What's Hot: Bitcoin is working exactly as intended

Published 25 September 2026

Ben Burden
Associate Director, Digital Assets Research

Key Takeaways

- 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.

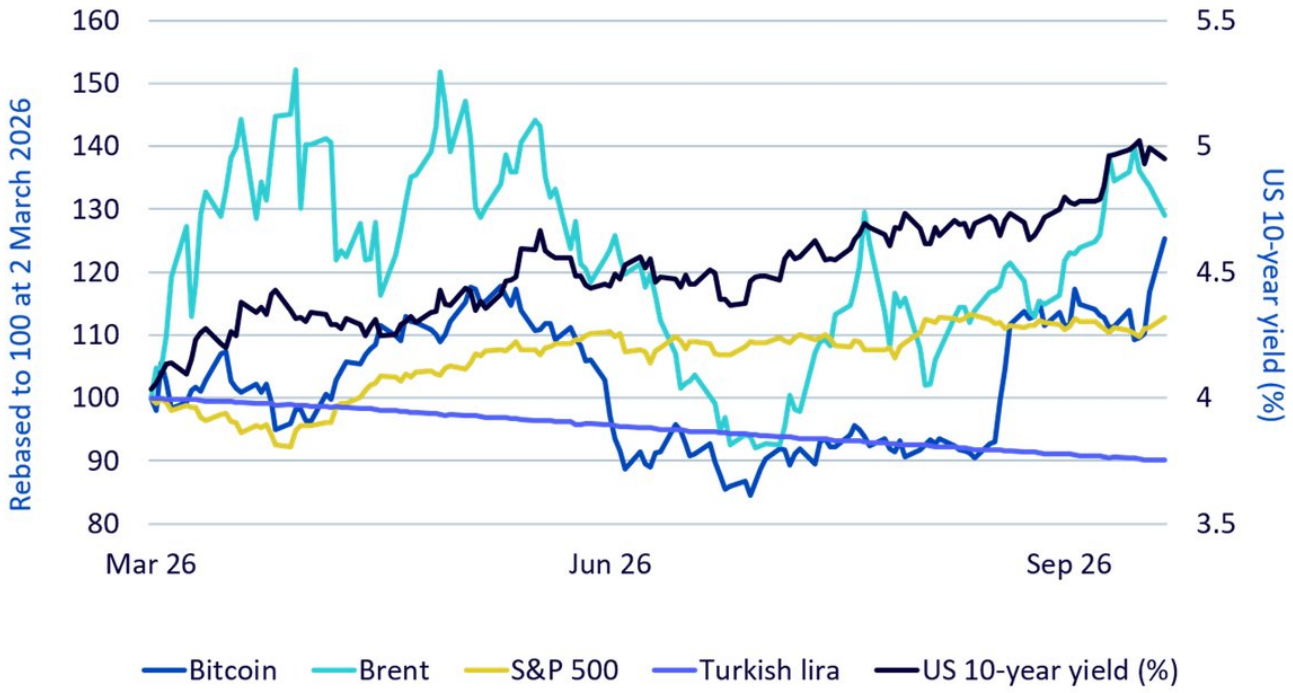
Built for storms

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.

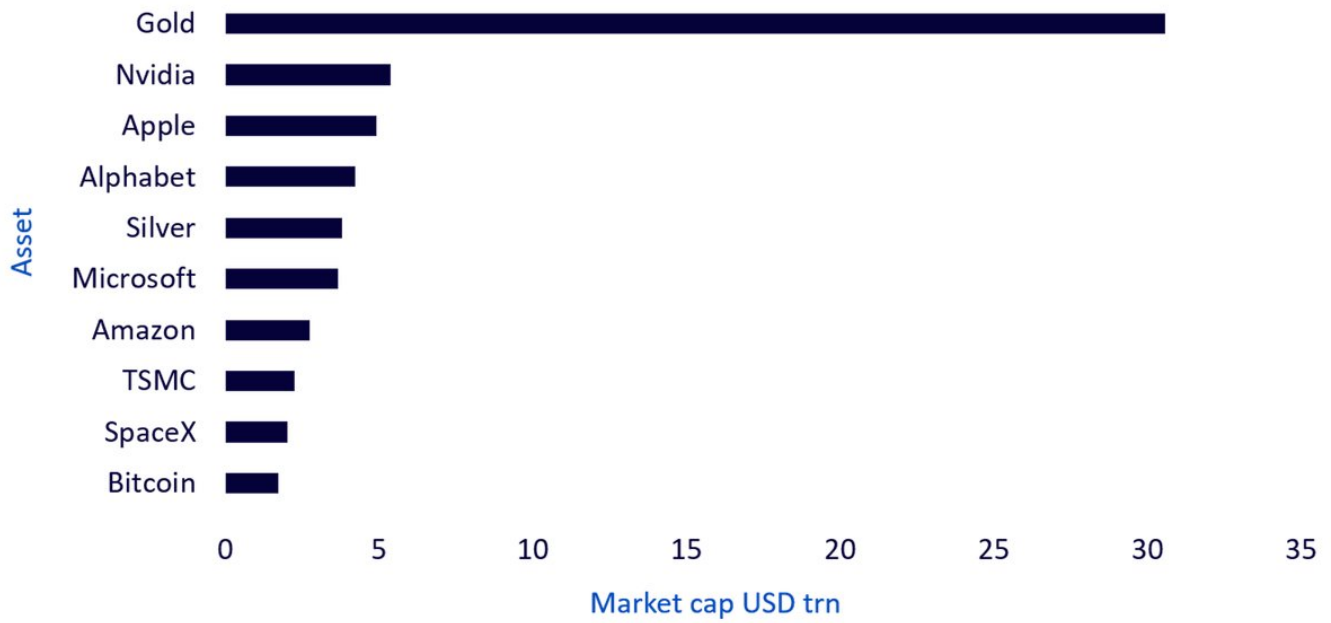
We’re going to need a bigger boat

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.

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area ("EEA") & Switzerland: This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

Marketing communications issued in jurisdictions outside of the EEA, except Switzerland: This document has been issued and approved by WisdomTree UK Limited or Atlantic House Investments Limited, which are both authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited, WisdomTree UK Limited and Atlantic House Investments Limited are referred to as "WisdomTree" (as applicable) throughout. Our Conflicts of Interest Policy and Inventory are available on request.

This marketing communication is intended for all investors; however, the WisdomTree products described in this document and related materials may be restricted in certain jurisdictions and may only be available to particular categories of investors in accordance with applicable laws and regulations. Where a product is not authorised or its distribution is restricted in your jurisdiction, it is the responsibility of any person or entity in possession of this information to inform themselves of, and comply with, all relevant restrictions. Before making any investment, investors should seek appropriate legal, regulatory, tax and investment advice to assess the suitability and implications of investing in these products. Information about WisdomTree products is available at wisdomtree.eu. WisdomTree does not offer investment advice tailored to individual circumstances. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment.

This marketing communication should be read in conjunction with the relevant WisdomTree products' Prospectus, Key Investor Information Document ("KIID"), Key Information Document ("PRIIPS KID") as relevant. In particular, investors should carefully read the specific risks detailed under the section entitled 'Risk and Reward Profile' in the KIID, 'What are the risks and what could I get in return?' in PRIIPs KID and under the section entitled 'Risk Factors' in the Prospectus of the Issuer for further details of risks associated with an investment in the product(s) detailed herein. Further information regarding the WisdomTree exchange-traded product(s) detailed herein, such as a detailed list of the underlying investments and the indicative net asset value, can be obtained by visiting the WisdomTree website at (www.wisdomtree.eu).

An investment in WisdomTree exchange-traded products ("ETPs") is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. An investment in WisdomTree funds is dependent on the performance of the underlying investments, less costs.

Both WisdomTree ETPs and funds involve numerous risks including among others, general market risks relating to any relevant underlying index, credit risks on the provider of index swaps utilised in ETPs, exchange rate risks, interest rate risks, inflationary risks, liquidity risks, derivatives risk and legal and regulatory risks.

The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

WisdomTree Issuer X Limited

The products discussed in this document are issued by WisdomTree Issuer X Limited (the "Issuer"). Investors should read the prospectus of the Issuer before investing and should refer to the section of the prospectus entitled "Risk Factors" for further details of risks associated with an investment in the securities offered by the Issuer.

Securities issued by the Issuer are direct, limited recourse obligations of the Issuer alone and are not obligations of or guaranteed by any of Swissquote Bank Ltd ("Swissquote"), Coinbase Custody Trust Company LLC ("Coinbase"), BitGo Trust Company, Inc ("BitGo") any of their affiliates or anyone else or any of their affiliates. Each of Swissquote, Coinbase and BitGo disclaims all and any liability whether arising in tort, contract or otherwise which it might have in respect of this document or its contents otherwise arising in connection herewith.

The product discussed in this document is an unregulated ETP, approved to trade on certain regulated exchanges within Europe and the UK. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investors. Prospective investors should be aware that the price of the underlying asset(s) by which the securities are secured can demonstrate higher volatility than other asset classes and consequently the value of the securities may be extremely volatile. You must ensure that the nature, complexity and risks associated with cryptocurrencies are suitable for your objectives in light of your circumstances and financial position.

Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you should not expect to be protected if something goes wrong.

Take 2 mins to learn more

The digital assets underlying WisdomTree's exchange traded products are held using secure, institutional-grade custody solutions that prevent unauthorised access or movement. Digital assets are primarily stored offline in cold wallets and their transfer requires authorisation from multiple independent parties with a redundancy of locations, communication methods and authentication devices.

Our operational processes are regularly updated to protect against evolving threats and are kept confidential for security reasons.

BTCW Index Disclaimer

COINDESK® and CoinDesk Bitcoin Benchmark London Settlement Rate (the "**Index**") are trade or service marks of CoinDesk Indices, Inc. ("**CDI**"), the administrator of the Index, and/or its licensors. CDI or CDI's licensors own all proprietary rights in the Index.

CDI is not affiliated with/WisdomTree Issuer X Limited (the "**Issuer**") and does not approve, endorse, review, or recommend WisdomTree Physical Bitcoin (the "**Product**"). CDI does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Index and shall not be liable in any way to the Issuer, investors in or holders of the Product or other third parties in respect of the use or accuracy of the Index or any data included therein.

For Investors in Switzerland:

This document constitutes an advertisement of the financial product(s) mentioned herein.

The prospectus (in English only), a summary of the WIXL prospectus (in German, French and Italian) and the key investor information documents (KID) (in German, French and Italian) are available from WisdomTree's website: https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports

For Investors in Israel:

Offering materials for the offering of the securities have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful. The products mentioned herein have not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute "an offer to the public" under sections 15 and 15a of the Israel Securities Law, 5728-1968 ("the Securities Law") or section 25 of the Joint Investment Trusts Law, 5754-1994 ("the Joint Investment Trusts Law "), as applicable. The products are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum ("the Addendum") to the Securities Law, "Sophisticated Investors") who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority.

This prospectus or this document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases a product is purchasing such product for its own benefit and account and not with the aim or intention of distributing or offering such product to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing a product for another party which is a Sophisticated Investor).

Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. A recipient of this document may be required to provide confirmation that it is a Sophisticated Investor purchasing a product for its own account or, where applicable, for other Sophisticated Investors.