a story that moves the industry forward: more places accepting Bitcoin as payment, major financial institutions like Mastercard and BNY Mellon supporting cryptocurrencies, and mainstream companies purchasing coins. Bitcoin and other cryptocurrencies like Ethereum have

become promising investment options, with prices skyrocketing past industry expectations. With more people investing in crypto, it's well on its way to becoming an institutionalized asset class.

How do accredited investors feel about all this attention? Are they bullish on crypto and want to be part of the soaring new currency? Or are they hesitant, concerned, or even staying away from crypto altogether? In order to get to the bottom of this, on January 18, 2021, we surveyed 379 accredited investors to better understand their outlook on crypto investing.

# Key Findings

Our respondents gave us fascinating insights into the thoughts and actions of accredited investors when it comes to the cryptocurrency market. Here are some of our key findings.

- **They're investing more now than before COVID.** We discovered that the economic downturn of 2020 didn't discourage our investors; rather they took advantage of the market lows.

- **87% know about Bitcoin, and 70% have invested in it.** Investors are already knowledgeable about cryptocurrencies and have it in their portfolios.
- **79% are investing for long-term and short-term speculation.** Our investors see Bitcoin as a store of value that will yield high returns, either through short-term investments or by buying and holding.
- **72% believe Bitcoin is a bubble.** Despite being bullish about Bitcoin, nearly three-quarters believe recent price heights are creating a bubble that will soon pop.

- **Bitcoin would need to stabilize for future investments.** Those who haven't invested in Bitcoin indicated that they want it to become less volatile before they buy in. For others, crypto is still too new of a market, or they just haven't had the right opportunity.
- **78% believe regulators need to protect investors more.** Our respondents believed that the things holding investors back from crypto are a lack of regulator protection, scams, and a lack of awareness and education around the industry.

- **90% are likely to invest in DeFi.** Not only are accredited investors capitalizing on Bitcoin and other cryptocurrencies, but they want to expand their portfolio to include DeFi products, too.
- **Bitcoin is the top choice for future returns.** If our respondents had \$100,000 to invest but had to leave it for four years, they would choose 31.7% would choose Bitcoin while 29% would go into blue chip stocks as the better investment.

## Part 1

# Profile of Who We Surveyed

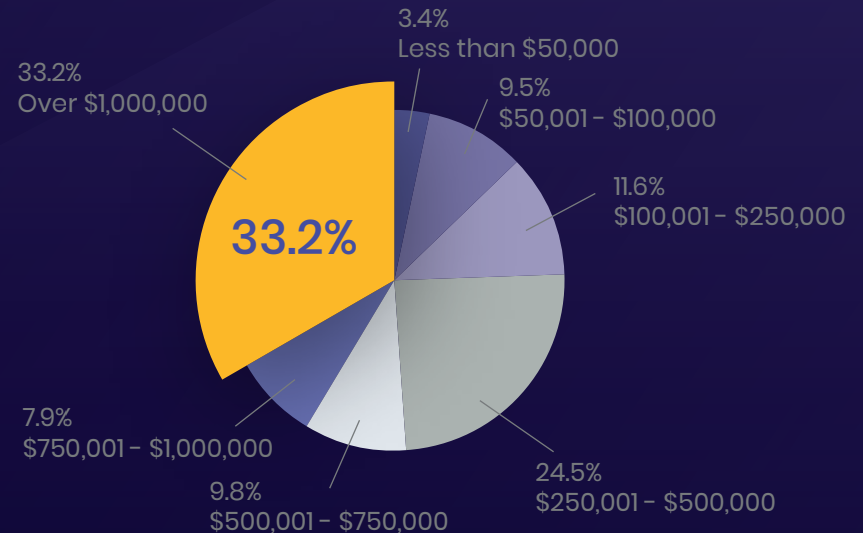
Bitcoin and other crypto investments are gaining momentum in the marketplace. We wanted to better understand who's investing, how much they're investing, specifically what they're investing in, and how crypto fits into their short-term and long-term strategies.

## Who participated in this report?

Our 379 respondents are considered accredited investors, who are able to trade securities that may not be registered, like cryptocurrencies. According to Rule 501 of the SEC, they must have a minimum income of \$200,000 for individuals — which were 71% of our respondents — or \$300,000 joint income, which are the remaining 29% of our respondents. Our respondents also skewed younger, less than 45 years old, with the largest group (42.5%) falling between 35 and 44, and the second largest group (29%) between 25 and 34. 61.2% were male, with 38.8% female.

## Accredited investors have \$1 million+ in their portfolios.

We wanted to start with the basics: How much money do you have in your investment portfolio? The majority of our respondents (33.2%) have over \$1 million invested, with the next largest group replying that they've invested between \$250,001 to \$500,000 (24.5%), and the third largest group (11.6%) having between \$100,001 and \$250,000. The range was scattered, with 3.4% investing less than \$50,000.

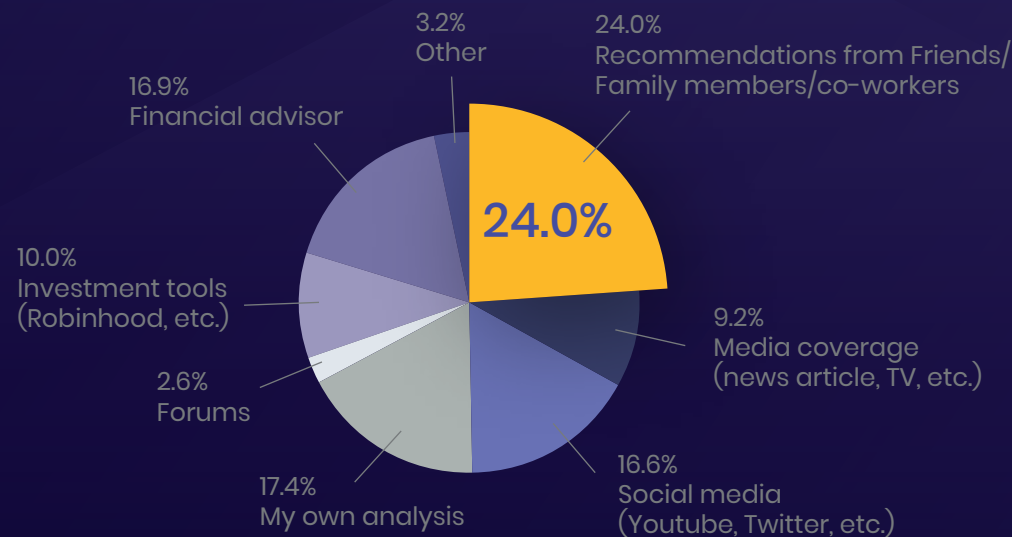


How much money do you currently have in your investment portfolio?

Accredited investors are relying on family, friends, and co-workers for investing guidance.

Everyone who invests has their trusted source of information for investment strategies and promising new offerings, so we wanted to know who or what our respondents were turning to to help them make their investment decisions. Consulting with family, friends, and co-workers was the largest response at 24%, signaling a reliance on know-how or personal experience over professional sources.

Interestingly, the distribution of reliance on other sources was relatively even with a spread of less than 10 percentage points between the next 4. The next largest group (17.4%) relies on their own personal analysis to help make their investment decisions. 16.9% rely on a financial advisor, with 16.6% relying on social media to inform their decisions. Only 10% rely on investment tools like Robinhood. 9.2% get their investment ideas from media coverage.

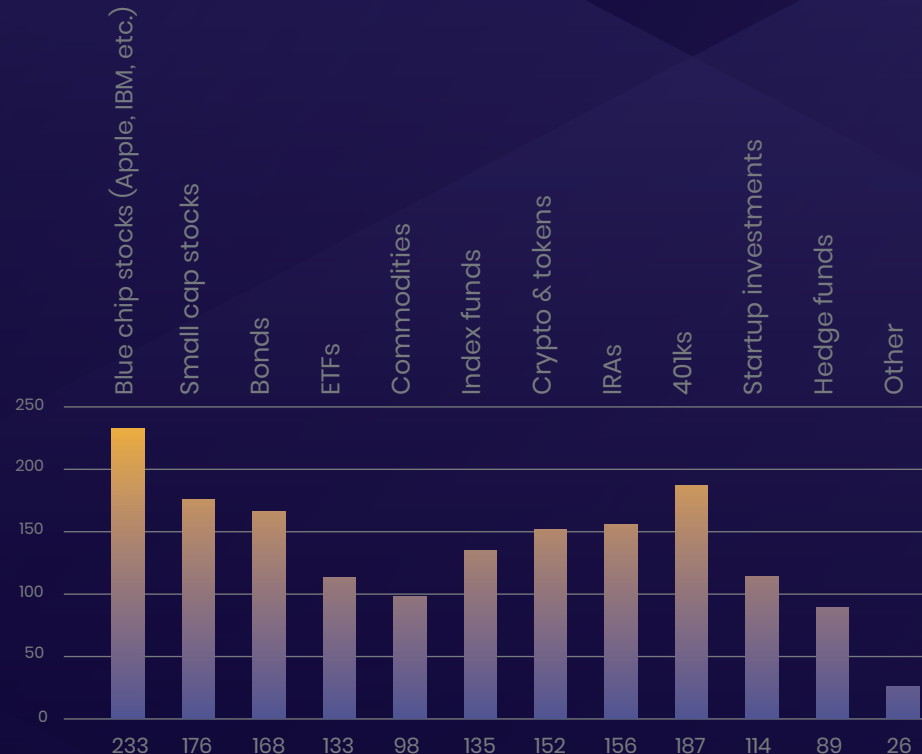


What plays the biggest factor in your decision to make investments?

They're highly diversified, including cryptocurrency and crypto tokens.

What's actually in that portfolio? Now we wanted to know the mix of investments accredited investors have, and it's no surprise that they're diversified. When asked to choose each option they have, the majority are invested in blue chip stocks, like Apple, IBM, and others. Then, in order of popularity, they're invested in 401(k)s, small cap stocks, bonds, IRAs, crypto and tokens, index funds, startup investments, ETFs, commodities, hedge funds, and other investments like options and derivatives.

What's notable is that 40.1% of our respondents already have cryptocurrency and crypto tokens in their portfolios — making them sixth most popular.



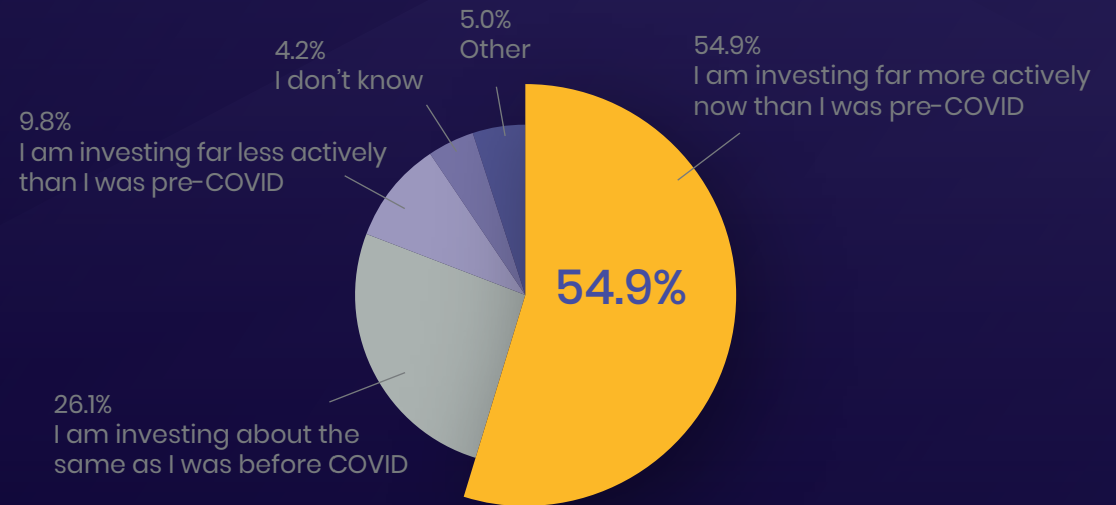
What does your investment portfolio include?  
[Select all that apply]



Accredited investors are investing more than they did before the pandemic.

Now that we know how much they're investing and what they're investing in, we were curious how their investing behavior had changed over the past year during the COVID-19 pandemic. Did their economic reaction to the pandemic include holding or selling? To our surprise, 54.9% reported that they're now investing far more actively than they were before the pandemic, most likely taking advantage of the market losses during 2020 or choosing to invest in a more reliable store-of-value asset like crypto.

Additionally, 26.1% reported that they were investing about the same as they were before the pandemic, perhaps signaling a more risk-averse investor segment. Only 9.8% reported investing less.



How has COVID impacted your investing activities?

# Summary

The accredited investors in our report are savvy, with upwards of over \$1 million in their diversified portfolios. The pandemic did not reduce investing sentiment, with the majority of them increasing their investing activity over the past year — and part of that investing activity includes a healthy interest in cryptocurrency.

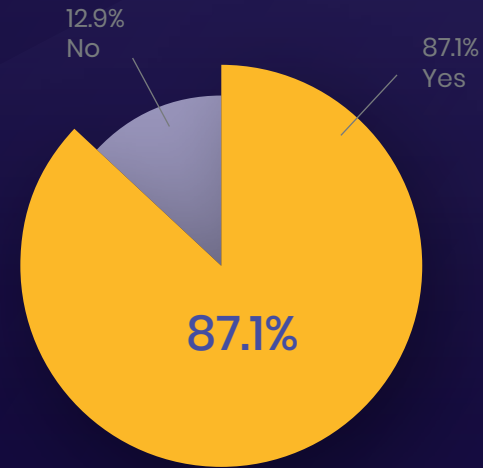
## Part 2

# Knowledge of and Experience with Investing in Cryptocurrencies

Accredited investors, who tend to be more risk-tolerant and who have money to invest would be the right group to be large first-movers in the crypto investing space. We wanted to learn more about what they already knew about Bitcoin and other crypto assets, and if they've already invested in them.

## 87% have heard about Bitcoin.

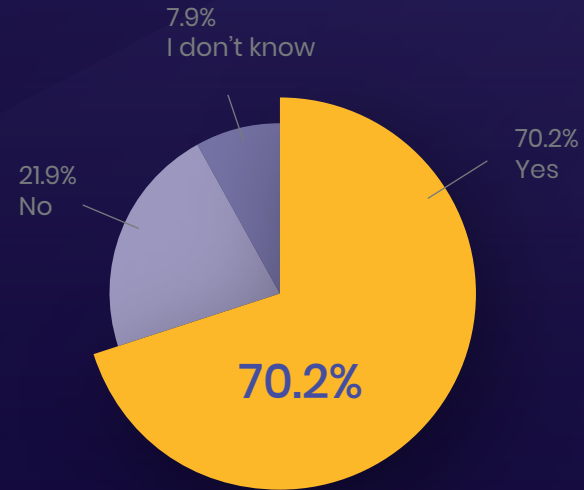
Now, we wanted to investigate our respondents' knowledge of and relationship with Bitcoin. First, had they even heard of Bitcoin? Just a few years ago the overwhelming answer probably would have been "No," but today, 87.1% of our respondents replied that yes, they have heard of Bitcoin.



Have you heard of Bitcoin before?

## 70% have invested in Bitcoin before.

A large number of respondents have heard of Bitcoin, and a fair number have invested in it, too. 70.2% of our respondents said they have invested, which is significant considering that Bitcoin is still a relatively new investment option and still quite volatile. Bear in mind, however, that accredited investors are used to speculating in unregistered securities, and are therefore very risk-tolerant. 21.9% had not invested in Bitcoin.

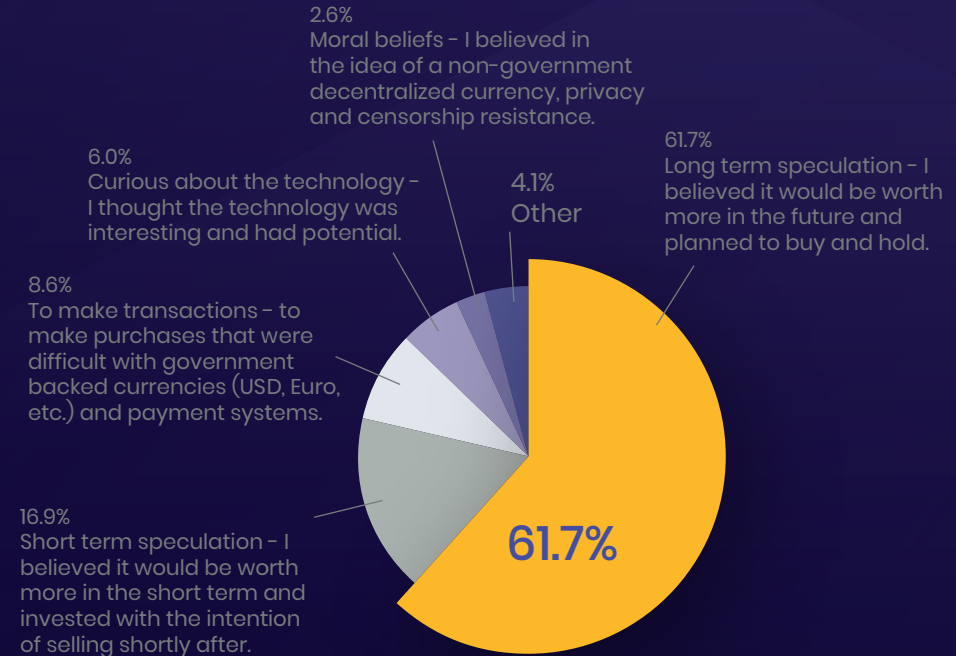


Have you ever invested in Bitcoin (not including other cryptocurrencies)?

79% are investing for long-term and short-term speculation.

Since those interested in Bitcoin tend to get involved for different reasons, we wanted to know why those who replied in the affirmative to the last question had invested. There were a mix of reasons, but well over half of those who had invested (61.7%) did so for long-term speculation, believing that the best action is to buy and hold. 16.9% invested for short-term speculation, buying and then believing they'd sell off quickly. This signals that Bitcoin is more appealing as an investment opportunity, rather than what it was originally created for: a usable currency.

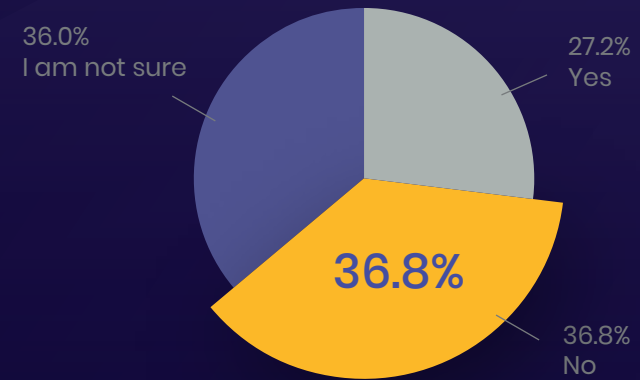
But still, 8.6% said that they invested because they wanted to use Bitcoin as a decentralized alternative to government-backed currencies, its original purpose. Along the same lines, 2.6% invested because backing decentralized currency, privacy, and censorship aligns better with their beliefs. Finally, 6% invested because they were curious about the technology.



[If yes to investing before] What was the main reason you decided to first invest in Bitcoin?

## Only 27.2% of those who had not invested in Bitcoin would consider it.

For those who hadn't invested in Bitcoin before, we wanted to know if they would consider investing in the future. Respondents were split: 36.8% replied that they would not consider investing, and 36% weren't sure if they would. Only 27.2% said they would consider it.

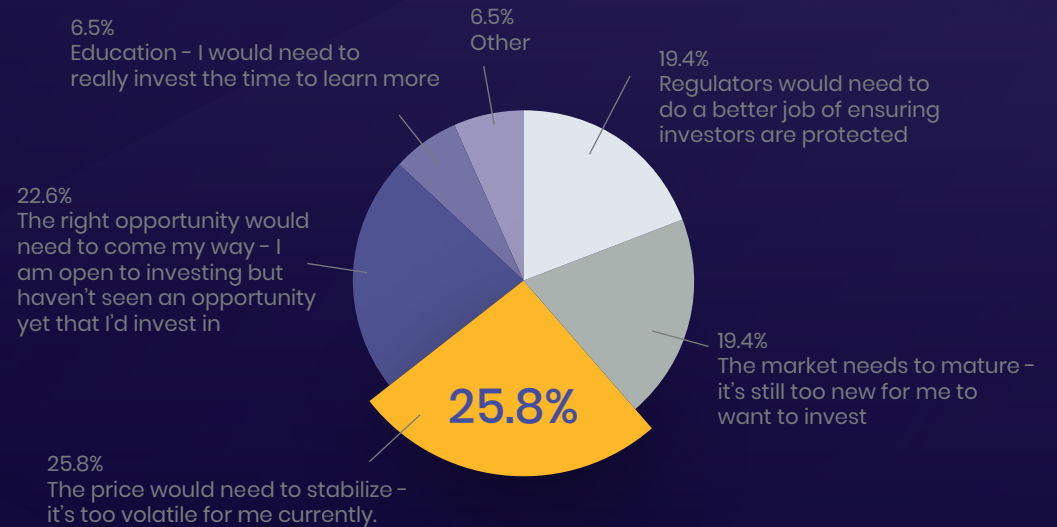


[If no to investing before] Would you ever consider investing in Bitcoin?

**Bitcoin would need to stabilize to gain future investments.**

For those who would consider investing, we wanted to know what would need to change for them to invest. The majority (25.8%) cited that the price of Bitcoin would need to stabilize since price volatility was the single biggest factor keeping them away. In other words, they want Bitcoin to settle as more of an institutionalized asset first.

For 22.6% of them, the right opportunity for investing would need to present itself, which, according to the respondents, has not yet happened. For some, they're waiting for the market to mature, and believe Bitcoin to be too new (19.4%). For others, they want regulators to do a better job of ensuring investor protections (19.4%). A small number (6.5%) stated that they didn't yet know enough to feel comfortable investing.

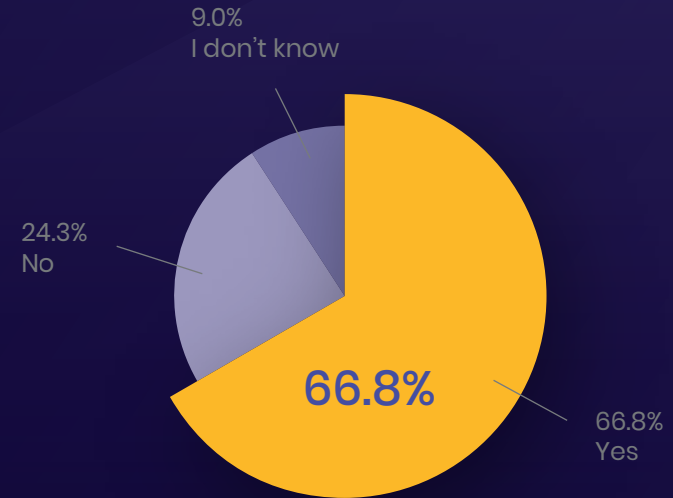


[If yes] What would need to happen for you to invest in Bitcoin? [Select the most important factor for you]



## 67% have invested in other cryptocurrencies.

They've invested in Bitcoin, but have any of our respondents invested in any alternatives? 66.8% said they have, which means that our investors are aware of what other cryptocurrencies are out there to invest in. 24.3% had not.

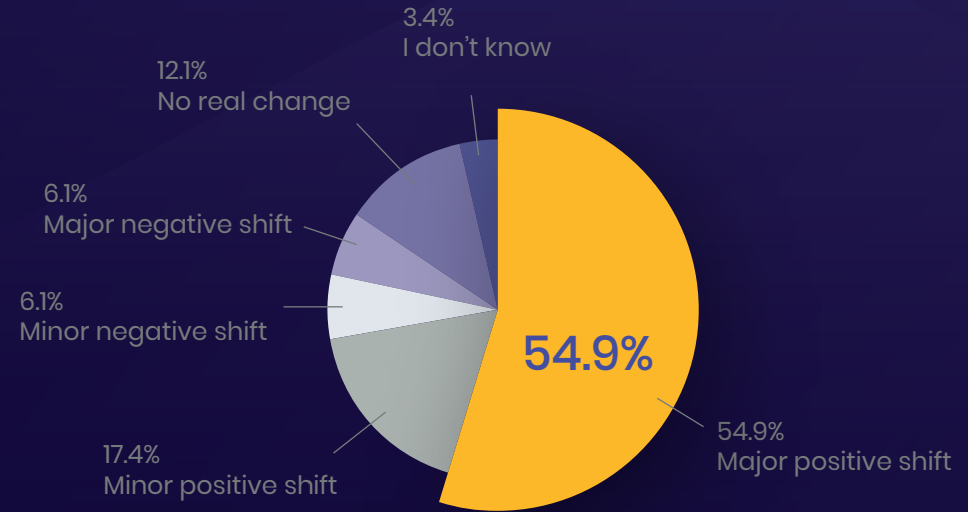


Have you ever invested in cryptocurrencies outside of Bitcoin?

72% have a positive view on Bitcoin.

With Bitcoin’s public profile increasing in the news this past year, we wanted to know if our respondents’ perception of Bitcoin has changed, and if so, how? 54.9% replied that they had a “major positive shift” in their perception, with an additional 17.4% noting a “minor positive shift” in their perception. This could be due to increasing awareness, seeing influencers commit to Bitcoin, trusted companies adopting Bitcoin, or positive first-hand experience.

12.1% replied that there was no real change in their perception, which means that only 12.2% of respondents thought more negatively about Bitcoin. 3.4% reported that they weren’t sure.

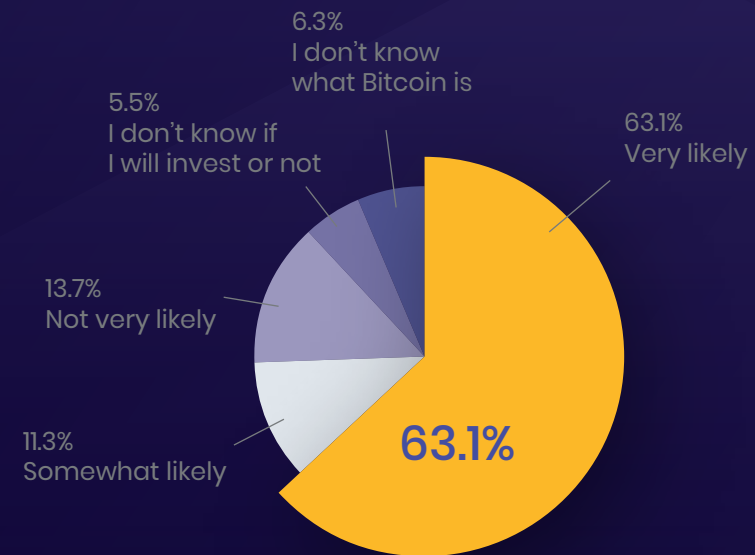


How has your perception of Bitcoin changed over the past 12 months?

## 74% are likely to invest in Bitcoin in the next year.

If they feel positive about Bitcoin, will they invest in it? 63.1% replied that they would very likely invest in Bitcoin in the next year, with an additional 11.3% saying that they're somewhat likely to invest. Increased awareness and a greater amount of trust leads to a willingness to participate.

Only 13.7% felt they were unlikely to invest in Bitcoin in the next year, with 5.5% uncertain whether they would or not.



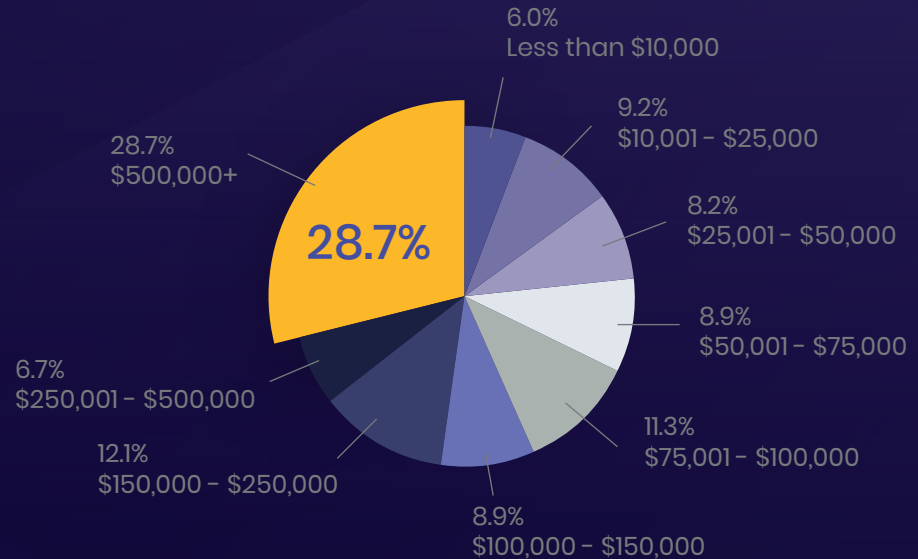
How likely are you to invest in Bitcoin in the next 12 months?

**The majority will invest \$500k or more in Bitcoin.**

If they invested, what amount did they think would be appropriate to put in? While our respondents had a variety of preferred investment amounts, most (28.7%) agreed that \$500,000 or more was a good amount .

If we know that the majority of our respondents have \$1 million or more invested in their portfolios, this means that many of our respondents wanting to invest in Bitcoin are willing to make it half of their portfolio.

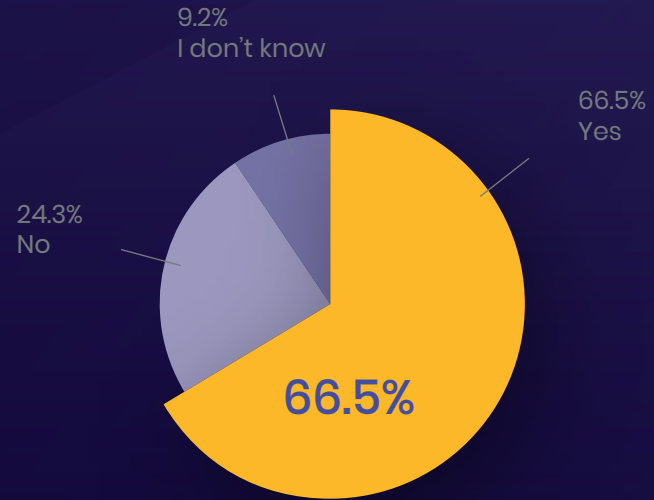
The remainder of the respondents replied that they'd invest anywhere from less than \$10,000 to upwards of \$500,000.



If you were to invest, how much do you think you would invest in Bitcoin?

## 67% know about DeFi.

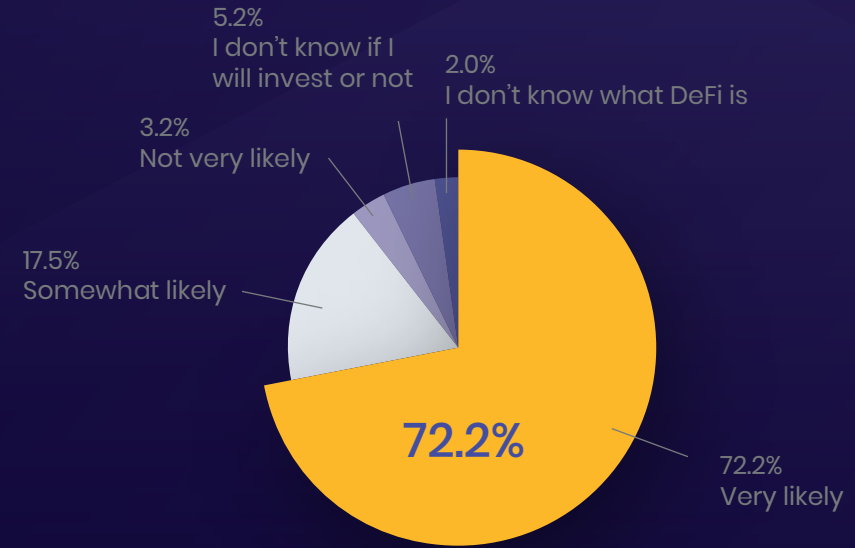
Now, we wanted to know if they had heard of another, newer innovation to hit the cryptocurrency world: DeFi, or Decentralized Finance. This is the rising sector of crypto-based financial products such as smart contracts, decentralized exchanges, and stable coins. 66.5% replied that they had heard of DeFi, again signaling a significant knowledge of the crypto space. 24.3% hadn't heard of it, and 9.2% weren't sure.



Have you heard of the term “DeFi” before?

## 90% are likely to invest in DeFi.

Next, we wanted to know how likely our respondents who knew about DeFi were to invest in it over the next year. A high number of them – 72.2% – said that they were very likely to invest, with another 17.5% thinking that they'd be somewhat likely to invest. Only 3.2% felt unlikely to invest in DeFi, with another 5.2% not sure if they would.



How likely are you to invest in DeFi in the next 12 months?

# Summary

Our findings certainly confirm that accredited investors are a good target market for crypto investing. What our findings really show is that these investors are already in this investing space. They're not just learning about and testing the space for the first time. They have a significant amount of knowledge about crypto assets. The majority have already invested in not only Bitcoin, but other cryptocurrencies, too. However, those that are still waiting to invest are waiting on the price to stabilize, or for the right opportunity.

## Part 3

# Beliefs and Sentiments about Bitcoin

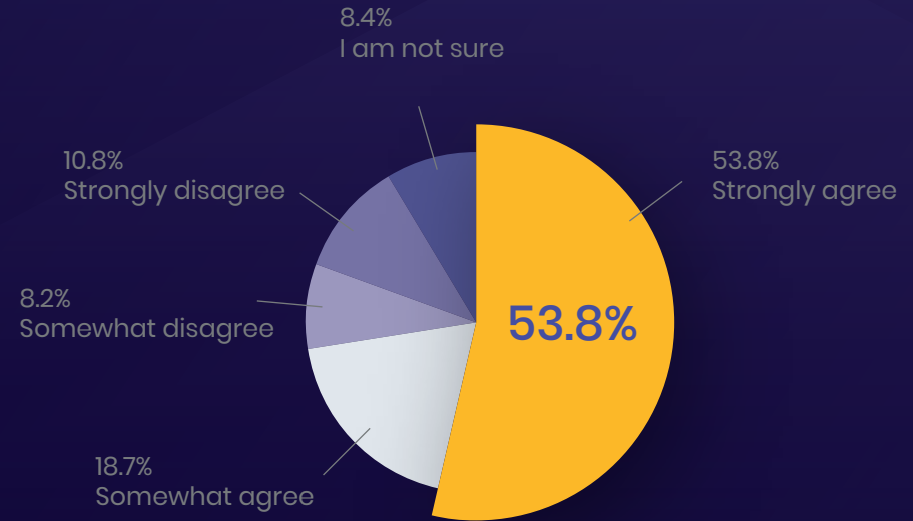
Our respondents seem to either be all-in with crypto investing, or on their way there. Perceptions around Bitcoin continue to improve, which has turned sour outlooks positive about the largest crypto asset by market cap. We wanted to know some of their beliefs about Bitcoin — is it a valid asset? just a scam? — The results were a bit surprising.



Despite positivity, 73% think Bitcoin is a Ponzi scheme.

Despite the positive stance on Bitcoin we've seen so far, our respondents are still uncertain of its legitimacy. We asked if they thought Bitcoin was a Ponzi scheme, which is where a person or entity solicits investments with a promise of unlimited gains without any true way of making money, all the while simply issuing returns from newer investors to older investors. Surprisingly, 53.8% strongly agree that Bitcoin is a Ponzi scheme — which it's not, to be clear — with 18.7% somewhat agreeing.

Only 19% believe Bitcoin is not a Ponzi scheme. A notable 8.4% don't know if Bitcoin is legit or not.

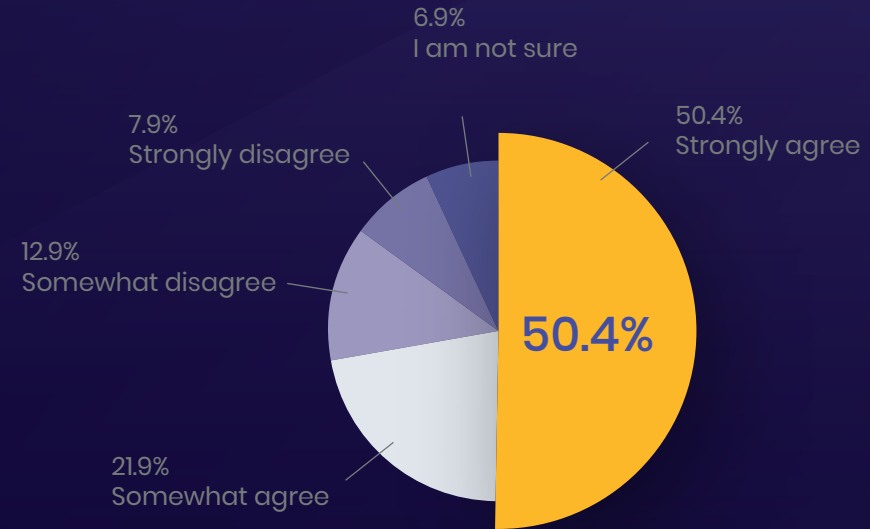


What best describes your views to the following statement: Bitcoin is a ponzi scheme.

## 72% believe Bitcoin is a bubble.

Similarly, how do they feel about Bitcoin being a bubble on the verge of bursting, like the dot-com bubble or the housing bubble? Half of our respondents (50.4%) strongly agree with the statement that Bitcoin is a bubble that will soon burst, with another 21.9% somewhat agreeing. This skepticism is most likely due to Bitcoin's steady, soaring gains over the latter half of 2020, with a new price ceiling broken every week.

Only 20.8% believe that Bitcoin is not a bubble, with 6.9% unsure about whether it is or not.

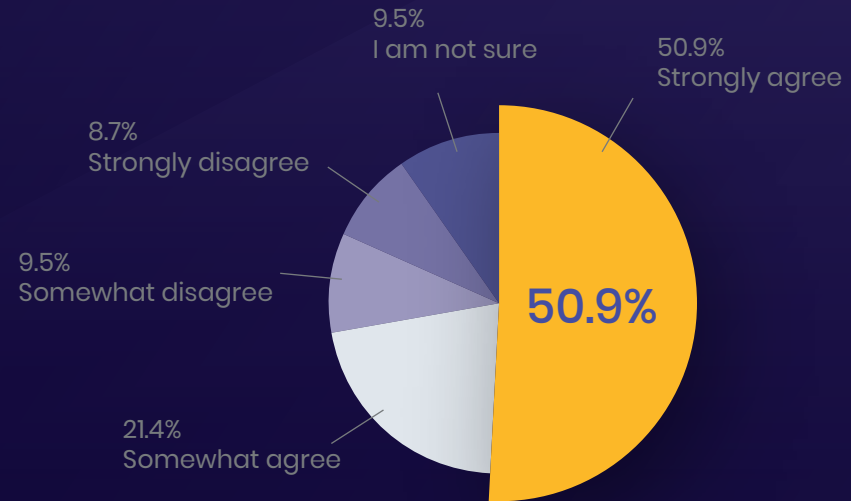


What best describes your views to the following statement:  
Cryptocurrencies are a bubble that will soon burst.

## 72% believe Bitcoin is a store-of-value asset.

Next, we wanted to know what our respondents thought about Bitcoin being a store of value. An answer in the affirmative would insinuate that they think Bitcoin is an asset, like gold, that doesn't depreciate and doesn't respond heavily to inflation. Half (50.9%) strongly agreed with Bitcoin being a store of value, with another 21.4% somewhat agreeing.

Only 18.2% disagree that Bitcoin is a store-of-value asset, with 9.5% unsure.

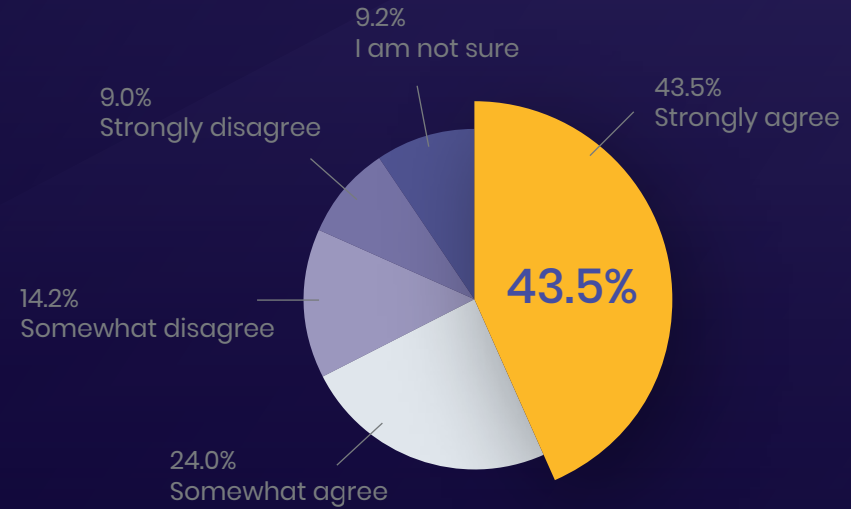


What best describes your views towards the following statement: Bitcoin is a store of value.

## 68% believe Bitcoin is a hedge against the US dollar.

Because the US dollar is a fiat currency and is subject to inflation, we wanted to know if our respondents believed that Bitcoin is a hedge against the failure of the US dollar, especially in uncertain economic times created by the pandemic. Responses were a little more skeptical, with only 43.5% strongly agreeing that it is, with 24% somewhat agreeing.

23.2% disagreed that it was a hedge against the dollar, with 9.2% unsure.



What best describes your views towards the following statement: Bitcoin is a hedge against the US dollar failing.

# Summary

Despite 70% of respondents already having Bitcoin in their portfolio, their opinions on Bitcoin ranged from trust to skepticism. While 72% believe that Bitcoin is a store of value that can protect against fiat currency fluctuations, and while 68% believe it's a hedge against the US dollar, 73% think it's a Ponzi scheme, or a scam someone's running that has no validity. 72% also believe that Bitcoin is on the verge of a bubble. The responses all basically point toward Bitcoin's risks: Accredited investors tend to take on more risk in their investments, almost inviting the extra risk as it often means greater rewards.

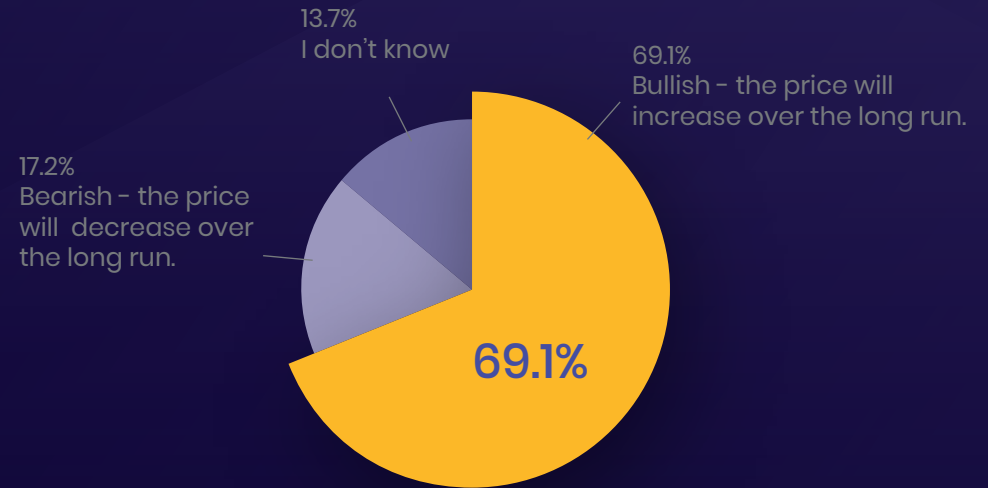
## Part 4

# The Future of Crypto Investments and Investors

Our investors have been pretty positive overall about the crypto investing experience, and have already expressed their willingness to invest in crypto in the future. We wanted to ask them more about their horizon, and what needs to be fixed in the industry to attract more investors.

## 69% are bullish about cryptocurrency.

In looking to the future, we wanted to know our accredited investors' outlook on the cryptocurrency market. Overall, they were generally positive, with 69.1% confident that crypto prices would increase into the future. 17.2%, however, were bearish about the crypto market. 13.7% weren't sure.



How would you describe your long term outlook on the cryptocurrency market?

## Fraud, scams, and a lack of education is holding investors back.

One way to ensure a steady increase of adoption in the crypto market is to see more investors getting involved. Since our respondents are knowledgeable in the crypto investing space, we asked their opinions on what is holding investors back from crypto. They replied with the following:

**Fraud/scams (26.1%):** Considering the crypto industry's unfortunate history of scams involving unrecouped investor funds, our respondents believe that this fraudulent activity is keeping new investors away.

**Lack of awareness/education (24.3%):** Another factor that's prohibiting investors from getting involved is a general lack of education and awareness around cryptocurrency.

**Lack of regulation (17.4%):** Still others believe that a lack of regulation around cryptocurrencies and the people behind them is another concern holding investors back.

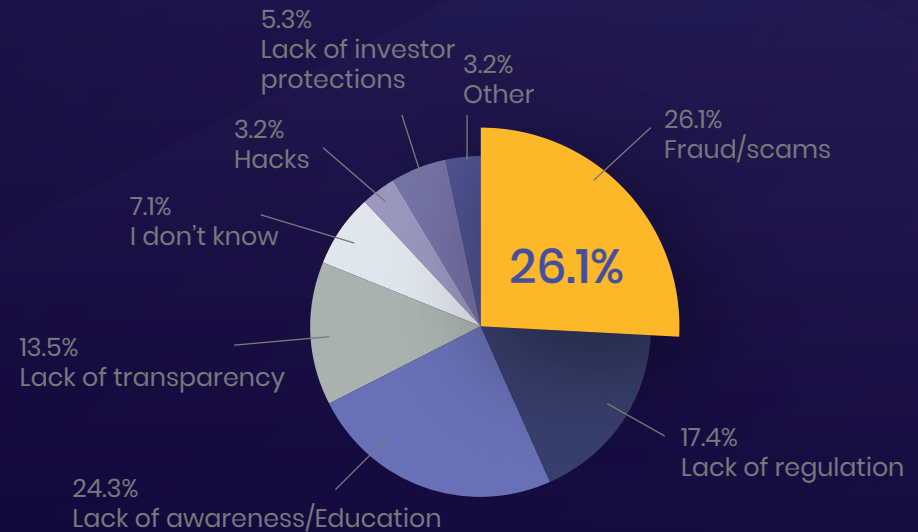
**Lack of transparency (13.5%):** The fact that there's no system of disclosures or transparency around crypto projects and their teams is also creating a barrier to entry.



**Lack of investor protection (5.3%):** A few respondents cited a lack of investor protection — related directly to lost funds as a result of scams — as another reason.

**Hacks (3.2%):** A few believed that hacks and potential theft is a deterrent for investing.

**Other (3.2%):** Finally, others questioned the value, or the lack thereof, of investing in crypto.

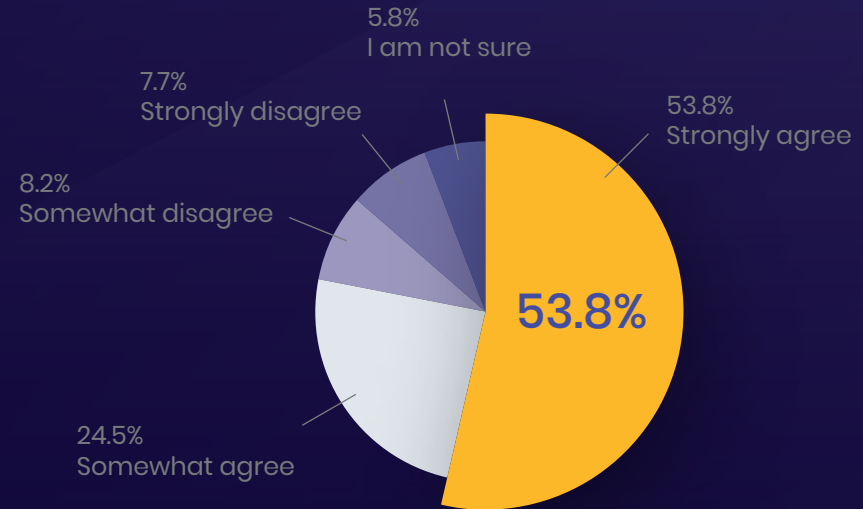


What's the #1 factor holding cryptocurrencies back from more investors?

## 78% believe regulators need to protect investors more.

Similarly, how do they feel about Bitcoin being a bubble on In drilling down a response from earlier about what would need to happen for investors to take a chance on Bitcoin, we asked our respondents if they thought regulators need to do a better job protecting investors. Over half (53.8%) replied that they strongly agreed. An additional 24.5% replied that they somewhat agree. This could be due to the crypto scams that have cropped up in recent years, where lost investment money was gone forever.

15.9% felt that regulators didn't need to do more to protect investors, and 5.8% were unsure.

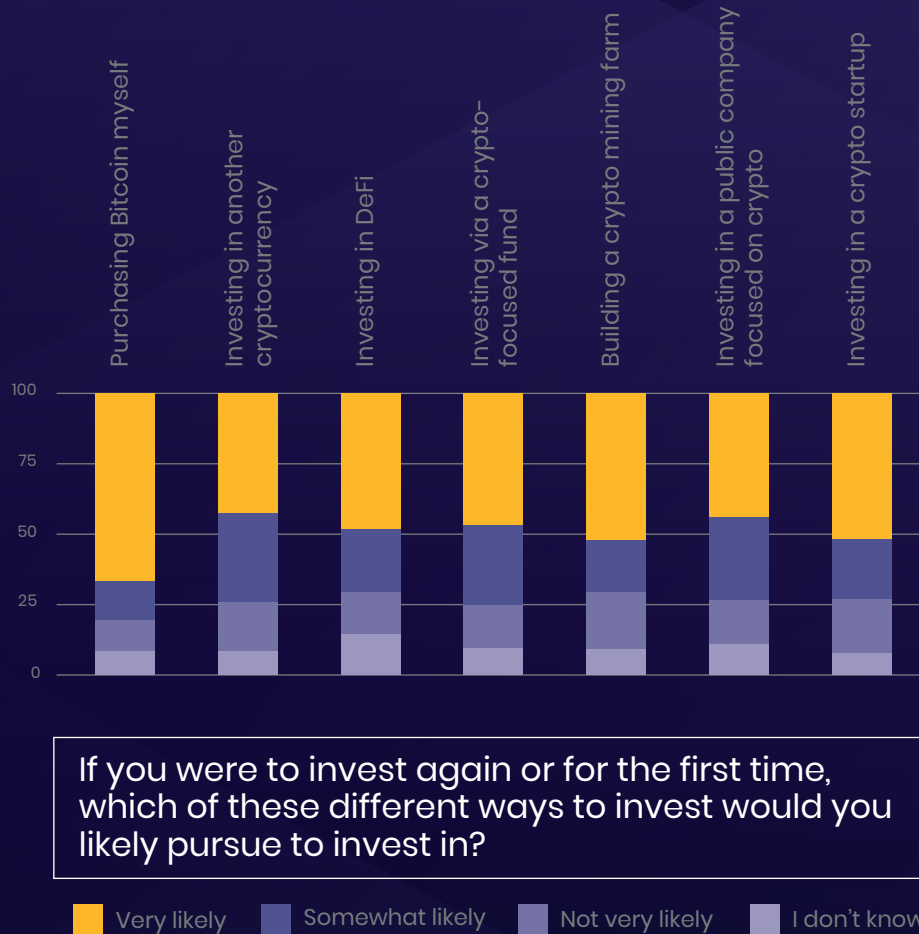


What best describes your views to the following statement:  
Regulators need to do a better job at protecting investors.

Investors want to purchase Bitcoin themselves or build a crypto farm.

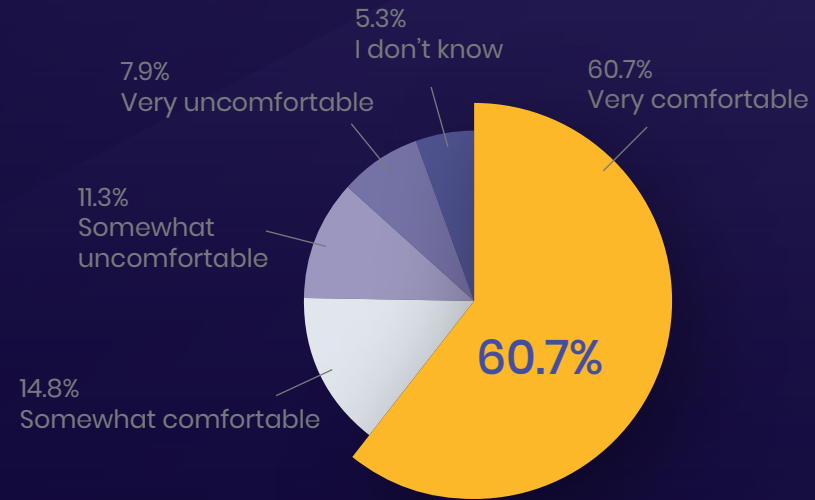
When asked about investing in crypto for the first time, or if they were to invest again, which opportunity would they pursue?

The majority want to purchase Bitcoin themselves via a direct retail investment. The next most popular answer was investing in and building their own crypto mining farm. Investing in a crypto startup was the third most popular, followed by investing in DeFi, investing via a crypto-focused fund, and investing in a public company focused on crypto. Investing in another cryptocurrency was the least favored approach for future investments.



## 76% are confident in their ability to acquire and store cryptocurrency.

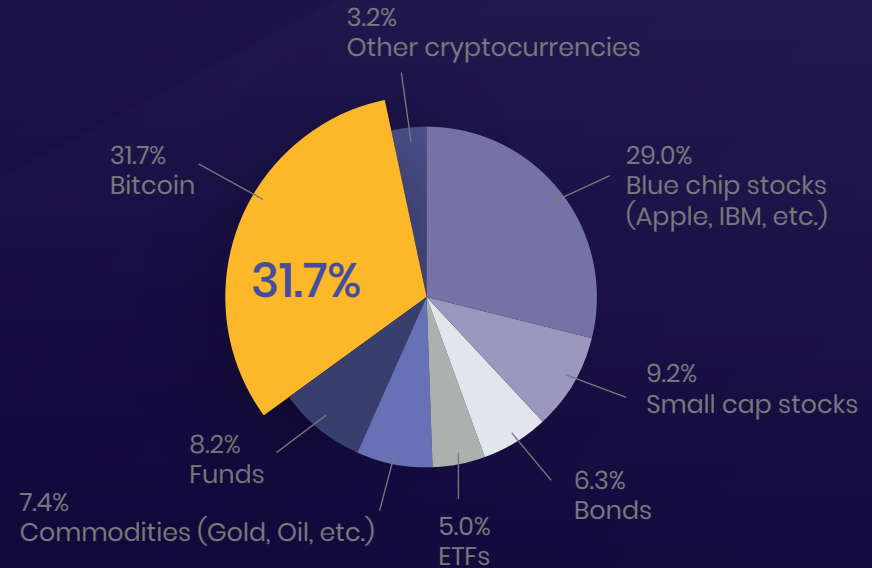
In thinking about future crypto investments, and with respondents answering that they'd like to purchase Bitcoin, we asked how confident they were in acquiring and safely storing their crypto. 60.7% were very comfortable in acquiring and storing their crypto, which makes sense, considering many are previous investors. An additional 14.8% are somewhat comfortable. Only 19.2% were not comfortable, with 5.3% unsure.



If you were to invest again or for the first time, how comfortable would you feel in your ability to acquire and safely store your own crypto?

### Bitcoin edges out blue chip stocks for future returns.

Finally, we asked the hypothetical question, “If you were given \$100,000 to invest but you had to hold the asset until January 2025, which would it be?” Our respondents had Bitcoin and blue chip stocks nearly tied, with Bitcoin edging out at 31.7% to 29%. Everything they’ve answered so far would point to this, considering our respondents are investing for speculation and short-term and long-term gains, with two-thirds being bullish on price. Other investments were much less favored by our respondents, and only 3.2% mentioned they’d invest in other cryptocurrencies.



If today you were given \$100,000 to invest but told you had to pick one investment class that you would hold until January 2025, what would it be?

# Summary

The future of crypto investing is bright and diverse. 69% are bullish on the crypto market overall, with a number of them making plans to purchase Bitcoin or other crypto, invest in crypto startups, invest in DeFi, or even start their own crypto mining farm. Many, however, believe that in order for investments to increase, investors need more protection, there needs to be more education and awareness around crypto, and the industry needs to weed out scams.

# Conclusion

Crypto has come a long way in such a short time, and we're at a place now where we're well on the way towards institutionalization – and accredited investors are helping it get there. The question, though, will be if the industry can lower the barrier of entry to allow more investors, or whether a lack of transparency will cause the bubble to burst.

**Thank you.**

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