



Media Release

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Crypto is here to stay, says Datt Capital

ASX listed low-cost securities trading platform SelfWealth (ASX: SWF) recently announced they were intending to launch cryptocurrency trading as part of their broader wealth eco-system.

“Clearly, Crypto is not an asset class for the faint of heart,” says Emanuel Datt, Chief Investment Officer and founder of boutique investment manager, Datt Capital.

“This decision appears to be guided by a survey amongst 3,500 SelfWealth customers, which found that 30% of its client base already invested in cryptocurrencies off the platform. An additional 38% of the client base indicated that they were planning on investing in the asset class.

“Overall, this indicates that an incredible 68% of its users are crypto investors or are considering to invest in the asset class. We consider this an enormous proportion, even given the survey was conducted amongst a sample group that we would regard as being relatively active equity investors.

“A recent alternative survey was conducted by Finder which claimed the 17% or 1 in 6 Australians now own cryptocurrencies.

“When segmenting Australia by age, this effectively means that 1 in 3 Australians between the ages of 15-55 years of age holds cryptocurrency, assuming ownership is limited to this age range. The same survey indicated that 13% who did not hold cryptocurrency, did intend on purchasing the asset class within the next year.

“I find these results remarkable and surprising and quite possibly erring on the upside. Nevertheless, whilst I am, or was a crypto sceptic, the results of both surveys demonstrate that cryptocurrencies are increasingly becoming an investable option for the Australian public as a whole.”

Cryptocurrencies have been one of the most talked about investment classes over the past 18 months, with the most popular of cryptos, Bitcoin, rising from around US\$5000 at its March 2020 lows all the way to a high of over US\$60,000 to its present price of around US\$33,000.

SelfWealth will be the first Australian broker to offer CHESs-sponsored Australian share holdings, US equity market access and the ability to hold crypto assets within the same portfolio, should it follow through with the rollout of its crypto trading product.

This broader uptake in cryptocurrencies by the Australian public is driven by a number of factors, Mr Datt added.

“Social media is a huge influence, with business celebrities like Elon Musk openly pushing certain cryptocurrencies as a quick way to make money; whilst other adopters pontificate on the virtues of non-government 'assets'.

“More locally, we're seeing a definite maturity within the crypto eco-system with Australia Post recently striking a deal with [bitcoin.com.au](https://www.bitcoin.com.au) to accept payments via cash or EFTPOS to purchase Bitcoin.

“This is in addition to an increasingly large number of retailers and businesses beginning to accept cryptocurrencies as a form of payment for goods and services.

“An impediment to broader crypto adoption is the volatility inherent within the various cryptocurrencies, even the largest.

“The reality is that loss aversion, the tendency to prefer avoiding losses to acquiring gains, is a powerful cognitive bias. The more volatile cryptocurrencies are to the downside, the less likely the it is that the broader public will be putting their money at risk. Conversely, the higher cryptocurrencies rise, the more participation due to the fear of missing out.

“No matter what your opinion on cryptocurrencies, and mine are slowly changing, there is no doubt that the asset class certainly looks like it is here to stay.

“Datt Capital holds SelfWealth in its investment portfolio because we believe the platform is technically excellent, the business model compelling and the current valuation extremely attractive, especially with regard to the recent history of trading platforms in other jurisdictions,” Mr Datt said.

“Any move to the crypto space is a value-add we have not factored in.

“Watch this space,” he said.

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About Datt Capital

Founded in 2007, Datt Capital is a Melbourne-based Australian focused Long-only Fund Manager. Datt Capital is focused on generating alpha by structuring its portfolio in a unique and uncorrelated manner, across asset classes. Its investments consist primarily of listed equity, debt and derivatives solely in Australian markets.

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