



Bitcoin and Gold in 2024

“Better Off in BOLD”

Webinar - 14 December 2023

Charlie Morris

Chief Investment Officer,
ByteTree.com

Legal Disclaimer

Any information in this presentation does not constitute an offer or solicitation for investment. The distribution of the information contained in this presentation in certain countries may be restricted by law and accordingly, persons who read it are required to inform themselves and to comply with any such restrictions. The figures shown in this presentation refer to the past. Past performance is not a reliable indicator of future results. Crypto assets are recent and are at a developmental stage with variation in their regulation in different jurisdictions. Investors should be cautious of the risks associated with crypto assets including (without limitation) volatility, total capital loss, and lack of regulation over certain market participants.

ByteTree Research: Expertise in Multi-Asset Portfolios



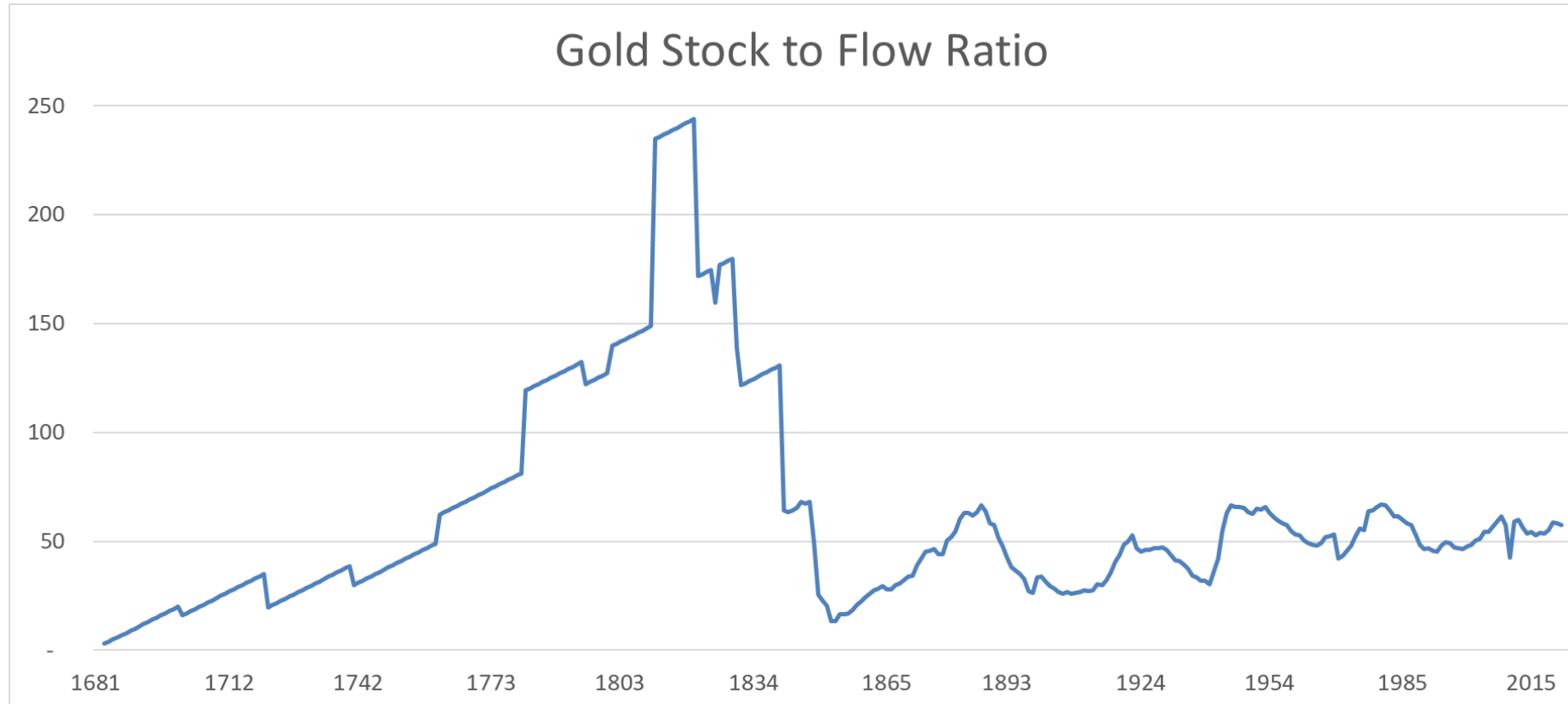
- ByteTree is an investment research company specializing in multi-asset portfolios.
- Top down and bottom up, value-driven approach.
- Embraces alternative assets such as commodities and digital





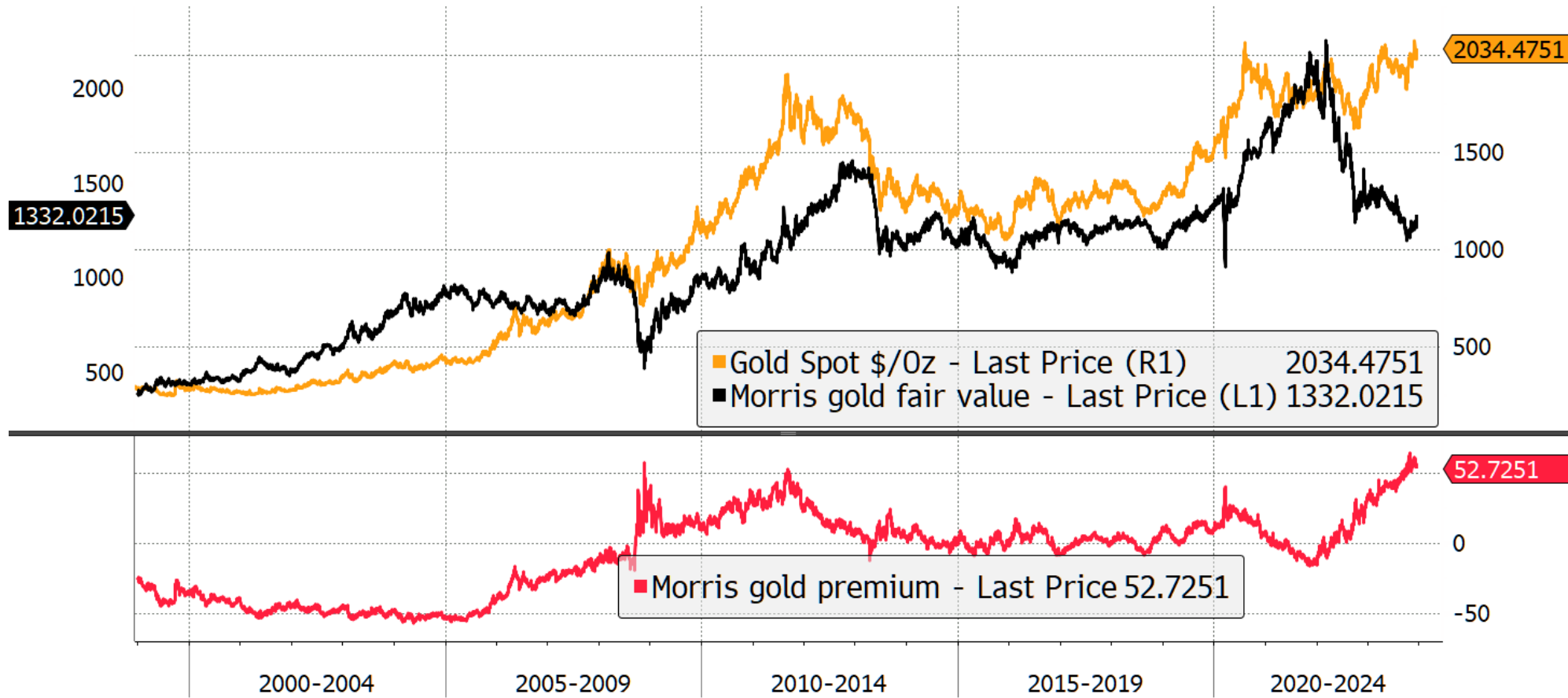
Gold

Drivers of the Gold Price – Scarcity



Source: World Gold Council

Drivers of the Gold Price – Rates and Inflation

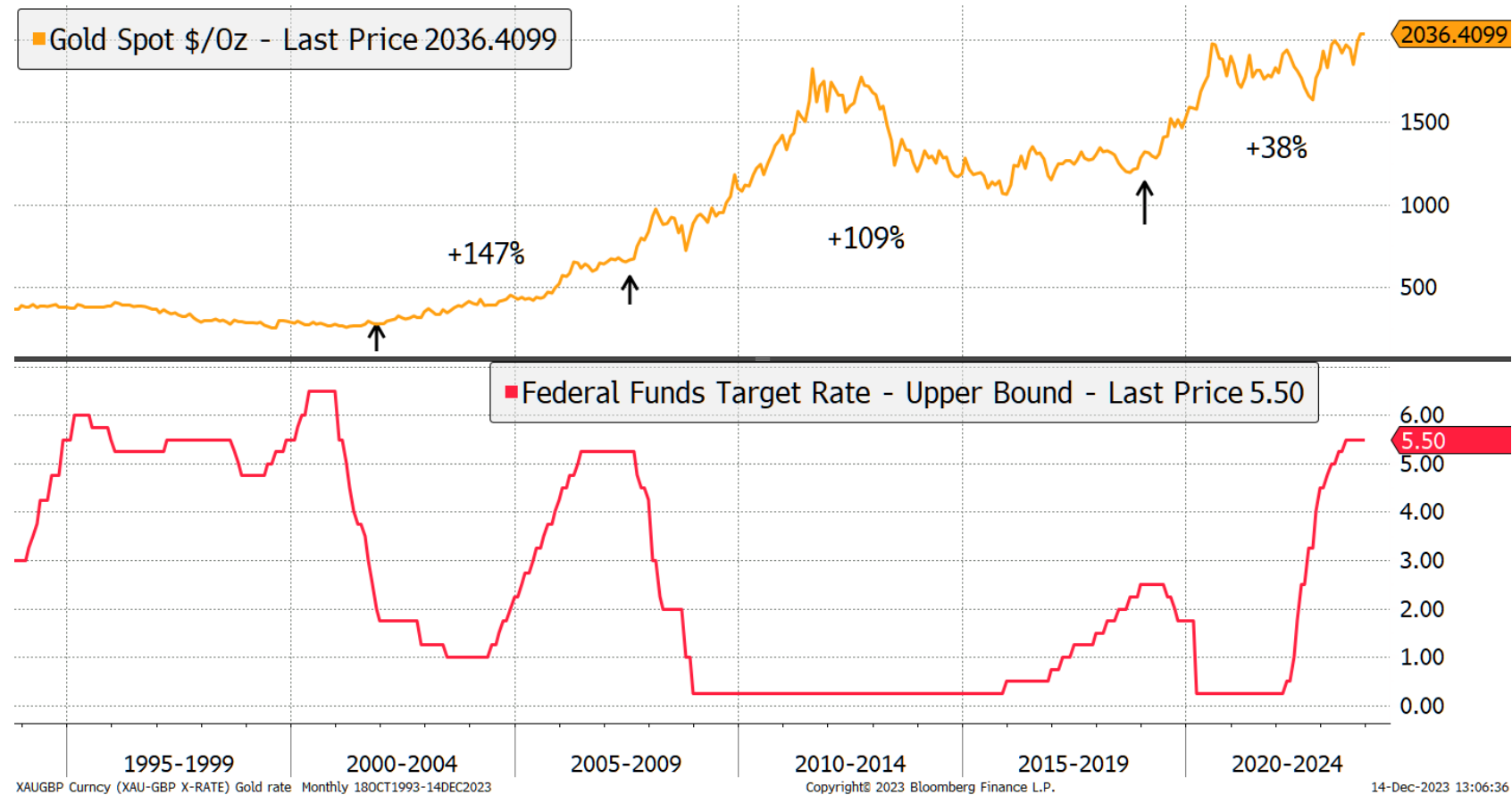


XAUGBP Curncy (XAU-GBP X-RATE) Gold COT Daily 12DEC1998-14DEC2023

Copyright© 2023 Bloomberg Finance L.P.

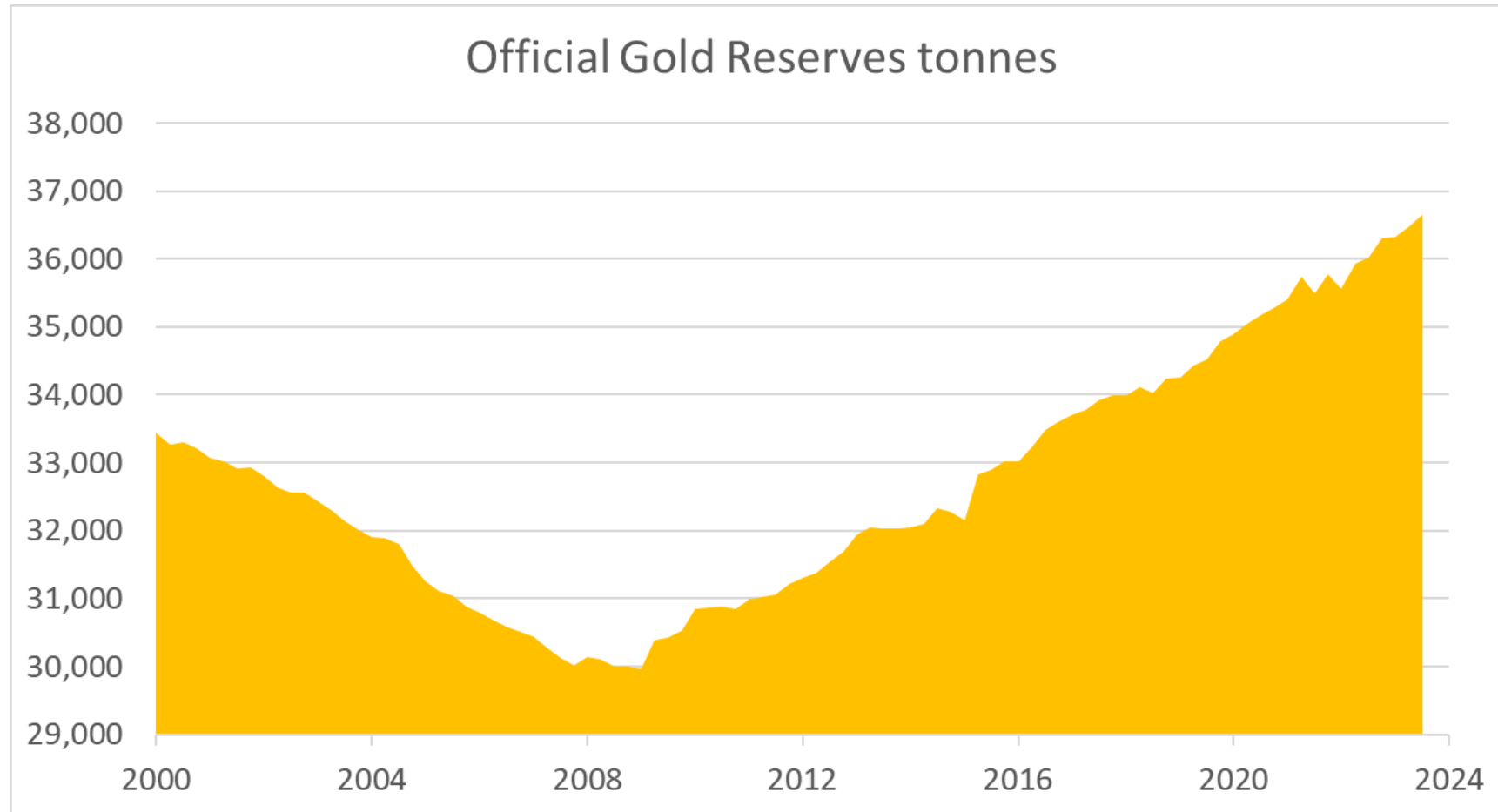
14-Dec-2023 11:28:02

Drivers of the Gold Price – Rates Trigger Bull Markets



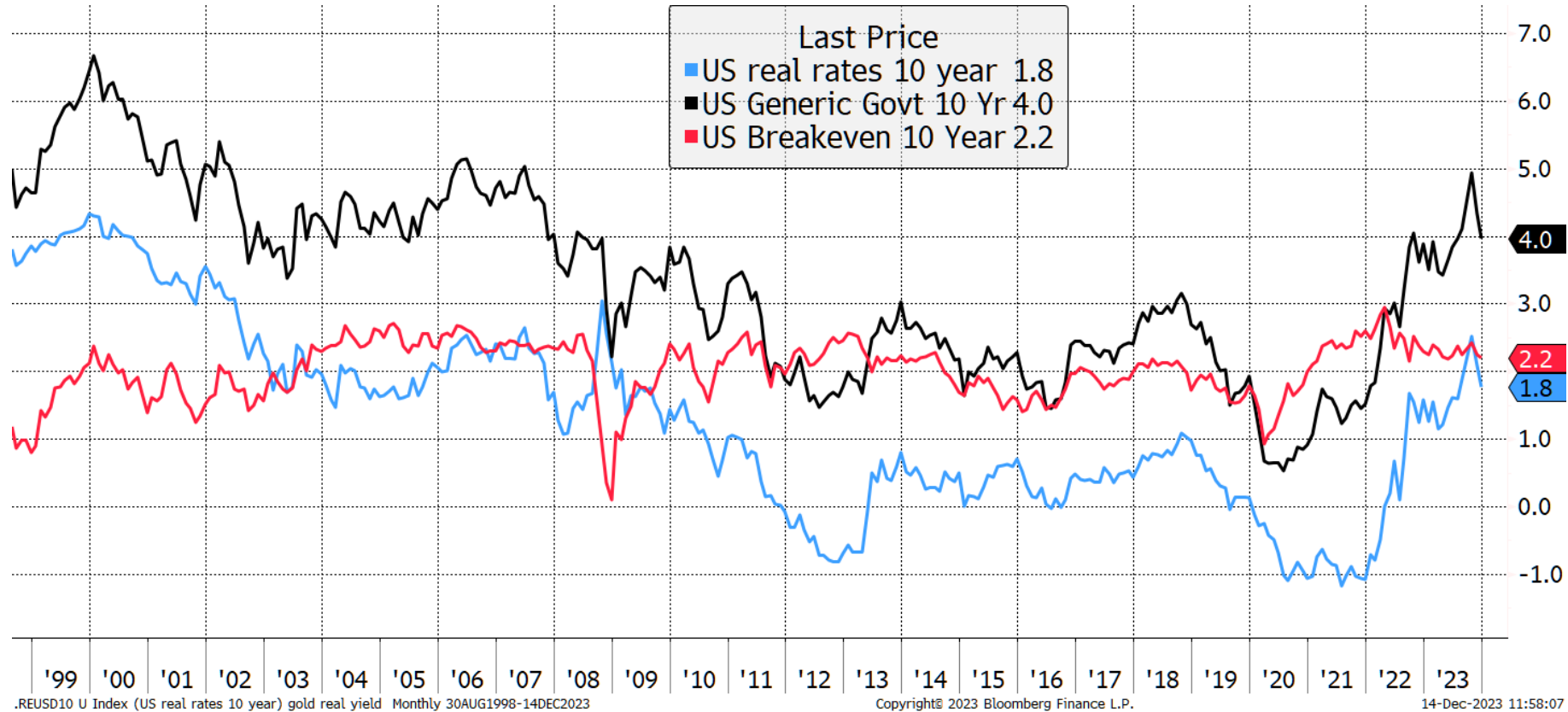
Source: Bloomberg

Drivers of the Gold Price – Central Banks

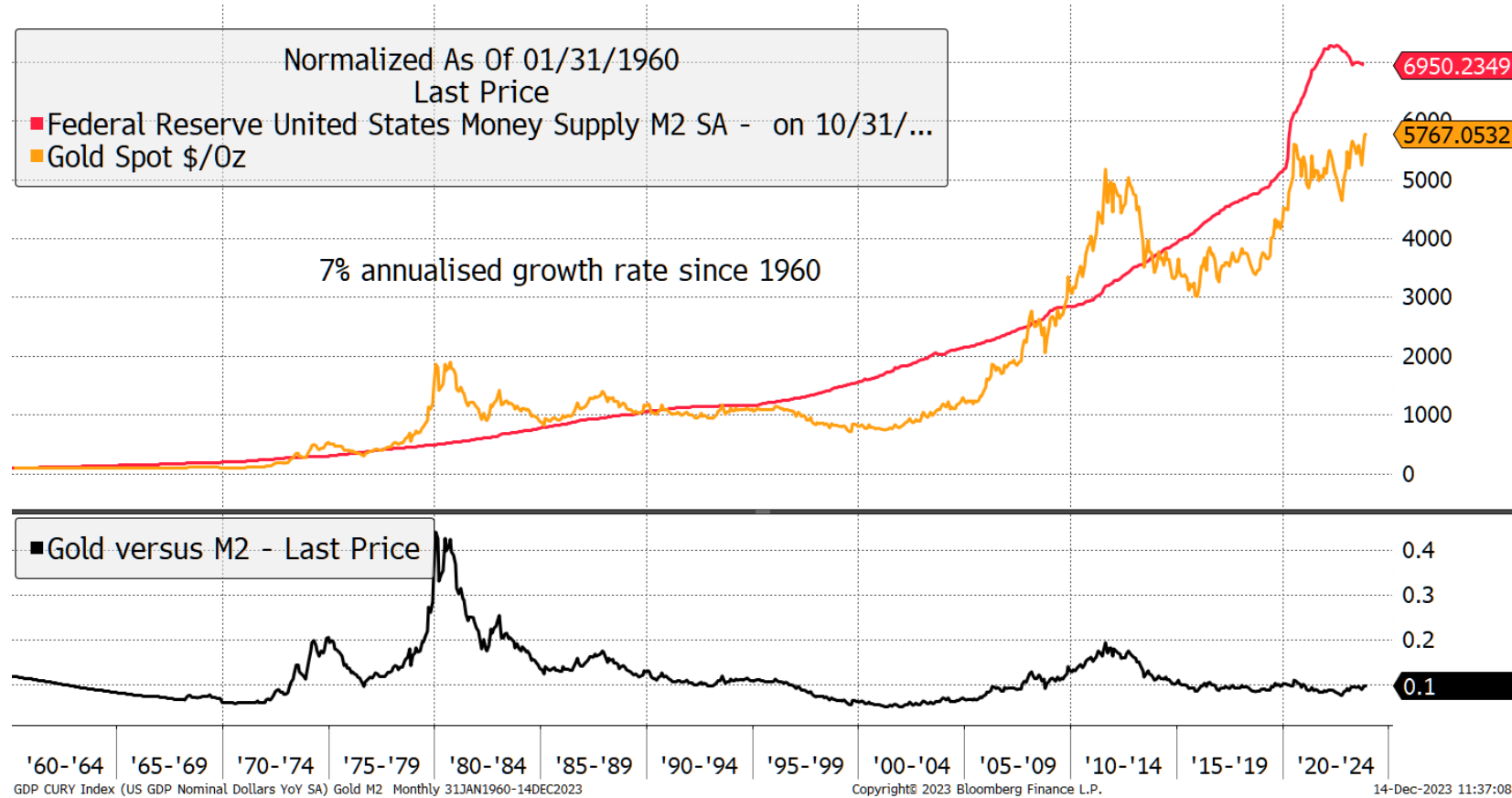


Source: Bloomberg

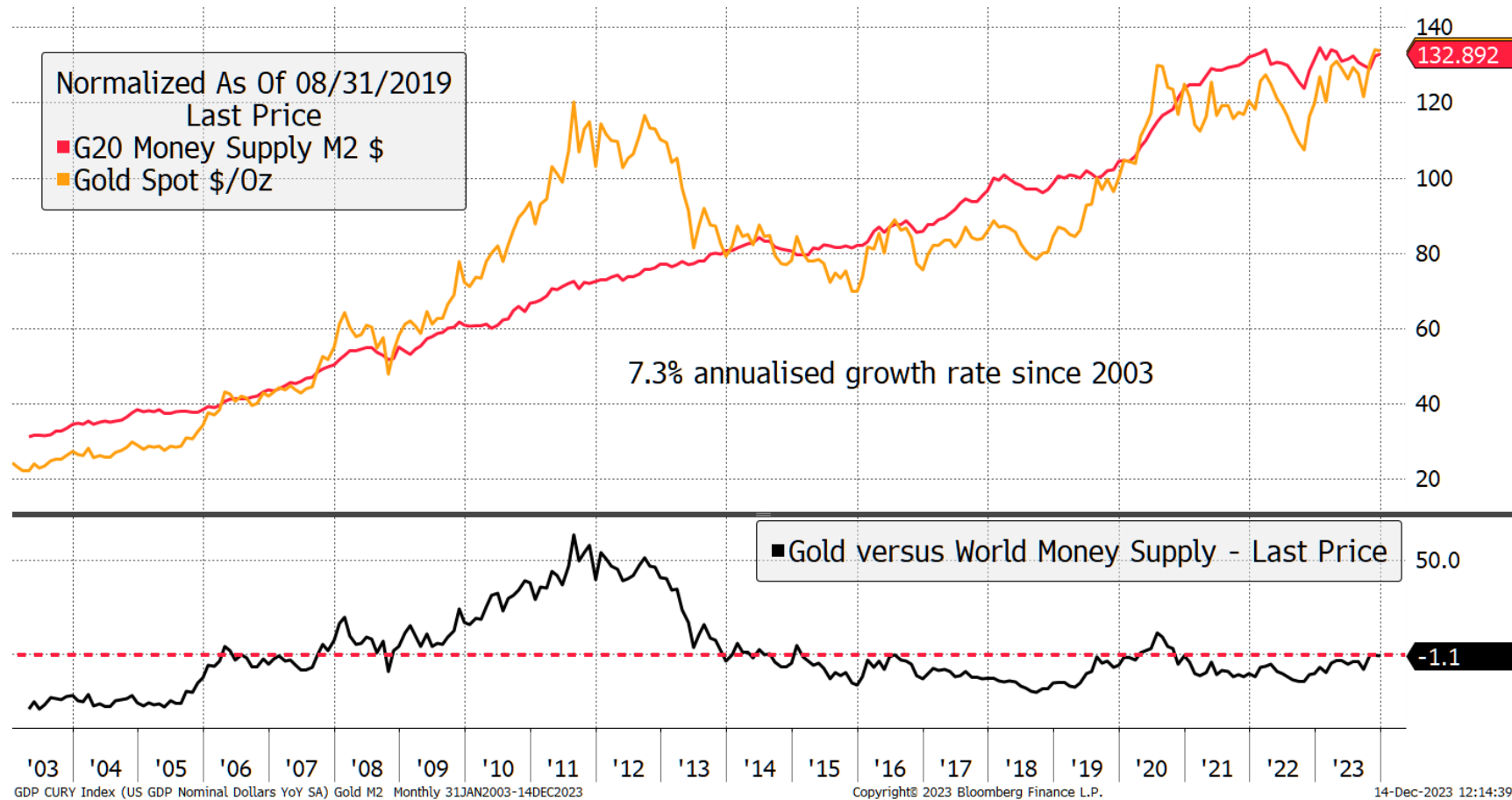
Drivers of the Gold Price – Rates and Inflation



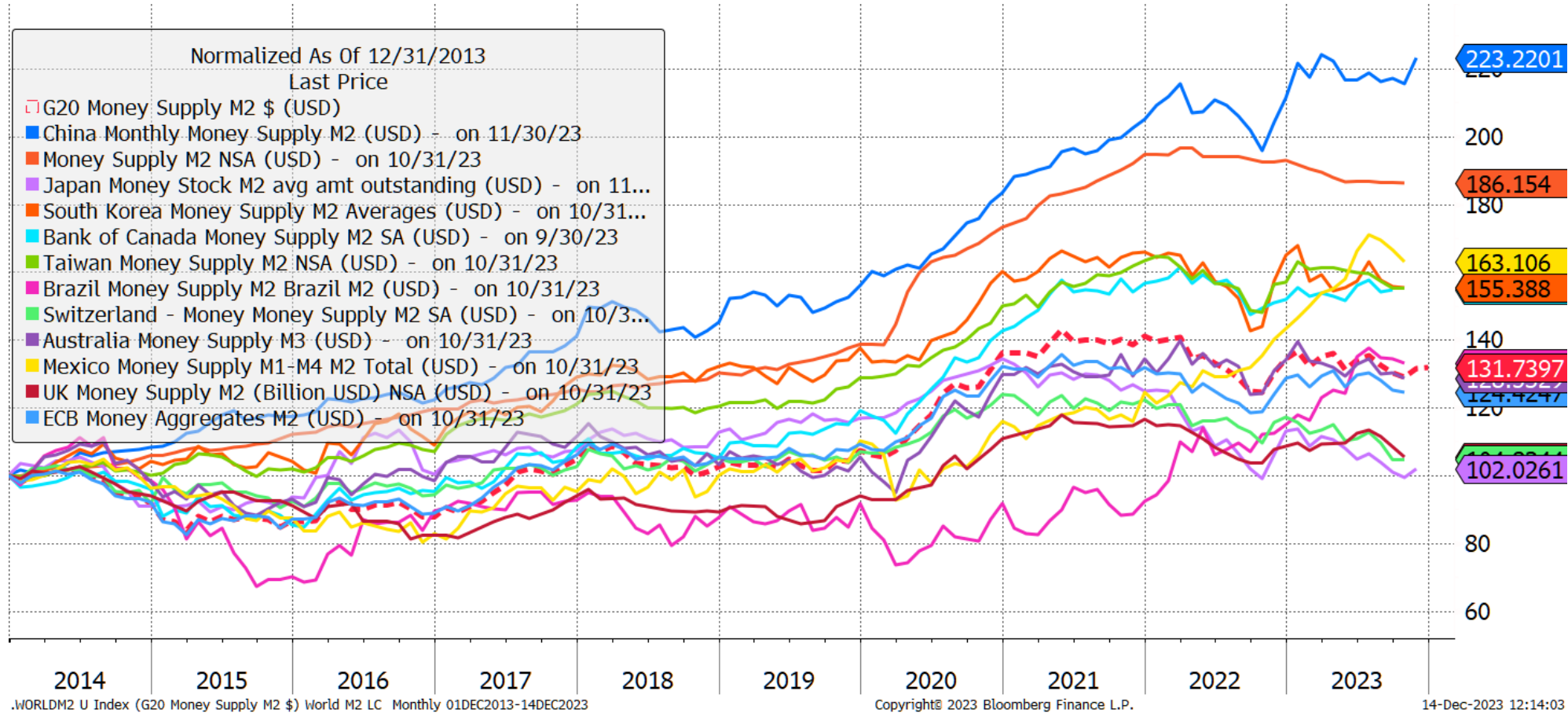
Drivers of the Gold Price - USA Money Supply



Drivers of the Gold Price – Money Supply



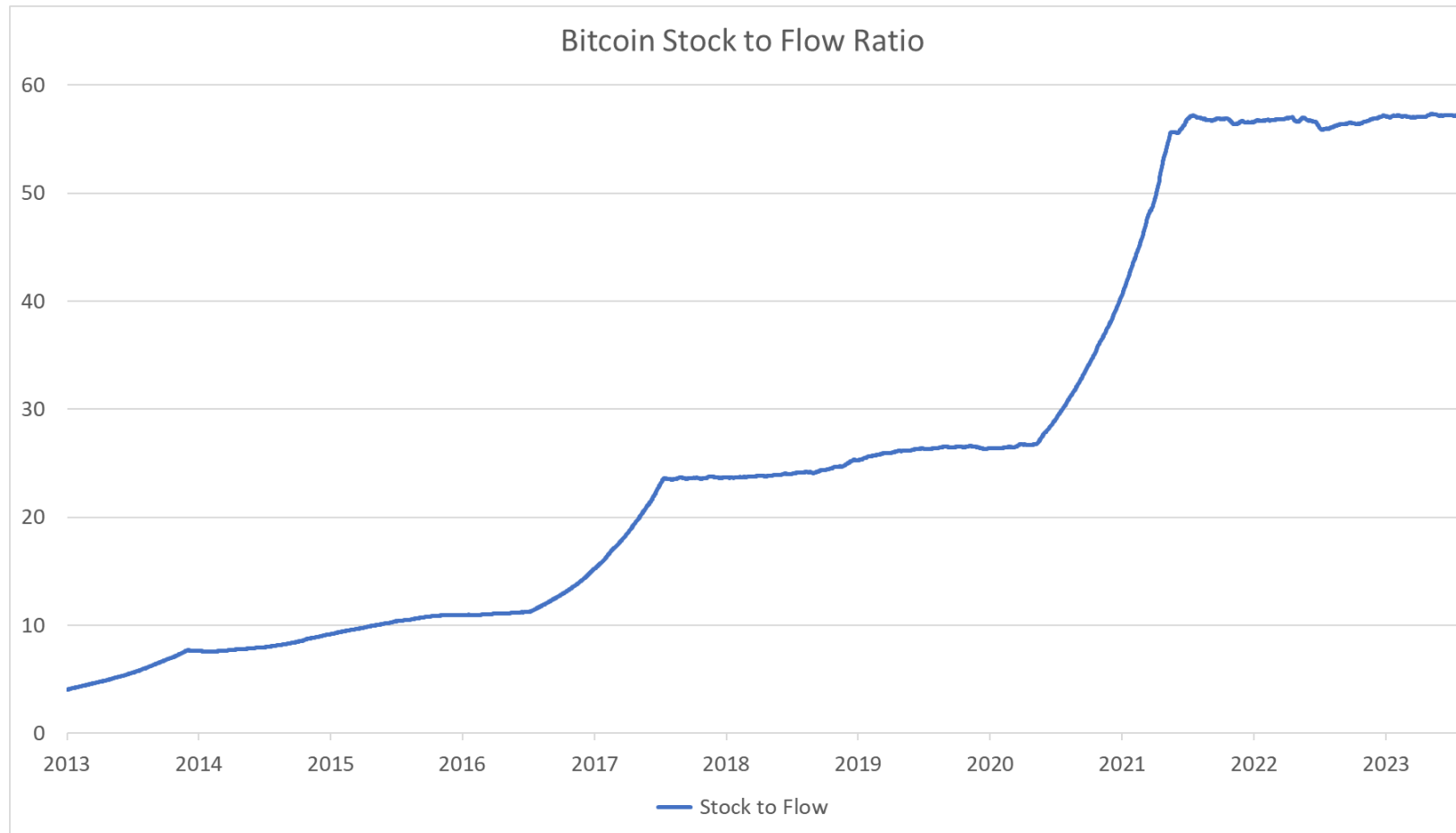
Drivers of the Gold Price - Chinese Money Supply





Bitcoin

Drivers of the Bitcoin Price - Scarcity

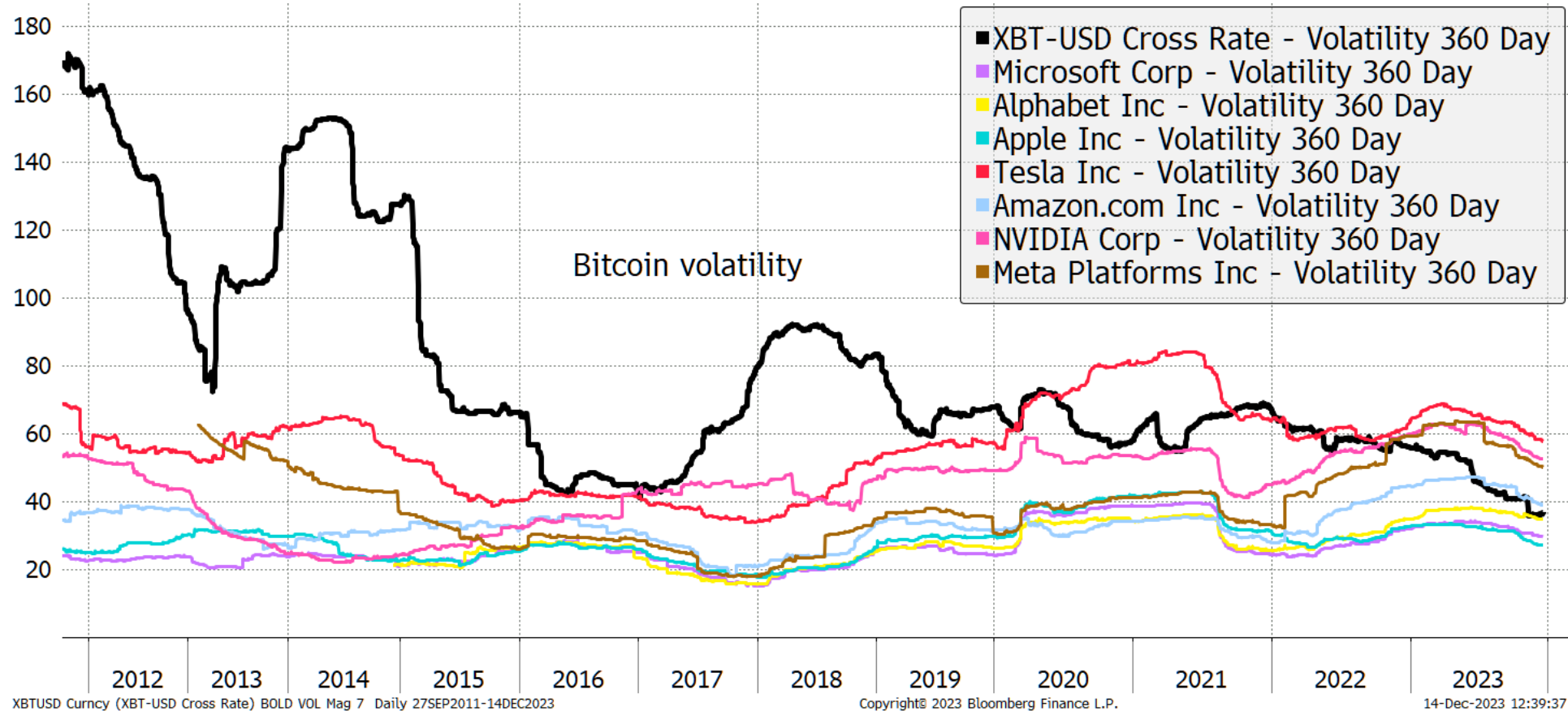


Bitcoin Network Back in Growth Mode

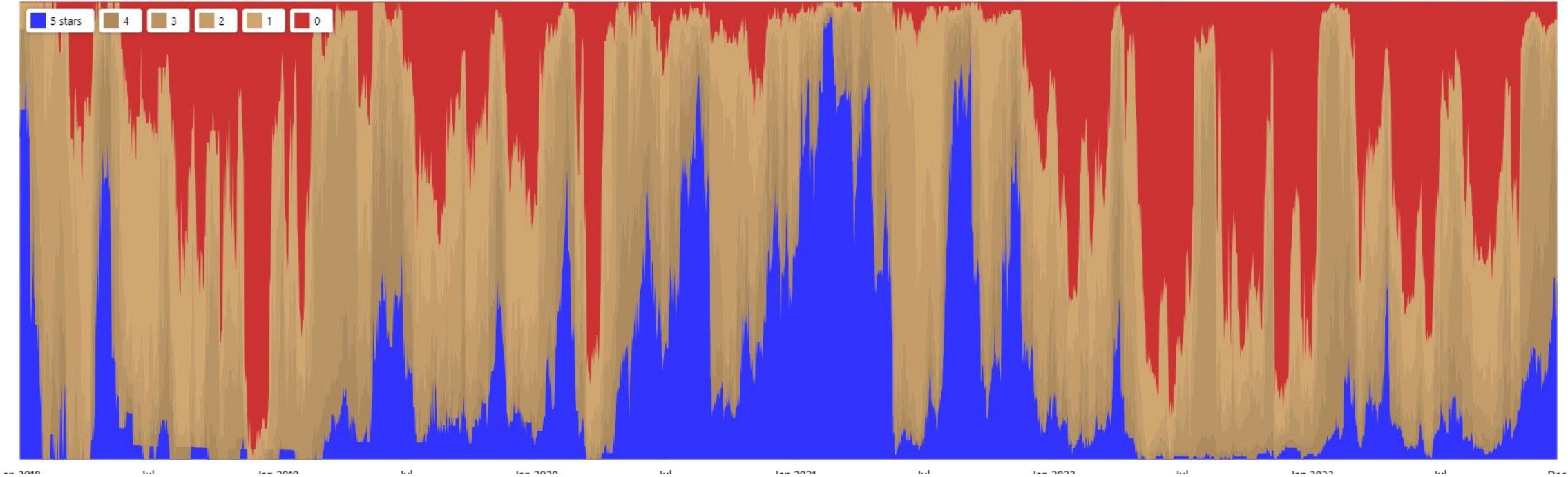


Source: ByteTree

Bitcoin Volatility vs the Magnificent 7

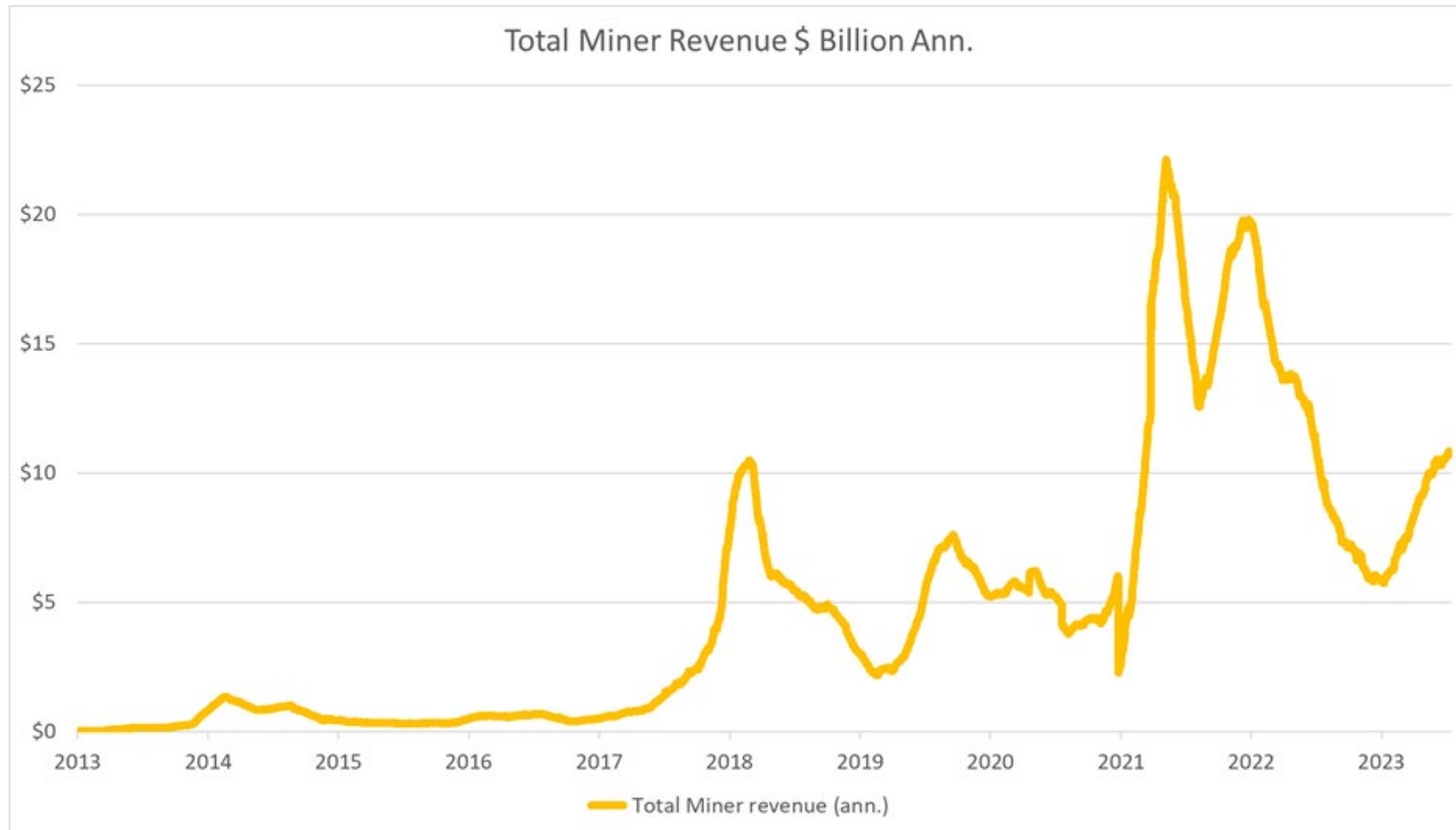


Crypto Breadth Back in Growth Mode



Source: <https://bytetrend.io/>

Bitcoin Miner Revenue Back Above \$10 billion p.a.



Source: ByteTree



Bitcoin + Gold = BOLD

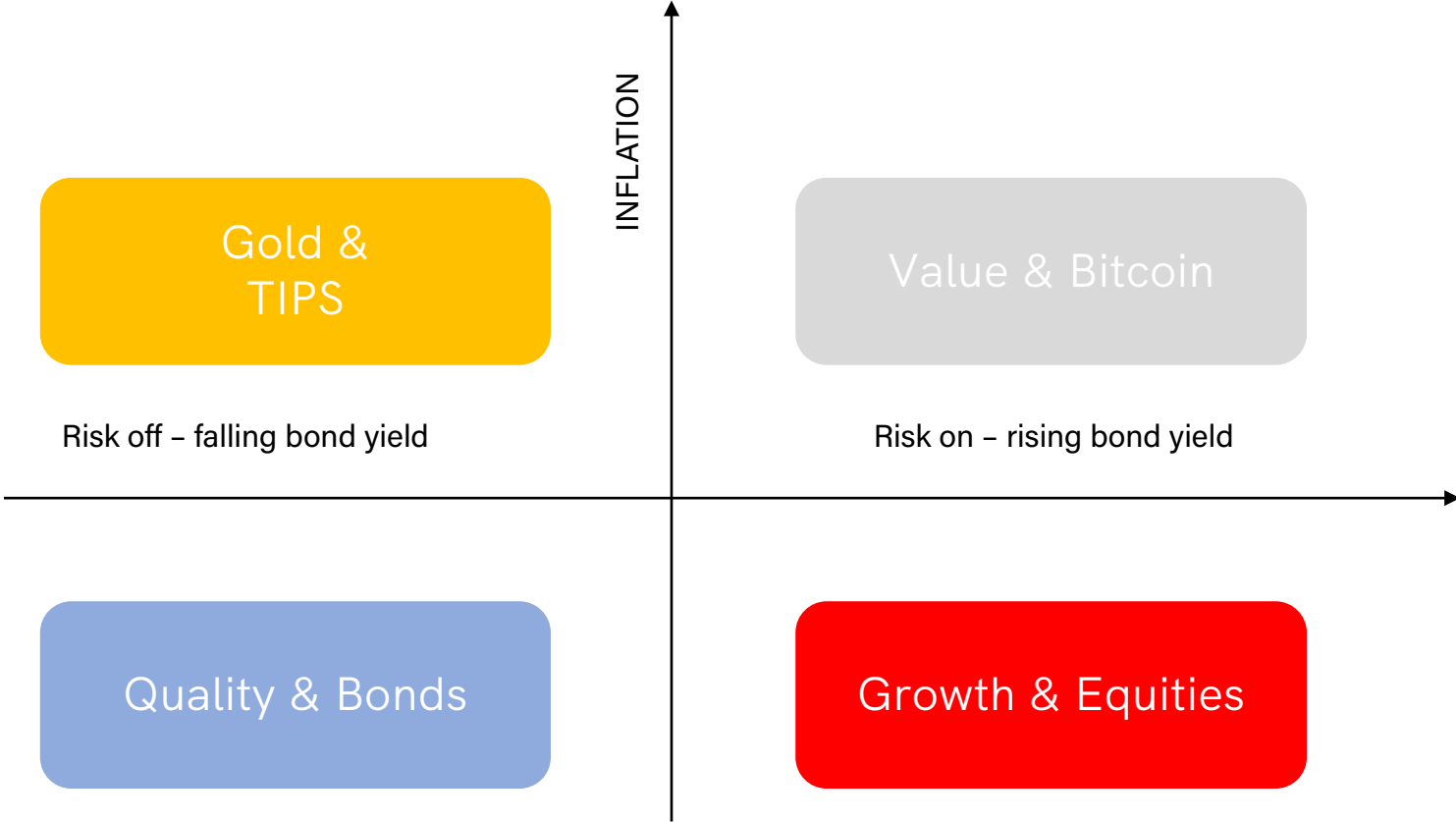
Bitcoin + Gold = BOLD

- Limited supply makes Bitcoin and Gold a natural pairing.
- Two most liquid alternative assets.
- Gold is stable, Bitcoin is volatile. Rebalancing transactions add 6% to 7% p.a.
- BOLD brings Bitcoin and Gold together, in a monthly rebalancing strategy that adjusts weightings according to the volatility of each asset.

**“I would take the gold...
I would like to sprinkle a
little bit of bitcoin into
that mix too.”**

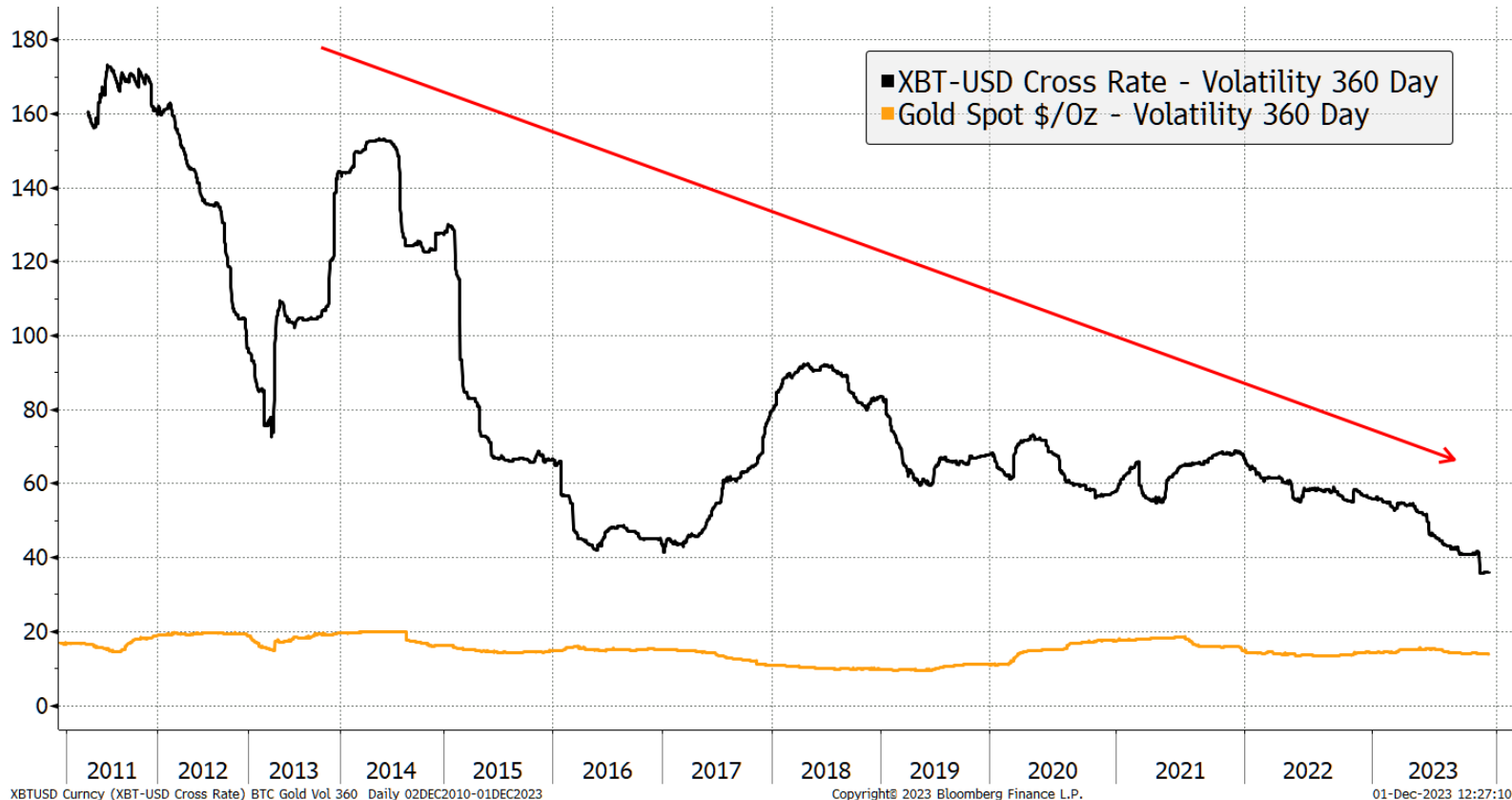
Ray Dalio, Bridgewater Associates

Asset Allocation in Macro Environments



Source: ByteTree

Volatility Is the Tool Used to Equalize Risk



- 360-day realized volatility captures the asset's risk.
- Bitcoin volatility has historically been high but has been structurally falling.
- Using inverse volatility, asset allocation is risk-weighted.

Latest Rebalancing

Inverse Volatility Weights

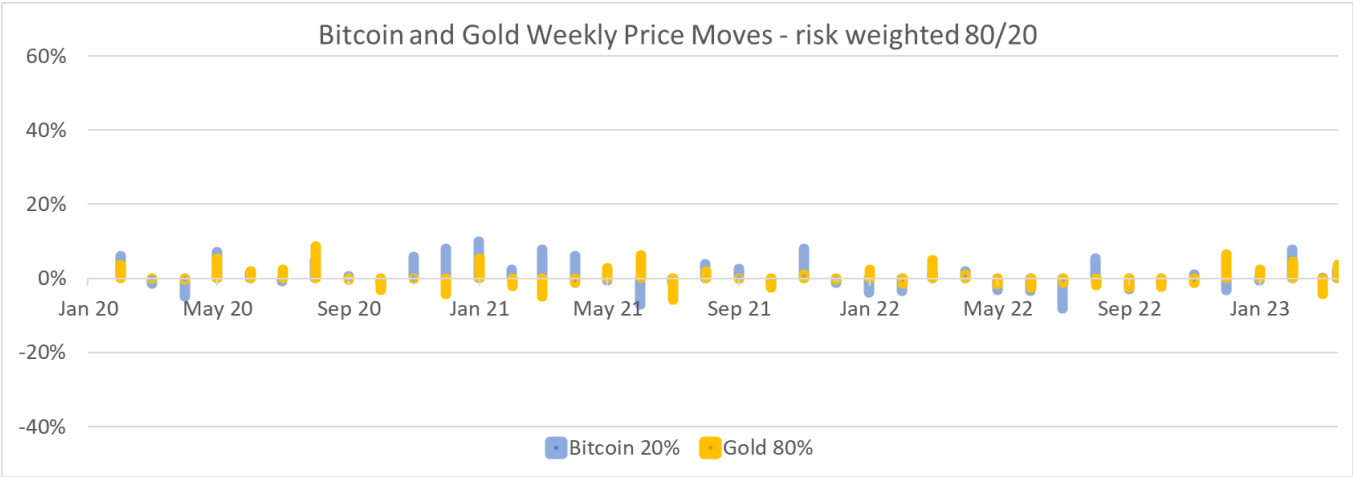
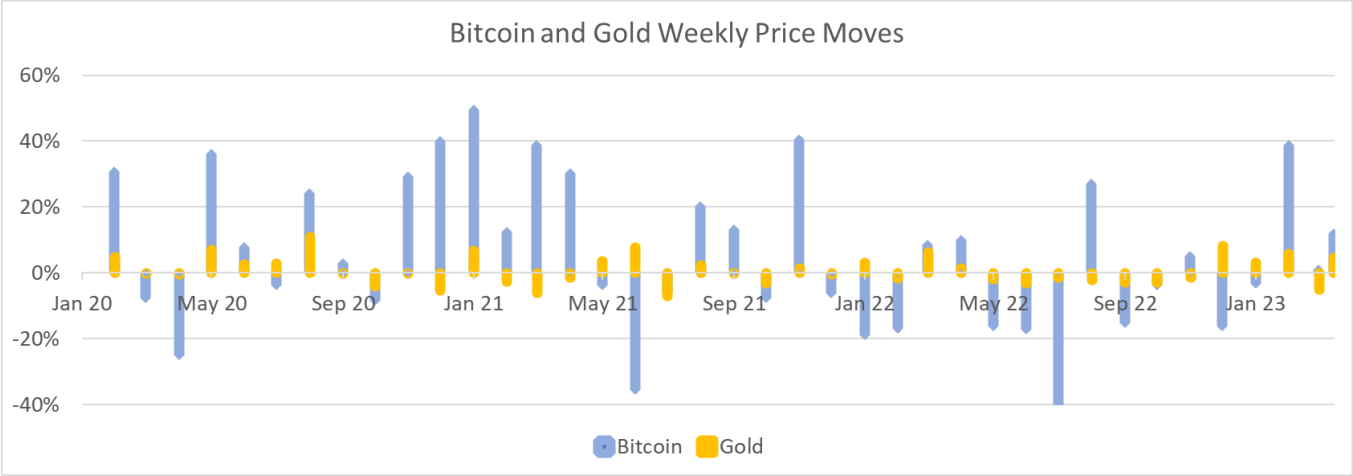
	Volatility over past 360 days (v)	Inverse volatility (1/v)	Calculation	Weight
Bitcoin	38.3%	2.61	$2.61 / 10.30$	25.3%
Gold	13.0%	7.69	$7.69 / 10.30$	74.7%

10.30

- Higher volatility leads to a lower weight
- If the assets' volatility was the same, the weights would be 50/50

- Latest rebalancing 30th November 2023.
- Risk-weighted asset allocation techniques are commonly used in finance to improve risk-adjusted returns.
- BOLD uses the "inverse volatility" methodology.

Adjusting for Risk

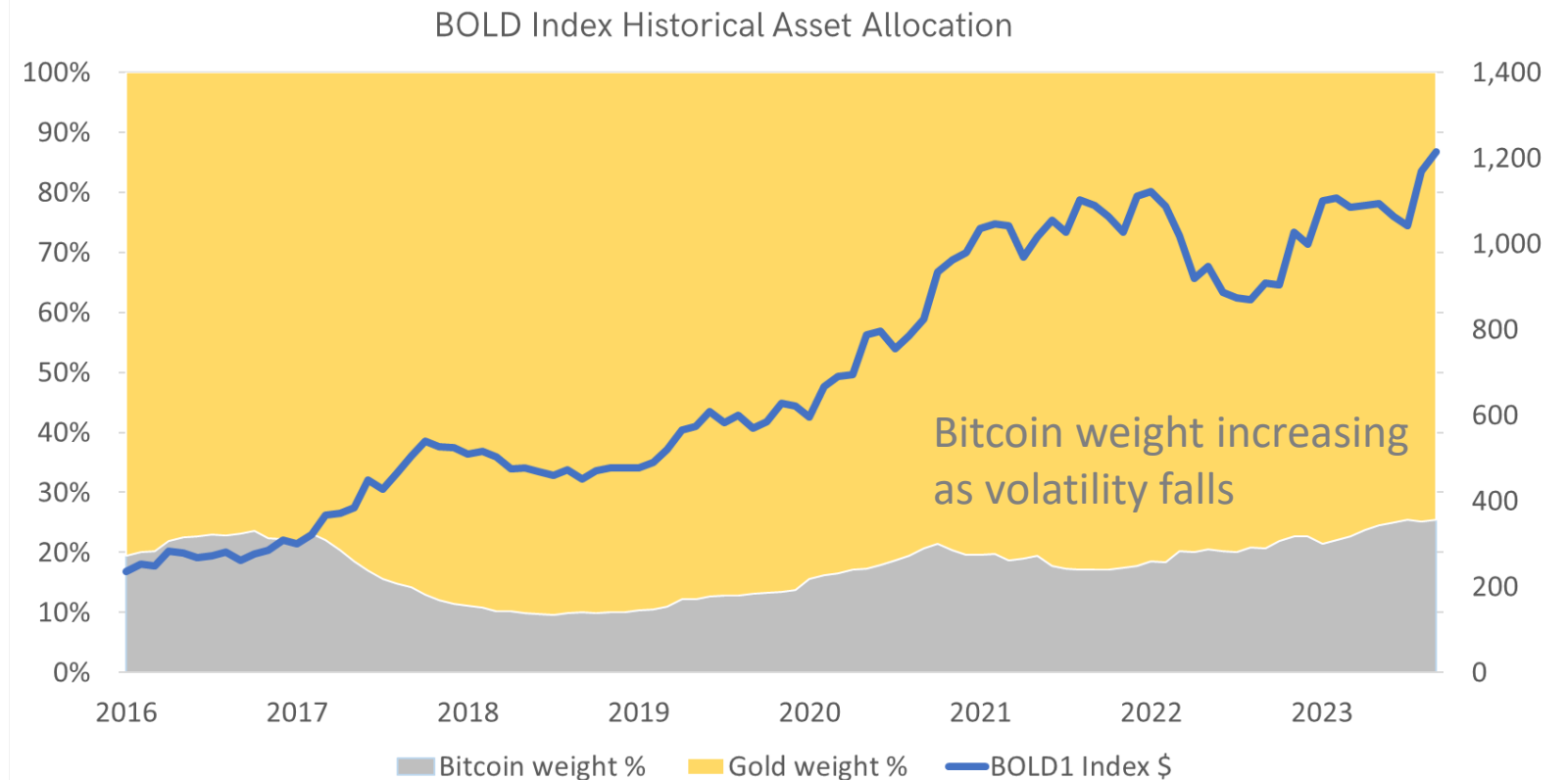


- Top chart shows Bitcoin and Gold monthly price moves.
- Lower chart uses the same scale but assumes 20% invested in Bitcoin and 80% in Gold.
- Risk adjusting the allocation materially reduces risk.

Source: Bloomberg

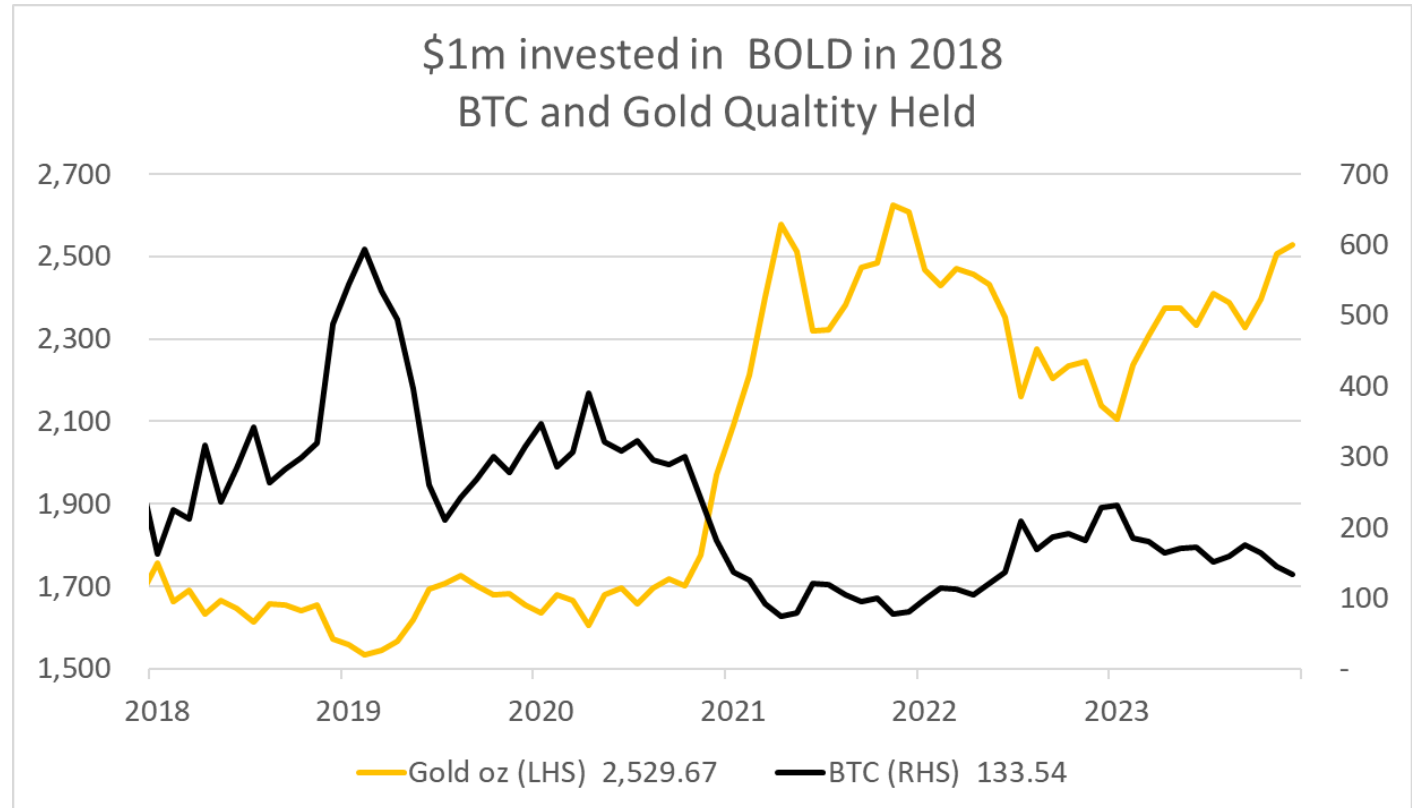
BOLD – Historical Asset Allocation

- Bitcoin allocation range between 10% and 26%, with Gold the remainder.
- Falling volatility sees Bitcoin's weight rise.
- Last rebalance 30th November 2023.
 - Gold 74.7%
 - Bitcoin 25.3%

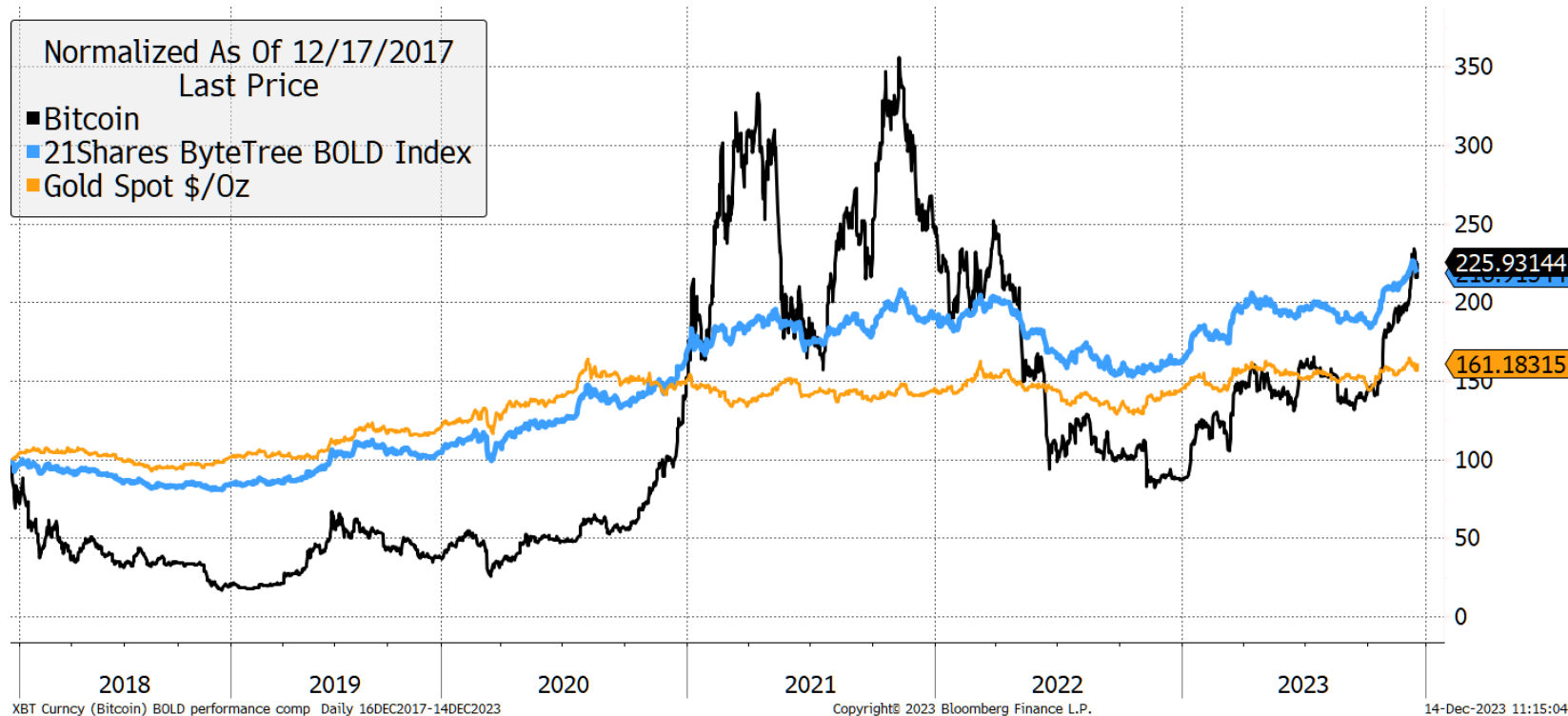


BOLD – The Power of Rebalancing

- Monthly rebalancing transactions sell the stronger asset and add to the weaker asset “buy low, sell high”.
- Repeat at the end of every month.
- BOLD generates excess return above buy and hold of approximately 5% to 7% per annum.
- Effective gold holdings have increased 49% due to rebalancing transactions with Bitcoin unchanged.

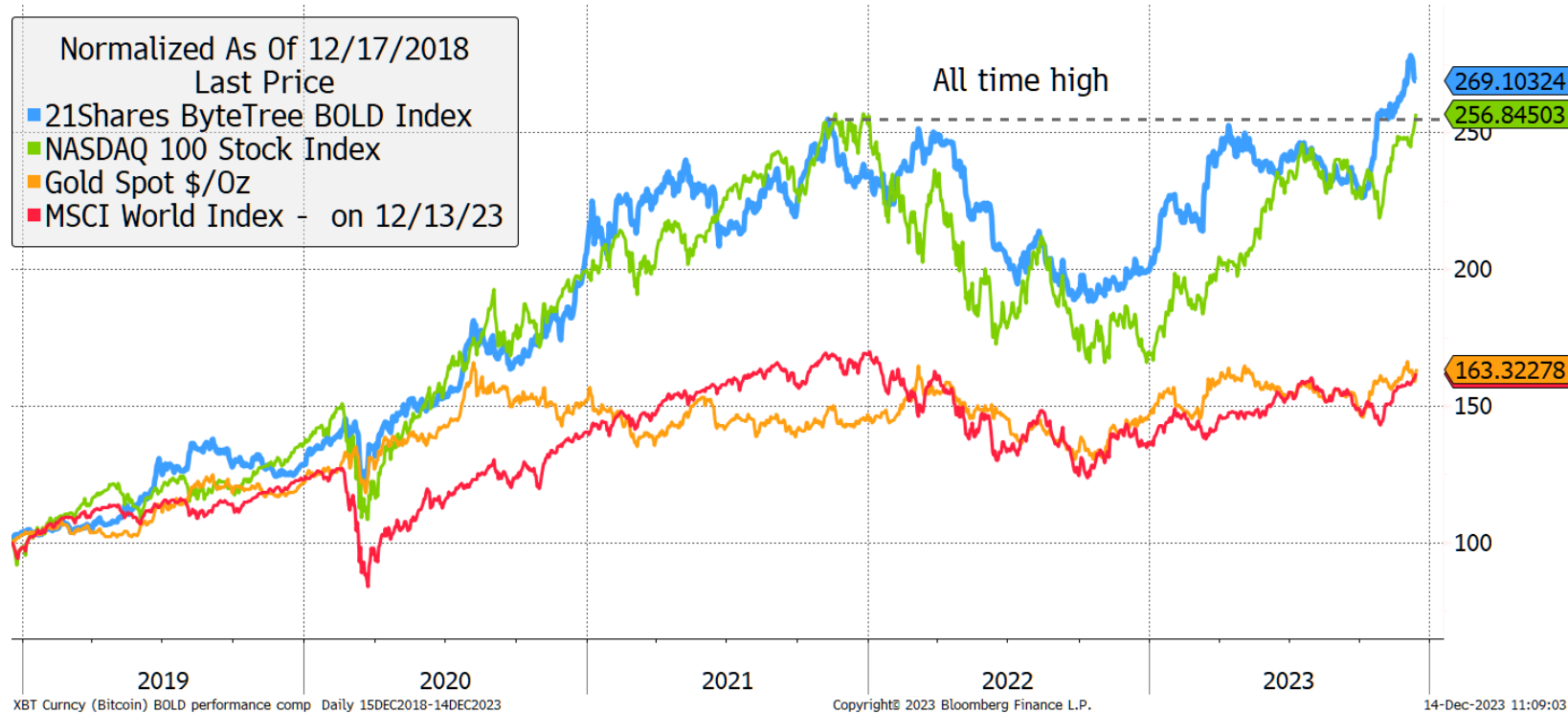


BOLD – Since the 2017 Bitcoin High



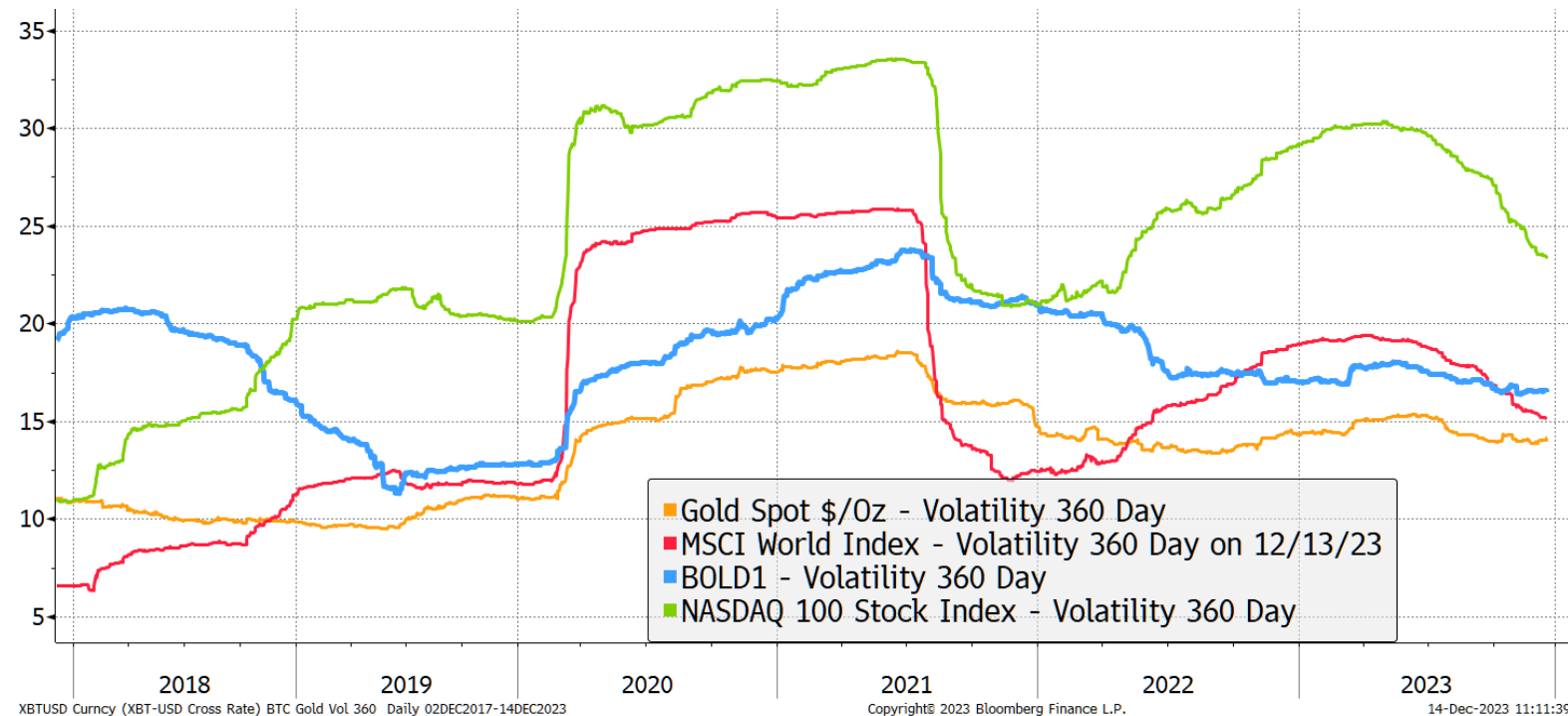
- Since 17th Dec 2017:
 - Bitcoin +126%
 - BOLD +119%
 - Gold +61%
- Over five years, BOLD outperforms Gold and World equities.
- On a risk-adjusted basis, BOLD beats Bitcoin due to risk management.

BOLD – Historical Performance Five Years



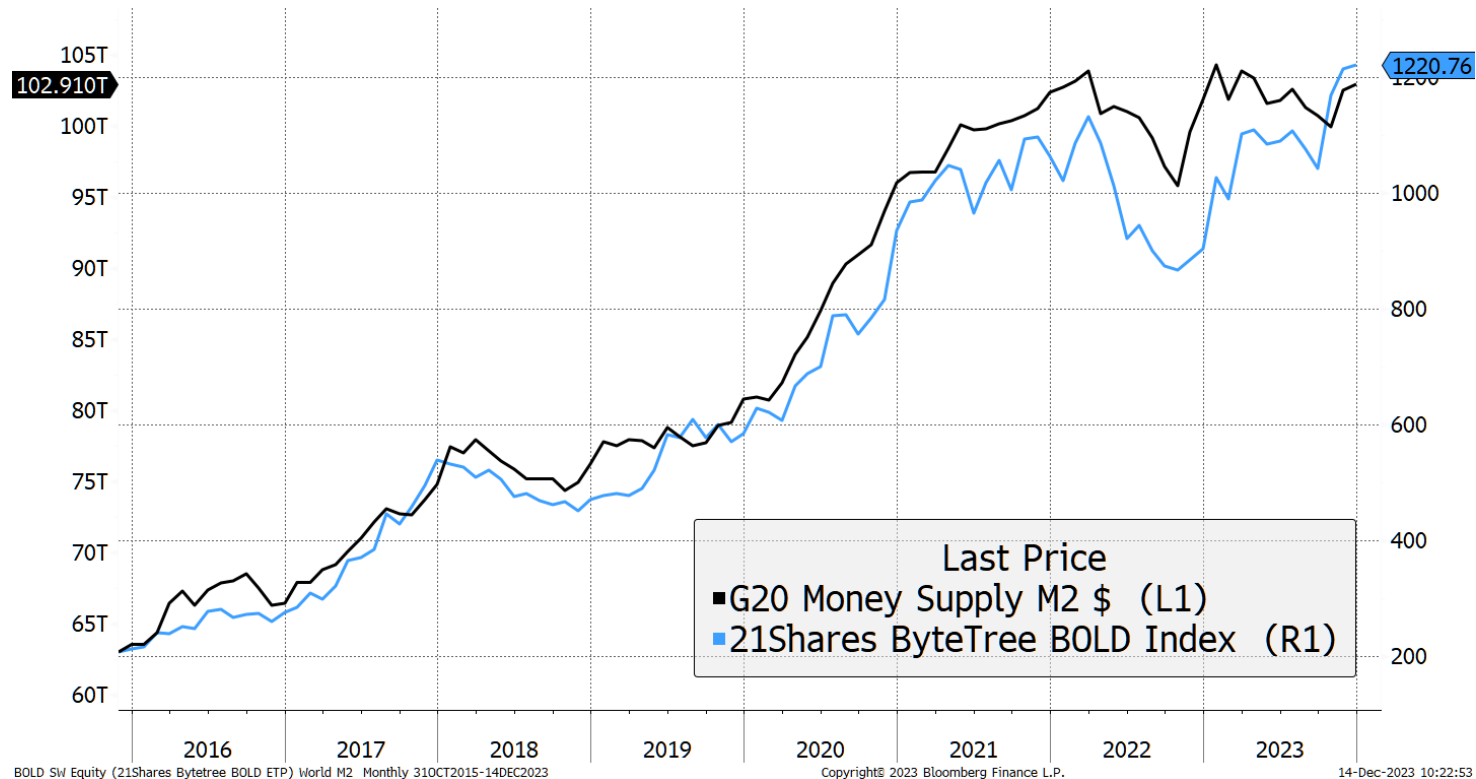
- Since 17th Dec 2018:
 - BOLD +169%
 - Nasdaq 156%
 - Gold +63%
 - World +62%
- Over five years, BOLD outperforms Gold and World equities.
- On a risk-adjusted basis, BOLD beats Bitcoin due to risk management.

BOLD Volatility vs the Magnificent 7



- Bitcoin volatility is often exaggerated.
- Less volatile than Tesla, NVIDIA, Meta, Amazon and Google.
- Higher than Apple and Microsoft.
- BOLD is materially less volatile than the world's largest stocks.

BOLD Is Correlated with the G20 Money Supply



- BOLD is more closely correlated to the World Money Supply than any other asset or combination.
- M2 has grown 7% p.a. since 2003.
- The BOLD price has grown 3.8x faster than the money supply.
- Anchored over the long term.

Summary

- BOLD brings the world's two most liquid assets together in a monthly rebalancing strategy that adjusts weightings according to the risk (volatility) of each asset.
- Bitcoin is the most established and liquid digital asset (52% of crypto), Gold is the historical store of value.
- Rebalancing maintains risk and adds additional return, data published on [Bytetree.com](https://www.bytetree.com).
- Powerful asset combination, and stronger together.
- Enhanced inflation protection with long-term capital growth.

Bitcoin, Gold and Cash



Merryn Somerset Webb @MerrynSW · Dec 11

On the [#MerrynTalksMoney](#) podcast we ask this question to our tip top interviewees every week. You know how that ends up... So this week, over to you. If you had to hold one of these three things and only one for 10 years (no selling, no switching) which would it be?



5,025 votes · 59 minutes left

127 replies · 86 retweets · 101 likes · 95K views



Walker ⚡ @WalkerAmerica · Dec 11

Gold: I want to maintain my purchasing power.

[#Bitcoin](#) 📈: I want to increase my purchasing power.

Cash: I want to decrease my purchasing power.

15 replies · 29 retweets · 333 likes · 7.7K views

Research

Free monthly publications by Charlie Morris

Bitcoin

<https://www.bytetree.com/atomic/>

Gold

<https://www.bytetree.com/atlas-pulse/>

BOLD

<https://www.bytetree.com/bold/>

BOLD Index

<https://vinter.co/bytetree>