# Twitter Thread by Jeff Dorman, CFA



**Jeff Dorman, CFA**
@jdorman81

**Anyone want to buy $BTC at a 47% discount to current prices? Here's how you can do it.**

**I can't believe I'm saying this, but $EOS might actually be the best risk/reward in digital assets right now due to their massive #Bitcoin holdings.**

## Thread time ■

First, let's talk risk/reward. Over the past 2 years, $EOS is the only well-known token other than $XRP that is not higher. In fact, it has underperformed by a LOT.

Even other zombie projects are up 300-1000%

That's a nice start for an investment -- low downside, relatively

| | BTC | ETH | EOS | XTZ | NEO | ADA | XLM | BCH | LTC | XRP | ETC |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/11/19 | 3631.03 | 119.57 | 2.7113 | 0.3793 | 8.123 | 0.0412 | 0.076066 | 120.63 | 42.38 | 0.29875 | 4.015 |
| 1/14/21 | 39,259.40 | 1,199.54 | 2.76 | 2.49 | 23.18 | 0.32 | 0.30 | 520.05 | 153.94 | 0.30 | 9.30 |
| % Change | 981.22% | 903.21% | 1.98% | 556.11% | 185.36% | 673.06% | 299.07% | 331.11% | 263.23% | 0.16% | 131.72% |

Next, the math:

Block One owns 140,000 $BTC. At $2.77, the market cap of $EOS is $2.6 bn, which is only 47% of the value of their BTC holdings.

That means by buying $EOS, you are actually buying $BTC at $18,771. Huge discount.

The question is "can you unlock this value"?

## Book Value Analysis

| | |
|---|---|
| Total BTC holdings | 140,000 |
| BTC Price: | 39,219 |
| Total value of holdings | 5,490,674,000 |
| EOS Market Cap | 2,627,947,415 |
| MC of EOS as % of BTC NAV | 47.86% |
| EOS Token Price at NAV | 5.77861126 |
| Current EOS Price | $2.77 |
| Returns | 108.93% |
| Implied BTC price | $18,771.05 |

Why does book value matter? Here's a good explanatory thread:

https://t.co/Mp5bn0dbNE

$WNXM showed how this works. WNXM traded below BV temporarily, until investors realized the value of the underlying ETH. These are sweet setups and don't last long.

https://t.co/bbEE0CsPJ2

> 1/ If you're trying to value DeFi assets with traditional valuation ratios, use Price to Book Value (not Price to Earnings)
>
> Why?
>
> — Aleks Larsen (@_alekslarsen) January 12, 2021

Counter-argument: Generating an ROI from BV is basically a bet on what management will do with that capital, & of course the EOS & Block One teams have done nothing to instill confidence right?...

https://t.co/bKghLv7TmF

...but that's precisely why this is so interesting.

> EOS was nothing more than a #bitcoin heist.
>
> — Peter McCormack (@PeterMcCormack) January 12, 2021

If you think the herd of institutional investors getting into $BTC was fast, wait until activist investors like @BillAckman @DanielSLoeb1 or Elliott Mgmt find out that you can extract $2.8 Bn from $EOS.

You're crazy if you don't think there will be court cases over $2.8 bn.

Don't think it's possible? See $GNO

GNO used to trade at 30% of BV and there was no link between Gnosis' balance sheet & $GNO.

After @arca pressured Gnosis to convert its balance sheet into a DAO, GNO now trades at 100% of BV!

GNO is now fully backed!

https://t.co/c5LP2plgqX

> Do digital asset investors understand how big of a deal this is?
>
> Through the creation of the GnosisDAO, the $GNO token went from being a worthless, useless token, to now being a FULLY asset-backed token with potential upside optionality.
>
> This is incredible progress! https://t.co/Ku5EecbCT5
>
> — Jeff Dorman, CFA (@jdorman81) December 4, 2020

At this point, either EOS & @BrendanBlumer need to

1) create value for $EOS holders ASAP
2) Return the capital
3) Expect huge lawsuits

Any 1 of those 3 options will unlock this value, and close the gap between EOS' market cap and the value of the $BTC on their balance sheet.

What about Dan Larimer leaving? First, what value has Larimer created for anyone other than himself? If anything, this is good for $EOS holders -- now Block One may feel pressure to actually deliver value back to EOS token holders.

https://t.co/IDxuNvkFxN

You don't even need activism. Both $MSTR & $GLXY stock trade at ~2-4x book value despite not generating any meaningful profits outside of $BTC holdings.

Equity investors love cheap assets with potential upside - token investors should too (and will)

https://t.co/pojVADwreD

In general, investing in layer 1 tokens is like buying a call option on future network growth. Most will fail, only one has succeeded $ETH

But I'd rather own $EOS as a free call option rather than pay an incredibly high premium for overvalued ghost protocols $TRX $ADA $XTZ $XLM

Distressed investments have hair on them. This is what makes them profitable (i.e. buying $LEO's new issue at $1, or buying $CEL under $1). The most hated tokens often accrue the most economic value.

"Would you rather be right or make money"?

Few. @DegenSpartan @cmsholdings

Investing is all about repeatable processes & historical precedent.

We've seen this before. From DigixDAO, $GNO, $WNXM to crypto tracking stocks like $MSTR $GLXY -- book value matters.

I'd be shocked if $EOS doesn't end up back at book value eventually (BV = $5.77 right now)

The genesis of this idea came from here: https://t.co/9BoW9njmUF

H/t @DHannum8 @mdudas @ericturnr @joonian

> Honestly? It tells me that $EOS is probably really really undervalued.
>
> Smart move holding BTC. Now if they don\u2019t find a way to increase EOS value soon, activist investors will go after that BTC treasury balance. And that means EOS = $6-7
>
> See $GNO
>
> — Jeff Dorman, CFA (@jdorman81) January 10, 2021