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2027 BITCOIN LONG-TERM CAPITAL MARKET ASSUMPTIONS

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Executive Summary

Bitcoin had a volatile year. Its 53% drawdown from its October 2025 high to its June 2026 low was painful. However, its performance still fit within our expectations for its long-term returns, and its decline was significantly shallower than past peak-to-trough cyclical drawdowns (which average more than 80%). We see this as the mark of a maturing asset with broadening institutional support. Look past the price volatility, and the year was one of steady progress: The regulatory environment matured, institutional adoption continued, and the global market for store-of-value assets grew.

We expect the next 10 years will be a strong decade for bitcoin, driven by the confluence of three factors:



Bitcoin's continued emergence as an institutional asset, which should generate consistent net inflows into the asset over time.



Rising demand among institutional investors for hard-asset exposure as a hedge against inflation and debasement risk, particularly in the face of mounting sovereign debt loads.



The extremely limited and inelastic new supply of bitcoin.

Taken together, these factors lead us to forecast that bitcoin will be the best-performing major institutional asset over the next decade, with the price rising to \$1.6 million by 2036, indicating a 10-year compound annual growth rate of 34.3%. That is a higher growth rate than we forecast last year (28.3%), when we projected bitcoin would rise to \$1.3 million by 2035. The increase reflects the continued expansion of the core markets that bitcoin serves, including the store-of-value and institutional investment markets, and our increased confidence in bitcoin's long-term trajectory.

We believe bitcoin will continue to exhibit low to moderate correlations to stocks, bonds, and all other major asset categories. We expect it to remain volatile, but with its volatility continuing to decline, as it has for the past 15 years. And while we believe that the strength of bitcoin's historic "four-year cycle" will ebb as its investor base broadens, we caution that bitcoin is still subject to significant drawdowns and remains a cyclical asset. The biggest long-term risks to our forecast are technological disruption, including from quantum computing or AI-driven mathematical advances, and regulatory and governmental risks.

This report lays out the data behind each of these conclusions. We hope you find it useful. If you would like to discuss these capital market assumptions with the Bitwise Research team—or our views on other crypto investment opportunities beyond bitcoin—please don't hesitate to reach out.



Matt Hougan

Chief Investment Officer
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Macroeconomic Assumptions

Bitcoin is first and foremost a macroeconomic asset. As such, macroeconomic conditions are critical to our long-term capital market assumptions.

Specifically, bitcoin is often considered a digital store of value, or “digital gold.” While it has many other uses—and we expect certain payment-related uses to gain traction within the next decade—its role as “digital gold” is central to its investment thesis.

In this regard, the most important macroeconomic factors to consider are those related to debt, deficits, and fiat currency debasement, as well as the role of the U.S. dollar as the world’s dominant reserve currency, since these play a role in institutional demand for gold-like assets.

We believe these macroeconomic trends are easy to forecast. Major countries, including the U.S., are likely to continue accumulating debt at an accelerating rate, with rising debt burdens putting greater strain on their economies. As the investment strategist Lyn Alden says, “Nothing stops this train.”

Further, we think these trends may be approaching a tipping point, as evidenced by the sharp uptick in global sovereign bond yields throughout 2026. Absent harsh austerity measures, for which there is no apparent political support, we believe many major Western democracies have passed a point of no return where high debt loads and the resulting interest rate payments create a debt flywheel that is difficult to escape.

Over the next 10 years, we expect governments to respond to rising debt loads by debasing their currencies. As the legendary hedge fund investor Ray Dalio wrote in June 2025:

“When countries have too much debt, lowering interest rates and devaluing the currency that the debt is denominated in is the preferred path government policy makers are most likely to take, so it pays to bet on that happening.”¹

In such a scenario, hard assets like bitcoin are likely to become a critical component of investor portfolios.

U.S. Debt Is Rising Quickly

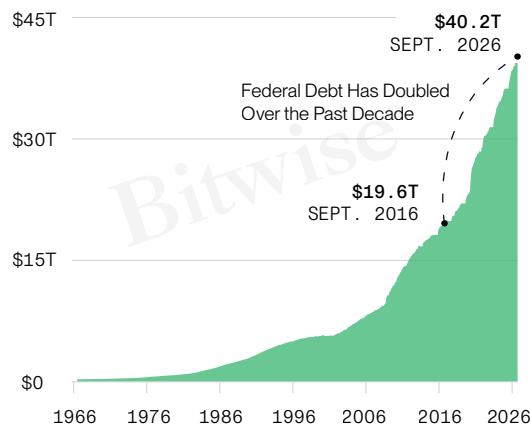
The U.S. turned 250 this year, a milestone that warrants reflection. Unfortunately, that reflection dims when you consider the fiscal realities.

Here are five shocking facts about U.S. debt after 250 years:

1. From 1776 to 1976, the U.S. accumulated \$650 billion in debt. Today, that number is \$40.2 trillion.
2. Half of all U.S. debt was accumulated in the past 10 years.
3. U.S. debt is now more than \$127,000 per citizen.
4. U.S. debt stands at 121% of gross domestic product (GDP).
5. Interest payments on U.S. debt are \$1.1 trillion per year, the third-largest line item in the U.S. budget. If the U.S. refinanced its debt at prevailing rates, payments would rise close to \$1.5 trillion per year.

With U.S. Federal Debt Above \$40 Trillion, Interest Payments Are \$1.1 Trillion Per Year

Total U.S. Federal Debt (USD Trillions)



Source: Bitwise Asset Management with data from the U.S. Department of the Treasury. Data from January 1, 1966 to September 30, 2026.

(1) <https://x.com/RayDalio/status/1940070268249985111>

It Keeps Getting Worse

Current government spending is making the situation worse. The U.S. ran a \$2.0 trillion deficit during the 2026 fiscal year, which ended in September. That is \$218 billion more than the year before, and \$140 billion more than the Congressional Budget Office itself projected in February.

This is surprising to many given that the current U.S. administration was elected with a mandate to, among other things, reduce government spending. In early 2025, President Trump appointed Elon Musk to lead a new entity called the Department of Government Efficiency (DOGE), which promised to cut \$2 trillion of government spending. Meanwhile, in Congress, deficit hawks talked about reducing U.S. annual deficits from the current levels of more than 6% of GDP to 3% or less.

None of this happened. In less than a year, DOGE quietly wound down after claiming just \$215 billion in cuts, about 10% of its target. Meanwhile, U.S. government spending hit a record \$7.4 trillion in fiscal 2026, and the deficit rose to 6.2% of GDP.

All of this is coming during a period of strong economic growth, when deficits should be low. It's even more unnerving to imagine what the deficit would be if the U.S. economy were to enter a recession.

Despite Promises, U.S. Government Spending Continues To Set New Highs

Total U.S. Treasury Outlays by Fiscal Year Since 2016 (USD Trillions)



Source: Bitwise Asset Management with data from the U.S. Department of the Treasury. Data as of September 30, 2026.
Note: Fiscal years run from October 1 to September 30.

It's Not Just the U.S.

The U.S. is not the only country facing rising debt burdens. Around the world, countries with strong social safety nets are struggling under ever-increasing debt loads. The table below examines the most recent debt, debt-to-GDP, and annual deficit figures for the G10 countries, as well as the yield on their 10-year debt and the change in that yield on a year-over-year basis.

Markets Are Demanding Higher Interest Rates To Finance Growing Debt Loads

Debt, Debt-to-GDP, Deficits, and 10-Year Bond Yields of the G10 Countries

Country	Debt (USD billions)	Debt-to-GDP	Deficit (USD billions)	Deficit (% of GDP)	10-Year Yield	YoY Change in 10-Year Yield (bps)
Japan	\$9,118.84	204.78%	\$31.58	0.71%	3.07%	+142
Italy	\$3,496.32	137.10%	\$78.35	3.07%	4.61%	+108
United States	\$38,384.28	124.38%	\$2,178.09	7.06%	5.28%	+113
France	\$3,908.05	115.53%	\$171.32	5.06%	4.86%	+132
Canada	\$2,636.47	113.58%	\$38.67	1.67%	3.99%	+81
Belgium	\$782.03	107.86%	\$37.52	5.17%	4.36%	+110
United Kingdom	\$4,094.70	102.06%	\$211.43	5.27%	5.42%	+73
Germany	\$3,205.34	62.66%	\$149.19	2.92%	3.59%	+88
Netherlands	\$591.26	44.72%	\$21.34	1.61%	3.68%	+82
Switzerland	\$424.90	40.06%	(\$2.47)	(0.23%)	0.58%	+36
Sweden	\$233.73	34.55%	\$8.72	1.29%	3.25%	+54

Source: Bitwise Asset Management with data from the International Monetary Fund (IMF) (World Economic Outlook, October 2026), Bloomberg, Ministry of Finance Japan, Bank of England, Deutsche Bundesbank, Banque de France, Bank of Canada, National Bank of Belgium, Sveriges Riksbank, and Swiss National Bank. Debt, debt-to-GDP, and deficit are for calendar year 2025. Yields as of September 30, 2026; change is versus September 30, 2025.

Note: Debt is general government gross debt and deficit is general government net borrowing (all levels of government), as defined by the IMF. U.S. dollar amounts are the IMF ratio multiplied by IMF GDP in current U.S. dollars. The U.S. debt and debt-to-GDP figures differ from the \$40.2 trillion and 121% cited above mainly because the IMF figures are as of year-end 2025. The IMF figure also covers federal, state, and local government and nets out debt held within government, such as Treasury securities held by the Social Security trust funds. Japan's 2025 debt and deficit are IMF estimates. Parentheses denote a surplus.

The Rising Demand for Hard Assets

Investors have recognized this change and have increasingly sought a safe haven in hard assets. Since 2020, bitcoin and gold have been the two best-performing major assets in the world.

This strong performance reveals an important point: The market does not need to enter hyperinflation or any sort of extreme outcome for hard assets to perform well. A continuation of the conditions we've seen since the start of Covid-19 is sufficient. Investors are already responding to market developments by shifting their portfolio allocations toward hard assets.

The analysis in this paper assumes only that recent trends continue; it does not assume that the market will slip into hyperinflation or any other extreme scenario.

Bitcoin's 1,069% Return Makes It the Best-Performing Major Asset Since 2020

Performance of Bitcoin vs. Major Asset Classes Since 2020

Asset	Cumulative Return	Compound Annual Growth Rate (CAGR)
Bitcoin	1,069.01%	43.95%
Gold	174.01%	16.11%
U.S. Equities	161.85%	15.33%
Commodities	148.09%	14.41%
Private Equity	70.58%	8.23%
Hedge Funds	68.78%	8.06%
Real Estate	40.37%	5.15%
Private Credit	26.69%	3.57%
U.S. Bonds	2.46%	0.36%

Source: Bitwise Asset Management with data from Bloomberg and PivotalPath. Data from January 1, 2020, to September 30, 2026.

Note: Asset classes are represented by the following. Bitcoin: Bitcoin spot price. Commodities: Deutsche Bank DBIQ Optimum Yield Diversified Commodity Index Total Return. Gold: Gold spot price. Hedge Funds: PivotalPath Composite Hedge Fund Index. Private Credit: Indxx Private Credit Index. Private Equity: S&P Listed Private Equity Total Return Index. Real Estate: MSCI U.S. REIT Gross Total Return Index. U.S. Bonds: FTSE US Broad Investment-Grade Bond Index. U.S. Equities: S&P 500 Total Return Index.

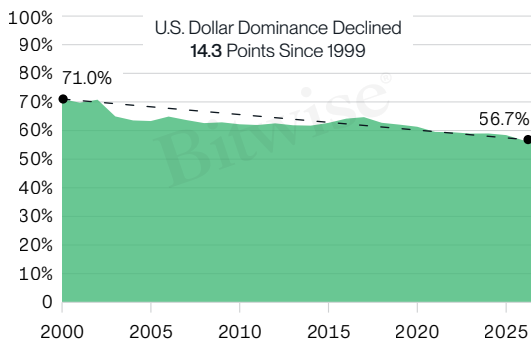
Reserve Assets, Central Bank Purchases, and a Changing Global Order

The other big macroeconomic trend worth monitoring over the coming decade is the shifting role of the U.S. dollar as the world's dominant reserve currency.

Data suggests that dollar dominance is weakening. This shows up in the dollar's declining share of global central bank reserves and in recent central bank purchases of alternative assets (primarily gold).

U.S. Dollar Dominance Continues To Fall

U.S. Dollar's Share of Global Foreign Exchange Reserves



Source: Bitwise Asset Management with data from IMF.
Data as of June 30, 2026.

The chart below shows that central bank purchases of gold ramped to a new all-time high of \$96 billion (on a dollar basis) in 2025. This is more than four times the level of a decade ago and a 14% increase since 2024. The pace of gold purchases by central banks appears to be accelerating.

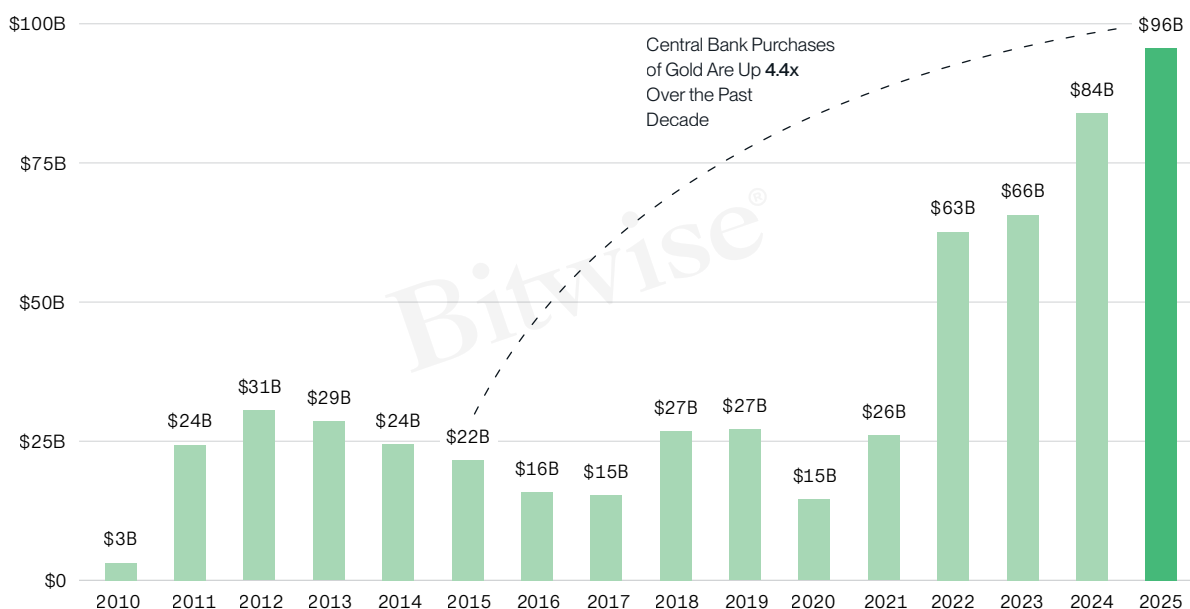
At the same time, more than a dozen countries, including the U.S., now hold bitcoin reserves. In the past year, bitcoin made slow but steady progress toward attracting additional sovereign support:

- In November 2025, the Czech National Bank became the first European central bank to buy bitcoin, with a \$1 million “test portfolio.” In April 2026, the governor of the bank said its own study found that a 1% allocation would boost expected returns on its \$180 billion portfolio without adding risk. He called bitcoin “the future.”
- In October 2025, Luxembourg became the first Euro-zone sovereign wealth fund to hold bitcoin, putting 1% of its portfolio into bitcoin ETFs.
- Deutsche Bank published research arguing that both bitcoin and gold are “the future of central bank reserves,” and that both will likely sit on central bank balance sheets by 2030.

These are small steps—but steps indeed—toward the normalization of bitcoin in central bank reserve assets. They remind us of the early acceptance bitcoin saw from wealth managers and financial advisors five years ago.

Central Banks Have Been Buying Gold at Record Levels

Annual Net Gold Purchases by Central Banks Since 2010 (USD billions)



Source: Bitwise Asset Management with data from the World Gold Council and Bloomberg. Data as of December 31, 2025.

Note: Dollar values use the average daily gold spot price multiplied by each year's net purchases in tonnes.

Regulatory Assumptions

The global regulatory outlook for crypto continues to improve.

The 2024 U.S. election replaced an aggressively anti-crypto administration with an openly pro-crypto administration, and led to changes in the leadership of key agencies like the Securities and Exchange Commission (SEC), Office of the Comptroller of the Currency (OCC), Commodity Futures Trading Commission (CFTC), and U.S. Treasury Department. In the past year, those regulatory agencies have advanced multiple pro-crypto policies, strengthening the regulatory safeguards that help institutional investors gain comfort with allocating to the asset class.

The trend is not limited to the U.S. We've seen positive developments in multiple regions, albeit at different paces, including the Middle East, Hong Kong, the United Kingdom, and others.

We believe this trend will continue for the foreseeable future.

As the table below illustrates, nearly every major financial institution in the U.S. has launched a significant crypto initiative. If BlackRock, JPMorgan, and Morgan Stanley are meaningfully invested in crypto—along with thousands of American companies and tens of millions of Americans—it becomes increasingly hard to imagine politicians reversing course.

One point worth acknowledging: Crypto did not have a perfect 2026 from a regulatory perspective. The Clarity Act, a much-anticipated and important piece of crypto legislation in the U.S., failed to advance in Congress due in large part to Democrats' concerns about the strength of ethics provisions in the bill. The Clarity Act's failure, especially on such a strongly partisan basis, opens the door to future regulatory risk.

Institutional Crypto Adoption Is on the Rise

Crypto Adoption by Institutions

● Ongoing Institutional Activity and Adoption

○ New Activity Since September 30, 2025

	Crypto Trading and Custody*	Private Crypto Funds	Crypto ETPs	Crypto-Enabled Payments	Tokenization
Bank of America			●		
BlackRock	●	●	●		●
BNY Mellon	●		●	○	●
Cboe	●		●		
Charles Schwab	●		●		
Citi			○	●	●
CME	●				●
DBS	●		○	●	●
Deutsche Bank	●		●	●	●
Deutsche Börse	●		●	●	○
Fidelity	●	●	●		●
Franklin Templeton	●	●	●		●
Goldman Sachs	●	○	●		●
HSBC	●		●	●	●
Interactive Brokers	●		●	○	
JPMorgan Chase	●	●	●	●	●
London Stock Exchange	●		●		●
Mastercard				●	○
Morgan Stanley		●	●		
Société Générale	●		○	○	●
UBS	●		●	○	●
Visa				●	●
Wells Fargo		●	●		

Source: Bitwise Asset Management with data from company filings and presentations. Data as of September 30, 2026.

* "Crypto Trading and Custody" includes the trading of crypto spot, futures, and derivatives products.

Bitcoin Capital Market Assumptions

Return Assumptions

We believe that bitcoin will be the best-performing major asset in the world over the next decade, posting a compound annual growth rate (CAGR) of 34.3%.

Our thesis is driven by three primary factors.

1) INSTITUTIONAL DEMAND

Bitcoin is rare among investment assets in that its emergence was led by retail investors. Most other established assets—private equity, private credit, etc.—were initially embraced primarily by institutional investors, with retail investors taking interest later in the assets' development.

When combined with bitcoin's strict scarcity (there will only ever be 21 million bitcoin), bitcoin's retail-first nature has created a unique situation: Nearly 96% of all the bitcoin that will ever exist is already owned—primarily by retail investors—while most institutional investors have a 0% allocation.

According to Boston Consulting Group, institutional investors control roughly \$147 trillion in total assets.² In the coming decade, we believe these investors will allocate between 1% and 5% of their portfolios to bitcoin, meaning they will need to buy \$1.5 trillion to \$7.4 trillion of bitcoin. Currently, the bitcoin blockchain only produces about \$14 billion in new bitcoin per year, creating a significant mismatch between new supply and anticipated demand that we believe will be resolved by higher prices.

Institutional inflows have already begun: U.S. spot Bitcoin ETPs now hold \$108 billion in assets less than three years after their launch, much of which has been driven by institutional demand. We expect this to accelerate in 2027 and beyond. Importantly, spot bitcoin ETFs have received approval on several of the largest wealth management platforms in 2026, which will be supportive to flows.

2) LIMITED SUPPLY

As noted above, bitcoin's supply is strictly limited to 21 million bitcoin. In addition, the vast majority of this bitcoin is already owned, with 20.1 million bitcoin (95.7%) already in circulation.

Bitcoin's annual inflation rate is just 0.8%, and it will fall to 0.4% in 2028 and 0.2% in 2032 (based on the predetermined issuance schedule, which cuts new issuance in half roughly every four years). By comparison, the annual inflation rate of gold hovers near 2%.

Importantly, bitcoin's supply is inelastic: No amount of demand for bitcoin or change in its price will cause more bitcoin to be produced, unlike gold, oil, or other major commodities.

The collision of large institutional demand with limited, inelastic supply provides a simple economics-driven rationale for our bullish thesis.

3) RISING CONCERN ABOUT FIAT DEBASEMENT

The backdrop for rising institutional demand is the increasing global concern about debt, deficits, and fiat debasement, and a resulting scramble for alternative exposures to hedge fiat risk.

As the legendary hedge fund investor Paul Tudor Jones wrote in a 2020 essay titled "The Great Monetary Inflation," which advocated for the purchase of a basket of hard assets, "The best profit-maximizing strategy is to own the fastest horse. If I am forced to forecast, my bet is it will be bitcoin."³

As mentioned earlier, the temptation to debase currencies is growing. Many countries are facing the pressure of rising debt levels and are being forced to pay higher interest rates to refinance their debt. The U.S. federal debt has increased by \$11.7 trillion over the past five years and now stands at \$40.2 trillion. Annual interest payments on that debt are now \$1.1 trillion, the third-largest line item in the U.S. budget.⁴

The combination of these three factors—institutional demand, limited supply, and rising concerns about fiat debasement—allows bitcoin investors to benefit twice: first when bitcoin earns an increasing share of the store-of-value market, and second as the size of that market grows.

FORECASTING THE MARKET OPPORTUNITY

Models for forecasting the future value of bitcoin are new and evolving. The academic literature is limited, and there is no consensus on the best approach.

Our preferred long-term valuation model is a Total Addressable Market (TAM) model, which aims to estimate the future size of the markets bitcoin can serve along with its estimated future penetration into those markets. Given bitcoin's fixed long-term supply, this model allows us to estimate the future value of the asset.

(2) Boston Consulting Group, "Global Asset Management 2026: An Imperative for Growth and the New Economics of Asset Management."

(3) Paul Jones and Lorenzo Giorgianni, "Market Outlook – Macro Perspective: The Great Monetary Inflation," May 2020.

(4) Congressional Budget Office, "Monthly Budget Review: September 2026," October 2026.

THE BITWISE BITCOIN VALUATION MODEL

We believe bitcoin has the ability to compete in multiple markets. This includes the market for non-sovereign stores of value like gold, but also the corporate treasury market, the national treasury market, and others.

The table below highlights the forecasted size of each market in 2036 and our expectations for bitcoin's penetration of that market at that time, using bear, base, and bull scenarios to provide context.

To be on the conservative side, we use bitcoin's full long-term supply of 21 million when calculating its future price at different penetration rates, even though not all of that supply will be circulating in 2036 (and a significant portion is assumed to be lost).

An important input in this model is our projection of the size of each market category in 2036. In cases where historical data is available, we've arrived at that estimate by examining the historical growth rate of assets in this category over the past decade and then continuing that growth rate for 10 years into the future. Notably, even relatively slow growth

rates compound significantly over a decade. For instance, we project that institutional investment assets will more than double in size despite a relatively modest historical compound annual growth rate (CAGR) of 7.5%.

Readers may also note that the store of value market grows significantly in our model, from \$31 trillion to \$110 trillion. This reflects a continuation of this market's growth rate over the last 10 years. In our view, given that we expect the next decade to bring rising concerns about fiat debasement (and therefore rising interest in fiat hedges), this estimate could turn out to be very conservative.

We cannot find accurate historical estimates of the size of the offshore wealth market. As a result, we have applied a simple 3.0% CAGR to that market.

For the purposes of our long-term capital market assumptions, we rely on the base case scenario, which we consider the most likely outcome. We include bear and bull scenarios to reflect uncertainty in the market.

Bitcoin's Projected Annual Growth Rate of 34.3% Puts It at \$1.6 Million in 2036

Bitwise's Bitcoin Valuation Framework

Potential Addressable Markets	Current Market Size (USD trillions)	Projected CAGR	Projected Market Size in 2036 (USD trillions)	Penetration Rate Assumptions		
				Bear	Base	Bull
Institutional Investment Assets*	\$139.7	7.5%	\$303.5	0.0%	1.0%	5.0%
Emerging Market Currencies	\$64.7	8.5%	\$146.1	0.0%	1.0%	2.5%
Store of Value (Gold, Bitcoin)	\$31.1	14.1%	\$109.8	2.5%	25.0%	50.0%
Offshore Wealth	\$13.0	3.0%	\$19.0	0.0%	5.0%	10.0%
National Treasury Reserves	\$14.2	2.3%	\$18.1	0.0%	2.5%	5.0%
U.S. Corporate Treasuries	\$5.4	5.0%	\$8.9	0.0%	2.5%	5.0%
Global Remittances	\$0.7	5.2%	\$1.3	0.0%	2.5%	5.0%
BTC — Current Price				\$83,557	\$83,557	\$83,557
BTC — 2036 Price Target				\$130,686	\$1,599,766	\$3,667,911
BTC — 2036 Projected CAGR				4.6%	34.3%	46.0%

Source: Bitwise Asset Management with data from Bloomberg, IMF, IFAD, BCG, World Gold Council, Board of Governors of the Federal Reserve System, and EU Tax Observatory. Bitcoin price as of September 30, 2026. The as-of dates for current market sizes vary, resulting in different CAGR time periods for 2036 projections.

Bitcoin valuation framework and price targets are for illustrative purposes and are not a prediction of future results. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results.

* To account for gold already held by institutional investors, this analysis removed 5% of Institutional Investment Assets, bringing "Current Market Size" to \$139.7 trillion instead of the full \$147 trillion estimated by BCG.

FORECAST

Our base case forecasts a 2036 value of \$1,599,766 per bitcoin, representing a 34.3% CAGR from current levels. This is significantly below bitcoin's historical 10-year CAGR of 63.5% but remains high compared to Wall Street forecasts for traditional assets like stocks, bonds, real estate, and other assets.

We'd note that our forecast aligns with the estimates of other leading crypto analysts, including Alliance Bernstein (which projects bitcoin to cross \$1.0 million by 2033) and Standard Chartered (which projects bitcoin to cross \$0.5 million by 2030). Our forecast is more conservative than estimates from ARK Invest (roughly \$1.2 million in its bull case by 2030) and Strategy's Michael Saylor (\$21.0 million by 2046).

SIDEBAR

Why does bitcoin have value?

A common question critics ask about bitcoin is: Why does it have any value? After all, bitcoin does not generate cash flows.

In our view, the answer is simple.

We think of bitcoin as providing a service:

The ability to store wealth in a digital format without relying on a bank or a government.

The more people who want this service, the more valuable bitcoin becomes. The fewer people who want this service, the less valuable bitcoin becomes. If no one wants this service, the value of bitcoin is zero.

This is no different from any other service.

The difference lies in how that value accrues. In the case of a traditional software provider, users who want its service pay an annual subscription fee to the company. With bitcoin, you can't pay a subscription fee. After all, there is no "Bitcoin Company." Instead, the only way to get the service is to buy bitcoin. If you buy bitcoin, you get the service—the ability to store wealth in a digital format without a bank.

Right now, more and more people want bitcoin's service. That's what has made it the best-performing asset of the past decade.

We think even more people will want this service in the future as bitcoin continues to mature and demand grows for non-fiat assets. We're optimistic about what this means for bitcoin's future price.

Correlation Assumptions

Over the last 10 years, bitcoin's average correlation to other major asset classes has been low, as shown below.

Bitcoin Has Exhibited Low Correlation to Major Asset Classes Over the Past Decade

Bitcoin's 10-Year Average Correlation to Other Assets

Asset	10-Year Avg. Correlation to Bitcoin
Commodities	0.10
Gold	0.11
Hedge Funds	0.34
Private Credit	0.19
Private Equity	0.22
Real Estate	0.14
U.S. Bonds	0.02
U.S. Equities	0.25

Source: Bitwise Asset Management with data from Bloomberg and PivotalPath. Data from September 30, 2016, to September 30, 2026. Figures are the average of bitcoin's 90-day rolling correlation of daily returns over the period. Hedge Funds uses the average of the 36-month rolling correlation of monthly returns because the PivotalPath Composite Hedge Fund Index is published monthly.

Note: Asset classes are represented by the following. Bitcoin: Bitcoin spot price. Commodities: Deutsche Bank DBIQ Optimum Yield Diversified Commodity Index Total Return. Gold: Gold spot price. Hedge Funds: PivotalPath Composite Hedge Fund Index. Private Credit: Indxx Private Credit Index. Private Equity: S&P Listed Private Equity Total Return Index. Real Estate: MSCI U.S. REIT Gross Total Return Index. U.S. Bonds: FTSE US Broad Investment-Grade Bond Index. U.S. Equities: S&P 500 Total Return Index.

A close examination of this correlation over time is telling. The next page shows bitcoin's rolling 90-day correlation with U.S. equities since the inception of bitcoin trading. It demonstrates that bitcoin's correlation to U.S. equities has rarely been above 0.50. In fact, despite its reputation as a risk asset, it has never had a 90-day correlation with U.S. equities that qualified as "high" (i.e., over 0.75).

This fact often surprises people, as media reports regularly describe bitcoin as a "risk asset" with "high correlations to stocks." Some even think of it as a "high-beta tech play." These perceptions stem from the fact that bitcoin can have high correlations to stocks during short-lived and sharply negative downturns, which is when the media tends to write stories about bitcoin and correlations.

Still, it is worth noting that bitcoin's correlation to equities has been drifting upward in recent years. We believe that this is a natural part of a maturing asset. As bitcoin is adopted by a wider array of traditional investors, it is likely to see its correlation with other assets drift slightly higher into the low-to-medium range (close to where it stands today).

CORRELATION TO OTHER ASSETS

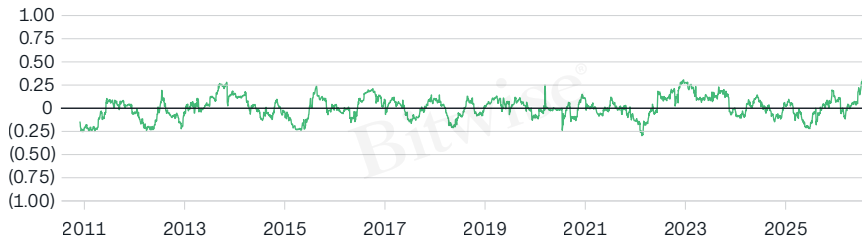
Since its inception, bitcoin's average correlation to bonds has been approximately 0.00, almost exclusively hovering within the -0.25 to 0.25 band.

This is both intuitive and powerful. It's intuitive because bitcoin is driven by different factors than bonds (more on that below). But it's powerful because it means bitcoin offers a potential diversification tool when mixed with bonds in a portfolio.

Bitcoin also exhibits low correlations to broad-based commodity, real estate, private equity, and private credit indexes.

Of note, bitcoin has recently shown significantly higher correlations to gold, hitting an all-time record high of 0.58 on September 11, 2026. We would expect this relationship to persist and deepen over time as awareness of bitcoin's store-of-value properties continues to grow.

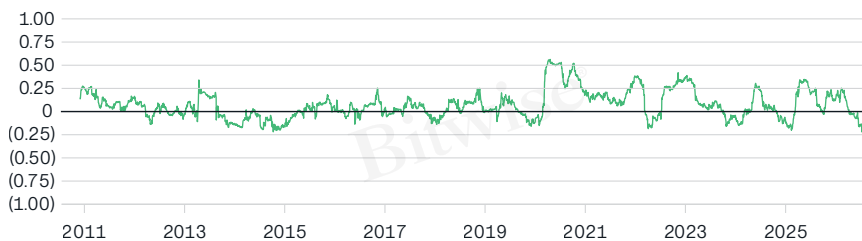
Bitcoin's Correlation to U.S. Bonds (90-Day Rolling)



Source: Bitwise Asset Management with data from Bloomberg. Data from July 19, 2010, to September 30, 2026. U.S. Bonds are represented by the FTSE US Broad Investment-Grade Bond Index.

Note: Correlation between -0.5 and 0.5 is traditionally defined as "low" or "no" correlation.

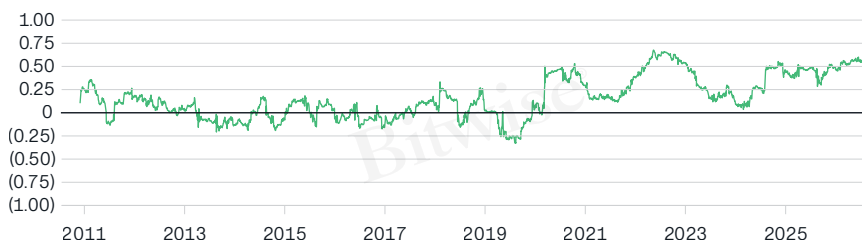
Bitcoin's Correlation to Commodities (90-Day Rolling)



Source: Bitwise Asset Management with data from Bloomberg. Data from July 19, 2010, to September 30, 2026. Commodities are represented by the Deutsche Bank DBIQ Optimum Yield Diversified Commodity Index Total Return.

Note: Correlation between -0.5 and 0.5 is traditionally defined as "low" or "no" correlation.

Bitcoin's Correlation to U.S. Equities (90-Day Rolling)



Source: Bitwise Asset Management with data from Bloomberg. Data from July 19, 2010, to September 30, 2026. U.S. Equities are represented by the S&P 500 Total Return Index.

Note: Correlation between -0.5 and 0.5 is traditionally defined as "low" or "no" correlation.

Bitcoin's Correlation to Gold (90-Day Rolling)



Source: Bitwise Asset Management with data from Bloomberg. Data from July 19, 2010, to September 30, 2026. Gold is represented by the gold spot price.

Note: Correlation between -0.5 and 0.5 is traditionally defined as "low" or "no" correlation.

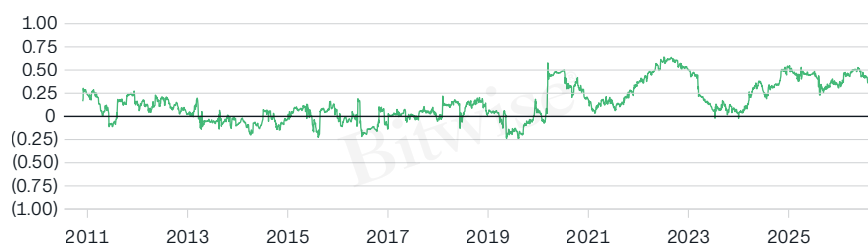
Bitcoin's Correlation to Private Credit (90-Day Rolling)



Source: Bitwise Asset Management with data from Bloomberg. Data from September 2, 2013, to September 30, 2026. Private Credit is represented by the Indxx Private Credit Index.

Note: Correlation between -0.5 and 0.5 is traditionally defined as "low" or "no" correlation.

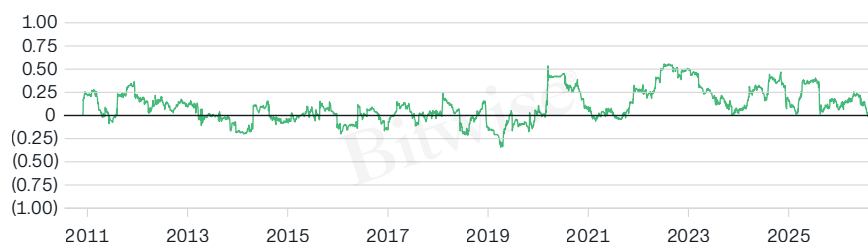
Bitcoin's Correlation to Private Equity (90-Day Rolling)



Source: Bitwise Asset Management with data from Bloomberg. Data from July 19, 2010, to September 30, 2026. Private Equity is represented by the S&P Listed Private Equity Total Return Index.

Note: Correlation between -0.5 and 0.5 is traditionally defined as "low" or "no" correlation.

Bitcoin's Correlation to Real Estate (90-Day Rolling)



Source: Bitwise Asset Management with data from Bloomberg. Data from July 19, 2010, to September 30, 2026. Real Estate is represented by the MSCI U.S. REIT Gross Total Return Index.

Note: Correlation between -0.5 and 0.5 is traditionally defined as "low" or "no" correlation.

THE DRIVERS OF BITCOIN'S LOW CORRELATIONS TO OTHER ASSETS

We believe that bitcoin has low long-term correlations to stocks and bonds for two reasons.

1) A ONE-TIME SECULAR TREND

The first is that bitcoin is going through a one-time maturation process from a largely unknown and unproven niche asset to a widely held alternative asset. This transition involves millions of investors making their first-ever investment into bitcoin, providing asymmetrically skewed inflows that are different from the two-way flows that impact most other mature assets. This effect will likely diminish over time but is an important driver of bitcoin's unique return profile.

2) DIFFERENT DRIVING FACTORS

Bitcoin is driven by different factors than stocks, bonds, and other assets. While stocks and bonds are driven chiefly by factors such as economic growth, tax rates, geopolitical developments, and technological progress, bitcoin is driven by additional factors: adoption rates, regulatory advances, and worries about fiat debasement, among others. Given the variance in their performance drivers, you would generally expect bitcoin to have different return patterns than stocks and bonds.

We believe that both of these factors will persist. As a result, over the next decade we expect to see bitcoin's correlation to stocks and bonds generally reside in the low range, between 0.00 and 0.50.

We'd note that bitcoin has had a higher correlation to stocks in the post-Covid era, which we attribute to the rising influence of monetary and fiscal policy on stocks and bonds. Since we expect this trend to continue to a degree, we are overweighting the impact of recent correlation trends in our correlation forecast using a tiered weighting methodology. Using this measure, we expect bitcoin's average correlation to U.S. equities over the next 10 years to be 0.43.

Using the same methodology, we expect bitcoin's correlation to U.S. bonds to be 0.05, gold 0.21, real estate 0.18, commodities 0.02, private equity 0.39, private credit 0.30, and hedge funds 0.19.

Volatility Assumptions

Bitcoin's volatility has been declining for the past decade—as has the volatility of its volatility. The chart below illustrates both the downward trajectory of volatility and its tighter banding as time progresses.

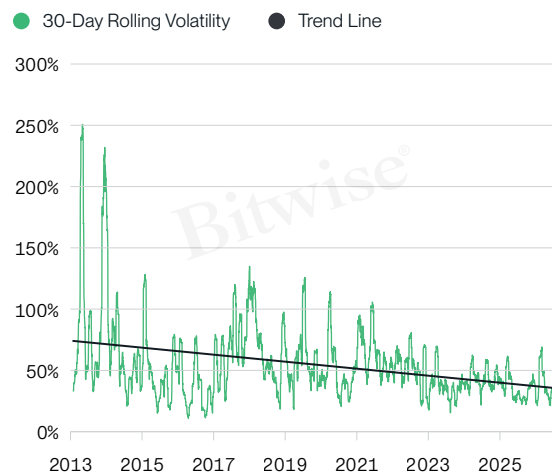
We believe this reflects the fundamental derisking of bitcoin as an investment over the past 10 years, as well as the diversification of its investor base. We expect that both of these trends will endure for the next decade, and therefore that bitcoin's volatility (and its second-order volatility) will continue to decline as well. The recent market pullback—where bitcoin bottomed 53% below its previous all-time high vs. historical cyclical pullbacks of 75% or more—is further evidence of this trend.

Our model assumes, however, that the rate of decline in bitcoin's volatility will diminish by 50% compared to the historical trend. This reflects our view that some of the most fundamental challenges to bitcoin have been significantly derisked already, including risks related to regulation, adoption, custody, liquidity, and more. With less risk to remove from the market, it makes sense to expect a slower rate of decline for bitcoin's volatility.

For modeling purposes, we use a single volatility figure for the full 10-year period: 27.8%, the midpoint between the current level and the level we expect to see in 2036. In practice, volatility will likely be generally higher than this in the near term and lower in later years, when bitcoin is even more established in the marketplace.

Bitcoin's Volatility Continues To Fall Over Time

Bitcoin's Historical Volatility



Source: Bitwise Asset Management. Data from January 1, 2013, to September 30, 2026.

Cycle Assumptions

Bitcoin has historically moved in a four-year cycle, with three significant “up” years followed by a sharp “down” year. In a strict calendar sense, this pattern broke in 2025, when bitcoin posted a -6% return for the year.

The “break,” however, was largely superficial; by most common-sense measures, the four-year cycle repeated. After nearly three years of strong performance when bitcoin price rose 696%, it peaked on October 6, 2025, at \$126,080, and proceeded to fall sharply through June 30, 2026, when it hit \$58,717. This 53.4% drawdown looked and felt like a classic cyclical retracement.

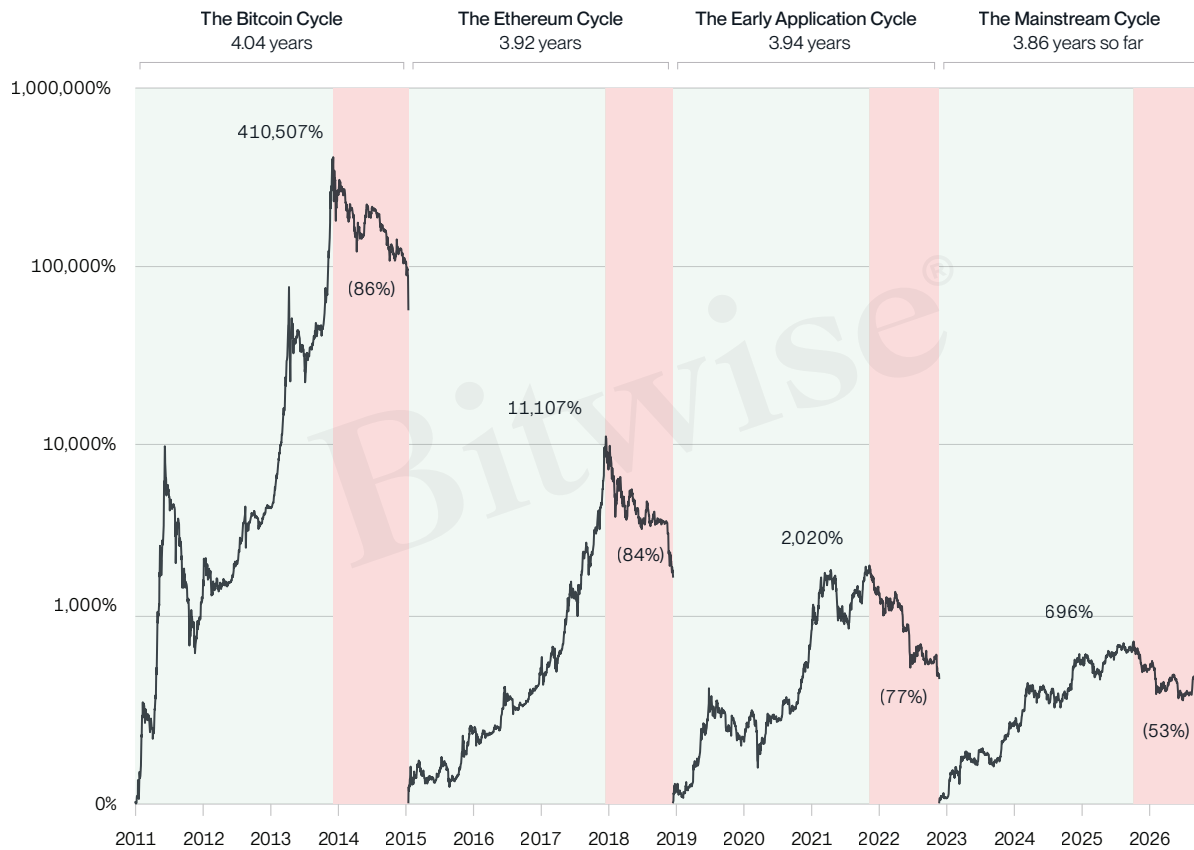
One thing that is different from this cycle, however, is its scale. If the June 30, 2026, low holds, this would be the shallowest cyclical retracement on record. Measured from peak-to-trough (rather than by calendar year), the previous major cycle retracements saw bitcoin fall 86%, 84%, and 77%, respectively.

We think this would be an enormously important development. It would reinforce that bitcoin is slowly maturing and taking on the characteristics of a true institutional asset. More investors will likely be interested in the asset if its expected maximum drawdown is falling over time.

It's not clear to us whether the four-year cycle will continue. While the fundamental forces that have historically contributed to the four-year cycle are diminishing over time, the cycle concept remains embedded in investor psychology. Our base case is that the pattern will weaken, though not completely dissipate, in the future.

Bitcoin Has Historically Moved in Four-Year Cycles

Bitcoin Bull and Bear Market Returns by Cycle (Log Scale)



Source: Bitwise Asset Management. Data from December 31, 2010, to September 30, 2026.

Note: Cycle start and end dates are defined as the lowest daily close between consecutive cycle peaks. Each cycle's return resets to 0% at the cycle start date. The names given to the four-year cycles represent our assessment of the forces that most contributed to bitcoin's performance during that period. Performance information is provided for informational purposes only. Returns reflect the return of bitcoin itself, and not of any fund or account, and do not include any fees. Backward-looking performance cannot predict how any investment strategy will perform in the future. Future crypto cycles may not be four years long; the four-year increment is based on historical data for illustrative purposes and is not a prediction of future results. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events, or a guarantee of future results.

Bitcoin vs. Traditional Assets: Long-Term Capital Market Assumptions

Long-term capital market assumptions are useful for investors because they contribute to the design of effective portfolios. As such, it's important to consider not just the long-term outlook for bitcoin but the relative outlook of other asset classes.

To do this for non-crypto assets, we aggregated and created a simple average of the most recent long-term capital market assumptions from four leading financial institutions: JPMorgan,⁵ PGIM,⁶ BlackRock,⁷ and Vanguard.⁸

It's worth noting that each of these providers makes assumptions using different time periods (between five and 10 years), and they model asset-class returns using different target indexes. For the purposes of creating average forecasts, we've ignored these discrepancies. As such, the table below should be considered an approximate average and not a precise group forecast.

Not surprisingly, the results show bitcoin to be both the highest-performing and most volatile major asset, with low correlations to other assets. This is in line with its historical performance, and what we project to be the likely outcome.

Bitwise Projects Bitcoin Will Be the Best-Performing Asset Over the Next 10 Years

2026 to 2036 Projections: Bitcoin's Annualized Return, Volatility, and Correlation vs. Major Asset Classes.

Asset	Annualized Return	Annualized Volatility	Correlation to Bitcoin
Bitcoin	34 . 3%	27 . 8%	—
Private Equity	10 . 8%	22 . 0%	0 . 39
Private Credit	8 . 1%	11 . 8%	0 . 30
Hedge Funds	7 . 8%	7 . 2%	0 . 19
U.S. Equities	6 . 7%	16 . 9%	0 . 43
Real Estate	6 . 7%	17 . 6%	0 . 18
Gold	5 . 5%	17 . 2%	0 . 21
U.S. Bonds	5 . 0%	5 . 3%	0 . 05
Commodities	4 . 9%	16 . 4%	0 . 02

Source: Bitwise Asset Management. Return and volatility projections for bitcoin are developed by Bitwise. Projections for other asset classes are an average of the estimates in the capital markets reports from JPMorgan, PGIM, BlackRock, and Vanguard, which may be based on differing indexes and date ranges.

Asset classes are represented by the following. Bitcoin: Bitcoin spot price. Commodities: Deutsche Bank DBIQ Optimum Yield Diversified Commodity Index Total Return. Gold: Gold spot price. Hedge Funds: PivotalPath Composite Hedge Fund Index. Private Credit: Indxx Private Credit Index. Private Equity: S&P Listed Private Equity Total Return Index. Real Estate: MSCI U.S. REIT Gross Total Return Index. U.S. Bonds: FTSE US Broad Investment-Grade Bond Index. U.S. Equities: S&P 500 Total Return Index.

Note: Correlation between -0.5 and 0.5 is traditionally defined as "low" or "no" correlation.

(5) John Bilton, Karen Ward, Grace Peters, Addison Muir, "2027 Long-Term Capital Market Assumptions", J.P. Morgan Asset Management, October 19, 2026.

(6) "Capital Market Assumptions," PGIM, December 31, 2025.

(7) "Capital Market Assumptions," BlackRock Investment Institute, August 10, 2026.

(8) "Vanguard Capital Markets Model Forecasts," Vanguard Investment Strategy Group, July 22, 2026.

Risks and Considerations

Bitcoin is a volatile asset with a limited track record. Regulations surrounding it are evolving rapidly, and institutional adoption is still in its early days. The underlying technology supporting bitcoin is relatively new, having only been developed in 2008–09. Together, these and other factors make bitcoin subject to significant risks as an investment. In addition, these and other factors make the process of forecasting future returns, correlations, and volatility inherently uncertain and prone to potential error.

The following are among the key risks to consider.

BITCOIN'S LIMITED TRACK RECORD

Bitcoin was developed in 2008–09 and began trading widely on public exchanges in 2010. The first institutional investment product offering exposure to bitcoin launched in 2014, and spot ETPs tied to bitcoin launched as recently as 2024.

In other words, there is limited data to evaluate when forecasting the future returns, correlations, and volatility of bitcoin. There are additional risks that future returns may not bear a strong resemblance to the past, given the changing nature of the bitcoin market, regulations, and other changes. Analysts studying bitcoin's historical returns can only examine its returns in the macroeconomic conditions that have existed since it launched, and future macroeconomic conditions may not resemble those in the past.

Because of this, investors should carefully consider bitcoin forecasts that rely heavily on historical data. While we have attempted to account for these risks in our analysis, the risks nonetheless persist.

REGULATORY AND LEGISLATIVE RISK

The regulatory and legislative environment surrounding bitcoin is newer and less developed than it is for many other assets, and it is changing rapidly, both in the U.S. and abroad. Large and unexpected developments in bitcoin's regulatory and legislative standing in the U.S. or around the world could significantly change the outlook for bitcoin, either positively or negatively. There is no certainty that the current positive regulatory environment will persist.

INSTITUTIONAL, CORPORATE, AND GOVERNMENT ADOPTION OF BITCOIN ARE NEW TRENDS

Bitcoin began as a predominantly retail-led asset. In recent years, institutions, corporations, and governments have begun to acquire bitcoin, and its future growth prospects rest heavily on continued adoption by these investors. However, this is a relatively new development, and it's not certain that recent adoption trends will persist into the future.

TECHNICAL AND QUANTUM RISK

Bitcoin is a technology, and any technology comes with risk. For the bitcoin blockchain to function well, its underlying source code must be continually updated as the surrounding technological environment changes. There is a risk that bitcoin will not keep up with the times and face either technical challenges or competitive challenges if it fails to do so.

For instance, the core technology behind bitcoin and many bitcoin wallets could be at risk if there are rapid advances in quantum computing—technology that aims to process at exponentially higher rates than today's supercomputers. Even traditional mathematics, accelerated by AI, could pose a threat. At some point in the future, the bitcoin blockchain will likely have to go through a major upgrade to adopt quantum-resistant or new-math-resistant cryptography in order to allay risks in this space. Even if bitcoin succeeds at this upgrade—which is uncertain—individual wallets may be at risk if they do not transfer assets to quantum-resistant or new-math-resistant addresses. Failure to adequately adapt to new advances could expose bitcoin to risk.

While the bitcoin development community has made strides in the past year in addressing these risks, major issues remain unresolved. At the same time, rapid advances in AI capabilities are accelerating the risk of an unexpected breakthrough in cutting-edge mathematics or quantum computing. We remain confident that bitcoin will mitigate these new risks, but there is still work ahead.

OTHER RISKS

There are several other significant risks in bitcoin, including those related to macroeconomic developments, trading, and self-custody. This document is not an attempt to define all of them, but to highlight those that could introduce uncertainty into our capital market assumptions.

Conclusion

In its brief 17-year history, bitcoin has gone from a little-known fringe investment to a \$1.7 trillion asset held and studied by some of the most sophisticated investors in the world. That journey has been marked by exceptional returns, exceptional volatility, and important new questions about its risk-return profile going forward. As institutional investors increasingly weigh the asset's unique characteristics, it has become more critical for these investors to access high-quality data and projections when modeling bitcoin's role in portfolios.

This report provides that foundation.

Developments in the prior year have only deepened our conviction that bitcoin is on the path to becoming a major institutional asset. Our analysis has led us to the following key capital market assumptions about bitcoin over the next decade:

34.3%

PROJECTED ANNUAL GROWTH

Bitcoin will be the best-performing major asset in the world over the next decade, with a projected compound annual growth rate of 34.3%.



VOLATILITY

Bitcoin will also be the most volatile major asset in the world over this period, although this volatility will be lower than its historical averages.



PORTFOLIO DIVERSIFICATION

Bitcoin will retain its low-to-moderate correlation to all major asset classes, even as its relationship with gold strengthens, which will make it a valuable asset for institutional portfolios.

\$1.5T+

PROJECTED INSTITUTIONAL INFLOWS

As institutional investors become more comfortable with the asset, they will allocate 1%–5% of their portfolios, leading to \$1.5 trillion to \$7.4 trillion of inflows.



STORE OF VALUE

Rising government debt, public spending, and monetary expansion will apply downward pressure on fiat currencies, which will increase demand for store-of-value assets like gold and bitcoin.



REGULATORY MOMENTUM

Recent regulatory advances are unlikely to be peeled back in future political environments given Wall Street's and Main Street's increasing embrace of bitcoin and crypto technology.

Definitions

Bitcoin is represented by the bitcoin spot price with data from Bitwise.

The **Deutsche Bank DBIQ Optimum Yield Diversified Commodity Index Total Return** (DBLCDBCT) is based on 14 commodities drawn from the energy, precious metals, industrial metals, and agriculture sectors.

The **FTSE US Broad Investment-Grade Bond Index** (SBBIG) tracks U.S. dollar-denominated, investment-grade bonds issued in the U.S., including Treasury, government-sponsored, collateralized, and corporate debt.

Gold is represented by the spot gold price with data from Bloomberg.

The **Indxx Private Credit Index** (IVPC) tracks the performance of the Business Development Corporations (BDCs) and Closed-End Funds (CEFs) trading in the U.S. with significant exposure to private credit.

The **MSCI U.S. REIT Gross Total Return Index** (RMSG) is a free float-adjusted market capitalization-weighted index that is comprised of equity Real Estate Investment Trusts (REITs).

The **PivotalPath Composite Hedge Fund Index** (P2HFCI) is an asset-weighted index that tracks the performance of hedge funds across all strategies and regions, net of fees. It includes funds with at least \$50 million in assets and an 18-month track record.

The **S&P 500® Total Return Index** (SPXT) tracks the performance of 500 large-cap publicly traded companies in the U.S.

The **S&P Listed Private Equity Total Return Index** (SPLPEQTR) comprises the leading listed private equity companies that meet specific size, liquidity, exposure, and activity requirements.

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.

The opinions expressed represent an assessment of the market environment at a specific time and are not intended to be a forecast of future events, or a guarantee of future results, and are subject to further discussion, completion, and amendment. The information herein is not intended to provide, and should not be relied upon for, accounting, legal, or tax advice, or investment recommendations. You should consult your accounting, legal, tax, or other advisors about the matters discussed herein.