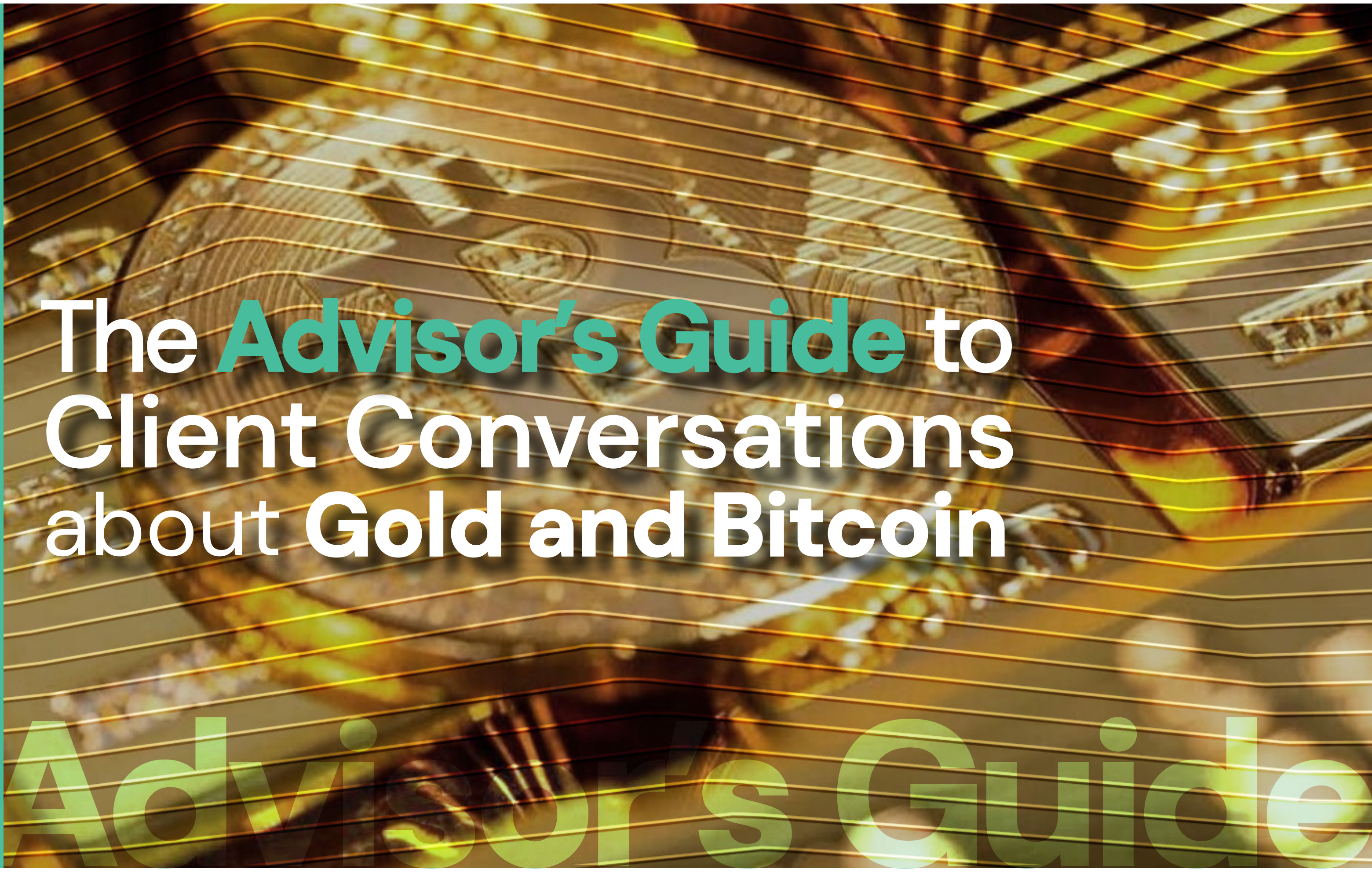


# The Advisor's Guide to Client Conversations about Gold and Bitcoin

## Why This Conversation Matters

Advisors often face the blunt question:

**"Why allocate to assets that don't generate income?"**

The question is fair, but incomplete. At Return Stacked® Portfolio Solutions, we believe gold and Bitcoin require a more nuanced framework that combines psychology, market structure, and modern portfolio design.

# Understanding the Core Arguments

## The Psychological-Commodity Thesis, Expanded

Gold and Bitcoin may not generate yield, but their value comes from something just as powerful: social consensus around trust, scarcity, and independence.

These are what we might call *psychological commodities*: assets whose worth emerges from consensus-driven utility, not intrinsic cash flow.

- Gold's longevity is not a fluke. Across centuries and civilizations, gold has served as a store of value and medium of exchange precisely because it is neutral, scarce, and impervious to the whims of any single government.
- Bitcoin, though still maturing, follows a similar path. With a fixed supply and decentralized issuance, it appeals to those seeking digital permanence in a world of expanding balance sheets.

Critics often ask: "*Isn't this all just belief?*" Yes – and that's the point. But here's the empirical reality: just like art, wine, luxury watches and other scarce assets, when enough people believe something has value, it becomes real.

This belief is not just retail-driven. In recent years, central banks have cast their vote with conviction. Gold has now surpassed the euro as the world's second-largest reserve asset[1]. Central banks have added thousands of tons to their reserves over the past five years—an unprecedented shift in monetary preference. From developed markets to emerging economies, sovereign actors are choosing physical gold over fiat reserves.

That's not just psychology. That's monetary signaling at the highest level.

## The Scarcity Advantage

Most assets investors own — equities, bonds, real estate — can be scaled. If demand rises, supply can expand. Companies issue more stock, governments issue more debt, developers build more homes.

Gold and Bitcoin stand apart. They cannot be created at will. Supply is inherently inelastic. In a fiat world where money itself can be produced by policy, scarce assets function as ballast. They must be acquired from someone else, not manufactured, and that scarcity underpins their resilience.

*"That's why they diversify: because their pricing drivers are structurally distinct."*

## Differentiated, Structural Return Drivers

Cash-flowing assets — stocks and bonds — are priced off interest rates, earnings, and credit spreads. They tend to move together when those drivers shift.

Scarce, but fungible assets like gold and Bitcoin respond to different forces, including inflation volatility, currency debasement, geopolitical shocks, and sovereign credibility.

That's why they diversify: because their pricing drivers are structurally distinct.

[1] European Central Bank

### Why Positive Risk Premiums Are Justified

A key shift happened when gold was decoupled from currency pegs. Ownership no longer came with a guarantee: it came with market risk. That risk, in turn, created the expectation of compensation.

- Gold post-1971: Since the U.S. left the gold standard, investors now bear price volatility, geopolitical perception risk, and opportunity cost.
- Bitcoin's evolving path: Bitcoin introduces its own unique risk profile – regulatory uncertainty, technological maturity, network adoption. But those willing to shoulder early-stage risk may be compensated via asymmetric upside.

The logic is familiar to any investor: no risk, no reward. For the risk taken, gold's return has been competitive with cash-flowing asset classes since decoupling. Our expectation is that Bitcoin has similar return drivers.

**Figure 1. Long-Term Asset Class Performance (August 1971 – December 2024)**

| Asset Class | Annualized Return | Annualized Volatility | Sharpe Ratio |
|---|---|---|---|
| Gold | 7.35% | 19.61% | 0.23 |
| U.S. Stocks | 9.47% | 15.29% | 0.38 |
| Global Stocks | 8.09% | 14.97% | 0.30 |
| 10-Year U.S. Treasuries | 6.45% | 7.79% | 0.26 |
| Cash | 4.60% | 1.00% | 0.00 |

*Source: Golden Opportunities: Enhancing Traditional Portfolios with a Gold Futures Stack*

## Tactical Analogies to Use

### "Get Off Zero" Framework

Clients often feel paralyzed by the binary: either fully embrace gold and Bitcoin… or don't touch them at all.

- Counter that with small, smart steps. A 0.5%–1% allocation gets skin in the game without threatening core exposure.
- Learn by doing: Owning even a tiny slice can shift mindset from abstract skepticism to engaged curiosity.
- *Not* including gold and Bitcoin in a portfolio implies an implicit, *active bet to underweight* against assets that represent a non-trivial proportion of global investable assets.

### Uncorrelated Hedges, Not Replacements

Gold and Bitcoin aren't meant to replace traditional assets. They hedge against different risks: currency debasement, geopolitical instability, monetary policy surprises.

- Historically, they've shown a tendency to shine when stocks and bonds stumble.
- With return stacking, these exposures can be added without displacing core allocations, offering diversification on top of existing portfolios.

**Figure 2. Daily Pearson Correlations (December 31, 2018 – July 31, 2025)**

| | GLOBAL EQUITIES | U.S. TREASURIES | GOLD | BITCOIN |
|---|---|---|---|---|
| BITCOIN | | | | 1.00 |
| GOLD | | | 1.00 | 0.14 |
| U.S. TREASURIES | | 1.00 | 0.31 | 0.00 |
| GLOBAL EQUITIES | 1.00 | -0.09 | 0.13 | 0.30 |

*Source: Analysis by ReSolve Asset Management SEZC (Cayman). Data from CSI Data. Bitcoin is Bitcoin Futures (BTC), Gold is Gold Futures (GC), Global Equities are MSCI All Country World TF (NDDUWI), U.S. Treasuries is 10-Year U.S. Treasury Note Futures (TY). Start day was chosen based on inception of the earliest data point for the Bitcoin futures series.*

### Appealing to Behavioral Biases

Don't deny the skepticism: validate it.

> *"You're right: this feels strange. That's how all major shifts in finance feel at first."*

Then reframe the risk:

> *"What if the mistake isn't owning some – but owning none?"*

***"Not including gold and Bitcoin in a portfolio implies an implicit, active bet to underweight against assets that represent a non-trivial proportion of global investable assets."***

When clients understand they can start small, average in, and adapt over time, the fear of regret gives way to strategic exploration.

## Helping Clients Over the Bitcoin Hurdle: Myth-Busting with Empathy

Even when advisors understand the strategic case for Bitcoin, clients often carry emotional baggage. Past headlines, sharp drawdowns, or social stigma have left many skeptical (or embarrassed).

That's why it's critical to meet these objections with both empathy and evidence.

Below are seven common pushbacks and how to reframe them constructively in client conversations.

## "It's Too Late to Buy Bitcoin"

Higher prices don't mean the opportunity is gone – just that more people agree it's valuable. In 2024, the S&P 500 hit dozens of all-time highs, and no one says it's too late to own equities.

Bitcoin's market cap is around $2 trillion while gold's is over $20 trillion. And with fewer than 7% of people globally holding any Bitcoin, we believe we're still in early adoption territory.

## "Bitcoin Is a Pyramid Scheme"

Bitcoin isn't structured like a pyramid scheme: there's no promised return, referral incentive, or payout hierarchy. It's a decentralized, fixed-supply digital commodity, with growing real-world use cases and institutional acceptance.

In recent years, the regulatory narrative has flipped: we now have SEC-approved structures, widespread institutional infrastructure, and discussions at the sovereign policy level around Bitcoin's role in reserves.

## "Bitcoin Is Too Risky"

Yes, Bitcoin is volatile. Volatility alone, however, isn't a reason to avoid an asset. In fact, many individual stocks owned by investors actually exhibit similar or *higher* volatility than Bitcoin does today (including some in the beloved Magnificent Seven). When added in small, diversified allocations, Bitcoin has historically improved portfolios' Sharpe ratios and reduced overall drawdowns via non-correlation and rebalancing effects.

Today's Bitcoin carries very different risks than in 2017: custody, access, and regulation have all matured. The volatility hasn't disappeared, but the structural foundation is far stronger.

## "Bitcoin Isn't for Conservative Investors"

Conservatism isn't about avoiding all risk: it's about managing it over long time horizons. A retiree who lives to 100 may need 30+ years of growth.

A 1–2% allocation to Bitcoin won't derail a conservative portfolio, but it has the potential to hedge against tail risks like currency debasement or financial repression.

## "Bitcoin Isn't an Institutional-Caliber Asset"

Today, gold has deep and liquid spot and futures markets, but it was not always this way. In fact, the first *true* gold bullion fund (owning physical bullion rather than just miners) did not arrive until the 1990s!

Bitcoin's path is unfolding far faster. Just 15 years after the initial Bitcoin whitepaper, investors can now access Bitcoin through institutional-grade custody solutions and SEC-approved ETFs. Like gold, institutions are even starting to publish capital market assumptions (i.e. forward looking estimates of return, volatility, and correlation) for Bitcoin: an important step in integrating Bitcoin into portfolios. Seen this way, Bitcoin is not an anomaly but part of a familiar adoption curve; one highly compressed in time!

## "I Don't Speculate or Gamble"

Not owning Bitcoin in today's world isn't neutral: it's an active bet against an emerging multi-trillion dollar asset class.

If you believe in owning the global market, ignoring crypto entirely is like shorting it. With crypto representing ~3% of global investable assets, a modest allocation is simply alignment with the broad opportunity set, not speculation.

## "I Don't Want to Admit I Was Wrong"

You weren't wrong – you were *prudent*. Avoiding Bitcoin five or ten years ago made sense. Regulation was unclear, infrastructure was limited, and the narrative was immature.

Today, things have changed. We now have SEC-regulated structures, institutional custodians, and an evolving policy stance from Washington that acknowledges Bitcoin's legitimacy. As Keynes (allegedly) said:

> *"When the facts change, I change my mind. What do you do?"*

The goal isn't to admit failure: it's to adapt to new evidence. Helping clients move past regret is often the unlock that gets them constructively engaged.

### Advisor Tip

Let clients know that investing isn't about being first – it's about being informed.

They don't need to love Bitcoin to start small and stay open-minded. A 0.5–1% allocation is enough to potentially benefit from convexity, learn from experience, and retain optionality.

*"With crypto representing ~3% of global investable assets, a modest allocation is simply alignment with the broad opportunity set, not speculation."*

## Quick-Reference Bullet Points for Conversations

Even when advisors understand the strategic case for Bitcoin, clients often carry emotional baggage. Past headlines, sharp drawdowns, or social stigma have left many skeptical (or embarrassed).

That's why it's critical to meet these objections with both empathy and evidence.

1. **Diversification Value**
   *"These assets respond to different economic and geopolitical pressures such as currency debasement, geopolitical instability, monetary policy surprises."*
2. **Psychological Commodity Thesis**
   *"They may not cash flow, but they're backed by global consensus. That consensus is growing, not shrinking."*
3. **Gold's Institutional Endorsement**
   *"Central banks have added thousands of tons in recent years. Gold now exceeds the euro in global reserve status."*
4. **Risk Premium Logic**
   *"Investors now bear the risk of owning these assets, so it's reasonable to expect potential return compensation."*
5. **"Get Off Zero" Strategy**
   *"Start small. You don't need conviction to begin: just curiosity and a framework for learning."*
6. **Return Stacking Advantage**
   *"You don't need to sell equities or bonds to hold these hedges: add them on top."*

## Bridging the Implementation Gap

Even when clients accept the case for gold and Bitcoin, many fail to act. Why? Because diversifiers create tracking error, which creates opportunity cost and the risk of regret.

This is where return stacking changes the equation: instead of carving equity exposure to fund diversifiers, stack gold and Bitcoin *on top* of stocks and bonds.

This maintains benchmark comfort while embedding protection and turns the allocation question from "what do I give up?" to "how much resilience could I possibly add?"

## Conclusion

Gold and Bitcoin are often dismissed by clients as speculative or unproductive. But that's a feature of misunderstanding, not of the assets themselves. When reframed through behavioral finance, modern monetary trends, and risk-aware portfolio construction, they emerge as powerful tools for resilience.

Advisors don't need to evangelize these assets. They just need to understand them well enough to help clients get started thoughtfully.

With return stacking, the path from zero can be gradual, rational, and portfolio-aligned.

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