What's Hot: Bitcoin is working exactly as intended

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Punti chiave

- Bitcoin is up 46% since July, through a war, an oil shock and a rate rise.
- At $1.7 trillion, bitcoin is one of the ten largest assets and part of the reserve asset conversation.
- Small bitcoin allocations have historically added return to portfolios without adding much risk.
- Bitcoin is maturing. This cycle's 53% drawdown was its shallowest yet.

Bitcoin was built for this.

Historic US debt. Money supply expansion. A central bank raising rates when the market had priced for cuts. Governments reaching into markets. A war rallying the oil price. Energy supply shocks. Sticky inflation[1].

Meanwhile, bitcoin has rallied to $86k +46% since 1 July 2026 and sits around 30% below its all-time high[2].

Bitcoin was launched in the wake of the 2008 bank bailouts, and some have held it since as a hedge against an uncertain economy. Bitcoin's recent performance has been consistent with that thesis over this period.

Bitcoin’s performance is pushing it onto the mainstage for global allocators navigating the current economy. For allocators, WisdomTree Physical Bitcoin (BTCW) provides the exposure.

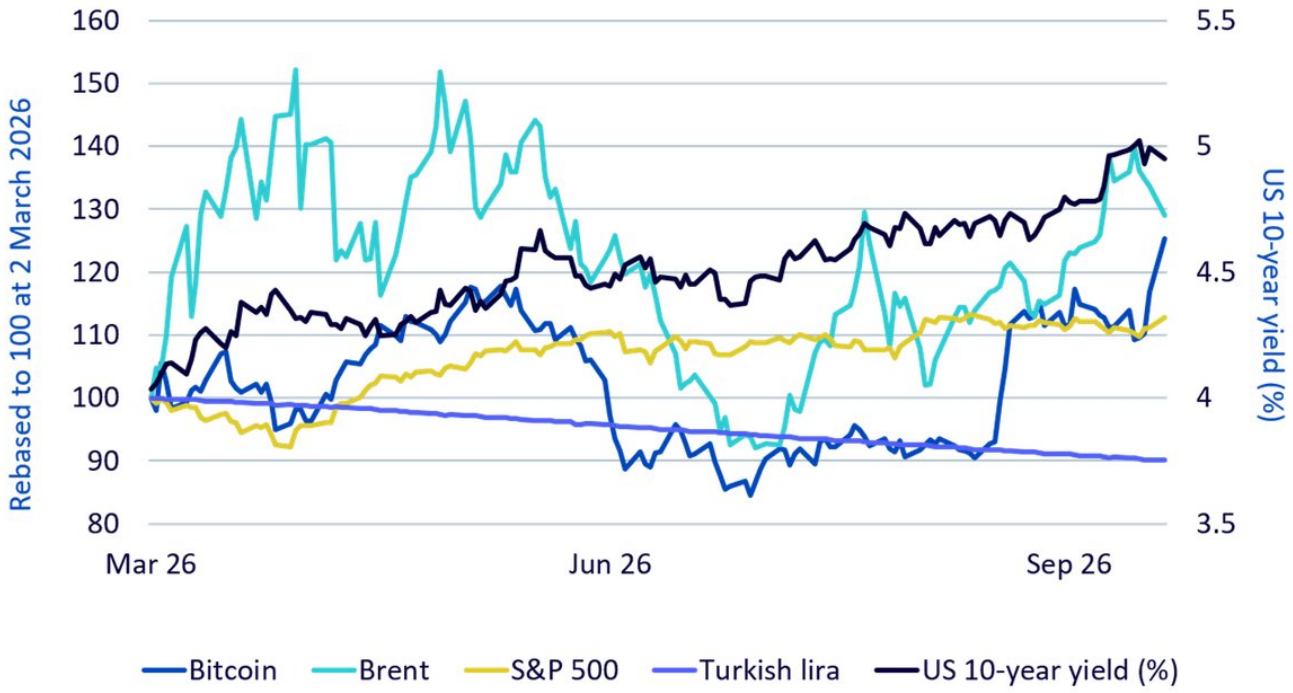
Built for storms

The current macro uncertainty is the storm Bitcoin was built for.

The Middle East War closed the Strait of Hormuz in March 2026[3]. Brent went through $100 a barrel. US inflation followed, reaccelerating to 4.2%. The Federal Reserve, which markets had expected to cut this year, delivered its first rate rise in over three years in September and took the target range to 3.75% to 4.00%. The US 10-year yield broke through 5%. Treasuries, held for these moments, lost money. US federal debt passed $40 trillion. Further out, the Turkish lira lost 10% against the dollar over the same period[4].

Bitcoin is apolitical and rule-based. The network is fortified by global hash rate[5] and changes require network consensus. It's a simpler option for navigating the macro complexity above.

Figure 1: Six months of storm



Source: Bloomberg, WisdomTree. 2 March 2026 to 21 September 2026. Bitcoin, Brent, S&P 500 and Turkish lira rebased to 100, left axis. Lira shown as USD per lira. US 10-year yield in percent, right axis. **Historical performance is not an indication of future performance, and any investment may go down in value.**

Bitcoin did not sail through untouched. From 2 March 2026 it fell 15% alongside other risk assets into the June low, before recovering. Sometimes bitcoin gets caught in a liquidity crunch and trades like a risk asset. Other times it sails against the odds.

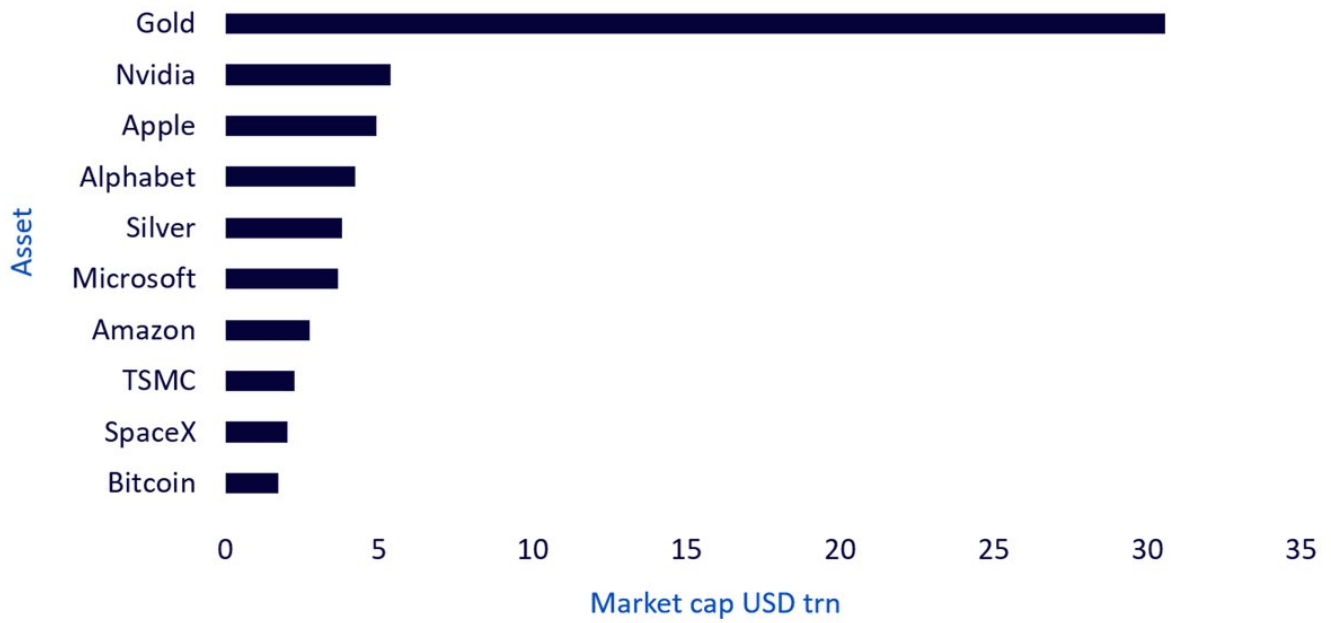
We’re going to need a bigger boat

Bitcoiners have promised a lifeboat for years, and the intention is etched into the asset. The genesis block carries a newspaper headline in its code. "The Times 03/Jan/2009 Chancellor on brink of second bailout for banks"[6]. Exchange-traded fund (ETF) flows suggest institutions are increasingly climbing aboard[7].

Today that lifeboat is a $1.7 trillion asset, inside the ten largest in the world alongside gold, silver and the largest listed companies. That is a different starting point from any prior cycle[8].

Reserve assets earn their role in two ways. They are large enough for central banks and allocators to hold at scale, and have a history of trust as a store of value. Gold has both. There is around $30 trillion of it, and people have treated it as money for thousands of years. Bitcoin is about 5.7% the size of gold[9] and has seventeen years of history. It is building on both fronts.

Figure 2: Bitcoin sits inside the ten largest assets by market value



Source: companiesmarketcap.com, 22 September 2026. Fiat currencies excluded. **Historical performance is not an indication of future performance, and any investment may go down in value.**

On 18 September 2026, a single US spot bitcoin ETF was the fifth most traded ETF in the American market. Across all of them, net inflows that day were around $1 billion[10]. Sovereign holdings continue to grow. The US government holds around 390,000 bitcoin, China an estimated 190,000[11].

What it brings to a portfolio

A small allocation to bitcoin has historically improved a global 60/40 portfolio, 60% global equities and 40% global bonds, on return and on risk-adjusted return. Volatility barely moves. The cost is a deeper drawdown, though Bitcoin's maximum drawdown in the current cycle has, to date, been smaller than in the previous cycles shown below[12].

Figure 3: Small bitcoin allocations have historically improved a portfolio's risk-adjusted return

	60/40 Global Portfolio	1% Bitcoin Portfolio	5% Bitcoin Portfolio	10% Bitcoin Portfolio	MSCI World	Bloomberg Global Aggregate	Bitcoin
Return	7.08%	7.61%	9.70%	12.27%	11.11%	0.66%	43.88%
Volatility	9.12%	9.19%	9.89%	11.49%	14.40%	5.08%	64.33%
Sharpe Ratio	0.56	0.61	0.78	0.89	0.63	-0.26	0.65
Sortino ratio	0.69	0.76	0.98	1.16	0.76	-0.38	0.92

Beta	0.62	0.62	0.64	0.65	1.00	0.04	0.97
Max draw-down	-24%	-24%	-27%	-30%	-34%	-26%	-83%
Information ratio		0.79	0.79	0.79			

Source: Bloomberg, WisdomTree. 31 December 2013 to 21 September 2026. In USD. Based on daily returns. The 60/40 portfolio is 60% MSCI World gross total return and 40% Bloomberg Global Aggregate, rebalanced daily. Beta measured against MSCI World. Sharpe and Sortino assume a 2% risk-free rate, approximating the average 3-month US Treasury bill yield over the period. **You cannot invest directly in an index. Historical performance is not an indication of future performance, and any investment may go down in value.**

Bitcoin's low correlation to traditional assets completes the performance picture.

Figure 4: Bitcoin's correlation to traditional assets is low

	Equities	Small Caps	All Fixed Income	Treasuries	IG Bonds	High Yield	Commodities	Gold
Bitcoin	27%	24%	6%	-5%	4%	22%	11%	10%
Equities		89%	31%	3%	27%	76%	3%	21%
Small Caps			41%	20%	43%	80%	-2%	28%
All Fixed Income				75%	75%	45%	-29%	28%
Treasuries					92%	40%	-40%	10%
IG Bonds						64%	-31%	11%
High Yield							-6%	13%
Commodities								31%

Source: Bloomberg, WisdomTree. 20 September 2024 to 18 September 2026. In USD. 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.**

Pick your narrative

Bitcoin was built for economic uncertainty, and 2026 has delivered it. Seventeen years after launch it has traded through a war, an oil shock and a rate rise, and rallied 46% since July.

It is also maturing. Each cycle's worst drawdown has been shallower than the last, from 93% in 2011 to 53% in this one[13]. Bitcoin plays to several narratives at once, digital gold, macro asset, apolitical reserve, programmable cash, and in a prior blog[14] we made the case that digital assets remain in the early adopter phase. The market reaches for whichever narrative fits the moment. Some months bitcoin trades like a risk asset. For the last three it has traded as Satoshi intended.

[1] Source: Bloomberg. 22 September 2026.
[2] Source: CoinGecko. 22 September 2026. Past performance is not indicative of future results.
[3] Source: Reuters. 2 March 2026.
[4] Source: Bloomberg. 22 September 2026.
[5] Source: mempool.space. 22 September 2026.
[6] Source: https://mempool.space/block/0
[7] Source: Bloomberg. 18 September 2026.
[8] Source: CoinGecko. 22 September 2026.
[9] Source: companiesmarketcap.com. 22 September 2026.
[10] Source: Bloomberg. 18 September 2026.
[11] Source: Bitcoin Treasuries. 22 September 2026.
[12] Source: Bloomberg. 22 September 2026.
[13] Source: Bloomberg. 22 September 2026.
[14] Source: WisdomTree, It's the early adopter phase. 2026.

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