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INSTITUTIONAL CRYPTO ADOPTION

How leading institutional investors are thinking about and allocating to crypto assets.

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Foreword

What do institutional investors think about crypto?

Unlike most assets, crypto began as a retail-led phenomenon. Even today, estimates suggest that retail investors control more than two-thirds of the crypto market.[1] This means that institutional investors still have a significant role to play in how the asset class develops. As a result, the extent to which institutional investors embrace crypto will have a huge influence on the outlook for the asset class.

However, institutions are generally reluctant to discuss their views on crypto. Whether for competitive reasons or reputational concerns, most institutions have historically avoided public disclosure of their positions.

This report aims to break through that silence.

Bitwise Asset Management is one of the world's largest crypto asset managers, with more than $9 billion in client assets across 70+ products globally. We serve more than 5,500 clients, including endowments, foundations, pension funds, multi-family offices, investment consultants, sovereign wealth funds, and public companies, and we hold more than 15,000 crypto-focused meetings with financial professionals each year.

Earlier this year, we sat down with senior investment professionals at 15 of the world's largest institutions to explore their views on crypto in depth. We asked simple questions: What crypto assets are you buying? How much have you allocated? Why do you own crypto at all?

We were amazed by their candor. Among the findings: Despite a 50%+ pullback in crypto prices from October 2025 to April 2026, not one institution we interviewed planned to cut their exposure to the asset class. Institutions are allocating for the long haul.

Whether you're another institution seeking to understand how your peers view the space or a retail investor gauging sentiment, this report will give you a window into how some of the world's most powerful investors see the crypto space today.

We were able to write this report because Bitwise sits at the intersection of crypto and institutional investing, thanks to the thousands of conversations we have with top investors every year. We would welcome the chance to continue the conversation with you directly.

(1) Source: River. Data as of September 14, 2026.

Methodology

The findings in this report draw on 15 interviews conducted between late March and April 2026 with investment professionals responsible for crypto allocation decisions at their institution. Interviewees spanned the major institutional categories—endowments, foundations, public pensions, sovereign wealth funds, multi-family offices, investment consultants, and public corporations—and ranged from hundreds of millions to tens of billions of dollars in assets under management. The semi-structured interviews, which ran 30 to 60 minutes, used a common discussion guide that covered exposure, thesis, sizing, governance, vehicles, rebalancing, exit triggers, and peer dynamics, with a focus on major crypto assets like Bitcoin, Ethereum, and Solana.

Market figures cited in this report are as of April 30, 2026, unless otherwise noted.

Executive Summary

Institutional investors are beginning to embrace crypto as an important component of their portfolios. The adoption is happening faster and more durably than the general public realizes. And for all its uncertainties, we expect crypto to be held by the majority of institutional investors within the next five years.

Across 15 interviews with senior allocators at endowments, foundations, pension funds, multi-family offices, sovereign wealth funds, and public companies, three patterns held up consistently.

Bitcoin is the universal conviction asset; Ethereum and Solana are not. Every institution we interviewed that owns crypto owns bitcoin. Most frame it as a store of value, often paired explicitly with gold. Ethereum, Solana, and other crypto assets are held selectively as venture-stage technology bets, with explicit performance gates and shorter holding periods. Allocations across the group range from 0.5% to 13% of investable assets, with most between 1%–2%.

Institutional crypto capital is sticky. Crypto markets fell roughly 50% between October 2025 and April 2026, yet not one institution we interviewed reduced its allocation during the sell-off, while several bought more. When asked what would prompt them to exit, none of them said price. Their exit triggers are thesis-driven: a failure of Ethereum and Solana to demonstrate real utility, a regulatory reversal, or an industry-wide credibility crisis. This cuts against the common assumption that institutions are weak hands in a crypto drawdown; the selling pressure comes from elsewhere.

The remaining barriers to growth are governance and reputation, not investment merit. Among the institutions we spoke with, most saw the merit of adding crypto to a diversified portfolio. What slows allocation now is fitting crypto into existing investment policy categories, navigating board and committee processes, and managing perceived headline risk. These barriers are falling as spot crypto ETFs proliferate, regulation improves, and peer disclosure grows. But the obstacles remain significant.

We believe demand is building outside the public eye. Several of the investors we interviewed who had not yet allocated were in advanced stages of due diligence. But we expect this to unfold gradually. Forming consensus on a still-controversial asset can take years, and even then institutions have a penchant for privacy. But the signs suggest that institutional capital is coming for crypto.

Matt Hougan
Chief Investment Officer

Key Findings: Ten Emerging Trends in Institutional Crypto Investing

The patterns below emerged consistently across our interviews and across institution types.

01 /

Bitcoin Is the Universal Institutional Conviction Asset

Every institution we interviewed that owns crypto owns bitcoin. For almost all of them, it was their first, largest, and longest-held crypto asset. It is the only crypto asset on which institutional conviction is consistent.

The reasons for investing vary. Most treat bitcoin as a store of value with asymmetric upside, often paired with gold as a fiat debasement hedge. One endowment described its bitcoin position as an *"emerging-to-established store-of-value"* play and a venture-style bet on the asset growing into a $20 trillion market over the next 5–15 years.

Several institutions take a market-cap-weighted approach across a basket of top crypto assets, which leaves them with roughly 80% of their crypto holding in bitcoin. Most, however, own bitcoin as a standalone position.

Even institutions that cannot hold bitcoin directly are convinced of its diversification role in a portfolio. One large endowment that is prohibited from holding any spot commodity, including bitcoin, still views it as the digital equivalent of gold and the anchor of the crypto asset class.

02 /

Ethereum and Solana Are Thesis-Dependent Bets

While bitcoin is the consensus among institutional investors, Ethereum and Solana (and other smaller crypto assets) are not. Institutions that own them hold smaller positions, with shorter horizons and explicit exit conditions.

Several institutions do not own any Ethereum or Solana at all, for various reasons. One had used DeFi applications extensively across lending, trading, stablecoins, and staking, and saw no clear mechanism by which value accrues to the underlying token. Users, in their view, are blockchain-agnostic and indifferent to whether an application runs on Ethereum or Solana. Another could not easily classify Ethereum or Solana within its investing framework. (Are they stores of value? Equity-like? Commodities?) Without a clear value-accrual thesis, or a clean fit in an existing investment framework, the default decision is not to invest.

The institutions that do hold Ethereum and Solana frame them as venture-stage technology bets. Several explicitly stated that if meaningful adoption does not materialize in the next few years, they will sell.

Within the group that owns both, preferences are starting to diverge. One endowment expressed conviction in Solana's architecture (high throughput, low latency, no reliance on rollups) over Ethereum's. Another holds Ethereum and not Solana, focusing on visible adoption and its dominant market share in crypto's real-world applications (DeFi, prediction markets, tokenization, stablecoins).

Notably, in nearly all cases, institutions viewed these assets as utility-driven; their value stems from their practical use in the real world. While some crypto natives try to position Ethereum in particular as a competitor to Bitcoin in monetary use cases, that position is not shared by the institutional community. To them, Ethereum and Solana will have value if there is clear value accrual to the underlying token thanks to rising transaction activity and fees.

03 /

Allocation Sizes Are Small But the Direction Is Up

Crypto allocations ranged from 0.5% to 13% of investable assets. Most are between 1% and 2%, typically split across ETFs, direct ownership, venture capital, and hedge funds. The universal pattern is exposure big enough to matter if the crypto thesis plays out, but not so big that it could derail the portfolio.

Amid the volatility of late 2025 and early 2026, institutions were holding allocations steady or continuing to work toward an existing target. In many cases, they're reallocating from illiquid private placements into direct or ETF-based exposure. Several institutions are layering in market-neutral strategies to dampen crypto-driven volatility and to make the allocation easier to approve. One allocator argued that this is how to bring institutions off the sidelines: *"The easier sell is to lead with market-neutral. You're not really betting on crypto, you're just betting on the arbitrage."*

The debate inside these institutions is no longer whether to allocate to crypto. It is how much, through which vehicles, and across which assets.

04 /

Spot ETFs Have Reshaped Institutional Access

Spot crypto ETFs have changed how institutions access the asset class. Almost every institution we interviewed either uses them or plans to.

Institutions that moved from direct custody to ETFs cited lower all-in cost, lower operational burden, and the simple fact that ETFs make crypto look like every other position from a back-office perspective. For early allocators who spent years dealing with custody, trade execution, and reporting on direct crypto positions, that last point matters more than most people realize.

The institutions that have not migrated to ETFs are mostly locked into private placement vehicles with restrictions on when they can exit. These institutions are actively evaluating ETFs, citing the same operational benefits plus the flexibility for rebalancing and liquidity that closed-end vehicles cannot match.

That said, a small number of institutions are deliberately not using ETFs. One sovereign wealth fund is building domestic custody infrastructure to satisfy a government mandate for direct control of the underlying crypto assets. One large public endowment has a policy that prohibits owning any spot commodity—even in the ETF format. Another institution mentioned that 13F disclosure of ETF positions creates a level of public visibility it would rather avoid.

That last point has a practical implication for trying to size institutional ownership. Because some institutions deliberately invest in vehicles that bypass 13F visibility, estimates of institutional crypto ownership based on 13F disclosures should be seen as a floor, not a ceiling.

05 /

The Gold-Bitcoin Pairing Has Become a Primary Institutional Framework

For most institutions we interviewed, bitcoin and gold now travel together. Especially for those concerned about fiat debasement, bitcoin is a central part of the equation. As one large endowment put it, *"People are starting to use bitcoin as a fiat debasement trade along with gold."*

Several endowments built bitcoin and gold positions in parallel as a deliberate portfolio construction choice. In one striking case, a sovereign wealth fund is funding part of its crypto allocation by selling foreign exchange and gold reserves.

For some, the two are becoming interchangeable expressions of the same view rather than simply complementary ones. One institution holds bitcoin in its "gold bucket" and frames the long arc bluntly: *"We could be having this conversation in 10 years and we're telling you we gave up on gold and it's all bitcoin now."*

That view is not held by all institutions, however. One foundation rejected the "digital gold" framing entirely, categorizing all crypto as disruptive technology rather than a store of value.

06 /

Barriers Are Operational and Reputational, Not Analytical

Among the institutions we interviewed, the question of whether crypto is a compelling investment was usually the easiest barrier to clear. Its historical performance pattern and track record are well established, and belief in crypto as a disruptive technology—reshaping everything from capital markets to global payments to the store-of-value market—is widely held.

What slows allocations are the operational, reputational, and categorization questions: how to custody it, how to articulate the thesis publicly, and where to put it in a portfolio built for equities, bonds, and alternatives. But these barriers are gradually lowering over time, as they have for all new asset classes.

The most practical advice we heard came from a multi-family office: *"Just have a process."* In other words, apply the same framework you would apply to any other asset that is, in their words, *"insanely volatile,"* rather than building a separate, higher hurdle for crypto alone.

The decision-making framework varies widely across institutions. At one extreme, some institutions had no formal approval process; the team simply decided to allocate and did so. At the other extreme, one sovereign wealth fund's crypto program was scrutinized directly by the country's central bank leadership, with attention given to CIO background checks, security reviews, headline risk, and peer validation. These factors received more attention than the fundamental investment case.

Another sticking point was how to classify crypto. Several institutions struggled to categorize Ethereum and Solana, and a few cited the ambiguity as reason enough to avoid an investment. Two endowments solved it creatively: One created a new *"liquid venture"* bucket within its venture capital sleeve. The other sidestepped the debate altogether by classifying all crypto as a venture bet.

07 /

Career Risk Is a Major Force in Institutional Behavior

Career risk—that is, the professional cost of an allocation that goes wrong—shapes behavior at every public-facing institution we interviewed. Often, it's one of the most significant factors in determining if and how an allocation occurs. Foundations, public pension funds, and sovereign wealth funds all named it as a factor. Smaller, less public, or founder-led institutions feel it less, but the pressure still exists.

Notably, we found that institutions tend to allocate in clusters. Once a critical mass of peers has made and disclosed an allocation, the risk shifts from "I allocated and it went wrong" to "everyone else allocated and I missed it." Our interviews suggest the endowment space may be approaching that inflection point. A number of large university endowments have now publicly disclosed crypto positions, and several endowments told us they ask peers about crypto exposure more directly than they used to. One even directly mentioned that this peer benchmarking was a primary driver of an allocation.

This does raise a risk, however, that a prolonged downturn would swing the pendulum back in the other direction—where investing in crypto creates more reputational vulnerability than steering clear of it.

08 /

The Institutional Crypto Manager Universe Is Highly Concentrated

The universe of crypto fund managers that meet institutional requirements is small. As one sovereign wealth fund put it, *"It was really hard to find managers that meet our minimum requirements for size, established track record, and operational infrastructure. We found around ten names."* And when it compared notes with peer institutions, the list barely changed. *"Different allocators are at different stages of the due diligence process, but the names are the same."* Our other interviews confirmed this.

That convergence is partly reassuring. It signals that institutional allocators are doing rigorous work and arriving at consistent answers about who clears the bar. But it also concentrates risk. As more institutions complete due diligence and deploy, a disproportionate share will flow to a handful of firms, and a compliance failure or operational breakdown at any of those would be felt across the cohort. Some allocators are wary of the consequences, with one endowment saying, *"There's a risk of funds raising too much money and being forced to deploy it regardless of how good the opportunity set is."*

The same concentration cuts the other way, too. Because managers are eager for sovereign and endowment capital, the largest allocators have real leverage, and some are using it to go beyond a standard fund investment. One sovereign wealth fund was weighing equity stakes in the management companies themselves *"to get full transparency, access to their strategies, and to better understand the market."*

09 /

Exit Triggers Are Thesis-Based, Not Price-Based

Crypto markets fell roughly 50% between October 2025 and April 2026. Not one institution we interviewed reduced its allocation in that timeframe, and several bought more. When asked what would prompt them to exit, none of them said a price decline.

Instead, their stated exit triggers are thesis-based. Several institutions said they would exit Ethereum and Solana in the next few years if it becomes apparent that gains in real-world adoption don't translate to asset-price gains. One that has held crypto for a decade put it plainly: *"Something has to work. At some point, if this stuff doesn't work, we'll be out."* Those that maintain a bitcoin-only thesis said they'd reconsider their positioning if a clear application emerged on Ethereum or Solana that materially shifted where value accrues. Sovereigns flagged regulatory reversal or a major credibility crisis as reasons to consider an exit.

Some of these institutions have held their positions through multiple 50%+ drawdowns already, including 2022. They are not surprised or deterred by the volatility.

As one investment consultant put it, *"If the thesis is right, given the S-curve of adoption, selling now would be selling too early."*

The market implication is that the predominant sellers in a crypto drawdown are not institutions. They are retail investors, forced sellers, or traders executing shorter-term strategies, such as unwinding basis trades or liquidating margin positions. Institutional allocators tend to be on the other side of those trades.

10 /

Sovereign Allocations Are Taking Root Slowly and Subtly

Multiple sovereign wealth funds we interviewed were in active due diligence on sizable crypto allocations. Several had already allocated. Others were in early research. Wherever they were in the journey, we found their stances toward crypto to be constructive. Their timelines, however, are slower than for smaller-scale crypto investors. One sovereign explained that, even with presidential support and top-level political alignment, the legal and regulatory infrastructure required to deploy sovereign capital into crypto takes more than a year to build. Other sovereigns have publicly disclosed multi-year timeframes.

It's also interesting to note that the reasons driving crypto allocations sometimes go beyond portfolio impact. Multiple sovereign investors positioned crypto investments as a way to attract foreign capital, support a national crypto initiative, or promote the country as a hub for a fast-growing industry. There's a practical consequence to this frame of mind: Even if returns disappoint, advancing any of these secondary initiatives may justify holding the position. For that reason, sovereign allocations can be stickier than the market assumes.

Looking Ahead

Underlying all of our interviews was a fundamental question: Will institutional adoption accelerate or decelerate? In aggregate, the interviews painted a bullish picture. But it became clear that whether adoption grows or stalls will depend on four key catalysts, two positive and two negative.

The first major bullish catalyst would be regulatory clarity. Several interviewees cited the spot crypto ETF approvals and the pro-crypto regulatory posture of the current U.S. administration as the triggers for their recent scale-ups. Further regulatory progress, including additional product approvals, pro-crypto legislation, and sovereign-level adoption abroad, would lower the operational, reputational, and regulatory barriers, driving more investment.

The second positive catalyst is growing peer adoption, which typically produces a flywheel effect: As more credible institutions allocate publicly, the reputational cost of investing in crypto drops, which then makes more institutions more likely to allocate publicly. Our research suggests this dynamic is already at play, with each marginal allocator lowering the barrier to entry for multiple allocators. The same force can work in reverse, too. It's why we believe trends in institutional adoption—positive or negative—are more likely to be exponential than linear.

As for setbacks, the most significant downside catalyst would be a major crypto-specific crisis, ranging from technical failures to the collapse of major industry players. In the past, large crises stalled institutional momentum for years. A comparable event would likely reset the career-risk calculus and halt new allocations for an extended period. Greater regulatory oversight and meaningful advances in custody, security, and infrastructure have significantly mitigated this "blow-up" risk, but it has not been written to zero.

A second-order risk would be the failure of Ethereum, Solana, and crypto applications to demonstrate significant utility at scale. For institutions that own these assets, it is not enough that people use crypto applications such as stablecoins, DeFi, tokenization, and prediction markets if that activity does not accrue value to the underlying token. Said differently, adoption isn't enough; the price has to follow. Several have put explicit timelines on it—generally the next few years—and are watching concrete signals like stablecoin volumes, DeFi and tokenization activity, and whether fees accrue to Ethereum and Solana themselves rather than leaking to competitors or other layers of the technology stack. If meaningful adoption doesn't materialize, or materializes without driving token value, institutional portfolios may narrow to bitcoin only.

How Different Types of Institutional Investors View Crypto Today

Throughout our interviews, we were struck by a curious fact: While institutional investors of all stripes broadly agree that adding crypto to a portfolio can make sense, they differ in the logistics of the allocation, including who approves it, who has oversight, and where it fits in a portfolio.

01 / Endowments and Foundations

AUM Range: $0.5B to $75B

Crypto Allocation: 0.5% to 10% (most 0.5% to 2%; one outlier peaked at 10%)

Vehicles Used: Venture, spot ETFs, direct custody, hedge funds

Endowments and foundations are leaders of institutional adoption, with many reporting significant investments. That's because they typically face much lighter governance requirements than their institutional peers. Based on our interviews, in most cases, the decision to allocate hinges on the conviction of the CIO and a small team, rather than a large committee subject to a lengthy process.

What sets this group apart is the intensity of their competition with peers. Because endowments are measured against one another, crypto allocations can have a game theory component: To what extent do competitors have crypto exposure? What are the implications of being underweight or overweight the asset class? A senior investment professional at a large U.S. endowment put it directly: *"If your peers own crypto and you don't, you are structurally short relative to what you're being graded on."*

For that reason, adoption in this group can be amplified: Each disclosed allocation can create a ripple effect whereby peers seek to match or benchmark against their competitors' behavior.

One outlier amid the group—a foundation whose crypto position has at times exceeded 10% of its portfolio—cares less about what peers are doing and treats crypto as a growth and disruption bet. This approach justifies a larger position that supports its mission-driven strategy of *"leaning into disruptive technologies that we think can be a game-changer for our endowment and ultimately for our beneficiaries over the long term."*

02 / Sovereign Wealth Funds

AUM Range: $1B to $100B

Crypto Allocation: 1.0% to 1.5%

Vehicles Used: Hedge funds (directional and market-neutral), venture, direct custody, spot ETFs, and index funds

Sovereign wealth funds sit at the opposite end of the governance spectrum. For one sovereign we spoke with, the crypto allocation was scrutinized by the leadership of the country's central bank. The dominant questions were about perception, such as how the position would look publicly and whether peer sovereigns and central banks had moved first.

When explaining their approach, one sovereign wealth fund described having to convince its investment committee and board first, then start small and scale up only as perception and regulation improved. Part of the resistance came down to raw risk. Many members from traditional backgrounds noted that crypto's volatility *"really scares them off,"* since even the less-volatile crypto assets run at relatively high annualized volatility levels. Another sovereign recalled that even a simple relative-value strategy was scrutinized directly by the central bank: *"Frankly speaking, it was really hard to pitch our first crypto investment."*

At the same time, several sovereigns noted that they allocated for reasons beyond returns. A crypto position can double as a statement of national strategy, signaling that the country intends to be a hub for the industry alongside its broader build-out of crypto infrastructure and regulation. One sovereign described its allocation as a multi-year bet on achieving global recognition rather than near-term return.

That dual mandate makes sovereign capital unusually sticky. Once an allocation is made, the strategic rationale can justify holding the position even if the investment return disappoints.

03 /
Public Pension Funds

AUM Range: $1B to $10B

Crypto Allocation: 1.5% to 4.5%

Vehicles Used: Venture and hedge funds

Public pensions showed mixed crypto adoption. The primary reason is that a public pension answers not only to its board but to elected officials, beneficiaries, retirees, and local media—a scrutiny greater than any other cohort. Put plainly, the reluctance shown by pensions was not because of investment merit, but rather external pressure. A figure at one public pension told us there are people who *"would be a lot happier if performance were a lot more mediocre, but we were not in the press."* In other words, the only thing worse than losing is winning with crypto.

The public reaction is a strong enough force that some pension funds are adjusting their approach. One team said they *"decided to no longer talk to the press because crypto is so polarizing to the public."* The same team stated that the public scrutiny *"didn't change their allocation"* and noted *"the trustees have been amazing in their resolve—they understand the thesis, maintain conviction, and have stayed the course and thesis despite all the pushback."*

Despite this, pension funds do own crypto. One pension we spoke with said they positioned *"crypto as part of a broader innovation allocation including AI, Life Sciences, Space, and other innovative tech."* Most pensions initially targeted a 1%–2% crypto allocation in their portfolios, but some experienced such strong performance their allocations reached nearly 7%. At the time of our interviews, the pensions we spoke to maintained positions of 5% or less.

It's clear the perceived risk of public pressure shapes whether and how pensions allocate to crypto. Those that do favor private vehicles like venture capital and hedge funds because they fold quietly into existing alternative asset buckets and draw less attention than an ETF position that requires public disclosure.

04 /
Multi-Family Offices and Investment Consultants

AUM Range: $1B to $50B

Crypto Allocation: 0% (nonprofits) to 13% (family offices target 5%)

Vehicles Used: Venture, spot ETFs, and index funds

Multi-family offices and investment consultants (who also advise nonprofits) differ sharply in their view of crypto depending on their clientele. When advising families, they often allocate with conviction, running crypto through the same fundamental and quantitative framework they apply to equities or gold. When advising nonprofits, they are typically much more reluctant to allocate.

The reason comes down to layers of decision-making. A family office often answers to a single principal and can act in a day, while a nonprofit usually answers to a consensus-driven committee of long-tenured members who are incentivized to stick to peer benchmarks.

One participant captured the resistance they often encounter from some investment committee members at nonprofits—*"They ask, what is this rat poison that Warren Buffett told me is going to zero?"*—and offered a stark assessment of future trends: *"Our nonprofit clients are not going to allocate because of performance on a chart. They will allocate because the next generation joins the committee."*

This lesson applied across our entire study. Where one person can decide, crypto gets allocated. Where a committee must agree, it often stalls. Career risk and public perception—which can be paralyzing for public-facing institutions—are generally non-factors for family offices. And that's why they tend to move first.

An investment consultant summed up the difference between the two groups: *"Our families really led the way—they took the time to understand it, they don't have investment committees, and they don't have public-facing risks that trip them up."*

05 /
Public Companies

AUM Range: N/A

Crypto Allocation: 1% to 10% of excess cash

Vehicles Used: Spot ETFs and direct custody

Public companies span a wide spectrum. At one end are digital asset treasury companies (DATs), whose purpose is to raise capital to purchase crypto. At the other end, crypto-native firms such as miners and exchanges hold crypto assets as a function of their business. In the middle sits a growing set of ordinary companies that hold crypto as a strategic reserve, typically 1%–10% of excess cash. The biggest takeaway from this cohort: Resistance to holding crypto on corporate balance sheets has fallen drastically in recent years. One company's CFO told us that, based on their experience, disclosing crypto holdings in filings or on earnings calls has become *"a non-event."* The same CFO's conclusion captured how far the bar has moved: *"It feels like a very normal-course investment that a corporation could make."*

Conclusion

We opened this report with a question: What do institutional investors think about crypto? After dozens of hours in conversation with the people who make these decisions—some of the most sophisticated and powerful investors in the world—we can conclude it is no longer the most useful question to ask. The institutions we interviewed have largely stopped debating whether crypto belongs in a portfolio. They are instead debating how much, in what form, on what schedule, and under what governance constraints. The debate has moved from “if” to “how.”

That shift is the real finding of this report, and it matters more than any single allocation figure. Conviction is slow to build and slow to reverse. Implementation is a matter of process, infrastructure, and nerve, and all three are improving. Constraints loosen in ways conviction does not. The barriers that remain are mostly not doubts about the asset; they are reputational, operational, and time-based, and over time we expect them to expire.

A critical aspect of our finding was that adoption is reflexive: Each credible institutional allocation lowers the cost for the next firm, and disclosure begets disclosure. That is why we believe the path from here is more likely to be exponential than linear. The institutions that look like laggards today tend not to be skeptics holding out on principle. They are prudent professionals waiting for cover and more data, and that is coming over time.

It’s worth noting, of course, that the risks are real. A serious crypto crisis could reset the clock, and a prolonged period of low returns or middling real-world adoption could dull interest or stymie the due diligence processes currently underway.

But where things are heading isn’t ambiguous. The institutions we spoke with painted a clear picture. Institutional capital is moving toward crypto, deliberately and for the long term. It is earlier in its arc than the public data suggests and stickier than the market assumes. On that trajectory, we expect a majority of institutional investors to hold crypto within five years.

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 they do not have legal tender status. Crypto assets 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, 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.

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