

### Solution

1. Which of the following best describes bitcoin, given its history so far?
  - a. It is a cash-flow generating asset.
  - b. It is an efficient currency that a weak collectible
  - c. It is a good collectible that is an inefficient currency
  - d. It is an efficient currency and a good collectible
  - e. It is an inefficient currency and a weak collectible.**

*Explanation: It is an inefficient currency, with high transactions costs and wait time, and it has behaved more like a risky stock than a good collectible..*

2. If you were making a case for bitcoin as a collectible, which of the following is the best argument you can make for it?
  - a. The block chain for checking transactions
  - b. The rising prices of bitcoin over time
  - c. The hard limit on bitcoin (21 million)**
  - d. The fact that it is a digital creation

*Explanation: Scarcity has been the one thing that advocates of bitcoin as a collectible have been able to point to, in making their cases. The others are features that you can use to make other arguments for bitcoin, but not in making a case for it as a collectible..*

3. As an investor in stocks and bonds, which of the following would make you likely to add bitcoin to your portfolio?
  - a. High returns and high volatility in bitcoin prices
  - b. Low returns and low volatility in bitcoin prices
  - c. High correlation between bitcoin and stock prices
  - d. Low correlation between bitcoin and stock prices**

*Explanation: For an investor in stocks and bonds, the value of adding bitcoin will be greater if it is lightly or even negatively correlated with stocks.*