Hard Assets in a Soft World

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Key Takeaways

- Following the abrupt February 20, 2026 Supreme Court tariff ruling and a broader shift toward structural policy volatility, gold's strongest annual return since 1979 in 2025 signals that investors may be repricing fiscal dominance and currency credibility risk, making strategies like WisdomTree's capital efficient suite timely portfolio hedges.
- While bitcoin remains well below its all-time highs after leverage-driven liquidations, its fixed supply and evolving macro sensitivity suggest asymmetric upside in a regime of currency distrust, positioning it as a potential complement rather than a substitute to gold in diversified hard asset allocations.
- Beyond monetary hedges, industrial metals such as copper and aluminum are directly leveraged to electrification and AI-driven energy demand amid tightening supply, and for investors seeking diversified commodities exposure with historically lower oil weightings in a geopolitically fragile market, the WisdomTree Enhanced Commodity Strategy Fund (GCC) merits consideration.

February 20, 2026 was supposed to be a quiet Friday.

Then, the long-awaited Supreme Court tariff ruling hit.[1] A decision that many had assumed would grind through procedural limbo instead arrived abruptly, reshaping at least perceptions of the near-term economic outlook in real time.

It's important to consider that we are operating in a regime where policy risk is no longer episodic; rather, it feels more structural. Trade policy can reverse. Fiscal priorities can expand. Central banks can appear to be pressured. Elections loom. Geopolitics can intrude. And markets, which might prefer gradualism, are increasingly forced to digest discontinuity.

Why is this important? Because when the world feels unpredictable, investors reach for assets that feel anchored.

And that's where gold, bitcoin and commodities could re-enter the conversation.

The Quiet Force Behind Gold's Surge

In 2025, gold had its strongest calendar year performance since 1979.[2] That's not a typo.

For roughly a decade, gold behaved in ways that many macroeconomic models could reasonably explain. Such variables as the U.S. dollar, real bond yields,[3] inflation expectations and investor positioning accounted for much of the year-to-year price movement.[4]

But 2025 looked different.

Two forces stand out as possible drivers bringing us to a different sort of regime.

First: geopolitics. When currencies are weaponized, sanctions expand and cross-border capital becomes political, reserve assets are reconsidered. The freezing of Russia's sovereign reserves in 2022 was not just a headline; it was a signal. If fiat reserves can be restricted, then more neutral reserves gain appeal.[5]

Second: fiscal dominance.

Fiscal dominance is the idea that fiscal policy begins to dictate monetary policy. When debt levels rise high enough and deficits remain persistent, central banks face constraints. Their mandate may still include inflation and employment, with considerations of financial stability becoming unavoidable. If bond markets wobble or sovereign financing costs rise too quickly, monetary policy may have to bend.[6]

That bending, whether it shows through lower real rates, expanded balance sheets or preemptive easing, carries a quiet implication: currency debasement risk could rise.

While we believe that gold may not respond to headlines alone, its price could very well respond to a perception of erosion of monetary credibility.

Importantly, that kind of perception is not a concept confined to one country. Debt levels across many developed economies have climbed. Political appetite for fiscal restraint across many developed economies remains limited. Central bank independence, once assumed as a constant, is increasingly debated in public.[7]

If that is the regime shift underway, then gold's big price move in 2025 may not be an anomaly. It may be repricing a new set of economic considerations.

Bitcoin: Scarcity by Design

If gold represents geological scarcity, bitcoin represents algorithmic scarcity.

The total supply is capped at 21 million coins. Issuance declines every four years through a process known as "halving." Today, approximately 3.125 new bitcoin are issued every ten minutes. It is estimated that number will be cut in half again in 2028.[8]

Bitcoin supply is not influenced by politics, elections or central bank meetings. It is embedded in code.

And yet, bitcoin price performance has not mirrored gold's recent strength. It remains materially below its all-time highs and has experienced sharp corrections over the past year.[9]

The reason, in our opinion, is less philosophical and more mechanical.

Crypto markets had accumulated leverage, in this context meaning people using borrowed money to potentially increase the magnitudes of returns on these investments. As volatility declined, and at one point we saw bitcoin's price performance volatility falling below that of gold, traders increased their exposures. When liquidation cascades were triggered, billions were forced out of positions. Looking back over bitcoin's price performance history, large liquidation events historically led to periods of consolidation before subsequent price recoveries.[10] That pattern appears to be repeating, in our opinion.

Another narrative that dominated past cycles—the so-called 'four-year halving rhythm'—also appears less reliable. In earlier cycles, large supply reductions materially tightened issuance. Presently, cutting issuance from 3.125 to roughly 1.56 per block is meaningful, but far less dramatic than earlier reductions from 50 to 25 or 25 to 12.5.[11]

In short: bitcoin's future may be less about mechanical supply shocks and more about a shifting macro-economic regime.

And here, the same themes that support gold resurface, such as currency distrust, fiscal strain, global reserve diversification, even if we don't yet see major central banks actively buying bitcoin as they have been buying gold.

But, it's clear that bitcoin behaves differently.

Substitutes or Complements?

Gold and bitcoin are often discussed in the same breath, the expression 'digital gold' is commonplace in 2026. Both are scarce. Both are alternatives to fiat currency. Both attract investors skeptical of monetary policy.

But it's clear that their price returns do not behave in the same way.

Over the long term, their price return correlation has been minimal,[12] Gold has tended to behave defensively. It has performed during recessions, financial shocks and geopolitical stress. It has competed, in many ways, with bonds, and competition with bonds may be an important future portfolio construction consideration.

Bitcoin, by contrast, has behaved more cyclically. It has historically thrived during liquidity expansion and growth optimism. It has drawn more speculative capital and has responded strongly to risk appetite.

If diversification is the only free lunch in investing,[13] then assets that respond differently to macro shocks deserve consideration not as substitutes, but as complements.

Gold price movements may hedge monetary instability. Bitcoin's price movements may offer asymmetric upside in a world rethinking monetary architecture.

Both, in their own way, are hard assets in a soft-currency environment.

Beyond Monetary Assets: The Case for Industrial Metals

While gold and bitcoin reflect monetary concerns, industrial metals reflect something else entirely: energy addition.

The world is not simply transitioning energy sources. It is adding energy layers.

Oil demand has not collapsed. Natural gas remains critical. But electrification, driven by electric vehicles, renewable infrastructure and data centers powering artificial intelligence, is expanding electricity demand at scale.[14]

Electricity requires metal.

Copper wiring for transmission lines. Aluminum for distribution infrastructure. Tin for soldering across millions of electronic connections. Grid expansion is metal-intensive. Data centers are copper-intensive. EVs require multiples of the copper found in internal combustion vehicles.

At the same time, supply constraints are emerging.

Major copper mines have experienced disruptions. New large-scale projects are limited. Aluminum smelting capacity in China faces structural caps. Several base metals are approaching supply deficits.[15]

The dynamic is straightforward: steady or rising demand layered onto constrained supply draws down inventories. That tends to be price supportive.

AI may dominate equity headlines. But its physical manifestation is copper, aluminum and tin.

Oil: Oversupplied, Yet Explosive

Energy remains the largest weighting in many broad commodity indices, such as the Bloomberg Commodity Index and S&P GSCI Index.[16] Therefore, it may be important to take this into consideration for those looking at a potential broad commodities portfolio exposure.

Structurally, oil appears oversupplied. Demand growth is slowing. Electrification in large economies like China is displacing gasoline consumption. OPEC has gradually unwound supply restraint. Saudi Arabia appears focused on regaining market share.

Inventories, particularly in China, have appeared elevated.[17]

Fundamentally, that is a heavy setup that may not represent a catalyst for oil's price to rise.

Yet geopolitics may intrude. Iran remains central to global oil flows. The Strait of Hormuz is a narrow chokepoint through which a significant portion of global oil supply travels. Any disruption would materially impact prices.

Current oil prices suggest only partial risk of a possible disruption due to a kinetic event being priced in.

Therefore, it is our opinion that oil is structurally pressured, price-wise, but geopolitically volatile, which could lead to a weak foundation for oil price strength with explosive potential upwards *if* geopolitical risks materialize.

We would note that, if investors are looking at broad commodities but seeking options with historically lower oil exposure than major benchmarks, the WisdomTree Enhanced Commodity Strategy Fund (GCC) may be worth further study.

Hard Assets, Different Risks

We may be entering a period defined by fiscal strain, geopolitical fragmentation, energy expansion and policy volatility.

In that world:

- Gold price performance may hedge monetary credibility risk.
- Bitcoin price performance may hedge structural currency dilution and system distrust.
- Industrial metals price performance may express the physical buildout of electrification.
- Oil could remain a geopolitical wild card, and it'll be important to watch the situation in Iran and the Middle East.

The real question may not be whether hard assets belong in portfolios, but rather which hard asset addresses which risk.

WisdomTree has a suite of strategies, termed 'capital efficient' that allow for exposure to gold with something else. Each of these does incorporate leverage, combining a 90% notional exposure to gold futures with a 90% exposure to another asset class. These strategies include:

- WisdomTree Efficient Gold Plus Equity Strategy Fund (GDE): This strategy represents a 90% exposure to a portfolio of 500 large-cap U.S. equities, market capitalization-weighted, 90% notional exposure to a portfolio of gold futures, and a 10% exposure to short-term U.S. treasuries.

[1] Source: Supreme Court of the United States. (2026, February 20). *Learning Resources, Inc. v. Trump*, 607 U.S. ___ (No. 24-1287).

[2] Source: Bhagchandani, A. (2026, January 10). *Gold's record rally in 2025 and what it means for 2026: Prices, key drivers and demand trends*. Business Upturn.

[3] Real bond yields refer to the yields of Treasury Inflation-Protected Securities (TIPS).

[4] Sources: WisdomTree Model Forecasts and Bloomberg, as seen in: https://www.wisdomtree.com/investments/-/media/us-media-files/documents/resource-library/market-insights/wisdomtree-commentary/gold-outlook-to-q4-2026.pdf

[5] Source: U.S. Department of the Treasury. (2022, February 28). *Treasury prohibits transactions with Central Bank of Russia and imposes sanctions on key sources of Russia's wealth* [Press release].

[6] Source: Bajaro, D. F. G., Galimberti, J. K., & Qureshi, I. A. (2025). *Monetary policy under fiscal stress: A forward-looking analysis of fiscal dominance* (Working Paper). ScienceDirect.

[7] Source: World Economic Forum. (2026, February). *Why central bank independence is a boon amid geopolitical turmoil*.

[8] Source: Nakamoto, S. (2008). *Bitcoin: A peer-to-peer electronic cash system*.

[9] Source: Panigirtzoglou, N. [as reported by MarketWatch]. (2026, February 5). *Gold's massive outperformance leaves Bitcoin looking more attractive over the long term, says JPMorgan strategist*. *MarketWatch*.

[10] Sources: Coinchange. (2025, November 24). *Bitcoin's $2 billion reckoning: How November's liquidation cascade exposed crypto's structural fragilities*; Adejumo, O. (2025, December 26). *How $150 billion was liquidated from crypto market in 2025 driving Bitcoin crash*. CryptoSlate; CoinDesk. (2025, August 28). *Bitcoin undervalued versus gold as volatility collapses, JPMorgan says*.

[11] Source: Caleb & Brown. (2026). *Is Bitcoin's four-year cycle broken? Analyzing halvings, ETFs, and market dynamics*.

[12] Source: Baur, D. G., & Hoang, L. (2021). *The Bitcoin–gold correlation puzzle*. *Journal of Behavioral and Experimental Finance, 32*, 100561.

[13] Statement by Harry Markowitz, from Bernstein, P. L. (1992). *Capital ideas: The improbable origins of modern Wall Street*. Free Press.

[14] Source: International Energy Agency. (2025). *Global Energy Review 2025: Global trends*.

[15] Source: World Bank. (2025, December 16). *Metal prices outlook: supply constraints, clean-energy demand, and market risks* [World Bank Commodity Markets Outlook excerpt].

[16] Sources: S&P Dow Jones Indices. (2025, November 13). *S&P Dow Jones Indices announces 2026 weights for the Dow Jones Commodity Index* [Index announcement]. S&P Global; Bloomberg Finance L.P. (2026, January 30). *Bloomberg Commodity Index (BCOM)*. Bloomberg Commodity Indices.

[17] Source: Healy, C., McKimm, R., & Walinga, I. (2025). *Oil demand for fuels in China has reached a plateau*. International Energy Agency.

Important Risks Related to this Article

There are risks associated with investing, including possible loss of principal. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

GDE: The Fund is actively managed and invests in U.S. listed gold futures and U.S. equity securities. The Fund's use of U.S. listed gold futures contracts will give rise to leverage, magnifying gains and losses and causing the Fund to be more volatile than if it had not been leveraged. Moreover, the price movements in gold and gold futures contracts may fluctuate quickly and dramatically, and have a historically low correlation with the returns of the stock and bond markets. While the Fund is actively managed, the Fund's investment process is heavily dependent on quantitative models and the models may not perform as intended.

GDMN: The Fund is actively managed and invests in U.S.-listed gold futures and global equity securities issued by companies that derive at least 50% of their revenue from the gold mining business ("Gold Miners"). The Fund's use of U.S.-listed gold futures contracts will give rise to leverage, magnifying gains and losses and causing the Fund to be more volatile than if it had not been leveraged. Moreover, the price movements in gold and gold futures contracts may fluctuate quickly and dramatically, and have a historically low correlation with the returns of the stock and bond markets. By investing in the equity securities of Gold Miners, the Fund may be susceptible to financial, economic, political, or market events that impact the gold mining sub-industry, including commodity prices and the success of exploration projects. The Fund may invest a significant portion of its assets in the securities of companies of a single country or region, including emerging markets, and thus, the Fund is more likely to be impacted by events and political, economic, or regulatory conditions affecting that country or region, or emerging markets generally. While the Fund is actively managed, the Fund's investment process is heavily dependent on quantitative models and the models may not perform as intended.

GCC: An investment in this Fund is speculative, involves a substantial degree of risk, and should not constitute an investor's entire portfolio. One of the risks associated with the Fund is the complexity of the different factors which contribute to the Fund's performance. These factors include use of commodity futures contracts. In addition, bitcoin exchange-traded products (ETPs) and bitcoin futures are relatively new and the markets may be less developed. They are subject to unique and substantial risks, and historically, have been subject to significant price volatility. As a result, the markets for bitcoin futures and bitcoin ETPs may be less developed, and at times, potentially less liquid and more volatile, than more established commodity futures and ETP markets. While the bitcoin futures market has grown substantially since bitcoin futures commenced trading, there can be no assurance that this growth will continue. In addition, derivatives can be volatile and may be less liquid than other securities and more sensitive to the effects of varied economic conditions. The value of the shares of the Fund relate directly to the value of the futures contracts and other assets held by the Fund and any fluctuation in the value of these assets could adversely affect an investment in the Fund's shares. Because of the frequency with which the Fund expects to roll futures contracts, the price of futures contracts further from expiration may be higher (a condition known as "contango") or lower (a condition known as "backwardation") and the impact of such

contango or backwardation may be greater than the impact would be if the Fund experienced less portfolio turnover. The Fund will not invest in bitcoin directly.

GDT: The Fund invests in a portfolio composed of Inflation-protected U.S. Treasury Bonds (“TIPS”) and U.S. listed gold futures contracts. The interest and principal payments of TIPS are adjusted for inflation and typically have lower yields than conventional fixed-rate bonds. The Fund’s income from TIPS may decline due to deflation or changes in inflation expectations. The value of gold and commodity-linked derivative instruments such as gold futures contracts typically is based upon the price movements of the physical commodity or an economic variable linked to such price movement. Price movements in gold and gold futures contracts may fluctuate quickly and dramatically, have a historically low correlation with the returns of the stock and bond markets. Derivatives are used by the Fund to gain exposure to inflation swaps and U.S. listed gold future contracts. Derivative investments can be volatile and may be less liquid than other investments. As a result, the value of an investment in the Fund may change quickly and without warning you may lose money. While the Fund is actively managed, the Fund's investment process is heavily dependent on quantitative models and the models may not perform as intended.