Better together: bitcoin and gold

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Dovile Silenskyte

Director, Digital Assets Research

Key Takeaways

- Since the end of 2013, bitcoin has delivered higher risk-adjusted returns than gold, with a Sharpe ratio of 0.7 versus gold's 0.6 and a Sortino ratio of 1.0 versus gold's 0.3, despite its higher volatility.
- Bitcoin and gold exhibit a low long-term correlation of 6%, offering powerful diversification when combined as a macro risk barbell across inflation, fiat debasement and geopolitical shocks.
- Rather than replacing gold, bitcoin extends the safe-haven toolkit, combining gold's resilience with bitcoin's asymmetric upside potential in a digitally disrupted world.

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For centuries, gold has stood as the ultimate safe-haven asset. Today, bitcoin is emerging as its digital challenger. Over the past decade, bitcoin has not only delivered stronger absolute performance but also surpassed gold on risk-adjusted terms, even after accounting for its volatility. Investors are rethinking the hierarchy of store-of-value assets and increasingly seeing bitcoin and gold as complements, not substitutes.

Gold vs bitcoin: stability meets disruption

Gold's traditional strengths remain intact:

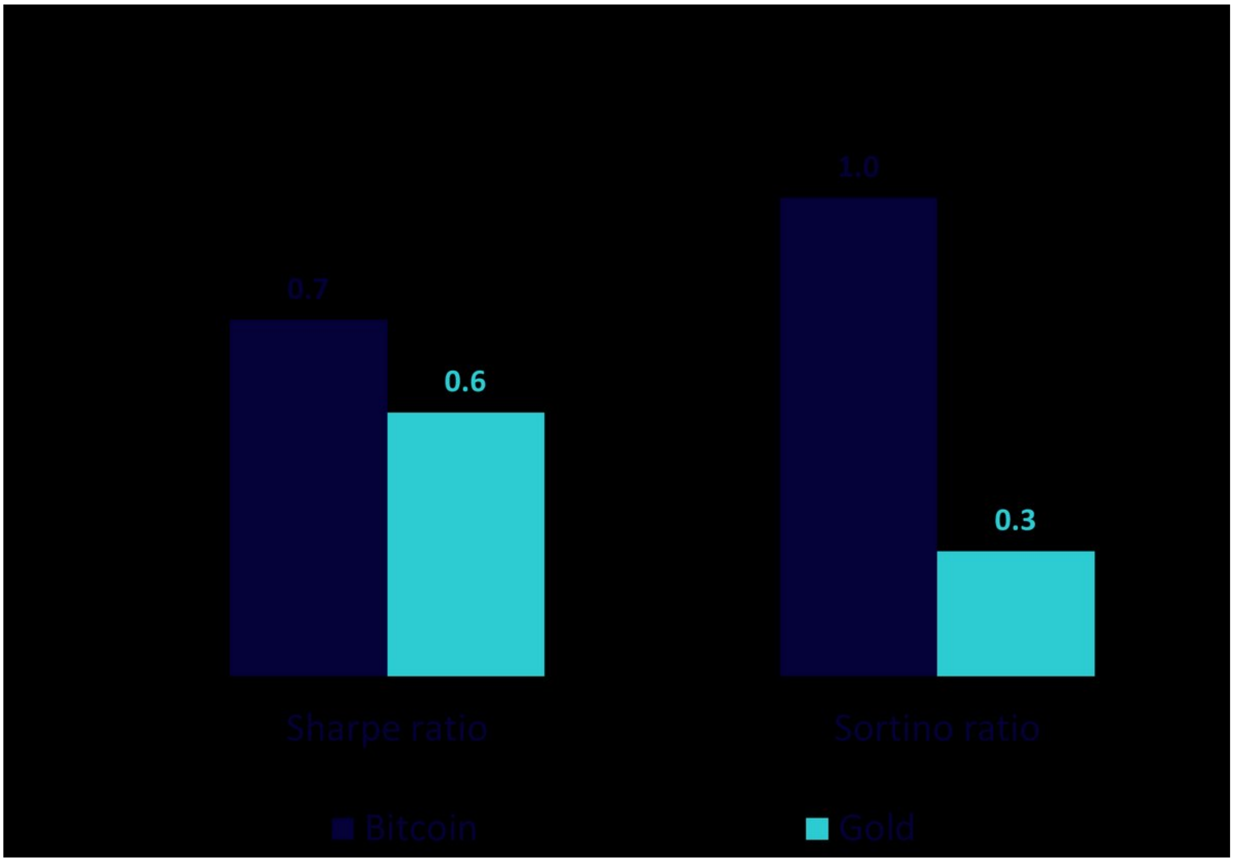
- Finite supply and scarcity: mined with difficulty, trusted for millennia.
- Universal acceptance: recognised globally as money and collateral.
- Crisis hedge: historically showing negative correlation to risk assets during stress events.

Since 2013, gold has delivered annualised returns of 10.4% with 14.5% volatility, producing a Sharpe ratio of 0.61. Gold remains steady and defensive, but its upside is constrained.

Bitcoin, by contrast, tells a different story. From 2013, it has produced annualised returns of 50.5% with 67.0% volatility, resulting in a Sharpe ratio of 0.7, which is slightly better than gold despite its extreme swings2. On the Sortino ratio, which captures downside risk, the gap widens further: 1.0 vs 0.33.

In plain terms: bitcoin has historically rewarded investors for the risk they have taken, while gold looks defensive, but less efficient on risk-adjusted metrics.

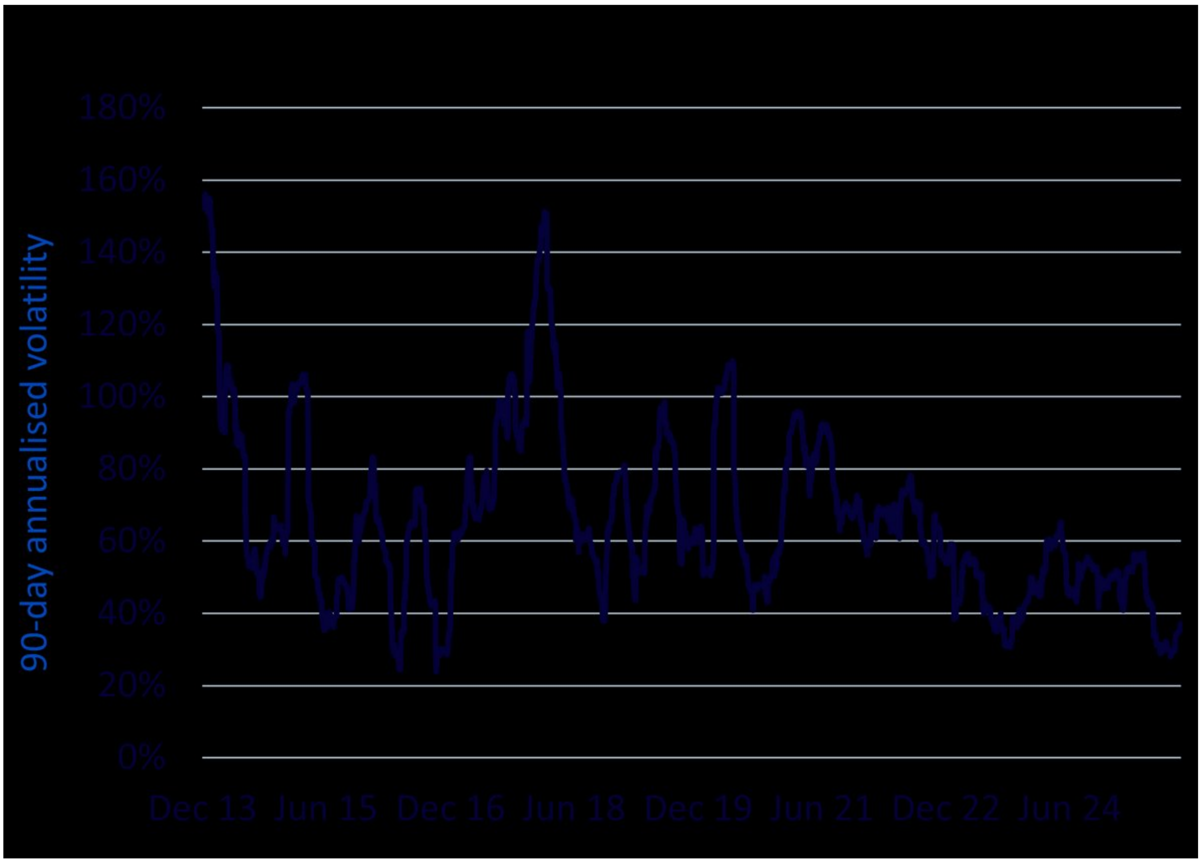
Figure 1: Sharpe and Sortino ratios of bitcoin and gold since the end of 2013



Bitcoin volatility: risk or opportunity?

Critics argue that bitcoin's volatility disqualifies it as a safe haven; however, volatility is not the same as risk. Since the end of 2013, bitcoin's 90-day annualised volatility has compressed from over 150% to just under 40%4, now closer to commodities. Meanwhile, daily spot volumes rival those of major S&P 500 stocks, while futures and options markets provide institutional-grade hedging tools.

Figure 2: Bitcoin's 90-day annualised volatility



Volatility remains a tax, but a declining one. For professional investors, liquidity depth and derivatives availability mean volatility can increasingly be reframed as manageable risk rather than disqualifying noise.

Macro backdrop: gold and bitcoin as complements

The macroeconomic case supports a “bitcoin and gold” rather than “either-or” framework:

- Gold thrives on inflation, geopolitical stress, and negative real yields.
- Bitcoin offers decentralisation, a capped supply of 21 million units, and digital portability – effectively “gold with wings.”

Correlation between gold and bitcoin remains structurally low at 6%5. This creates diversification benefits: gold hedges inflation and systemic crises, while bitcoin hedges fiat debasement and technological disruption. Together, they form a barbell across macro risks.

Portfolio implications: turning evidence into allocation

Bitcoin’s Sharpe and Sortino ratios suggest that even modest allocations can improve portfolio efficiency. A 1% bitcoin sleeve in a 60/40 global portfolio lifts Sharpe ratio by 0.06, while drawdowns only increase slightly from -24% to -25%6.

Strategic role in portfolios:

- Complementary roles: gold anchors stability and bitcoin amplifies upside.

- Diversification: combined, they provide defensive-plus-asymmetric opportunities.
- Macro hedges: gold protects against inflation and rates, while bitcoin adds convex exposure against fiat erosion and digital disruption.

Conclusion: evolution, not replacement

On risk-adjusted returns, bitcoin has outshone gold. But this is not a replacement story. Gold is not obsolete. It has gained a digital counterpart. Together, they broaden the safe-haven spectrum:

- Gold = resilience.
- Bitcoin = convex upside.

Investors must weigh these benefits against bitcoin's continued regulatory and market risks. Still, the evidence suggests a modernised hedge mix of gold and bitcoin deserves serious consideration in forward-looking portfolios.

1Source: Optuma, WisdomTree. 05 November 2025.
2Source: Optuma, WisdomTree. 05 November 2025.
3Source: Optuma, WisdomTree. 05 November 2025.
4Source: Artemis Terminal, WisdomTree. 03 November 2025.
5Source: Bloomberg, WisdomTree. From 31 December 2013 to 31 October 2025. In US dollars. Based on weekly returns. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investment may go down in value.**
6Source: Bloomberg, WisdomTree. From 31 December 2013 to 31 October 2025. In US dollars. Based on daily returns. The 60/40 Global Portfolio is composed of 60% MSCI AC World and 40% Bloomberg Multiverse. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investment may go down in value.**

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