

With Bitcoin recently hitting all-time highs, this week's edition of "Three on Thursday" takes a deeper look at the crypto currency. For those unfamiliar, Bitcoin (BTC) is a digital currency that operates independently of a central bank or single administrator, utilizing a decentralized ledger called a blockchain to record transactions. Introduced in 2008 by an individual or group using the pseudonym Satoshi Nakamoto, Bitcoin allows users to send and receive funds directly to each other, facilitated by a network of computers that validate and record all transactions on the blockchain. This process, known as mining, involves solving complex mathematical problems, and in return, miners are rewarded with new Bitcoins, introducing new coins into circulation. Many believe Bitcoin's revolutionary appeal lies in its ability to offer a secure, transparent, and borderless method of financial exchange, challenging traditional banking and financial institutions by providing an alternative form of currency and asset ownership that is not subject to government control or inflation. For more detail see the two tables and chart below.

### Distribution of Bitcoin Ownership

Balance, BTC	Addresses	Share of Total Addresses	Coins	Share of Total Coins	USD
(0 - 0.00001)	4,473,559	8.50%	24.39	0%	\$1,645,659
(0.00001 - 0.0001)	10,357,021	19.67%	445.05	0%	\$30,025,273
(0.0001 - 0.001)	13,386,867	25.43%	5,185	0.03%	\$349,775,744
(0.001 - 0.01)	11,901,207	22.60%	43,453	0.22%	\$2,931,590,771
(0.01 - 0.1)	7,994,694	15.18%	270,554	1.38%	\$18,252,997,643
(0.1 - 1)	3,524,975	6.70%	1,090,067	5.55%	\$73,541,653,189
(1 - 10)	859,005	1.63%	2,132,879	10.86%	\$143,895,269,936
(10 - 100)	137,661	0.26%	4,373,476	22.26%	\$295,057,858,474
(100 - 1,000)	13,750	0.03%	3,830,889	19.50%	\$258,452,026,219
(1,000 - 10,000)	1,993	0%	4,882,548	24.85%	\$329,402,494,345
(10,000 - 100,000)	107	0%	2,427,641	12.36%	\$163,781,530,548
(100,000 - 1,000,000)	3	0%	587,502	2.99%	\$39,636,016,975
<b>Total</b>	<b>52,650,842</b>	<b>100%</b>	<b>19,644,663</b>	<b>100%</b>	<b>\$1,325,332,884,776</b>

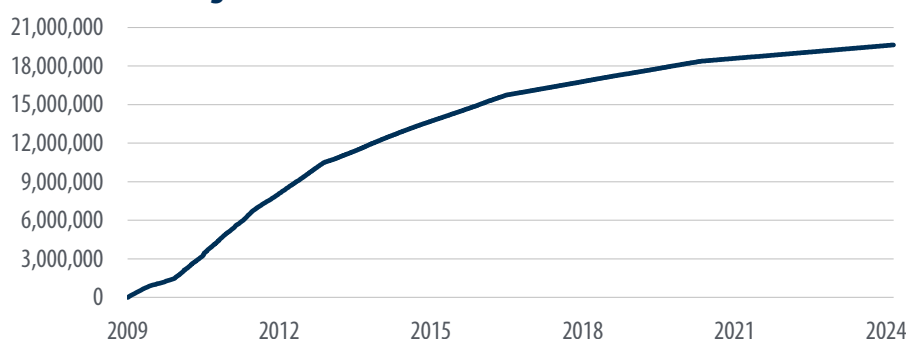
Source: BitInfoCharts.com, First Trust Advisors. Data as of 3/7/2024

### Bitcoin Corrections from All-Time Highs

Correction Period	Days	Bitcoin High	Bitcoin Low	Decline to Low	Return to New High	New High Date	# Days to New High
11/10/21 - 11/21/22	376	68991	15480	-78%	346%	3/5/24	846
4/14/21 - 6/22/21	69	64802	29031	-55%	123%	10/20/21	189
1/8/21 - 1/21/21	13	41962	28845	-31%	45%	2/8/21	31
12/17/17 - 12/15/18	363	19783	3122	-84%	534%	11/30/20	1079
11/8/17 - 11/12/17	4	7879	5507	-30%	43%	11/16/17	8
9/2/17 - 9/15/17	13	5014	2951	-41%	70%	10/12/17	40
6/11/17 - 7/16/17	35	3025	1837	-39%	65%	8/5/17	55
3/10/17 - 3/24/17	14	1326	892	-33%	49%	4/27/17	48
11/30/13 - 1/14/15	410	1166	170	-85%	585%	2/23/17	1181
4/10/13 - 7/7/13	88	266	63	-76%	323%	11/7/13	211
6/8/11 - 11/17/11	162	32	1.99	-94%	1504%	2/28/13	631
5/13/11 - 5/21/11	8	8.45	5.58	-34%	51%	5/25/11	12
2/10/11 - 4/4/11	53	1.1	0.56	-49%	96%	4/17/11	66
11/6/10 - 11/10/10	4	0.5	0.14	-72%	257%	1/31/11	86
9/14/10 - 10/8/10	24	0.17	0.01	-94%	1600%	10/24/10	40

Source: Charlie Bilello - Creative Planning, CoinDesk, First Trust Advisors.

### Total Circulating Bitcoin



Source: Blockchain.com, First Trust Advisors. Weekly data 1/10/2009 - 3/2/2024.

As of this morning, there are currently 19,644,663 BTC in circulation, spread across 52.65 million addresses, according to data from BitInfoCharts, a platform that monitors Bitcoin address activity among billionaires and millionaires. The distribution of wealth among these addresses reveals a significant concentration at the top; the leading 10 addresses alone account for 5.78% of all Bitcoins, while the top 100, 1,000, and 10,000 addresses hold 14.84%, 33.21%, and 56.18% of the total supply, respectively. This demonstrates a steep wealth disparity within the Bitcoin ecosystem, where the median wallet balance ranges between a mere 0.0001 to 0.001 BTC, equivalent to approximately \$6.78 to \$67.84. It's worth noting that individuals can possess multiple addresses. For instance, research and analysis by River Intelligence, a Bitcoin analytics firm, identifies Satoshi Nakamoto, the enigmatic founder of Bitcoin, as the currency's largest holder as of 2024. Nakamoto is estimated to control around 1.1 million BTC, distributed across roughly 22,000 different addresses.

The first Bitcoin transaction occurred in 2010 when Laszlo Hanyecz agreed to pay 10,000 BTC for two Papa John's pizzas. If instead he used dollars, his 10,000 BTC could buy today 28.3% of all of Papa John's! Bitcoin's journey since 2010 has been anything but predictable, marked by significant volatility and resilience. Since 2010 BTC has experienced 15 drawdowns of 30% or more from a previous peak. The most severe of these downturns include two staggering drops of 94%, followed by declines of 85%, 84%, and 78%. Some of these drawdowns took years to happen, likewise after a bottom, it sometimes took years to hit new all-time highs. Investing in Bitcoin has certainly not been for the faint-hearted. But holding through the volatility has been rewarded with the price of 1 BTC going from less than a cent to over \$67,000 today.

Bitcoin's supply is capped at 21 million coins, a distinctive feature that sets it apart from fiat currencies susceptible to inflation. This limit is enforced by "halving events" occurring roughly every four years, where the block reward for miners halves. Initially set at 50 Bitcoins per block in 2009, the reward currently stands at 6.25 Bitcoins per block. With each halving, the rate of new Bitcoins entering circulation decreases. As of now, approximately 19.6 million Bitcoins exist (93.3% of overall supply), and the next halving is expected in April 2024, reducing the reward to 3.125 Bitcoins per block. The 21 millionth Bitcoin is expected to be mined around the year 2140.

This report was prepared by First Trust Advisors L.P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.