Crypto as an Asset Class

Quiz – 20 Multiple-Choice Questions

Topics covered: Returns & volatility · Sharpe ratio · Correlation & diversification · Optimal allocation · ETF market · Institutional adoption · Critical analysis

Select the best answer. Answers revealed after each question.

Bloom's levels: **U**nderstand (6) · **Ap**ply (6) · **An**alyze (5) · **Ev**aluate (3)

Questions 1–5: Asset Class Basics

Q1. [Understand] **Which best describes Bitcoin's annualised volatility as of Q1 2025?**
A) 15% (similar to gold) B) 30% C) 52–54% D) 80%

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Answer: C) Declining from triple digits pre-2020 to 52-54% by 2025; still 3-5x higher than equities. (Source: Fidelity Digital Assets 2024)
Q2. [Understand] **What is the approximate Sharpe ratio of Bitcoin over 2020–2024?**
A) 0.30 B) 0.96 C) 1.45 D) 0.65

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Answer: B) BTC Sharpe 0.96 leads S&P 500 (0.65), gold (0.55), and bonds (0.30) over the period. (Source: Fidelity Digital Assets; stoic.ai 2025)

Q3. [Analyze] **What happened to Bitcoin's 90-day rolling correlation with the S&P 500 after January 2024?**
A) Fell to near-zero as speculation declined B) Rose structurally to 0.50–0.75+ C) Stayed flat 0.3 D) Became negative

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Answer: B) ETF approval embedded BTC in equity risk-on/risk-off cycles. Correlation rose from 0.2-0.4 pre-ETF to 0.5-0.75 by 2025. (Source: arxiv 2512.12815)

Q4. [Apply] **At what BTC allocation does the portfolio Sharpe ratio peak (mean-variance analysis)?**
A) 1% B) 10% C) 5% D) 15%

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Answer: C) Beyond 5-10%, volatility drag outweighs the return and diversification benefit. (Source: Grayscale 2025; SSGA 2025)

Q5. [Understand] **When did the SEC approve the first US spot Bitcoin ETFs?**
A) November 2021 B) March 2023 C) January 2024 D) July 2024

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Answer: C) The SEC approved 11 US Bitcoin spot ETFs on January 10, 2024; trading began January 11, 2024.

Questions 6–10: ETF Revolution & Diversification

Q6. [Understand] **How much AUM did US Bitcoin spot ETFs accumulate by mid-2025?**
A) $42B B) $85B C) $164–179B D) $240B

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Q6. [Understand] **How much AUM did US Bitcoin spot ETFs accumulate by mid-2025?**
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Answer: C) Surpassed combined gold ETF AUM ($85B) in under 12 months; fastest AUM ramp in ETF history. (Source: The Block; BlackRock Jan 2026)
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Answer: A) Near-zero correlation despite the "digital gold" narrative; they do not move together in practice. (Source: arxiv 2501.09911)

Q8. [Apply] **A 5% BTC portfolio (2015–2024 backtest) vs. 0% BTC typically shows:**
A) Lower return, lower vol B) Same return, higher vol C) Higher return, modest vol increase, higher Sharpe D) Lower return, much higher vol

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Answer: C) Efficient frontier shifts upward-left at 5% BTC; Sharpe ratio improves due to low correlation and high excess return.

Q9. [Analyze] **Which risk does the ETF structure ADD compared to holding Bitcoin directly?**
A) Blockchain network risk B) Custodian concentration risk (Coinbase holds 90% of US spot ETF BTC) C) Supply inflation risk D) Smart contract risk

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Answer: B) Coinbase Prime is custodian for BlackRock, Fidelity, and most US spot ETFs; its failure would be systemic.

Q10. [Evaluate] **Based on 2022 data, which statement about Bitcoin's "digital gold" narrative is most accurate?**
A) Confirmed: BTC rose while equities fell B) Confirmed: BTC and gold fell similarly C) Rejected: BTC fell −65% while S&P 500 fell −19%; BTC is risk-on, not a safe haven D) Irrelevant: only matters in hyperinflation

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Answer: C) The 2022 data definitively challenges the inflation-hedge and safe-haven narratives for BTC.

Questions 11–15: Institutional Adoption

Q11. [Understand] **What is Bitcoin's approximate 10+ year CAGR (2013–2024)?**
A) 12% B) 25% C) 50%+ D) 100%

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A) January 2024 B) March 2024 C) July 23, 2024 D) January 2025

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Q13. [Understand] **Approximate combined AUM of US Ethereum spot ETFs as of Q4 2025?**
A) $8B B) $22B C) $46B D) $90B

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Answer: C) ETH spot ETFs grew slower than BTC due to no staking yield; $46B by end-2025. (Source: Coinglass; XT Exchange 2025 Scorecard)

Q14. [Analyze] **Which has the lowest POSITIVE correlation with Bitcoin over 2020–2024?**
A) S&P 500 (0.52) B) Gold (0.06) C) Real Estate (0.18) D) US Bonds (−0.12, negative)

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Answer: B) Gold's ≈6% correlation with BTC is near-zero positive; US bonds are negative (−12%) but the question asks for POSITIVE.

Q15. [Understand] **How many days did BlackRock IBIT take to approach $100B AUM?**
A) 211 days B) 435 days C) 800 days D) 2,011 days (same as Vanguard VOO)

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Answer: B) Fastest ETF to approach $100B; the prior record was Vanguard VOO at 2,011 days. (Source: The Block; BlackRock Jan 2026)

Questions 16–20: Critical Analysis

Q16. [Evaluate] **Bitcoin fell -65% in 2022 while S&P 500 fell -19%. This fact:**
A) Confirms safe-haven status (fell less than 2008 crisis) B) Is irrelevant to the digital gold thesis C) Challenges the safe-haven narrative: BTC showed high equity beta, not uncorrelated behaviour D) Proves Bitcoin outperforms gold in all conditions

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Answer: C) High positive beta in the 2022 risk-off environment directly refutes the safe-haven and inflation-hedge claims.
Q17. [Apply] **Which ETF type has a "roll cost" problem reducing tracking accuracy?**
A) Futures-based ETF (e.g., ProShares BITO, approved Oct 2021) B) Spot ETF (e.g., IBIT, approved Jan 2024) C) Both equally D) Neither

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Answer: D) Fidelity's 2024 survey found over 80% of institutional respondents see a role for digital assets in their allocations.

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Answer: C) The ETF wrapper solved the custody problem; it did NOT solve the volatility problem, which persists.

Q20. [Evaluate] **A student claims ETF inflows make Bitcoin a better inflation hedge. Best critique?**
A) Correct: institutional flows always improve inflation-hedging B) Wrong: ETFs reduced volatility so much that it no longer hedges C) Flawed: higher equity correlation means BTC now moves with risk-on sentiment, not against inflation D) True short-term, false long-term

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Answer: C) Higher institutional-equity correlation means BTC is more likely to fall during stagflation than to protect against it.