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## CoinShares' Kimmell Highlights 2025 Drivers of Bitcoin's Record-Breaking Rally

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Bitcoin has hit multiple all-time highs in 2025, surpassing \$120,000 in mid-July, as investor demand surges amid macroeconomic pressures, market structure shifts, and evolving U.S. policy. James Kimmell, Head of Research at CoinShares, highlighted several key drivers, including rising fiscal deficits, geopolitical uncertainty, and growing skepticism toward sovereign debt.

Kimmell emphasized bitcoin's limited supply and fiscal neutrality as factors boosting its appeal in an uncertain global environment. He also pointed to a strong wave of inflows into bitcoin exchange-traded funds (ETFs), which are on track to exceed their record debut year volumes, an indication of increasing demand for regulated crypto investment products.

A major catalyst for institutional interest came in December 2024, when new U.S. accounting rules took effect. These Fair Value Accounting standards now allow companies to record unrealized gains and losses on bitcoin holdings, encouraging broader corporate participation in digital assets during 2025.

Kimmell noted that the most significant shift this year has been a change in U.S. regulatory posture. The current administration has launched work on a comprehensive framework for digital assets, including bitcoin, stablecoins, and other cryptocurrencies, a marked shift from prior years of limited federal engagement.

“If the U.S. government is accumulating bitcoin, buying bitcoin as part of a strategic reserve, and they start to explain explicit strategies towards that, I don't think the impact could be undersold,” Kimmell said. While no official reserve policy has been announced, such a move would carry broad market implications, he added.

Kimmell also observed that institutional allocations often begin small, typically around 1% of a portfolio, before potentially increasing to 3–5% as market confidence and regulatory clarity grow.

For investors seeking indirect exposure, bitcoin mining equities have become increasingly attractive. Alongside rising bitcoin prices, miners have also benefited from the broader boom in artificial intelligence (AI) infrastructure and data center demand. “Under the hood, they're professional data center businesses that have specialized in operating data centers and procuring cheap electricity,” Kimmell said.

CoinShares offers products that give exposure to both bitcoin and the mining sector. The CoinShares Valkyrie Bitcoin Fund (BRRR) provides physically backed bitcoin access through traditional brokerage accounts, with custody handled by Coinbase, BitGo, and Komainu. The CoinShares Valkyrie Bitcoin Miners ETF (WGMI), meanwhile, invests in North American mining companies and related infrastructure but does not hold bitcoin directly.

With management fees of 0.25% for BRRR and an expense ratio of 0.75% for WGMI, both funds offer structured access to a sector shaped by institutional adoption, macro trends, and evolving regulatory standards.