

# The *Debasement* Trade

WHY GOLD IS THE SIGNAL AND BITCOIN IS THE *ULTIMATE BENEFICIARY*



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## Risk Disclosure

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*A note before we begin: For readers of The Informationist, this one's going to be a longer read than usual. So, grab that extra-large coffee, find your favorite chair, and settle in. What we're about to cover isn't just important. It might be the most consequential financial shift of our lifetime. And I want to make sure you understand it completely, so you can act on it.*

## The Signal in the Noise

Did you catch that title?

JP Morgan has officially given fancy branding to something that's been staring us in the face for years: **governments destroying their currencies and smart money quietly heading for the exits.**

They're calling it the "debasement trade." And when Wall Street starts naming trades for their clients, it means two things: the trade is already happening, and it's headed mainstream.

But here's the critical aspect of this development: **despite what Wall Street calls it, this isn't really a "trade" at all.**

A trade implies something tactical. You get in, you get out. Maybe you trade around it, in and out, in and out. You time it right, book your profits, and when the trade is no longer attractive, you move on to the next opportunity.

Simple as that.

This is how hedge funds think. And how trading desks operate. **Enter, exit, repeat.**

What JP Morgan is describing, whether they realize it, is something far more fundamental. It's not a trade. It's a permanent structural shift in how you should be thinking about building wealth, savings, and long-term asset allocation. It's an investment philosophy for a world where **fiat currencies are being systematically debased.**

This isn't about timing the market. It's about recognizing that the market itself has fundamentally changed.

And here's the key insight I want to share with you today: **Gold is the signal. Bitcoin is the ultimate beneficiary.**

Let me explain what I mean by that, and why I believe it with strong conviction.

## Decoding the 'Debasement Trade'

First, let's look at exactly what JP Morgan said. Here's their explanation of what's driving this trade:

*"The debasement trade refers to increasing demand for gold and bitcoin due to factors ranging from structurally higher geopolitical uncertainty since 2022, persistent high uncertainty about the longer-term inflation backdrop, concerns about 'debt debasement' due to persistently high government deficits across major economies, concerns about the future independence of central banks, and a broader waning of confidence in fiat currencies."*

- JP Morgan, October 2024

Now let's untangle the Wall Street speak, shall we? Because when you translate institutional-ese into plain English, the message becomes crystal clear. But be warned, for those who have not been talking about this for years, it can be alarming.

**The translation:**

**"Structurally higher geopolitical uncertainty since 2022"** = We have no idea what governments are going to do next, and neither do they. Trade wars, proxy wars, sanctions, counter-sanctions. The old rules of the global order are being rewritten as we speak.

**"Persistent high uncertainty about the longer-term inflation backdrop"** = Inflation isn't going back to 2% and staying there. The government need for structural, perpetual inflation is too great. The Fed knows this. The era of stable, low inflation is over.

**"Concerns about 'debt debasement' due to persistently high government deficits"** = Governments are spending money they don't have and will continue to do so. The only way to manage that much debt is to inflate it away.

**"Concerns about the future independence of central banks"** = The Fed is going to do whatever it takes to keep the government solvent. The illusion of central bank independence is becoming harder to maintain when the alternative is sovereign default.

**"A broader waning of confidence in fiat currencies"** = People are realizing their dollars, euros, and yen have permanently lost and continue to lose purchasing power. And this isn't just sentiment. It's showing up in actual behavior.

Putting that all together: *Your cash is being debased. You need hard assets. Now.*

## Why This Isn't a 'Trade'

We need to pause here and emphasize something of great importance.

Wall Street loves to package everything as a "trade." It's how they think. It's how they generate income, profits for themselves. A trade has an entry point and an exit point. You put it on, you take it off. You trade around it, again and again. You measure your P&L, close the books, and when the trade is no longer attractive, you move to the next idea.

But what JP Morgan is describing here isn't a trade in that lens. You don't "exit" the debasement trade. There's no point where you say, "Okay, governments have stopped debasing currencies, time to rotate back into cash and bonds."

That's not how this works. That's not how any of this works.

What we're talking about is a **fundamental reallocation of how you store wealth over your lifetime.** It's an acknowledgment that the rules have changed, and that the traditional 60/40 portfolio, with its heavy allocation to bonds, is no longer fit for purpose in a world of perpetual debasement.

This is an **investment philosophy, not a trade.** It's a framework for thinking about wealth preservation across decades, not quarters.

## What Is Debasement, Exactly?

Some of you may now be asking, *what does "debasement" actually mean?*

Let's unpack that.

In the most basic terms, debasement is when a **government deliberately destroys the purchasing power** of its own currency. Historically, this was done by clipping coins or diluting their precious metal content.

In ancient Rome, emperors would recall silver coins, melt them down, mix in cheaper metals, and mint new coins with the same face value but less intrinsic worth.

Like Emperor Nero. After the Great Fire of Rome in 64 CE, he recalled Rome's silver coins, melted them down, mixed in base metals, and re-minted lighter coins with the same face value. A sly short-term budget solution that was just a **slow-motion rug pull on Roman savers**, that ended up eroding trust in both the currency and, eventually, the emperor himself.

Today, it's more sophisticated, or at least complicated. And **insidious**. Because you can't see it happening in real-time like you could see a clipped coin.

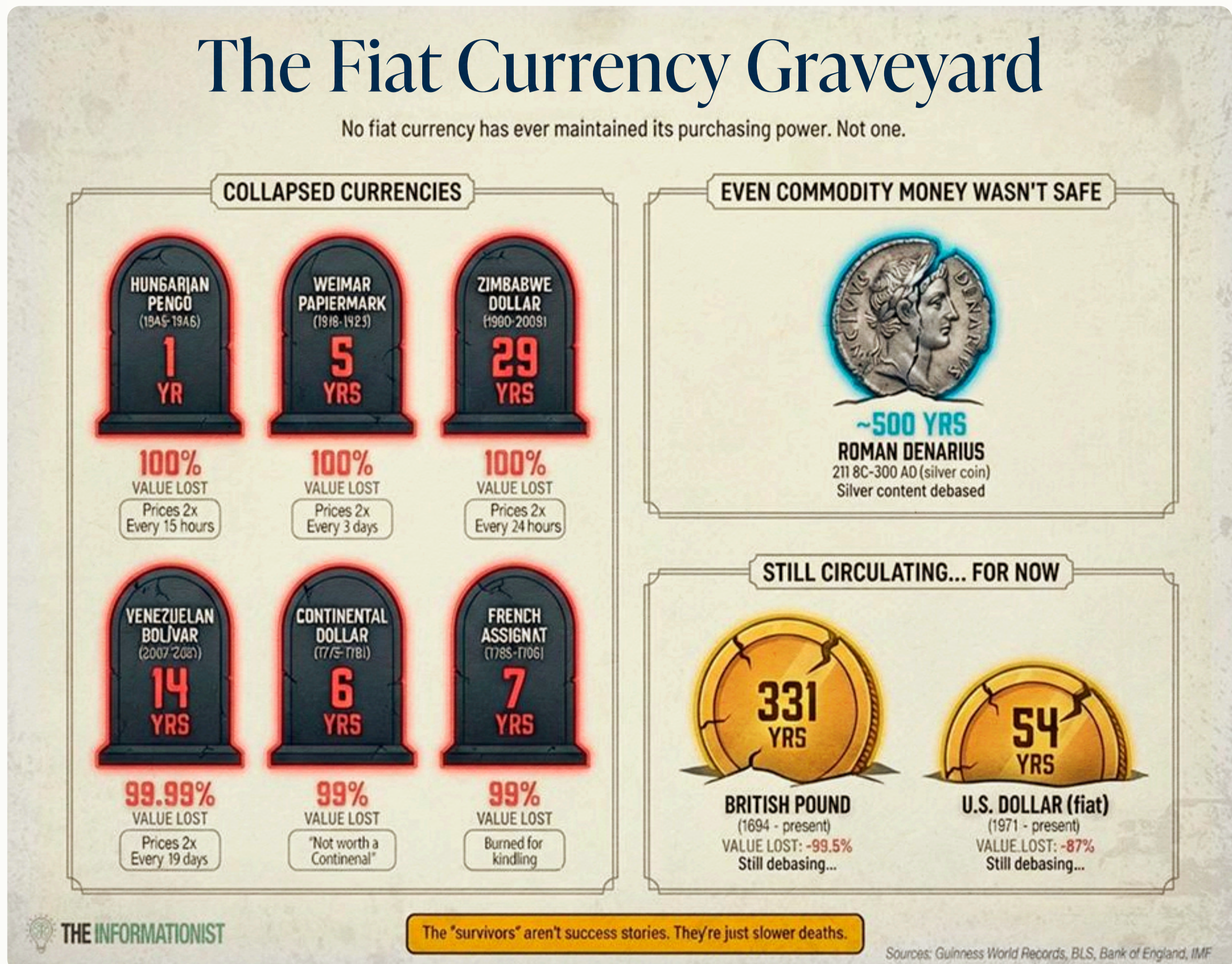
Using the US as our example, modern debasement happens primarily through government overspending facilitated by the Treasury and backstopped by the Fed. Then we add things like credit booms from the banking system, financial repression through negative real rates, and crisis rescue packages funded with newly created money as additional fuel to the debasement flames.

The result? Every dollar you hold buys less over time. And here's the key: **this isn't a temporary condition that will reverse**. The government needs ongoing inflation to keep their debt burden manageable. But here's the hard truth:

*No fiat currency has ever maintained its purchasing power. Not one.*

This isn't hyperbole. Depending on how you define "failure," estimates range from hundreds to thousands of fiat currencies that have collapsed throughout history. While estimates vary, scores of fiat currencies have failed due to hyperinflation throughout history. Many more have been quietly debased into irrelevance. The graveyard is vast.

**The French assignat**, worthless within seven years of the Revolution. **The Continental Dollar**, you've heard the phrase "not worth a Continental." **The Weimar papiermark**, where Germans burned currency because it was cheaper than firewood. **The Hungarian pengő**, which suffered the worst hyperinflation in recorded history, with prices doubling every 15 hours. **The Zimbabwe dollar**, with its comical 100 trillion dollar banknotes. **The Venezuelan bolívar**, which lost 99.99% **of its value while citizens fled by the millions**.



And those are just the spectacular collapses.

Dozens more have quietly died through redenomination, replacement, or slow erosion. Argentina has gone through five different currencies since 1970. Brazil has had eight. The pattern is always the same: **governments print, currencies die, citizens suffer.**

One note: the Roman denarius wasn't technically fiat. It was silver coinage with real intrinsic value. But **emperors debased it anyway**, slowly reducing its silver content from 95% pure to less than 5% over three centuries. The lesson? Governments have always found ways to debase their currency. Fiat just removes the friction.

What took Rome 500 years now happens in a single decade.

But what about the "survivors"? The British pound has been around since 1694, making it one of the oldest currencies still in circulation. That's a success story, right?

Not exactly. The pound has lost 99.5% of its purchasing power since 1914. A pound today buys what a penny bought a century ago. It didn't collapse in a hyperinflationary spiral. It's just being debased, decade by decade, as the Bank of England prints and devalues.

**The "survivors" aren't success stories. They're just slower deaths.**

The US dollar has been fully fiat, unmoored from gold, for just 54 years. In that time, it's **lost 87% of its purchasing power**. That's already longer than the average fiat currency survives. And the people who print that currency are telling you, through their actions, exactly what they think about its future.

The question isn't whether fiat currencies fail. It's whether they fail fast, through hyperinflation, or slow, through steady debasement. Either way, the destination is the same.

And unlike past debasements that unfolded over decades or centuries, this one has a ticking clock. To understand how and why, let's look at the math next.

## The Math That Makes This Permanent

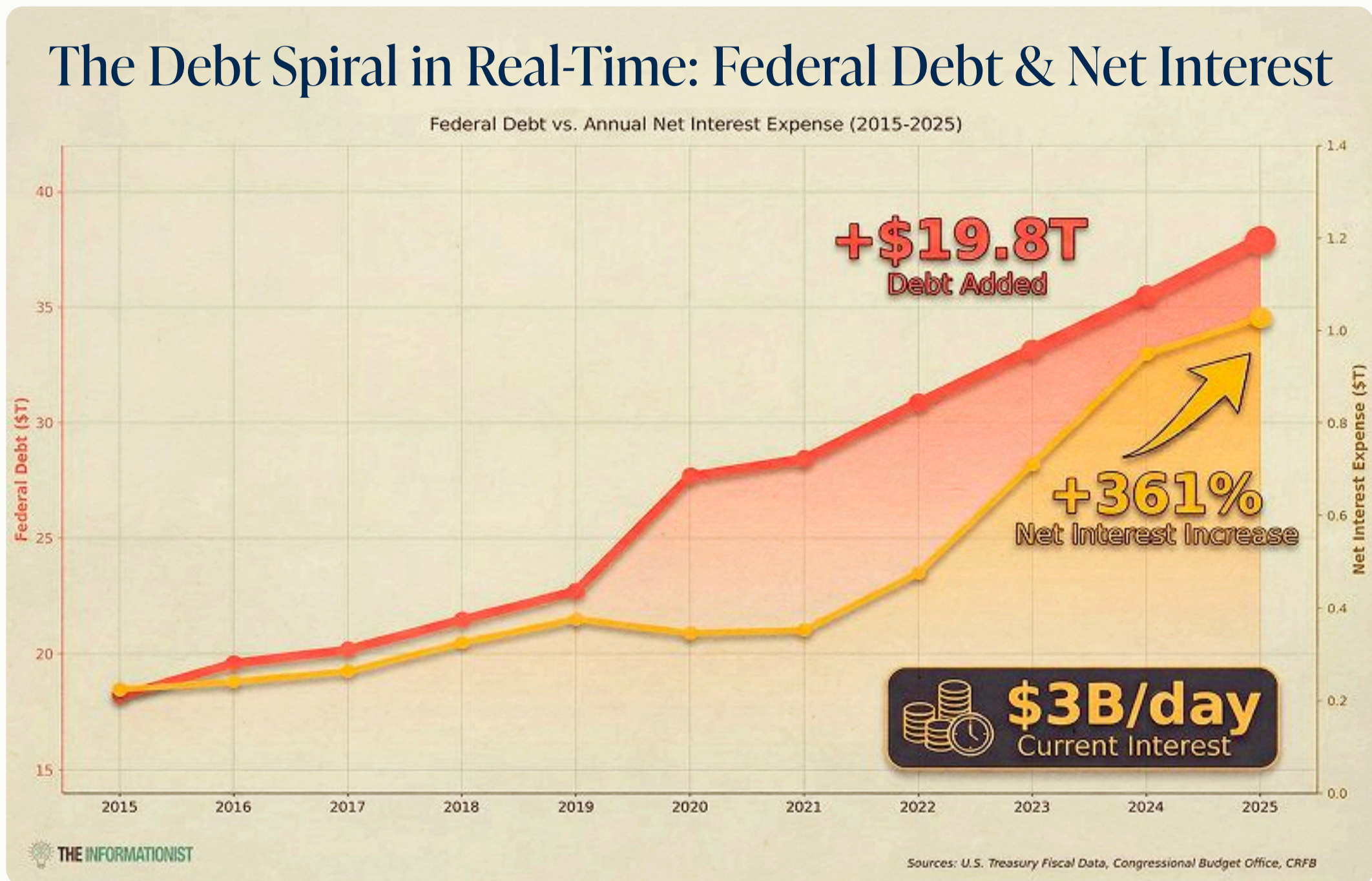
Many of you have heard me talk about this before. But for today's purposes, it's worth revisiting briefly, because it's the math that proves this isn't a tactical trade. It's a structural shift with **no exit**.

In late 2025, US federal debt blew past **\$38.4 trillion**. That's over \$7 trillion added in just three years.

To put that in perspective: it took from 1776 to 2005, a span of 229 years, to accumulate the first \$7 trillion in debt. We just added that same amount in three years.

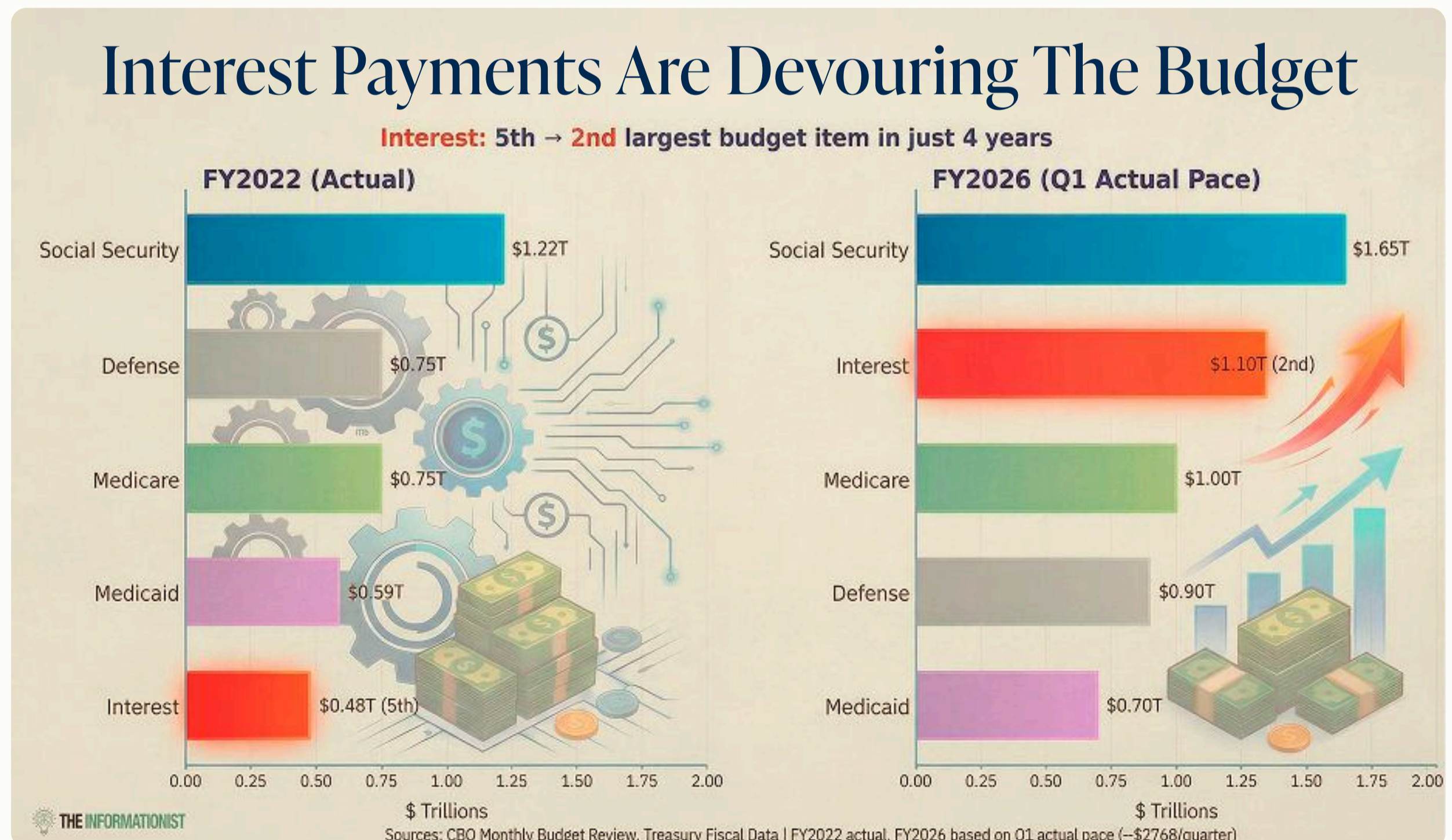
But the real problem isn't the debt itself. It's what we're paying to service it.

Annual interest expense has exploded to **over \$1.1 trillion**, making it the second-largest line item in the federal budget, after Social Security. We're spending roughly **\$3 billion per day** just on interest. Not principal. **Just the interest.**



Federal Debt vs Annual Interest Expense 2015-2025

This is what a debt spiral looks like. More debt leads to higher interest rates, which leads to higher interest expenses, which leads to higher deficits, which requires more debt. Rinse and repeat.



Interest jumped from 5th to 2nd largest budget item in just 3 years

# There Is No Option C

So, what does the Federal Reserve do?

**Option A: Keep rates high to fight inflation.** But then interest expense spirals even higher. Deficits explode. Economic growth stalls. Eventually, the debt market seizes up, and you're forced into Option B anyway.

**Option B: Cut rates and restart QE.** Inflation reignites. Dollar purchasing power erodes. But government debt gets paid off with cheaper dollars. And that's the *path of least resistance*.

**There is no Option C** where this gets "fixed" through fiscal discipline. That's political suicide, so it never happens. And Treasury's own numbers make the direction obvious. The U.S. Treasury itself projects debt-to-GDP **over 200% by 2049** and **535% by 2099** under its assumptions.

Fiscal suicide it is then.

**The Fed's Impossible Choice**

<b>A</b> KEEP RATES HIGH	<b>B</b> CUT RATES & QE
<ul style="list-style-type: none"> <li>↗ Interest expense spirals</li> <li>💰 Deficits explode</li> <li>↔ Growth stalls</li> <li>↘ Tax revenues decline</li> <li>📉 Rating downgrades</li> </ul> <p>RESULT: Fiscal crisis → Forced printing</p>	<ul style="list-style-type: none"> <li>📈 Inflation reignites</li> <li>📄 Dollar power erodes</li> <li>↘ Real rates negative</li> <li>👁️ Savers get destroyed</li> <li>📄 Debt paid w/ cheap \$</li> </ul> <p>RESULT: Currency debasement by design</p>

Option C: Fiscal Discipline. The political will doesn't exist.

**BOTH PATHS → YOUR PURCHASING POWER ERODES**

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*All roads lead to debasement*

Truth is, debasement isn't a prediction. It's a recognition that the **math has already decided the outcome**. And this math doesn't change.

This is why calling it a "trade" misses the point entirely. You don't trade around a permanent condition. You **adapt your entire investment philosophy** to account for it.

Which brings us to an uncomfortable question: if debasement is inevitable, what happens to the traditional portfolio that many long-term investors and private clients are still holding?

## The Death of the 60/40 Portfolio

### Why Your “Balanced” Portfolio Is Now a Guaranteed Loser

For decades, the 60/40 portfolio was the gold standard of prudent investing. Allocate 60% to stocks for growth, 40% to bonds for protection. Simple. Elegant. Nobel Prize-winning.

Then came 2022.

The 60/40 portfolio lost 17.5%, its worst performance since 1937 and fourth worst in 200 years. Stocks fell 19%. The aggregate bond index dropped 13%, and long-duration Treasuries, which many retirees hold for income, collapsed 31%. The "balanced" portfolio offered no balance at all.

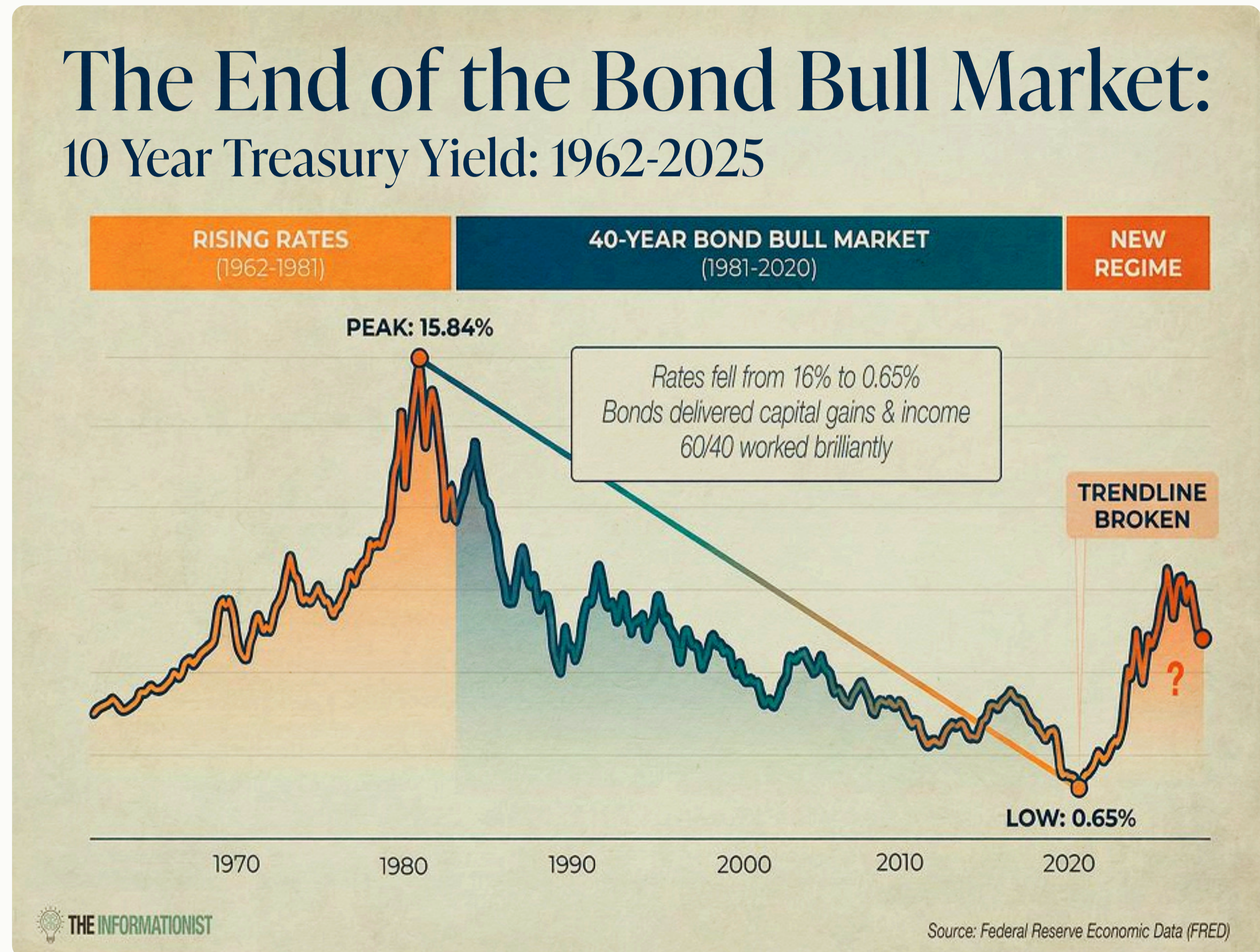
But here's what's alarming: **2022 wasn't an anomaly. It was a preview.**

According to Morningstar's 150-year analysis, 2022 was the only year in 150 years where bonds failed to provide any diversification benefit during a stock market downturn. One year. In a century and a half.

What changed? Everything.

## The 40-Year Tailwind Is Over

Look at the chart of 10-year Treasury yields since 1962.



*10-Year Treasury Yield 1962-2025: The 40-year decline that powered 60/40 is over*

What we see here is a story in three acts.

### **Act One: Rising rates (1962-1981).**

Yields climbed from 4% to a peak of 15.84% in September 1981. Bonds were a terrible investment. Prices fell as rates rose.

### **Act Two: The 40-year bond bull market (1981-2020).**

This is the era that created the 60/40 portfolio and fixed income legends like PIMCO's Bill Gross. The Bond King.

*Why?*

Yields fell from 16% to 0.65%, a relentless, four-decade decline. As rates fell, bond prices rose. Investors got both income **and** capital appreciation. The 60/40 portfolio wasn't just "balanced." It was supercharged by a one-way bet that kept paying off.

**Act Three: The new regime (2020-present).** The trendline is broken. Yields have surged from 0.65% back above 4%. The four-decade tailwind has become a headwind.

Here's what many investors never understood: the 60/40 portfolio's stellar track record was a **product of a specific, unrepeatable era**. It wasn't just about negative correlation between stocks and bonds. It was about bonds being in a 40-year bull market that delivered capital gains on top of yield.

That era is over. Rates can't fall from 16% to zero again. They're already a fraction of that. The math that made 60/40 brilliant **no longer applies**.

## The Correlation Flip

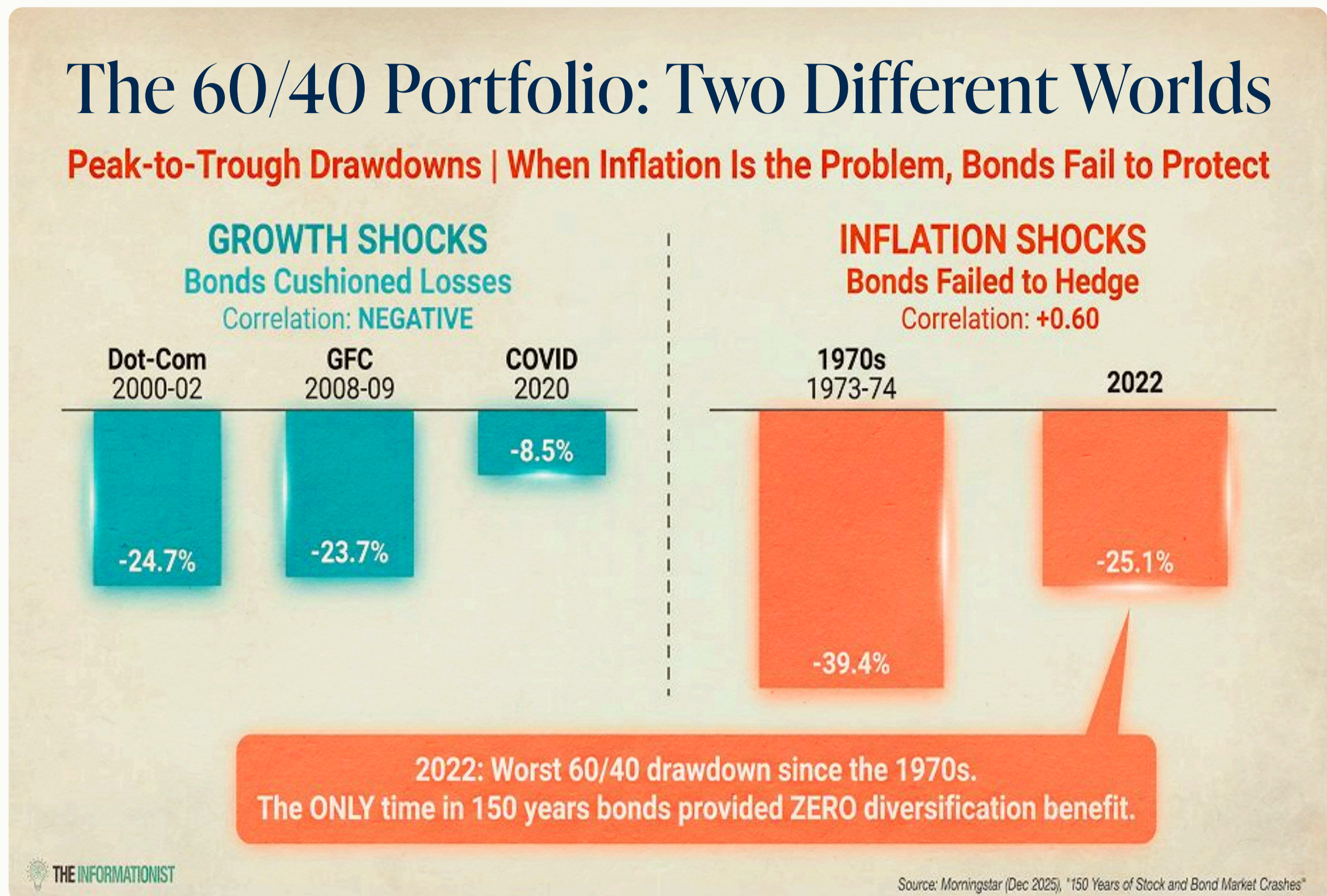
Even beyond the end of the bond bull market, something more fundamental has shifted.

The 60/40 portfolio worked because stocks and bonds historically move in opposite directions. When stocks crash, investors flee to the safety of bonds, pushing bond prices up. This negative correlation is the entire foundation of modern portfolio theory.

But that negative correlation was a product of a specific regime, one that's **now ending**.

From 2000 to 2021, stock-bond correlations were consistently negative. Bonds were reliable hedges. But in 2022, that correlation flipped to **+0.60**, meaning stocks and bonds moved *together*. Some measures hit +0.70.

This chart tells the story.



### *Performance During Growth Shocks vs. Inflation Shocks*

During growth shocks like the dot-com bust, the financial crisis, and COVID, bonds did exactly what they were supposed to do. They cushioned losses. The COVID crash barely registered for 60/40 portfolios.

But during inflation shocks? Catastrophe. The 1970s stagflation produced a -39.4% drawdown. And 2022 delivered -25.1% for the blended portfolio, uniquely painful because bonds amplified losses instead of cushioning them.

BlackRock's research makes this crystal clear: **bonds hedge against growth shocks, not inflation shocks.**

When the economy slows, the Fed cuts rates, bond prices rise, and they cushion your stock losses. But when inflation is the problem, the Fed raises rates, crushing both stocks AND bonds simultaneously.

## Why This Is Structural, Not Cyclical

Here's where the debasement thesis connects directly to your portfolio.

We've already covered the math: the debt spiral, interest expense explosion, the Fed's impossible choice. The question isn't whether inflation runs hot. It's **whether the government can afford for it not to.**

The answer is simply no.

Economists call it **financial repression**: keeping interest rates below inflation for extended periods to slowly "liquidate" debt. It's not a theory. It's history.

After World War II, real yields on US government debt were negative in roughly half of all years, and this "stealth tax" on savers reduced the real value of US debt by about 3–4% of GDP per year. Combined with strong growth, that helped push gross federal debt from around 120% of GDP in 1946 to the 60% by the mid-1950s and to roughly 30% by the mid-1970s.

The same playbook is now the **only viable path forward.**

If the government needs inflation to run above interest rates, then **bonds cannot protect your portfolio.**

This isn't temporary. It's structurally necessary.

### How it works:

Your bonds earn 4% while inflation runs at 5%. You lose 1% per year in purchasing power, guaranteed. And when inflation inevitably spikes, as it will with continued deficit spending, both your stocks *and* bonds get crushed together.

The 60/40 portfolio worked brilliantly for forty years because we lived in a specific regime: falling inflation, falling rates, negative stock-bond correlations, and a massive bond bull market. Now we're entering a period of structural inflation, financial repression, positive correlations, and **no tailwind from falling bond rates.**

In this environment, **bonds don't hedge. They bleed.**

## The New Diversifiers

If bonds can't protect against inflation, what can?

Assets with *inelastic supply*: things that can't be printed, debased, or inflated away.

This is exactly why central banks have recently been accumulating gold. They understand what's coming. And it's why institutions, from BlackRock to Abu Dhabi's sovereign wealth fund, are adding bitcoin alongside gold. **Both assets exist outside the system that needs to debase.**

The traditional advice to "balance" your portfolio with bonds is now actively harmful. You're not reducing risk; you're guaranteeing long-term losses to inflation while eliminating the upside that might compensate.

Hard assets aren't just an opportunity. In a world of financial repression, they're a **necessity**.

It's no surprise, then, what the people who actually print money are doing with their own reserves.

## Gold: The Signal

So hard assets are the answer. But how do we know this isn't just theory?

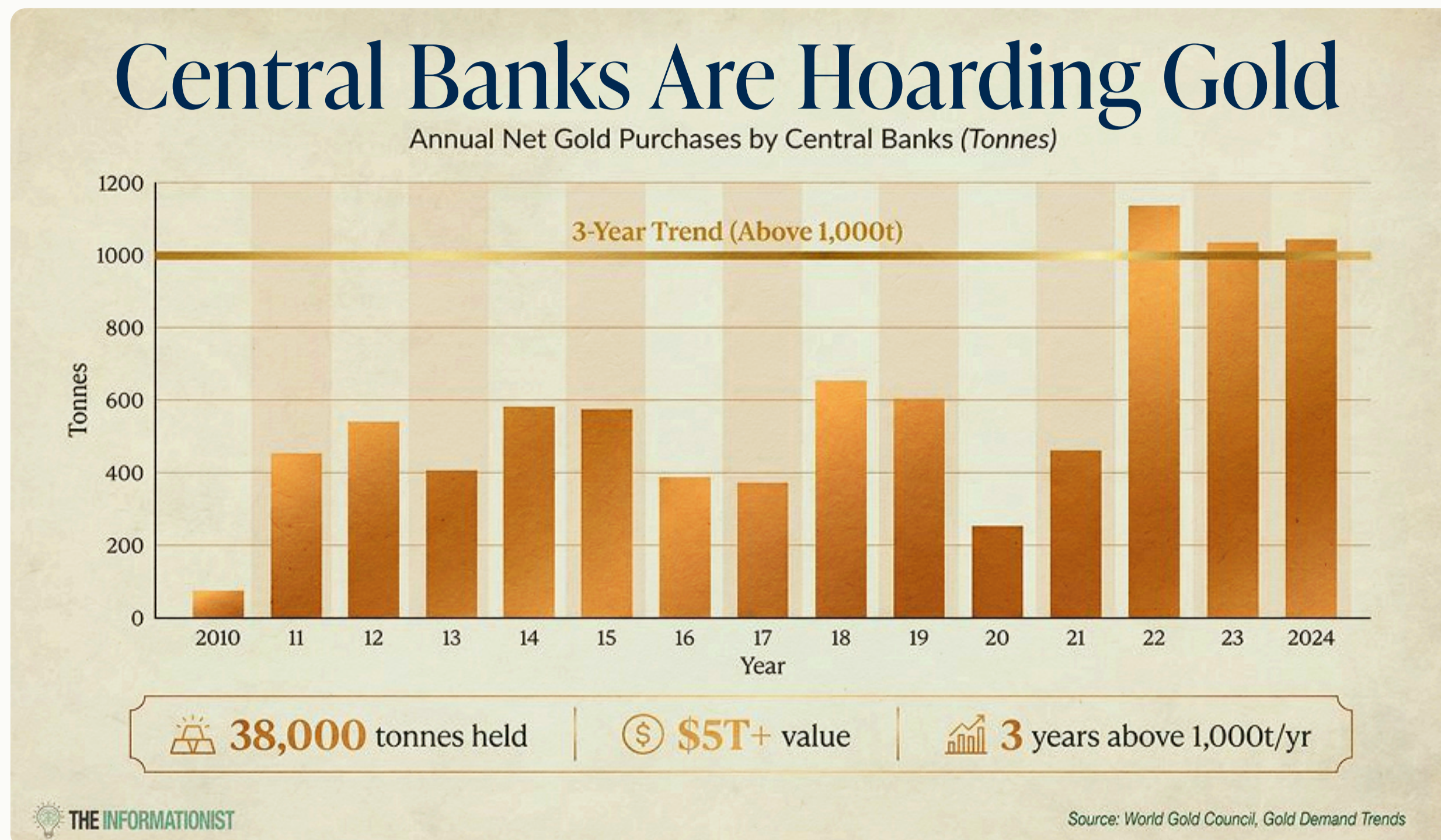
We look at what the money printers themselves are doing.

Because here's what's fascinating: while most investors are still debating whether debasement is real, one group of actors has already made up their minds. And they're the **ones who should know**.

Central banks.

The very institutions that print money are buying gold at the fastest pace in decades. And they're not being subtle about it.

Central banks now hold nearly **38,000 tonnes of gold, worth more than \$5 trillion** at current prices. That's roughly one-fifth of all the gold ever mined in human history, sitting in government vaults.



*Annual net gold purchases 2010-2024: Three consecutive years above 1,000 tonnes*

They've been accumulating over **1,000 tonnes annually** for three consecutive years.

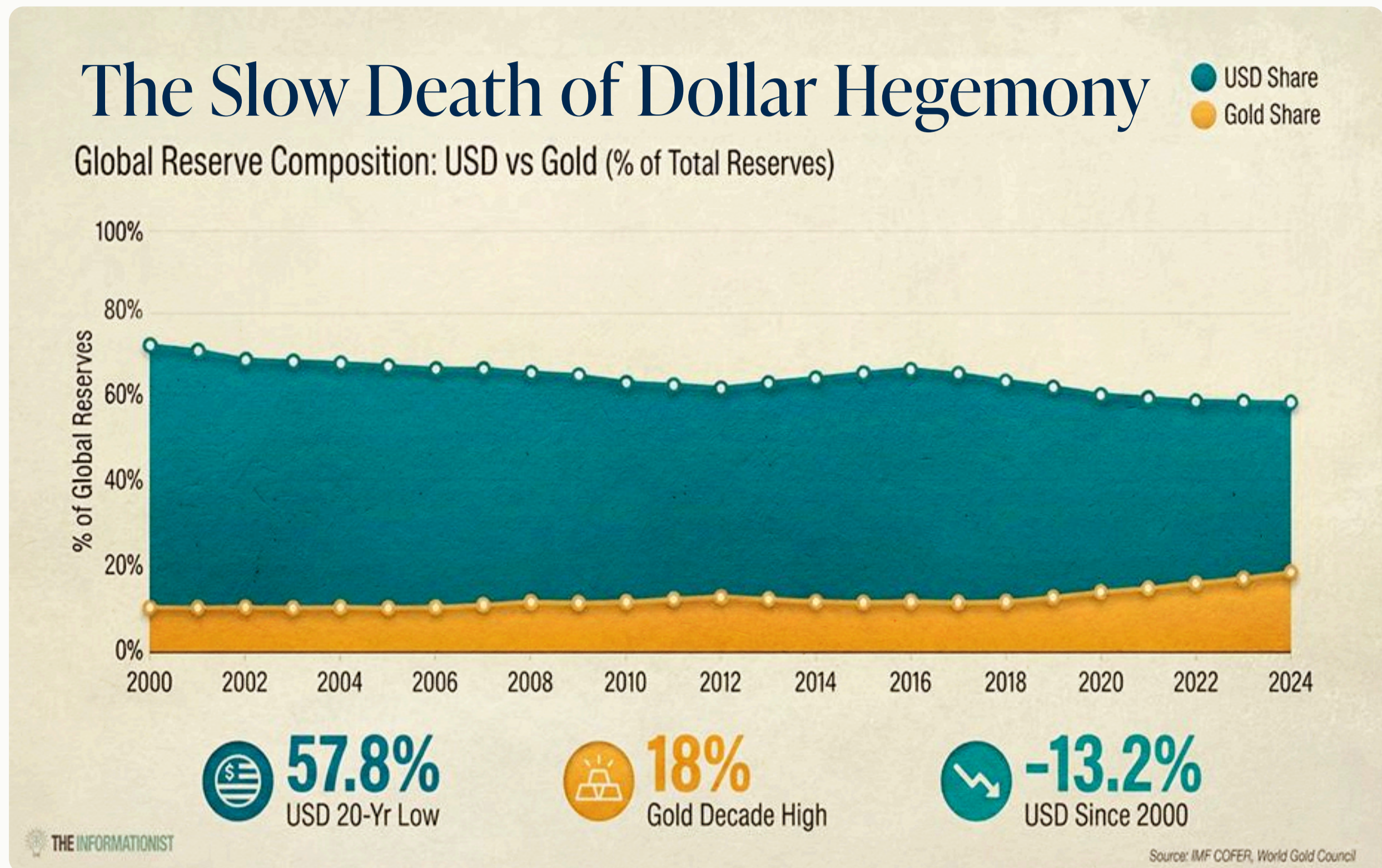
To put that in context, 500 tonnes used to be considered a big year. And according to the World Gold Council's 2025 survey, **43% of central banks plan to increase their gold reserves** over the next 12 months, up from 29% just last year. Meanwhile, a stunning **95% expect global central bank reserves to rise**, up from 81%.

Read that again. Nearly half of central banks are planning to buy more gold. And virtually all of them expect the trend to continue.

**When the people who print money are buying gold, they're telling you something important about the money they print.**

This is why we can consider gold as the signal. Central banks aren't speculating. They're not day-trading. They're making structural, long-term allocation decisions. They're **repositioning their reserves for a world of currency debasement.**

And notice: they're not putting on a "trade." They're accumulating. **Permanently.**



*USD share at 20-year low (57.8%) while Gold share hits multi-decade high (18%)*

The dollar's share of global foreign exchange reserves has fallen to around 57.8%, a 20-year low. Gold's share has risen to 18%, a multi-decade high. Central banks aren't just buying gold. They're actively reducing their dollar exposure.

This isn't speculation. This isn't a bubble. This is the world's most sophisticated monetary institutions voting with their reserves. **They're telling you exactly what they think is coming.**

Gold returned over 60% in 2025. It's trading above \$4,500 per ounce, more than double where it was just a few years ago.

## Bitcoin: Following Gold's Signal

This is where Bitcoin enters the picture.

There's a pattern I've written about before, and it's worth revisiting here: bitcoin **tends to follow gold's major moves, but with amplified gains.**

When gold rallies on monetary debasement fears, bitcoin eventually catches up and often exceeds gold's percentage gains. Not immediately. Not in lockstep. But over time, the correlation is irrefutable.

Why?

Because gold and bitcoin share the one characteristic that matters most in a world of debasement: **neither can be created at will by governments or central banks.**

Gold's supply is limited by geology and extraction costs. Bitcoin's supply is limited by its protocol: 21 million coins will ever be created. Period, end of story. No emergency Fed meetings can print more.

But here's where it gets interesting.

## Bitcoin Is Harder Money Than Gold

For gold bugs, this is controversial. For bitcoiners, I am preaching to the choir here. But for those who are new to bitcoin, let's walk through how it is mathematically true.

Gold's supply increases every year through mining, roughly 1.5–2% annually. Gold's scarcity is relative, not absolute. Every year, for the foreseeable future, a constant amount of gold enters circulation.

Bitcoin's supply, on the other hand, increases on a fixed, **declining** schedule, with the block reward cut in half roughly every four years. There will only ever be **21 million** bitcoin. As of December 2025, about **19.96 million** have already been mined, which is a little over **95%** of the total that will ever exist. That leaves only about **1.04 million bitcoin**, roughly 5% of the eventual supply, left to be **mined over the next century.**

After that, new issuance goes to zero. No more bitcoin will be created. Ever.

**Bitcoin is the hardest money that has ever existed in human history.**

Gold has protected wealth through every currency debasement in thousands of years of use. When Rome debased the denarius, gold held its value. When Weimar printed marks into oblivion, gold held its value.

Since Nixon closed the gold window in 1971, the price of a single ounce of gold has gone from \$35 to over \$4K.

Gold preserves purchasing power. That's its job, and it does it well.

But bitcoin? Bitcoin has the potential to **increase purchasing power**, dramatically, because it combines gold's monetary properties with something gold has never had: absolute scarcity along with an new adoption curve.

## Bitcoin Has Been Lagging Gold

Let's address what has happened in 2025.

Gold rose over 60% last year, repeatedly breaking through all-time highs. Central bank buying has been relentless. The debasement signal is screaming.

Bitcoin, meanwhile, dropped back below \$90K, down over 25% from its October high of over \$125K.

Bitcoin has been "lagging" gold's latest move significantly.

Why the disconnect? Because many investors, particularly traditional finance allocators, still view bitcoin primarily as a "risk asset" rather than a monetary asset. When liquidity concerns spike or markets turn risk-off, bitcoin **often declines before or alongside tech stocks and other speculative holdings**. This reflexive behavior persists despite bitcoin's fundamentally different value proposition.

The result? Bitcoin's price action remains noisy, volatile, and heavily influenced by short-term liquidity flows. It reacts to Fed announcements, equity market sentiment, and risk appetite in ways that gold, with its 5,000+ year track record, simply doesn't.

**But here's the opportunity: this perception gap is temporary, and it's precisely what creates the asymmetry.**

As more institutions, sovereign wealth funds, and central banks come to understand bitcoin's monetary properties, the "risk asset" label will fade. Bitcoin will increasingly trade like the store of value it truly is, not the speculative tech bet many still perceive it to be.

Until then, every risk-off selloff is a gift for long-term investors who already understand the thesis. You're buying an asset with gold's monetary properties at prices discounted by people who **don't yet understand what they own.**

That said, historically, when gold makes a sustained move higher on monetary policy concerns, bitcoin eventually catches up. And then some.

Why? Four reasons...

**1. Superior monetary properties.**

Absolute scarcity beats relative scarcity.

**2. Earlier adoption curve.** Smaller market cap means bigger percentage gains are possible.

**3. Additional utility.** Payment network, programmable money, self-custodied sovereignty.

**4. Network effects.** As adoption grows, value compounds.

## The Asymmetric Opportunity

Here's where the math gets compelling.

At current prices, gold's total above-ground value is approximately **\$30 trillion.** It's a mature, widely held asset across households, institutions, and central banks. Gold has been doing its job for thousands of years.

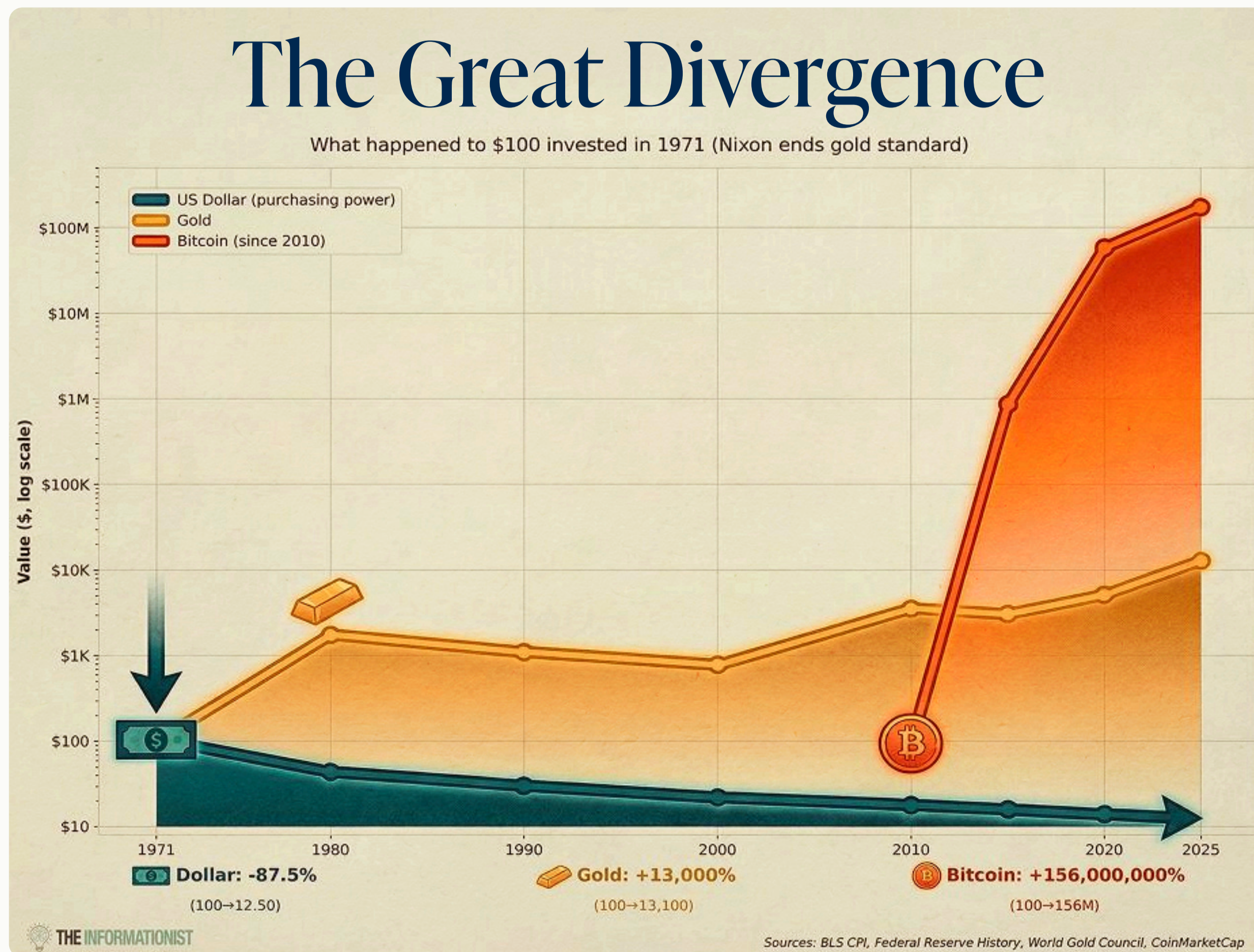
Bitcoin's market cap is around **\$2 trillion.** But.

**It's only 16 years old.**

If bitcoin captures even a fraction of gold's monetary premium as institutions and nation-states adopt it as a reserve asset, the upside is extraordinary.

Let's do some simple math. If bitcoin's market cap grew to just half of gold's, to \$15 trillion, that's a 7-8x from here. If it reached parity with gold at \$30 trillion, that's a 15-17x.

And here's the thing: there's a strong argument that bitcoin's monetary premium should **eventually exceed gold's**, because bitcoin is objectively harder money with properties that gold simply cannot match.



*What happened to \$100 since 1971: Dollar -88%, Gold +12,200%, Bitcoin +172,000,000% (since 2010)*

Think about what bitcoin offers that gold cannot:

**Absolute scarcity.** Exactly 21 million. Not approximately. Exactly.

**Portability.** You can move \$1 billion of bitcoin across the globe in 10 minutes for a few dollars. Try to move that much gold a few miles, no less across the world. The logistics and cost make it prohibitive.

**Seizure resistance.** Properly held bitcoin cannot be confiscated. Carrying assets across borders can be fraught with risk. Ask anyone fleeing hostile situations or countries who have had cash or even gold bars seized from banks or at the border.

**Verifiability.** Cryptographic verification versus testing gold purity and weight.

Gold is the safe, proven, time-tested play. It's boring. It's reliable. It will preserve your purchasing power through the debasement cycle.

Bitcoin is the **asymmetric opportunity**. It has all of gold's monetary properties, plus additional advantages, and it's earlier in its adoption curve. The risk/reward is simply superior for those with a long-term horizon.

And some savvy investors have not just taken note of this, they have jumped on board with their own capital.

## The Institutional Shift Is Already Happening

Five years ago, bitcoin was "rat poison squared" (Warren Buffett) and "a fraud" (Jamie Dimon). It was considered a fringe asset for speculators and criminals.

Today? The transformation is stunning.

**Vanguard, the most conservative asset manager in America, just opened its \$9.3 trillion platform to bitcoin ETFs.**

After 691 days of refusing to let clients access spot bitcoin ETFs, they reversed course entirely. The old CEO who called crypto "too volatile and speculative" is gone. The new CEO? Salim Ramji, the former BlackRock executive who helped launch IBIT, now the largest bitcoin ETF in the world.

That's not a coincidence. That's a signal.

**JP Morgan, yes, the same JP Morgan whose CEO called bitcoin a fraud, is now letting institutional clients use bitcoin as collateral for loans.**

In 2026, you'll be able to pledge your bitcoin holdings against credit lines at America's largest bank. They're also rolling out crypto-backed lending products with up to 25% loan-to-value ratios. Morgan Stanley is also opening bitcoin trading to E\*Trade customers in 2026.

And it's not just American institutions.

**Abu Dhabi's sovereign wealth fund tripled its bitcoin position in Q3 2025.**

The Abu Dhabi Investment Council increased its IBIT holdings by 230%, from 2.4 million shares to nearly 8 million shares worth over \$517 million. Their statement to Bloomberg says it all: "*We view bitcoin as a store of value similar to gold, and as the world continues to move toward a more digital future, we see bitcoin playing an increasingly important role alongside gold.*"

Read that again. A sovereign wealth fund, managing over \$1.7 trillion, is explicitly putting **bitcoin in the same category as gold.**

And then there's Harvard.

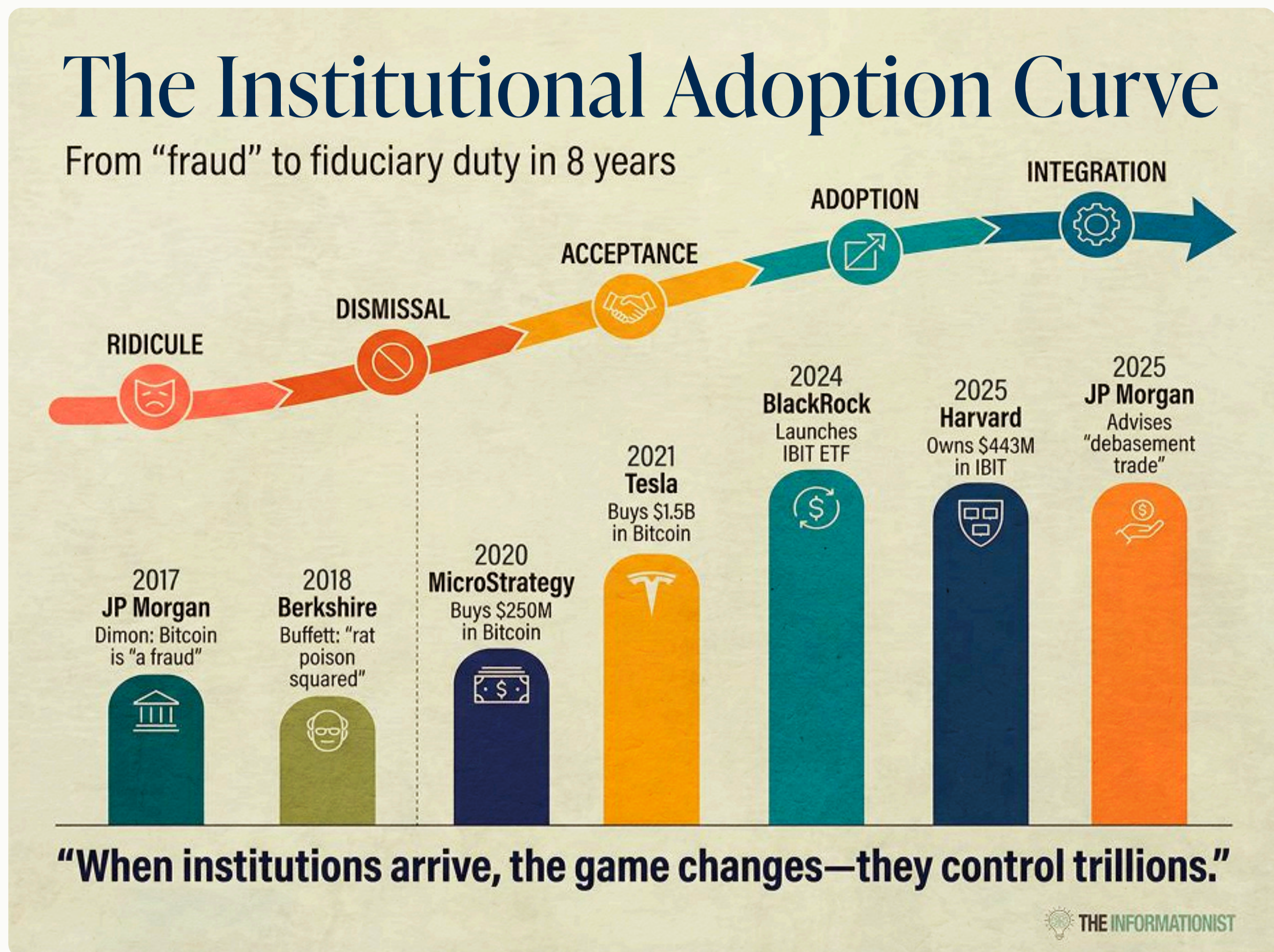
**Harvard's endowment now holds 6.8 million shares of BlackRock's bitcoin ETF (IBIT), making it their largest disclosed public equity holding.**

It's a position that has accelerated, as they added 4.9 million shares in the third quarter of 2025 alone. They didn't just dip a toe in. They nearly **quadrupled their position** in a single quarter. At \$50 per IBIT share, that's \$340 million in bitcoin exposure.

One of the most prestigious and conservative institutional investors in the world made bitcoin their biggest stock position, and then **aggressively added to it.**

Please notice: none of these institutions are "trading" bitcoin. They're not looking for a quick flip. They're making strategic allocation decisions based on long-term portfolio construction.

That's the shift. From trading vehicle to **strategic asset class.**



*From 'fraud' to fiduciary duty in 8 years*

We are witnessing the classic technology adoption curve playing out in real-time:

1. **Ridicule** ("Bitcoin is for drug dealers")
2. **Dismissal** ("It's a bubble that will pop")
3. **Acceptance** ("Maybe there's something here")
4. **Adoption** ("We should probably own some")
5. **Integration** ("This is just how money works now")

When institutions arrive, the game changes. Not because they're smarter. They're not. But because they **control trillions of dollars of capital**. When even 1% of that flows into bitcoin, prices will move dramatically.

Vanguard alone has 50 million clients. JP Morgan manages \$4 trillion. Abu Dhabi's sovereign funds control over \$1.7 trillion. Harvard's endowment is \$50 billion.

And we're just getting started.

## From Trade to Philosophy

So, what does all this mean for you?

We've covered a lot of ground. The debt math. The Fed's impossible choice. The death of the 60/40 portfolio. The gold signal. The bitcoin opportunity. The institutional shift already underway.

Now let's bring it all together.

JP Morgan calls it the "debasement trade." But as we've established, it's not merely a trade. It's an investment philosophy for a new monetary reality.

The question every investor needs to ask is: **What percentage of my long-term wealth should be stored in assets that cannot be debased?**

Some experts have weighed in, recently.

Ray Dalio recommends investors allocate **15% of their total portfolio to gold or bitcoin** to hedge against the risks of high government debt and currency devaluation.

Morgan Stanley recommends up to **20% allocation of gold and bitcoin** in a new 60/20/20 portfolio of stocks/bonds/hard assets.

Fidelity recommends up to **7.5% bitcoin for younger investors.**

The answer is different for everyone and depends on their need for liquidity and both the stomach and ability to weather volatility. The longer the investment period, the higher the allocation.

**Wall Street packages it as a 'trade' because that's what they sell, but the printing never stops and the debasement never ends.**

**Does that sound like a trade to you?**