

Why Bitcoin (BTC) remains a sure bet!



SEPTEMBER 2026

BLOCKCHAIN AND CRYPTOASSET (K) LTD.



‘The growing adoption of Bitcoin as a national reserve asset represents a massive paradigm shift in sovereign wealth management, moving Bitcoin from a speculative fringe asset to an official state-backed economic hedge.’

INTRO

Bitcoin continues to open up investment and capital preservation avenues for a wide range of investor types from governments and sovereign wealth funds to corporations, HNWIs and institutional as well as retail investors.

As national governments and traditional financial institutions embrace this new and burgeoning digital asset, regulatory clarity has followed suit helping to build investor confidence in the marketplace and usher in the entry of market participants who would otherwise have shied away.

These structural tailwinds provide a fertile ground for Bitcoin to continue on this secular trajectory placing it as a major generational wealth-creation investment asset.

MACRO PICTURE

Institutional Adoption

Financial integration of Bitcoin with traditional financial instruments via regulated market tools like spot exchange-traded funds and futures contracts has broadened capital access for traditional investors. These new market tools include institutional Bitcoin trading instruments that have fully integrated into traditional finance and are dominated by spot exchange-traded funds (ETFs) like BlackRock's iShares Bitcoin Trust (IBIT) and Fidelity's Fidelity Wise Origin Bitcoin Fund (FBTC), alongside CME Group's continuous 24/7 regulated derivatives.



Further, benefiting from FASB corporate accounting changes that allow cryptoassets to be reported at fair market value, corporations have aggressively adopted Bitcoin as a primary reserve asset, namely Corporate Digital Asset Treasuries (DATs). These corporate DATs also function as a proxy high-beta equity instrument for institutional funds by allowing them to gain exposure to digital assets through traditional equity markets, effectively bypassing strict investment mandates.

Such corporate treasury allocations mean that public companies adopting Bitcoin as a reserve asset lock up large tranches of supply in corporate balance sheets helping drive demand for Bitcoin.

Global Liquidity and the ‘Debasement trade’ narrative

Since Bitcoin has a mathematically hard-capped supply of 21 million coins, it functions as an acoustic amplifier for global fiat currency expansion. When central banks engage in quantitative easing (QE) or slash interest rates, a wave of capital seeks yields in higher-risk environments, disproportionately lifting Bitcoin.

In this context, Bitcoin operates as a highly sensitive liquidity sponge, meaning its price has historically been heavily influenced by expansions in the global money supply (M2) and loose monetary policy.



All this feeds into the ‘debasement trade’ narrative where capital moves out of fiat currencies and into hard or scarce assets to hedge against long-term purchasing power erosion. If the supply of paper money doubles while the supply of Bitcoin remains fixed, the price of Bitcoin in paper money terms, theoretically, must rise to reflect that dilution.

Inflation and the Debt Hedge

Rising global sovereign debt and persistent fiscal deficits drive interest in decentralized assets that sit outside traditional fiat systems. Within the macro investment space, decentralized, non-fiat assets act as a structural defense mechanism against this unrelenting money print.



Driven by global sovereign debt hitting **\$353 trillion** (Reuters: March, 2026) and persistent fiscal deficits, investors are actively moving away from traditional paper guarantees. The primary thesis is straightforward: when central banks face unsustainable debt obligations, they often resort to structural currency debasement or rely on inflation to dilute the real value of that debt. This environment severely penalizes cash and fixed-income portfolios, while boosting assets that cannot be expanded or altered by political or monetary decree.

Growing use of BTC as a national reserve

The growing adoption of Bitcoin as a national reserve asset represents a massive paradigm shift in sovereign wealth management, moving Bitcoin from a speculative fringe asset to an official state-backed economic hedge. The transition began in earnest when major governments stopped liquidating seized digital assets and instead classified them as permanent capital.



The most notable turning point occurred when the United States formally established a U.S. Strategic Bitcoin Reserve under a framework that treats Bitcoin similarly to gold. This integration provides a decentralized, mathematically scarce macro hedge against traditional fiat currency debasement and soaring global debt levels.

Governments are, therefore, increasingly viewing Bitcoin as a strategic national reserve asset to hedge against inflation, reduce geopolitical risk and strengthen financial resilience.

Deepening of the global investment market(place)

As traditional financial ecosystems integrate digital assets, several structural shifts fundamentally alter how Bitcoin is valued over multi-year horizons. The integration of spot exchange-traded funds (ETFs), in particular, and custodial services by major financial firms has streamlined capital allocation for institutional and pension portfolios. Channels like BlackRock iShares bridge massive institutional capital pipelines in the form of spot ETF wrappers, while infrastructure like SFOX unlocks trillion-dollar retirement portfolio accessibility.

These developments continue to structurally secure Bitcoin's long-term upward price trajectory by transitioning it from an isolated speculative tool into a core institutional macro asset.



This deepening marketplace also serves to alter trading mechanics and provides strong price floors during macro sell-offs. This is because higher trading volumes across major exchanges significantly decrease market slippage, while professional futures markets allow institutions to execute sophisticated hedging strategies.

Portfolio diversification

The integration of Bitcoin into traditional multi-asset portfolios creates unique dynamics that support its long-term growth trajectory. Over long horizons, a small allocation to Bitcoin has historically improved the risk-adjusted returns of traditional portfolios due to its low structural correlation with traditional asset classes.



In addition, idle cash in low-yield accounts or money market funds barely beats inflation. Bitcoin, however, steps in to offer higher potential long-term returns. As traditional diversification metrics change, institutional and retail wealth managers are, therefore, increasingly using Bitcoin as an 'asymmetric upside lever' and an uncorrelated risk diversifier.

Major financial institutions have formalized allocation frameworks with reports from BlackRock, Morgan Stanley, and Fidelity recommending a **1% to 5% strategic exposure** to Bitcoin to optimize overall risk-adjusted returns.

Disintermediation pay-off

Bitcoin is borderless and settles faster than traditional international wire transfers. For example, Layer 2 (Lightning Network) solutions enable sub-second, instant settlements for Bitcoin where traditional international wire transfers take 1 to 5 working days.

Added to this, Bitcoin held in physical or self-custody wallets removes reliance on commercial banks where traditional bank accounts face risks from bank failures,

regulatory overreach and geopolitical sanctions. Further, Bitcoin maintains an advantage for global, cross-border transfers since it comes without strict banking hour limits.

When corporate treasuries or retail savers allocate funds to Bitcoin, they also effectively exit the traditional monetary transmission system, diminishing a central bank's ability to manipulate their purchasing power via interest rates or monetary expansion and helping to build a bullish picture for Bitcoin in the long-term.

Through this disintermediation of traditional banking systems, Bitcoin therefore continues to alter global capital flows, turning bank risks into structural tailwinds for digital assets.

Global Tech/ IT

Technological advancements are also driving a fundamental shift in Bitcoin's long-term bullish trend. Over the years, the primary investment thesis for Bitcoin was its status as 'Digital Gold' - a passive, highly secure and scarce store of value.



However, recent breakthroughs are transforming Bitcoin from an idle asset into a programmable, productive and infrastructure-linked macro asset. This shifts its multi-year market psychology from speculative trading cycles toward a permanent, utility-driven institutional era.

Advanced trading algorithms, high-frequency execution platforms and secure institutional custody solutions also allow Wall Street firms, pension funds, and corporations to safely deploy massive capital into Bitcoin. Other smaller money services providers like PayPal, Stripe and Apple Pay now enable everyday users to buy, sell or hold Bitcoin natively and seamlessly within platforms they already trust. These developments continue to provide a fertile ground for more investor ventures into the Bitcoin ecosystem, helping to build a long-term bullish outlook.

The Macro Ripple Effect

The fact that the modern financial system is highly interconnected means that a shift in one major variable (like US Federal Reserve monetary policy) can create secondary and tertiary chain reactions that propagate across seemingly unrelated global markets. Currency values get altered, borrowing costs change and investor risk tolerance shifts to accommodate such developments. This eventually 'ripples' into highly speculative or liquid markets, including Bitcoin and the broader cryptoasset landscape.

Additionally, continued quantitative easing (QE) and/or expansion of M2 money supply means investors move past low-yielding bonds in search of higher returns, eventually

driving up risk-on assets like equities and crypto. Since most global assets and crypto are denominated in US Dollars, such macro events that weaken the dollar make assets cheaper to leverage and purchase globally, triggering a broad-market rally including Bitcoin price.

Elsewhere, as automation, AI and digital manufacturing accelerate global productivity and wealth-creation, capital seeks a reliable store of value. Since Bitcoin has a hard-capped supply of 21 million coins, any increase in global wealth seeking a piece of it mathematically forces the price upwards.

Whale Accumulation

Large individual or institutional wallet holders ('whales'), absorbing large amounts of circulating Bitcoin supply, reduces active market liquidity and drives up spot prices.



Whales typically move their purchased Bitcoin off centralized platforms into cold storage. This migration leaves fewer coins available for everyday buyers. As liquid supply vanishes, new buyers must bid higher to convince remaining sellers to part with their Bitcoin.

Further, whales use deep liquidity pools to aggressively buy during market dips when smaller retail investors sell. This institutional-grade buying concentration builds strong support walls—frequently seen in on-chain volume profiles. The massive capital influx acts as a net to absorb selling pressure, preventing further price collapses.

Market-signaling

Companies that add Bitcoin to their treasury can sometimes raise capital faster through stock and convertible notes because crypto-focused investors and market demand create new funding opportunities. Working in tandem, investors seeking regulated equity-market Bitcoin exposure purchase shares in these companies holding corporate digital asset treasuries on their books.

Rising Bitcoin price then lifts treasury value upwards, further pushing company equity valuation higher and lowering relative friction for capital raises via At-the Market (ATM) sales. (Convertibles and equities, typically, clear faster when anchored to a speculative momentum narrative than to slow organic cash-flow growth). This working together between corporates and investors, in this instance with Bitcoin as the primary

value driver, is referred to as the Digital Asset Treasury (DAT) flywheel or reflexivity loop.

Looked at differently, instead of using operational cash flow or taking on high-interest traditional debt, a company issues new equity via an ATM program and uses the net cash proceeds to immediately buy Bitcoin. If the value of the Bitcoin acquired per share outpaces the dilutive effect of issuing new shares, the strategy increases 'Bitcoin yield' and book value for shareholders.

MICRO PICTURE

Fixed Scarcity (deflationary nature)

A hard cap of 21 million coins protects Bitcoin from discretionary supply expansion or political tampering seen in traditional fiat systems. Unlike traditional fiat currencies like the US Dollar or Euro, which central banks can print infinitely, Bitcoin's code strictly limits its total supply.



This absolute scarcity of 21 million coins, therefore, hard-codes an inflexible supply cap that mathematically forces the price to rise over the long term if global adoption and demand continue to expand.

The Programmed Supply Shock (Halving)

Every four years, during the 'Halving' event, the amount of new Bitcoin awarded to miners is cut by 50%. As a result, inefficient miners with high energy costs are compressed out of the market. Only highly optimized, well-capitalized firms survive by deploying more efficient hardware.



This reduced number of miners introduces a supply scarcity by slowing down the rate at which new coins enter circulation. Historically, this 'Halving' event has acted as a psychological and structural price floor during broader market downturns.

Scalability & Utility- The Lightning Network

The Lightning Network or Bitcoin's Layer-2 technology enables instant, near-zero-cost microtransactions and solves Bitcoin's core scalability bottleneck, helping to open up use-cases like digital tipping, streaming micropayments and retail point-of-sale integration.

Additionally, due to this increased scalability and transaction speed, developers are incentivized to build decentralized finance (DeFi) apps directly secured by the Bitcoin network, thereby, driving up utility demand.

Hardware & Network Security

Continuous breakthroughs in semi-conductor manufacturing have made Bitcoin mining hardware incredibly efficient. This has increased the total network computational power (hash rate), making the network virtually unhackable and, thereby, bolstering investor confidence.

Further, advancements in biometric security and secure enclave chips make self-custody highly user-friendly and secure, while reducing the risk of exchange hacks and encouraging long-term Bitcoin holding (HODLing).

CAVEAT

Despite Bitcoin's bullish outlook, holding Bitcoin long-term exposes investors to significant structural, regulatory, behavioral and market risks including the absolute potential for total capital loss. While its historical returns have attracted significant institutional attention, a long-term 'HODL' strategy carries distinct wealth-degrading vulnerabilities that contrast sharply with traditional assets. Its current market behavior resembles early tech booms or emerging commodities.

As a result, before allocating capital to Bitcoin, it is vital to acknowledge this composite risk and to continue to make appropriate strategic and tactical allocations while taking advantage of the available crypto-related hedging strategies.

In particular, and in an aim to mitigate against this composite risk, sophisticated institutions are advised to employ a rigorous strategic framework, treating Bitcoin purely as an uncorrelated alpha generator and capping allocation to a strict 1% to 5% of a broadly diversified portfolio. This serves to ensure that foundational wealth remains entirely insulated.

That said, the prospects for Bitcoin remain enormously bright given growing regulatory clarity as well as heightened interest from governments, corporations and institutional investors in holding Bitcoin either as a speculative asset, corporate cash or store of value.

RESOURCES

Bank for International Settlements (2025) *CBDC and banks: disintermediating fast and slow*. [online] Basel: Bank for International Settlements Available from: <https://www.bis.org/publications/working-paper-1280-cbdc-and-banks-disintermediating-fast-and-slow>

Bitcoin Foundation (2026) *Why U.S. Macroeconomic Data Drives Bitcoin Price in 2026: Inflation, Interest Rates, and Liquidity Impact Explained*. [online] Washington DC: Bitcoin Foundation Available from: <https://bitcoinfoundation.org/news/bitcoin/why-u-s-macroeconomic-data-drives-bitcoin-price-in-2026-inflation-interest-rates-and-liquidity-impact-explained/>

Bitcoin Foundation (2026) *Bitcoin's \$40 Trillion U.S. Debt Catalyst: BlackRock Executive Sees Stronger Bull Case*. [online] Washington DC: Bitcoin Foundation Available from: <https://bitcoinfoundation.org/news/bitcoin/bitcoins-40-trillion-u-s-debt-catalyst-blackrock-executive-sees-stronger-bull-case/>

BlackRock (2026) *The Bitcoin halving: What is it? And why does it matter?* [online] New York: BlackRock Available from: <https://www.ishares.com/us/insights/what-is-the-Bitcoin-halving>

Forbes (2026) *5 Trends Crypto Investors Can't Ignore in 2026*. [online] Jersey City: Forbes Available from: <https://www.forbes.com/sites/digital-assets/2026/01/02/5-trends-crypto-investors-cant-ignore-in-2026/>

Grayscale (2025) *The Macro Case for Crypto*. [online] Stamford: Grayscale Available from: <https://research.grayscale.com/reports/the-macro-case-for-crypto>

J.P. Morgan (2025) *Bitcoin's role in investing: What you need to know*. [online] New York: J.P Morgan Available from: <https://privatebank.jpmorgan.com/eur/en/insights/markets-and-investing/ideas-and-insights/Bitcoins-role-in-investing-what-you-need-to-know>

Schwab (2026) *What Can Drive Bitcoin's Price?* [online] Texas: The Charles Schwab Corporation Available from: <https://www.schwab.com/learn/story/what-can-drive-Bitcoins-price>

S&P Global (2023) *Are crypto markets correlated with macroeconomic factors?* [online] New York: S&P Global Available from: <https://www.spglobal.com/en/research-insights/special-reports/are-crypto-markets-correlated-with-macroeconomic-factors>

TradingView (2026) *Long-Term Trend Analysis of Bitcoin*. [online] New York: TradingView Available from: <https://www.tradingview.com/chart/BTCUSD/oDqO3AFg-Long-Term-Trend-Analysis-of-Bitcoin-CYCLE-BASE/>

DISCLAIMER

This is a promotional document and as such the views expressed do not constitute investment (or any other) advice nor a recommendation to buy, sell or trade cryptocurrency. Blockchain and CryptoAsset (K) Ltd. does not guarantee its accuracy, completeness or timeliness and as such the information is subject to change.

Past performance is not a guide to future performance.

Investing in cryptocurrencies is inherently risky and could lead to huge or even total monetary loss. Investors should, therefore, only invest money which they can afford to lose.

We accept no liability for any actions taken, or not taken, as a result of the information contained in this material. Reliance upon this information is, therefore, at the sole discretion of the reader.

Any research in this document has been obtained and may have been acted upon by Blockchain and CryptoAsset (K) Ltd. for its own purpose.

September 2026