

# 21 MOVES TO MAKE IN THE *DOWNTURN*

A FIELD GUIDE TO WRESTLING THE BEAR AND WINNING



# INTRODUCTION

The spotlight of public attention and the flywheel of investment in bitcoin can only go on for so long before other asset classes steal the spotlight. For bitcoin, this means adoption cycles of excitement and disinterest, bull markets and bear markets. These changes in directional trends have been the status quo since bitcoin launched seventeen years ago.

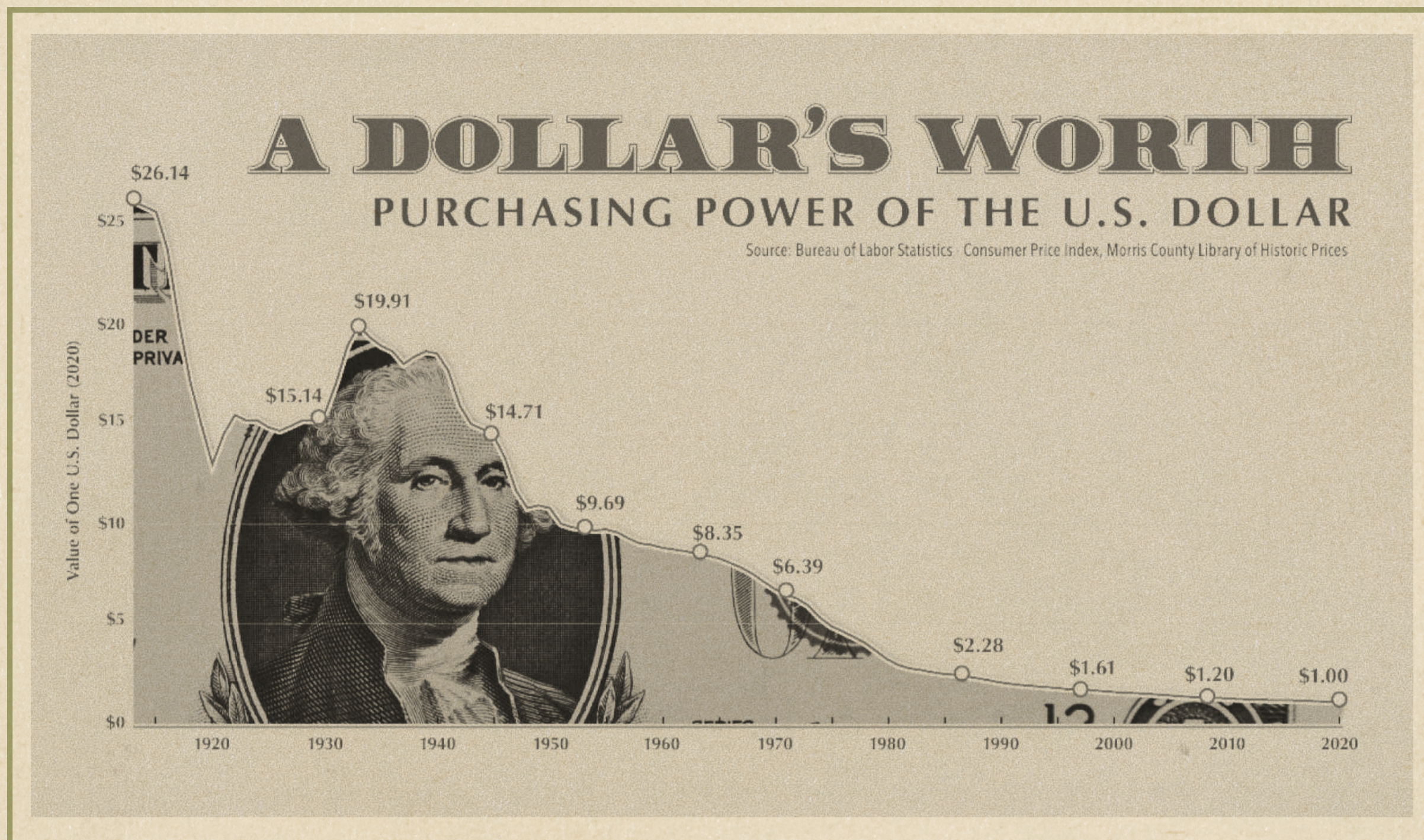
As it turns out, the degree to which you benefit from bitcoin—at least in terms of price appreciation—is almost entirely determined by your decisions while the market is pessimistic. If you believe in the long-term thesis that bitcoin is a store of value with credible monetary properties that make it superior to fiat currencies like the dollar and precious metals like gold, then bear markets provide the best opportunities. Holding an asset for the long term may deliver greater returns if you can acquire that asset at lower value.

This guide is meant to give you actionable steps to consider in the midst of the unique challenges and opportunities of this downturn. After reading it, you should feel better prepared to not just survive, but thrive through what could be an extended period of time for accumulating bitcoin, and getting your “bitcoin house in order” for when the world looks to bitcoin again.

This piece is educational in nature and not specifically tailored to your individual needs, so as always, please consult with your investment advisor before taking or not taking any action.

This material is for informational purposes only and does not constitute financial advice. Bitcoin involves risk and is not suitable for all investors. Past performance is not indicative of future results. Lending services are subject to terms and conditions. Unchained is not a custodian. Marketing materials do not reflect the views and opinions of Unchained. Unchained does not provide tax, legal, or investment advice. Any recipient of these materials should consult with an attorney, tax accountant, or licensed financial advisor to obtain advice on any matters related to these marketing materials.

Unchained Capital, Inc. is not a bank. Unchained Capital, Inc. (NMLS ID: 1900773), Unchained Trading, LLC (NMLS ID: 2273761), and Bitcoin Collateral Services LLC (NMLS ID: 2423070) are licensed to provide certain financial services.



SOURCE: VISUAL CAPITALIST

# 1. UNDERSTAND WHAT BITCOIN *ACTUALLY* SOLVES

Even the most ubiquitous fiat currencies suffer from inflation. The dollar, for example, has lost more than 90% of its value over the last century by some measures.

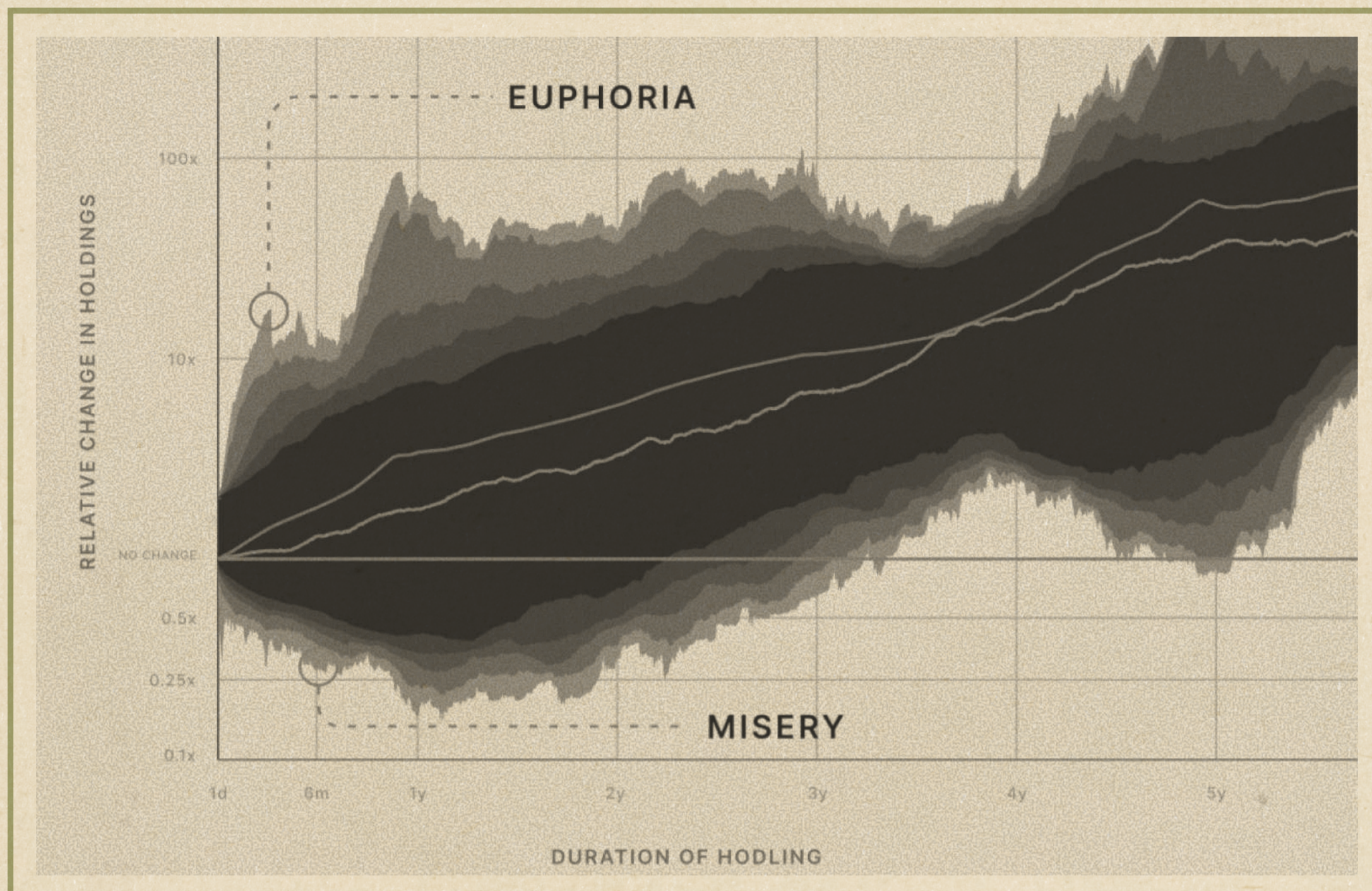
This is the problem that bitcoin solves.

While fiat currencies (and even gold) incur uncertainty with their overall supply, bitcoin's fixed supply and pre-determined release schedule offers more certainty and reliability than anything else in existence. In a world of infinite cash, bitcoin is the only currency with a supply that cannot be manipulated or debased.

This is what makes it incredibly likely to preserve your purchasing power over long time horizons.

At the same time, if the value of your money declines substantially between the moment you earn it and the moment you want to buy something, it's not doing the job you need it to do. When the time between transactions is short, volatility introduces uncertainty and can indeed be catastrophic.

If you need reliability across shorter time frames, you must acknowledge that bitcoin is not the best tool to use, at least for now. While bitcoin is still on its monetization path, the best tool for that job looks more like the fiat currency of a developed economy, such as the U.S. dollar. These currencies may steadily lose value, in contrast to bitcoin, which goes through waves of appreciation correlated to the world coming to understand what it is.



SOURCE: UNCHAINED

## 2. ADOPT A TIME HORIZON WORTHY OF THE ASSET

If bitcoin performs as an unreliable store of value on a short timeframe but could be the most reliable store of value on longer timeframes, a crucial question arises: what is the time horizon at which bitcoin becomes more reliable than the dollar? While past performance does not guarantee future results, the best attempt to answer this question may come from looking at the historical data. The [HODL Cave](#) plots exactly what we want: the distribution of bitcoin's dollar price performance across different lengths of time.

The data reveals that, historically, if someone has held bitcoin for six months, on average they have outperformed the dollar. But the actual outcomes range wildly from a 1,000% increase all the way to nearly a 75% decrease.

However, after a period of holding bitcoin for three years, the historical chance of underperforming the dollar is reduced to only about 1% of cases. In other words, with a time horizon of **three years and beyond**, holding bitcoin has been a superior store of value in the overwhelming majority of circumstances. If we expand the timespan **to just over 5 years**, bitcoin has outperformed the dollar in 100% of cases across its history. Someone who wants both short-term savings and long-term savings might strategically hold a reserve that includes both forms of money.

## 3. ACCEPT VOLATILITY AS THE PRICE OF ADMISSION

A bitcoin investor who becomes discouraged when the price falls may be missing the point. Bitcoin has never promised to be effective at storing value over short periods of time. Sharp price drops don't automatically prove that the case for owning bitcoin is dead.

Bitcoin has always been volatile in the short term, and that isn't changing any time soon. In fact, volatility today is nothing more than the logical path of price discovery.

Opting into bitcoin means opting out of money printing, and while it may be a volatile path, the long-term trend has continued. Bitcoin tolerates interim volatility to maintain a fixed supply. That is the tradeoff, and it is a tradeoff worth making for many.

Volatility is only a negative for those with impatience, who treat bitcoin as something it's not designed for. Bitcoin is for generations, and your time horizon should be as well.

---

## 4. BITCOIN ISN'T THE ONLY NON-DOLLAR ASSET

Central banks engineer roughly 2% annual debasement, driving people into various assets just to preserve purchasing power. This is the great trap of the fiat system—your savings are designed to decay, and you are nudged into a complex financial system to offset that decay.

Bitcoin offers the possibility to own an immutable right to own a fixed percentage of all the world's money indefinitely. As conviction in the credibility of bitcoin's fixed supply has grown, advocates are increasingly using bitcoin for long-term savings rather than merely as a speculative asset.

But that doesn't mean that bitcoin is the only non-dollar savings asset. Technically, any asset that outperforms inflation still offers dollar-denominated returns.

It may or may not be prudent depending on how far bitcoin has already fallen, but if you want to see less volatility in your overall portfolio, there is always a middle ground. There are rational reasons to hold assets with different risk/reward profiles, like real estate, commodities, or equities, even if bitcoin is the only asset in the world with a credibly enforced fixed supply.

# 5. REFUSE TO LET FEAR DICTATE YOUR DECISIONS

When the bitcoin price is falling, some investors choose to sell, fearing further losses. They may be giving up on bitcoin entirely—misunderstanding it as a short-term investment—or believe they can buy back more bitcoin after the price has fallen further. People who haven't owned bitcoin may see things similarly, and feel reinforced in their reasons to avoid bitcoin, or think they can finally buy some after waiting for the market bottom.

Ironically, this behavior tends to occur precisely when, with hindsight, many people look back and wish they had bought a lot of bitcoin. Fears, concerns, and guesswork held them back, and they often end up buying once recovery momentum has picked up at much higher prices.

In every bear cycle, many people follow the herd and sell bitcoin into market fear. Downturns become a negative feedback loop—poor price action causes leveraged players and speculators to collapse or exit, which causes more fear in the market, which causes more short-term holders and leveraged traders to capitulate. The spiral ends as long-term investors take advantage of the increasingly attractive prices. Usually, the emotional sellers realize later that the short-term market sentiment was disjointed with bitcoin's fundamentals. In a bull market, everyone who owns bitcoin wishes they owned more, or that they had used bear market opportunities to acquire more just as the long-term investors did.

---

# 6. STOP TRYING TO TIME THE BOTTOM

In the bitcoin bear market of 2022, those who sold (or didn't buy) bitcoin at \$30k because they thought it would go down to \$20k were right. Those who sold (or didn't buy) bitcoin at \$20k because they thought it would go down to \$10k were wrong. These two groups largely consisted of the exact same people, who then began buying bitcoin when it showed signs of recovery, having returned back to \$30k or higher.

You may think to yourself when prices are high that "I'll buy a lot when prices are lower," but if prices are lower, it often means that there are structural reasons why buying is unattractive to most market participants.

It's common sense that "buying high and selling low" is a bad strategy, while "buying low" is often a good strategy. However, market data shows that most do the opposite. Those who benefit most are those who manage to act according to reason instead, especially during a bear market.

You may think you'll be unwavering to these narratives when prices are high, but investors often find themselves fearing further downward price action for the same reasons as the rest of the market—and hence change their mind as to how much or when to allocate, thinking lower prices are still to come.



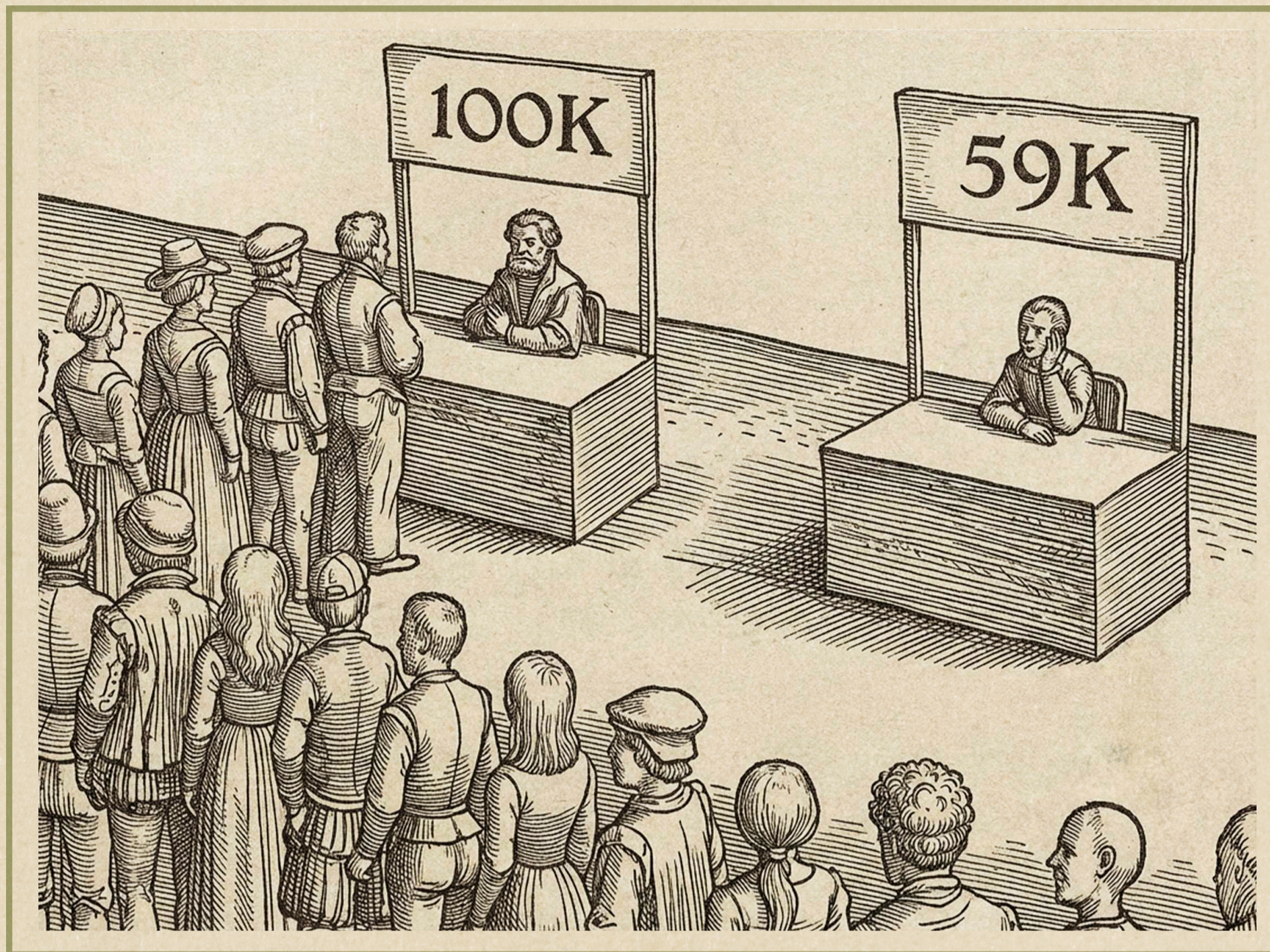
SOURCE: CHECKONCHAIN

## 7. STUDY THE COST BASIS DATA

The approximate cost basis of people who began buying bitcoin at the beginning of 2022, right as the bear market was getting started, currently stands at ~\$44k, despite "catching a falling knife." The approximate cost basis of people who began buying bitcoin at the beginning of 2023—when sentiment was at its worst—currently stands at \$64k. Those who began buying when momentum had picked up and the market was optimistic, such as the beginning of 2024 or 2025, have a cost basis of about \$82k and \$100k, respectively.

If we extrapolate this to the coming years, people who begin buying in the current bear market may also fare better than those who wait.

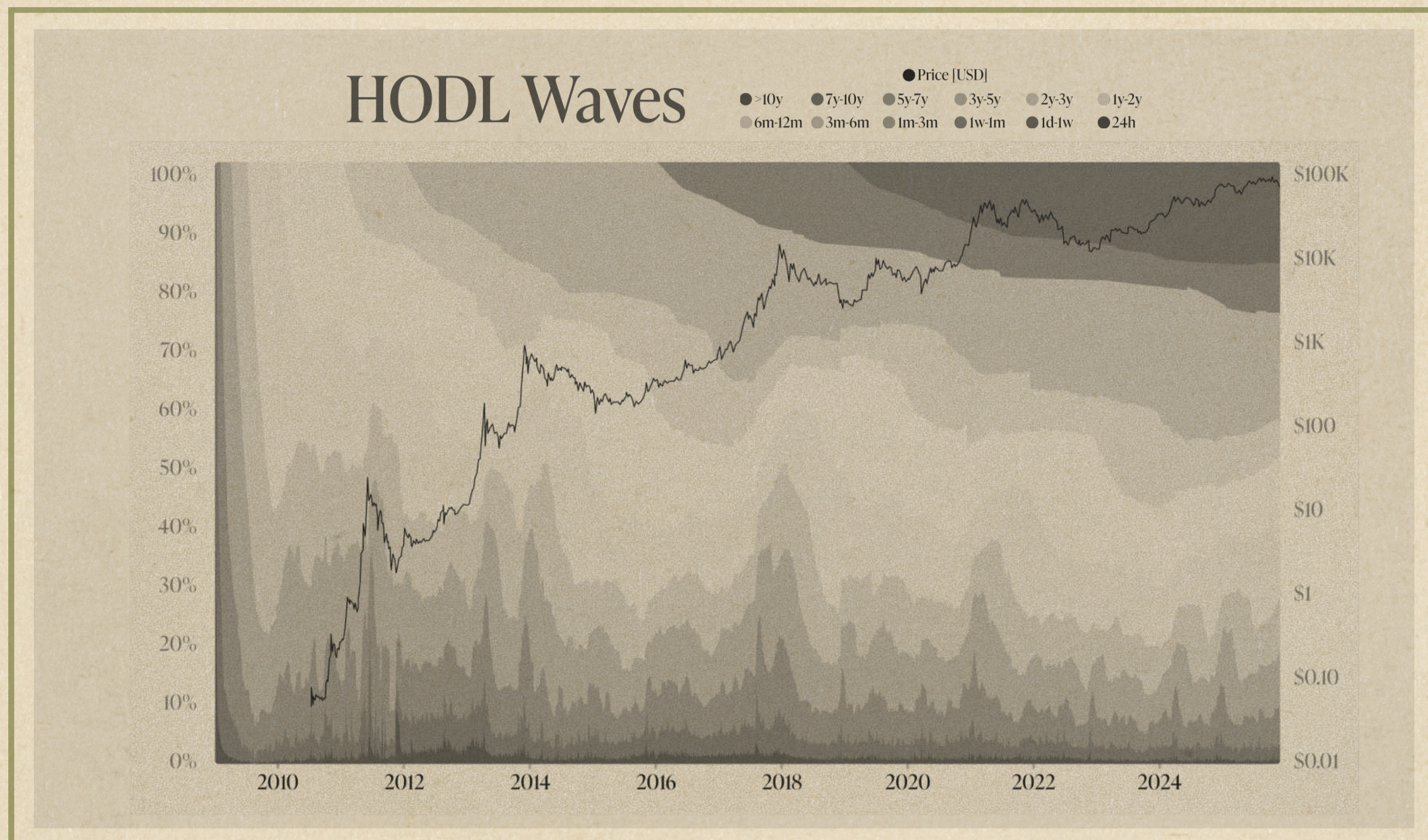
The long-term cost basis charts can give you a pretty good idea of price floors, because they show where bitcoin holders are holding bitcoin as savings in the hands of those with long-term conviction. If prices are sitting at 200-week moving average levels, that tends to mean that many who purchased at higher prices have now exited the market, and you have the opportunity to enter or re-enter with peers who have higher conviction. And bitcoin is an asset that rewards long-term conviction.



SOURCE: UNCHAINED

## 8. REFRAME EVERY DIP AS A DISCOUNT

Bitcoin advocates who frame bitcoin as "cheap" or "on sale" are thinking long-term. If bitcoin is best used as long-term savings, anyone wanting to build up those savings should prefer lower prices. This conviction of bitcoin holders sticking to their game plans has historically been rewarded as to date bitcoin has continued to eventually make new all-time highs. If you believe bitcoin is a long-term asset, then price declines could be seen as simply "bitcoin available at a discount."



SOURCE: PLACEHOLDER TITLE CAPTION INFO HERE LOREM IPSUM DOREM DELOREM LOREM

## 9. KNOW THAT CONVICTION IS NOT BLIND FAITH

In many cases, conviction in a bear market simply looks like doing nothing. Humans have a bias toward taking action, but bitcoin's history has shown that the best-performing holders of the asset have been those who stood firm. Conviction in a bear market is remembering the fundamental bitcoin thesis and holding through the narrative chaos. This is what it means to take action (or not take action) in accordance with bitcoin's fundamental properties.

HODL Wave data shows that bitcoin has progressively become "older" after each cycle, with experienced holders increasingly resisting sell pressure. By the \$19k peak in 2017, only 40% of bitcoin had moved within twelve months,

compared to 60% after 2013, demonstrating growing conviction cycle after cycle. Although newer investors may have seen losses and felt like they are losing out, those who had held for multiple bull and bear cycles remained deeply in profit and likely saw no cause for concern.

This proves that these feelings can sometimes be the result of mindset, psychology, and perspective rather than rational analysis. Each bear market has concentrated bitcoin increasingly among those who understand it best—long-term holders have remained in control, and blockchain analysis indicates most bitcoin is still held by strong hands.

# 10. IF YOU'VE TAKEN A LOSS, DON'T TRY TO TRADE IT BACK

Short-term trading is one of the top ways newcomers lose bitcoin. People are often enticed by short-term trading schemes as a means of regaining quick profits. These methods, especially the particularly risky forms using altcoins, leverage, or arbitrage, often lead to disappointing results for the inexperienced and a net loss of bitcoin.

Many exchanges actually encourage this behavior because it drives trading fee revenue. However, the issue with short-term trading is

that markets are both unpredictable and volatile. Altcoin price swings in particular can be severe and sudden. Because most people are influenced by their emotions when trading, they tend to make poor trading decisions—especially under stress. Over a long enough time period, the majority of amateur and even professional traders end up with less bitcoin than they would have if they'd simply accumulated over time.

---

# 11. DOLLAR-COST AVERAGE THROUGH THE STORM

If timing the bottom is a fool's errand, dollar-cost averaging (DCA) could be the wise alternative. By purchasing bitcoin on a regular schedule—weekly, biweekly, or monthly—you will be buying more sats when the price is lower and fewer sats when the price is higher. This is how, over time, you achieve a lower average price per sat. DCA removes the emotional burden of deciding when to buy, replacing it with disciplined consistency, the very quality that bear markets often reward most.

A practical note for those who DCA through exchanges: if you routinely buy bitcoin on an exchange, consider sending it to self-custody in bulk once or twice per month rather than after every purchase. This consolidates your transactions and avoids accumulating too many small UTXOs, which can create fee problems when you eventually want to move or spend your bitcoin. Proper UTXO management is one of those unglamorous details that separates experienced stackers from beginners.

# 12. CUT EXPENSES AND REDIRECT TO BITCOIN

This could be seen as a rather obvious suggestion, amounting to conventional budgeting. However, it turns out that many people don't pay super close attention to their expenses. If you investigate your various spending habits and subscriptions, you might find opportunities to cut substantial costs, and redirect those savings into cheap bitcoin. This could then return multiples when price recovers.

A subscription audit, a refinanced mortgage, a renegotiated insurance rate, a downgraded streaming plan—each of these small acts of discipline compounds over time, especially when the bitcoin you acquire with those savings is purchased at bear market prices.

---

# 13. CONVERT MORE TIME AND LABOR INTO SATS

Looking to grow income is another straightforward way to expand bitcoin accumulation. Depending on your personal situation, accepting a part-time weekend job or seeking overtime opportunities can be ways to convert any spare time you might have into extra bitcoin that may become much more valuable in the future.

The bear market is uniquely generous to those who put in the extra hours, not because the work itself is different, but because the bitcoin you acquire with those earnings is purchased at a discount that may never be available again.

## Bitcoin Distribution

Balance, BTC	Addresses	% Addresses (Total)	BTC	USD	% BTC (Total)
(0 - 0.00001)	7364673	12.67% (100%)	43.47 BTC	\$2,938,257	0% (100%)
[0.00001 - 0.0001)	12313115	21.19% (87.33%)	520.33 BTC	\$35,169,024	0% (100%)
[0.0001 - 0.001)	13860733	23.85% (66.13%)	5,200 BTC	\$351,443,692	0.03% (100%)
[0.001 - 0.01)	11912943	20.5% (42.28%)	43,960 BTC	\$2,971,264,103	0.22% (99.97%)
[0.01 - 0.1)	8180287	14.08% (21.78%)	275,253 BTC	\$18,604,223,935	1.38% (99.75%)
[0.1 - 1)	3499275	6.02% (7.7%)	1,070,304 BTC	\$72,341,379,776	5.35% (98.37%)
[1 - 10)	824249	1.42% (1.68%)	2,044,150 BTC	\$138,163,257,390	10.23% (93.02%)
[10 - 100)	130562	0.22% (0.26%)	4,226,619 BTC	\$285,675,386,356	21.14% (82.79%)
[100 - 1,000)	17768	0.03% (0.03%)	5,101,891 BTC	\$344,834,672,624	25.52% (61.65%)
[1,000 - 10,000)	1929	0% (0%)	4,256,917 BTC	\$287,723,209,723	21.3% (36.13%)
[10,000 - 100,000)	85	0% (0%)	2,288,328 BTC	\$154,667,127,313	11.45% (14.83%)
[100,000 - 1,000,000)	4	0% (0%)	676,541 BTC	\$45,727,122,655	3.38% (3.38%)

History

Addresses richer than

\$1	\$100	\$1,000	\$10,000	\$100,000	\$1,000,000	\$10,000,000
48,526,128	22,076,847	10,509,386	3,466,404	632,998	115,505	14,310

SOURCE: BITINFOCHARTS

# 14. SET BITCOIN-DENOMINATED SAVINGS GOALS

One mental model is to think about your portfolio or your assets as denominated in bitcoin. It can be a motivating trigger for deeper accumulation in bear markets to target bitcoin-denominated savings goals. If you want to own two bitcoin, you might need to buy half a bitcoin during a bear market in order to accomplish that.

These targets transform the abstract anxiety of a falling market into a concrete mission with measurable progress, and they anchor your behavior to accumulation rather than speculation.

Denominating your goals in bitcoin also reframes the psychology of price drops. When the price falls, you don't see a loss—you see your targets becoming more achievable. A 50% drawdown means your next purchase gets you twice the level of progress toward your goal. This is the mental shift that separates those who panic from those who methodically build their position through every cycle.

# 15. LIQUIDATE ASSETS YOU NO LONGER NEED

Looking through your possessions for things you no longer want but could find a buyer is another idea that many people tend to forget about or procrastinate on. Everyone has idle assets—electronics gathering dust, furniture from a previous life, equipment for hobbies abandoned long ago. In a bear market, these dormant possessions represent latent bitcoin.

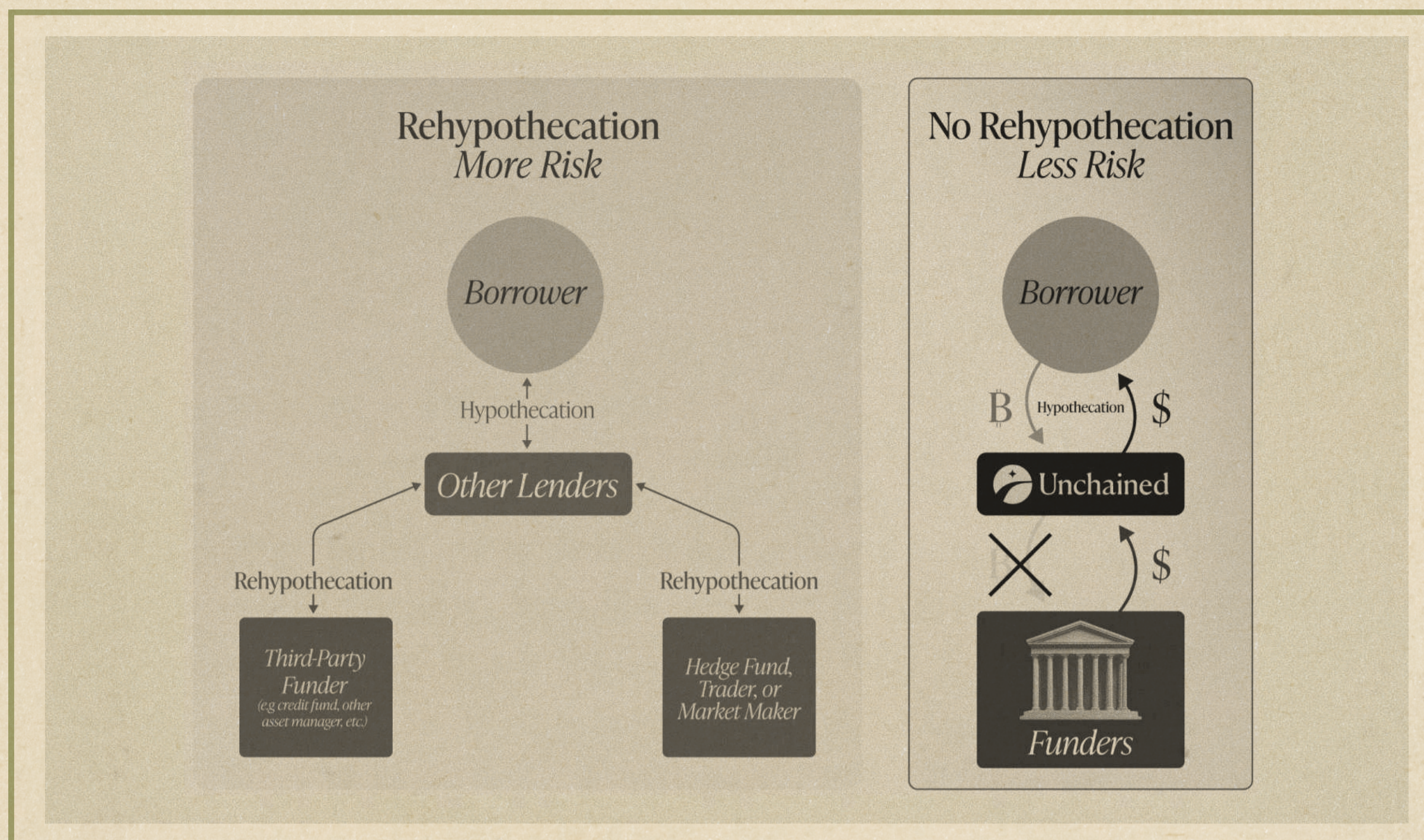
The garage sale, the online listing, the trade-in—each is a conversion of depreciating physical goods into an asset with a credible claim to long-term appreciation. It's a straightforward move, and the only cost is overcoming inertia.

---

# 16. ROLL OVER FORGOTTEN RETIREMENT ACCOUNTS

One of the most unique and popular services offered by Unchained is the ability to create a structure where you control the keys to bitcoin in a retirement account. Aside from the benefit of being tax-advantaged, many of our clients have been excited to discover that they can transfer funds from other retirement accounts into this structure to accumulate more authentic, verifiable bitcoin. If you have an old 401k from a previous employer that's sitting around—mostly forgotten about—you can convert it into bitcoin. The same is true for Roth IRAs and traditional IRAs.

Rolling over retirement funds is generally not a taxable event, which means you can reposition capital that is currently sitting in underperforming traditional assets without triggering a tax bill. In a bear market, this is especially powerful: you are converting stagnant retirement capital into bitcoin at depressed prices, within a tax-advantaged structure where you hold the keys—no third-party risk and no single points of failure.



SOURCE: UNCHAINED

# 17. CONSIDER LOANS, BUT WITH CAUTION

Some people and companies choose to pursue additional capital for bitcoin accumulation by taking a loan. This strategy isn't right for everyone and there are several different types of loans. One option unique to bitcoin holders is a bitcoin-backed loan. Loans are a very popular way to unlock the purchasing power of bitcoin without selling it—which could incur capital gains taxes or the inability to buy the same amount of bitcoin back later if prices rise.

When considering a bitcoin-backed loan, it's important to protect the bitcoin from rehypothecation so that it doesn't incur unnecessary risk. The lender receiving the bitcoin may try to use it for other financial activity rather than merely keeping the bitcoin safe.

Bitcoin-backed loans might make sense when you deeply understand the risks, when you have a clear repayment plan, and when you can verify that your collateral remains stationary and untouched. Unchained believes these principles of transparency and security are paramount, and apply them as foundational features of our lending product offering.

On one hand, taking out loans at depressed prices is often better than when prices are soaring, since price recovery makes your loan easier to manage, not harder. On the other hand, bear markets can bring volatility, which can cause collateral values to decline rapidly. As collateral value crashes, margin calls force liquidations at the worst possible time.

# 18. BEWARE THE SIREN SONG OF YIELD

Some custodians try to tempt customers into depositing bitcoin by offering yield, but this has set the stage for some of the collapses listed below. Bitcoin enthusiasts have responded by spreading memorable slogans and memes such as "where does the yield come from?" as a reminder that the yield necessarily comes from taking on risk, and "not your keys, not your coins" to highlight that unless you have control over your bitcoin, all you really have is an I.O.U.

In a bear market, yield offers become even more dangerous. Desperate companies with shrinking

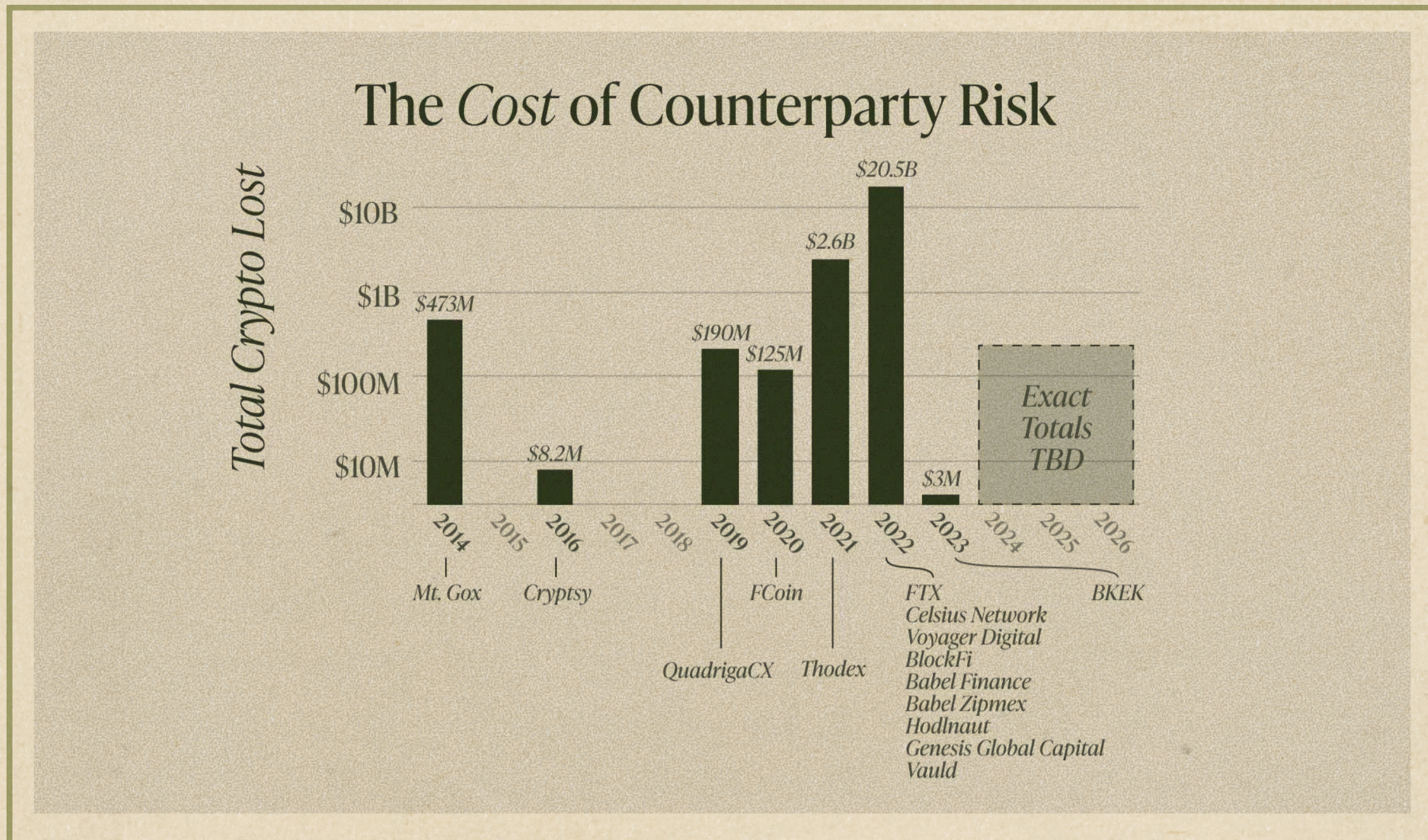
revenue streams may take increasingly reckless risks with deposited bitcoin to generate the returns they've promised. The borrowers and lenders in many bitcoin-backed lending platforms learned the hard way that if withdrawal of collateral cannot be immediately fulfilled, it probably means those firms were using sketchy tactics to generate yield without telling you explicitly. If someone is offering you yield on your bitcoin and you cannot verify exactly where that yield is coming from, the answer is almost certainly: it's coming from risking your bitcoin.

---

# 19. TAKE YOUR BITCOIN OFF CUSTODIAL PLATFORMS

Just as volatility often leads individuals to panic and make mistakes, institutions are not immune to similar errors. Each bitcoin market cycle we've witnessed imprudent companies become over-exposed as they bet big to maximize profit. When trends reverse suddenly, their entire business can come under threat. Unfortunately, the fallout from these corporate disasters can spill over to their innocent customers. In the 2014 bear market it was Mt. Gox, in the 2018 bear market it was QuadrigaCX and BitConnect, and in the 2022 bear market it was FTX, Celsius, BlockFi, and Voyager.

Bear markets tend to find weaknesses in counterparty risk. Institutions lending out bitcoin to borrowers who take irresponsible risks often find themselves in trouble if those bets turn upside down. Bitcoin is a unique form of collateral, and things happen when people forget that there are no bailouts. Withdrawing bitcoin from a custodian at the first sign of trouble may or may not work—we've seen abrupt halts to withdrawals, with no time for customers to react. Therefore, the only reliable way to ensure your protection is to not wait until there is a sign of trouble.



SOURCE: UNCHAINED

## 20. ELIMINATE SINGLE POINTS OF FAILURE WITH MULTISIG

Once your bitcoin is off exchanges, the next question is how to hold it securely. A standard singlesig wallet still has a critical weakness: one key, one seed phrase, one point of failure. If that single key is lost, stolen, or destroyed, your bitcoin is gone forever. The critical difference between bitcoin and traditional financial assets is that bitcoin is not, and cannot be, insured in the same way as fiat currency or equity.

That's why serious long-term holders turn to multisig—a setup that requires multiple keys to authorize a transaction, so no single device, location, or mistake can compromise your savings.

With a multisig vault, you can distribute keys across different geographic locations and hardware wallets, building redundancy into your security model the same way engineers build redundancy into bridges and aircraft. Collaborative custody offers a unique middle ground—where you can get access to institutional guidance without having to trust that institution with custodial control over your bitcoin. You hold the majority of keys; a trusted partner like Unchained holds one for emergency recovery—but never enough to move your bitcoin unilaterally. In a bear market, when the stakes of every satoshi feel sharper, it's not paranoid to eliminate single points of failure.

# 21. PLAY THE LONGEST GAME

When the bitcoin price falls, it can cause newer bitcoin holders to have doubts about their decisions to buy it, and bitcoin skeptics to feel validated. However, history has shown repeatedly that both groups would have benefited most from accumulating bitcoin in spite of these feelings. The courage to do so must come from a fundamental understanding of bitcoin's value to the world—that it is a long-term savings tool unlike any other in human history.

**Bitcoin is a long game.**

Bear markets separate tourists from builders. Those who survive bear markets define the next cycle. Digital scarcity is a one-time phenomenon—there will likely never be another asset with bitcoin's properties, and bitcoin's continued success is further proof of its resilience. Looking back across bitcoin's history, the traits consistently shared by those who benefit most are patience, discipline, and long-term thinking.

If you remember only one idea from this guide during the next drawdown, let it be this:

**you must pay attention to bitcoin when no one else is. That's when generational wealth is quietly built.**



## ABOUT UNCHAINED

*Since block 433,179*, Unchained has existed to serve bitcoin holders as a north star—helping you unlock additional capital and build a security model that minimizes institutional trust while still having access to professional expertise.

---

This material is for informational purposes only and does not constitute financial advice. Bitcoin involves risk and is not suitable for all investors. Past performance is not indicative of future results. Lending services are subject to terms and conditions. Unchained is not a custodian. Please consult a qualified financial advisor before making investment decisions.