

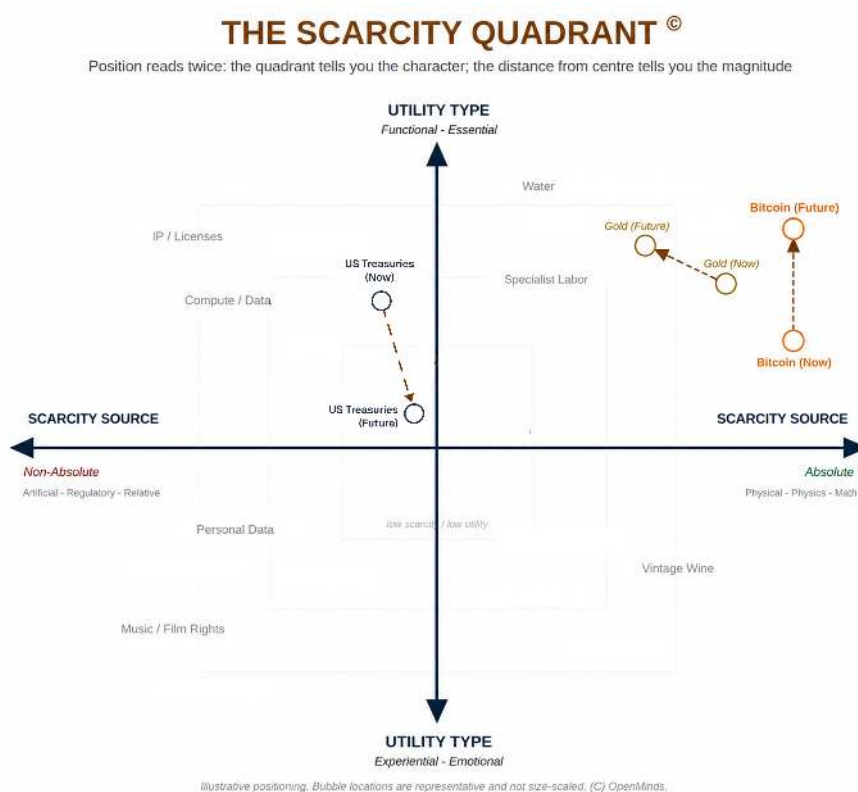
01 Bitcoin.

A primer for long-horizon allocators.

Part 1 of 3 · Bitcoin Foundations & Investment Case

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THE CORE QUESTION

Should a long-term allocator hold Bitcoin — and if so, how should the position be sized, accessed, and governed?

“I think of it [Bitcoin] as an important asset that can help inform policymakers when they’re doing things right and wrong. It is not a substitute for the dollar, but it can be a very good policeman for policy.”

Kevin Warsh, US Fed Chair

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Section overview

DECISION BRIEF

- Asymmetric upside
- Volatility budget
- Native BTC

Executive Summary

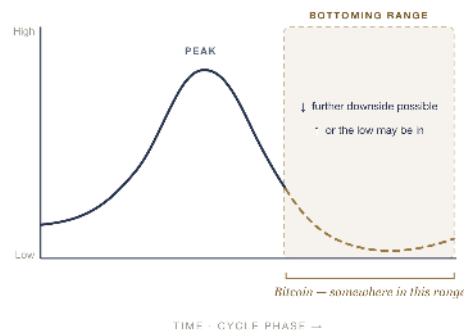
Bitcoin represents a new asset class that can diversify and enhance risk-adjusted returns for a multi-asset portfolio: a **non-sovereign, digitally scarce store of value** with **asymmetric upside (3–6x base case)**, **low correlation** to traditional markets, and **structural protection against currency debasement**. At a \$1.6 trillion market cap¹ and sub-1% institutional allocation² in 2026, this under-adopted asset class offers compelling risk-adjusted returns for allocators willing to underwrite volatility in exchange for portfolio-level diversification and return enhancement.

Bitcoin: cyclically low, structurally early

As of June 2026 — these positions shift as time passes.

MARKET CYCLE

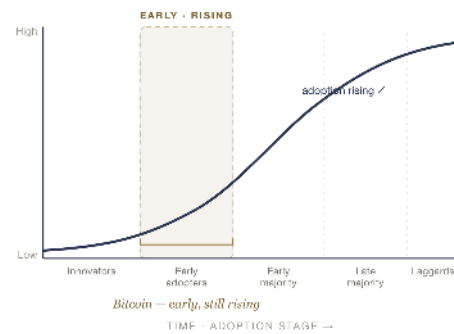
Relative price & sentiment across one cycle
TYPICAL HORIZON · <5 YEARS (historically)



Where are we in the cycle? Past the peak and low in the cycle — but the exact bottom cannot be called; the dashed path is intentional.

INSTITUTIONAL ADOPTION

Structural S-curve of institutional participation
TYPICAL HORIZON · 10–20 YEARS (estimated)



Where are we in the adoption cycle? Early, and still rising — most of the potential adoption lies ahead.

Illustrative positioning only — not a forecast, price target, or timing signal. Positions are shown as of June 2026 and will move as the cycle and adoption progress. The exact cycle low cannot be predicted: Bitcoin may decline further from here or may already have turned. Nothing here is investment advice or a recommendation to buy or sell any asset. © OpenMinds™.

ALLOCATOR DASHBOARD

Metric definitions and interpretation guide: [Dashboard legend](#).

Overall return profile (vs S&P 500) ³	Overall risk profile ⁴	Overall liquidity profile ⁵
Much higher	High	High
Market cap (early 2026)	Daily volume (major venues, early 2026) ⁶	5Y ann. return (to Dec 2025)
\$1.7 trillion	\$30–50 billion	~25%
		Ann. volatility (historical)
		50–80%

Sources: Bloomberg, Coin Metrics, CoinShares institutional reporting, major venue data, and OpenMinds™ estimates. Values are rounded and intended for dashboard orientation.

¹ Bitcoin's market capitalisation is calculated as circulating supply, approximately 20 million BTC as of early 2026, multiplied by spot price. For context, this is roughly 8% of gold's approximately \$22 trillion market cap, less than 1% of global investable assets, and approximately equivalent to the world's eighth-largest publicly listed company.

² Based on SEC 13F filings aggregated by CoinShares Q3 2025 Institutional Report, professional investors reporting Bitcoin ETF exposure currently hold average allocation below 1%; institutional gold allocations average approximately 4% among investors who hold gold.

³ Expected long-run return magnitude relative to US equities.

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WHY NOW: Structural adoption is likely to accelerate as regulatory clarity has unlocked opportunities for investors that are looking for less correlated scarce assets that can hedge against political and macro volatility, and currency debasement⁷. With more clear regulatory frameworks, and maturity of the institutional infrastructure, opening up cheap, accessible ways to capture value from Bitcoin via spot and derivative instruments in manners that can be customized for institutional investors with different investment profiles as evidenced by the fastest ETF growth to US\$100B AUM in history⁸, active accumulation by corporate and sovereign entities, etc. Meanwhile, the macro backdrop favours Bitcoin's properties as a non-sovereign store of value: global debt exceeding \$100 trillion, persistent inflation, and central banks continuing to debase currencies.

POSITIONING: Major institutional investment and advisory houses such as Blackrock, and Goldman Sachs are already recommending a **1-5% portfolio allocation**, sized to conviction level. Entry via dollar-cost averaging⁹ over 6–12 months. **Minimum 3–5 year holding period.** Spot ETFs (E.g. IBIT, FBTC)¹⁰ offer the simplest implementation for most allocators.

Thesis Summary

The primer outlines three primary investment theses which supports an allocation for most portfolios. Depending on the portfolio profile, each thesis suits different objectives.

THESIS 1

Store of Value & Macro Hedge

Bitcoin will continue to capture increasing share of the global store-of-value market while hedging currency debasement because of its superiority on scarcity, portability, and confiscation resistance vs. gold.

RELEVANT FOR Conservative / yield-seeking allocators.

THESIS 2

Adoption Trajectory

Bitcoin network adoption follows the S-curve adoption¹¹ of exponential technology. Institutional infrastructure, now in place, will accelerate into the next growth phase.

RELEVANT FOR Growth-oriented allocators comfortable with volatility.

⁴ Composite of volatility, drawdown depth, and tail risk.

⁵ Ease of entering/exiting a position at institutional scale without material price impact.

⁶ Indicative combined spot and derivatives turnover in bitcoin across major global exchanges and US spot ETFs, based on aggregator data (CoinGecko; The Block), early 2026. Spot-only volume on vetted venues is materially lower (approximately \$10–25 billion per day).

⁷ Currency debasement refers to the loss of fiat purchasing power over time, driven primarily by money-supply expansion outpacing growth in underlying goods and services.

⁸ BlackRock's IBIT reached approximately \$50 billion in assets within roughly its first year, while total spot Bitcoin ETF assets surpassed \$100 billion. The comparison to gold ETFs is directional: Bitcoin ETF AUM reflects both net flows and Bitcoin price appreciation.

⁹ Dollar-cost averaging is the practice of deploying a target allocation in equal-sized tranches over a fixed period rather than in a single lump sum. It reduces timing risk by averaging the entry price across a longer deployment window.

¹⁰ A spot ETF holds the underlying asset directly, in this case Bitcoin held with a qualified custodian, unlike a futures ETF that holds derivative contracts. Spot ETFs eliminate roll costs, track spot price more directly, and represent direct demand for the underlying asset. The SEC approved the first US spot Bitcoin ETFs in January 2024.

¹¹ The S-curve, or sigmoid curve, describes the empirical adoption pattern of network-effect technologies: a slow early phase, an inflection point where adoption accelerates, and an eventual saturation plateau.

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THESIS 3

Energy-Denominated Money & AI Nexus

In an age of AI abundance, two most scarce resources are: energy and authenticity. Bitcoin addresses both: a monetary expression of energy via proof-of-work, and the world's most robust ledger for identification.

RELEVANT FOR Aggressive/thematic allocators.

Risks

At its core, Bitcoin's price volatility (50–80% annualized) stems from the market's lingering disbelief in its ability to achieve mainstream adoption as a legitimate asset class. Concerns over regulation, technology obsolescence, and intrinsic value persist. However, we believe sufficient proof points now exist to challenge these concerns: 16 years of uninterrupted network operation, \$100B+ in regulated ETF assets, corporate and sovereign treasury adoption, and a maturing regulatory framework in major markets. If these proof points continue to accumulate while the market remains skeptical, this represents a potential mispricing of generational significance.

For detailed risk analysis including regulatory, custody, technology, and correlation risks with specific mitigation strategies, see [Section 2: Investment Thesis & Risks](#).

What the Market Underappreciates

What matters for a long-term investor is the Bitcoin adoption curve. Most Bitcoin analysis focuses on price targets. What the market underappreciates is the structural shift in who holds Bitcoin and why. The transition from speculative retail holders to institutional and sovereign treasury allocators fundamentally changes the asset's demand profile and volatility characteristics. The 2024 ETF launches represent the beginning of a multi-decade institutional adoption curve comparable to when gold ETFs launched in 2004, and subsequently tripled gold's price over the following decade. The critical variable is not whether Bitcoin reaches \$500,000, but whether the structural holder base continues to shift from weak to strong hands, reducing available supply as demand broadens.

EXECUTIVE SUMMARY DATA

Table 1 – Asset-class comparison snapshot. Bitcoin is shown against conventional reference assets across return, risk, diversification, inflation protection, and liquidity.¹²

Asset	5Y Ann. Return	Ann. Volatility	Sharpe	Corr. vs S&P 500 ¹³	Inflation Hedge	Liquidity
Bitcoin	25%	50%	0.95	0.30–0.50	Emerging	Very High

Source. Bloomberg, World Gold Council, Coin Metrics, major venue data, and OpenMinds™ estimates. Five-year window to December 2025 where available.

¹² Five-year window 31 December 2020 – 31 December 2025. Return is the annualized price-only return based on CoinMarketCap daily closes; volatility is annualized realized volatility of daily returns (Coin Metrics).

¹³ Correlation of weekly USD returns with the S&P 500 over the window. Bitcoin's rolling 90-day correlation has averaged approximately 0.3 since 2020 but has spiked to 0.6–0.8 in stress episodes (March 2020; the 2022 tightening cycle).

Table 2 – Primary implementation route. Native BTC provides direct exposure; wrapper, lending, equity, and private-market routes are covered in the implementation section.

Liquidity	Access	Vehicle	Expression / Instrument	Reference
Liquid	Public	Direct	Native coin (BTC)	§2 , §5

Source. OpenMinds™ implementation taxonomy. Detailed route selection is covered in Section 5.

POSITIONING

For allocators able to underwrite volatility, the dashboard supports a measured 1–5% Bitcoin allocation as an asymmetric return enhancer with genuine but imperfect diversification. The cleanest implementation route is direct native BTC, with detailed execution and custody considerations covered in [§2 Theses & Risks](#) and [§5 Implementation](#).

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CHAPTER 1

1.1 How Bitcoin
Compares to
Traditional Asset
Classes

PORTFOLIO ROLE

- Return
- Correlation
- Liquidity

1 Bitcoin in a Portfolio Context

Bitcoin is a non-sovereign¹⁴, digitally scarce store of value with a **fixed supply of 21 million coins**¹⁵. For allocators, the relevant question is not what Bitcoin is, but how it behaves in a portfolio context. The comparison below shows Bitcoin against traditional asset classes across dimensions that matter for allocation decisions.

1.1 How Bitcoin Compares to Traditional Asset Classes

Bitcoin's risk-adjusted returns have exceeded traditional assets over trailing 3- and 5-year periods; the tradeoff is underwriting 50–80% annualized volatility for asymmetric upside and genuine diversification.

Table 3 – Asset-class reference frame. Trailing five-year return and volatility are shown where comparable data is available; qualitative labels are defined in the row notes.

Dimension	Bitcoin	Gold	S&P 500	Bonds ¹⁶	Real Estate ¹⁷
5Y Ann. Return	25%	18%	14%	0%	5%
Ann. Volatility	50%	15%	18%	5%	19%
Correlation to S&P 500	0.3–0.5	0.0–0.1	1.0	0.2	0.75
Sharpe Ratio (5Y)	0.95	1.0	0.65	0.15	0.1
Liquidity ¹⁸	High (24/7)	High	High	High	Low
Inflation Hedge ¹⁹	Structural	Structural	Partial	No	Partial
Counterparty Risk ²⁰	None (direct)	None (physical)	Issuer	Issuer	Varies

¹⁴ Non-sovereign refers to an asset that is not issued, controlled, or backed by any government or central bank. Unlike fiat currencies (USD, EUR, GBP), whose supply and monetary policy are determined by sovereign authorities, a non-sovereign asset operates independently of any single nation-state's decisions. Gold is the traditional non-sovereign asset; Bitcoin is the first digital one.

¹⁵ For a foundational overview of Bitcoin's origins, mechanics, and economic context, see Appendix C: Bitcoin Fundamentals.

¹⁶ Bonds refers to the Bloomberg US Aggregate Bond Index (total return): investment-grade, US-dollar-denominated, fixed-rate taxable bonds, including US Treasuries, government-related and corporate bonds, and securitised issues (MBS/ABS/CMBS). It excludes high yield, inflation-linked bonds (TIPS), municipal bonds, and non-USD debt. The US stock–bond correlation shifted from negative (pre-2021) to positive from 2021 onward.

¹⁷ Real Estate refers to the FTSE Nareit All Equity REITs Index (total return): US listed equity REITs owning income-producing commercial real estate. It excludes mortgage REITs, private/direct real estate (NCREIF), and residential home-price indices.

¹⁸ Liquidity means the ability to convert an asset to cash at institutional scale with limited delay and limited price impact. High indicates deep public markets or institutional trading venues; Bitcoin is additionally available 24/7. Low indicates transactions usually require private negotiation, longer settlement timelines, or larger price concessions.

¹⁹ Inflation-hedge classification is long-horizon, not a short-term CPI beta. Structural means the asset has scarcity or contractual/economic properties that directly protect against fiat debasement over long periods. Partial means inflation protection is indirect or cycle-dependent. No means the asset is primarily a fixed nominal claim and can lose real value when inflation rises.

²⁰ Counterparty risk means dependence on an issuer, borrower, custodian, tenant, fund sponsor, or other intermediary to perform. None applies only to direct self-custodied Bitcoin or physically held gold; wrapper products introduce counterparty and operational risk. Issuer means the exposure is a financial claim on an issuer or borrower. Varies means the risk depends on the structure, leverage, title, and manager or operator.

Source. Bloomberg, World Gold Council, Coin Metrics, major venue data, and OpenMinds™ estimates. Five-year win-dow to December 2025 where data is available.

1.3 The Return Enhancement Case

PORTFOLIO IMPACT

- 1–5% sleeve
- Upside convexity
- Rebalance

Bitcoin's risk-adjusted returns exceed traditional assets over 3- and 5-year periods despite higher volatility.

1.2 Fit by Allocator Profile

Bitcoin supports multiple investment theses, each suited to different allocator objectives. The table below maps thesis to investor profile and instrument expression:

Table 4 – Allocator-fit matrix. The allocation ranges are illustrative and should be adapted to mandate, liquidity needs, custody constraints, and drawdown tolerance.

Thesis	Investor Profile	Instrument / Expression	Target allocation ²¹
Store of Value & Macro Hedge	Conservative / Yield-seeking: Prioritizes capital preservation, seeks returns exceeding debasement (~7-10% p.a.) with principal protection	Spot ETFs (IBIT, FBTC) for simplicity; Bitcoin-backed loans for yield generation while retaining upside exposure	1-2%
Adoption Trajectory	Growth-oriented: Comfortable with volatility, seeks participation in adoption S-curve and infrastructure buildout	Direct BTC via qualified custodian; mining equities (MARA, RIOT) for levered exposure to both price and energy infrastructure narrative	2-10%
AI Nexus	Aggressive / Thematic: Highest risk tolerance, seeks maximum asymmetric exposure across Bitcoin ecosystem	Direct custody progressing to multi-sig self-custody; potentially venture/L2 exposure; concentrated positions	>10%

Source. OpenMinds™ contributor analysis. Allocation ranges are illustrative and depend on mandate, liquidity needs, custody constraints, and drawdown tolerance.

See [Section 2](#) (Investment Thesis & Risks) for detailed thesis development and [Section 5](#) (Positioning) for implementation guidance.

1.3 The Return Enhancement Case

Bitcoin's asymmetric return profile is its most compelling portfolio characteristic. Even a small allocation of 1–5% can meaningfully impact overall portfolio performance because the upside potential (100%+ in strong years) dramatically exceeds the capped downside risk of a small position.

A concrete example: Bitcoin's approximately 100% price increase in 2024 translated into a 10% portfolio return boost on a 5% allocation without significant concentrated risk.

²¹ Total allocation represents the suggested target weighting as a percentage of the full portfolio. There is no one-size-fits-all approach, and conservative investors may prefer to size allocations relative to their liquid portfolio only.