



DIGITAL ASSETS

Bitcoin Investment Thesis

THRYVE's thesis for a 3%-5% core Bitcoin allocation, supported by historical performance, diversification benefits, and Bitcoin's role as a hedge against currency debasement and inflation.

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Our goal at THRYVE is to create customized portfolio solutions to maximize your risk adjusted investment returns, going beyond traditional strategies to ensure that you have a path to true financial freedom. This paper outlines our investment thesis for allocating 3%-5% of the portfolio to Bitcoin as a core holding. This allocation is supported by historical performance analysis, fundamental economic trends, and Bitcoin's unique qualities as a financial asset.

Technical Analysis

Bitcoin's inclusion in a diversified portfolio has demonstrated the potential to enhance returns without materially changing portfolio risk:

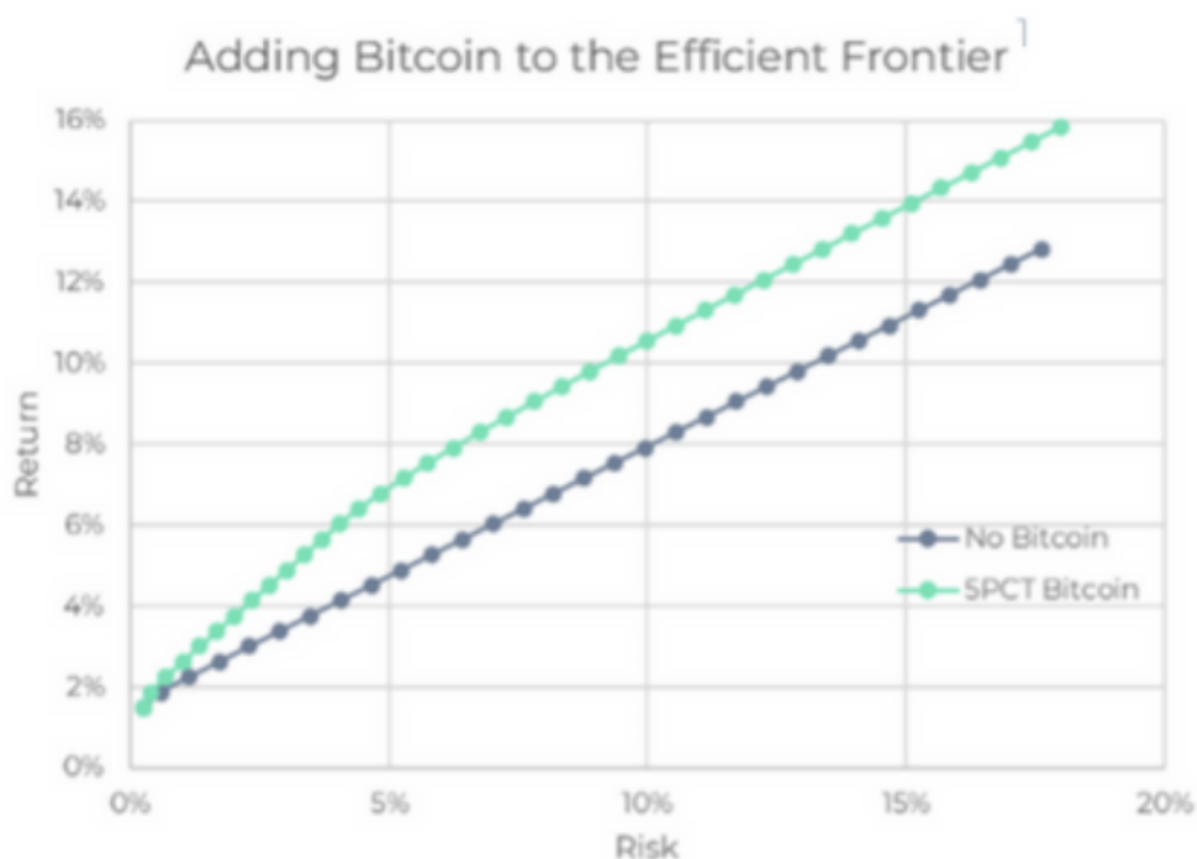
- Over the past decade, **Bitcoin has been one of the best-performing assets**, with a compound annual growth rate exceeding traditional asset classes.

- Bitcoin has exhibited **low to moderate correlation** with equities, commodities, and bonds, enhancing diversification. (See our Bitcoin Primer for the full matrix).

	Bitcoin	Gold	US Large Cap Equity	US Bonds	US Cash	US Small Cap Equity	US Mid Cap Equity	Real Estate	Hedge Funds	Int'l Equity	Emerging Markets Equity
Bitcoin	1.00	0.14	0.29	0.03	0.01	0.31	0.29	0.21	0.44	0.15	0.13

- Over the past decade, this uncorrelated behavior has proven **valuable in volatile market conditions**, cushioning losses in traditional asset classes.
- Backtesting shows that a 3%-5% allocation to **Bitcoin improved portfolio efficiency** by increasing returns while maintaining the same level of risk (Sharpe ratio).

The following graph to shows the level of **returns in a diversified portfolio** without Bitcoin versus with Bitcoin, while only allowing the portfolio to invest up to 5% in the digital asset.



Fundamental Analysis

Bitcoin's investment case is further bolstered by enduring macroeconomic and geopolitical trends:

Hedge Against Systemic Risks

- **Global Debt Crisis:** Central banks globally have accumulated record levels of debt, heightening the risk of currency debasement. Bitcoin, with its fixed supply of 21 million coins, serves as a hedge against fiat currency devaluation.
- **Sticky Inflation:** Persistent inflationary pressures erode the real value of traditional fixed-income assets. Bitcoin's scarcity and decentralized nature position it as a long-term inflation hedge.

Geopolitical Instability

Escalating geopolitical tensions and economic sanctions have highlighted Bitcoin's role as a borderless, neutral asset. It offers liquidity and financial autonomy in times of crisis, appealing to investors in uncertain times.

Protection Against Centralized Control

With the rise of Central Bank Digital Currencies (CBDCs), governments could exercise unprecedented control over monetary systems. Bitcoin's decentralized framework provides a safeguard against these potential overreaches, offering freedom and privacy to individuals and institutions.

Growing Adoption

Bitcoin has gained legitimacy as an institutional asset, with increasing allocations from endowments, corporations, and sovereign wealth funds. Enhanced regulatory clarity and infrastructure (e.g., ETFs, custody solutions) are further driving mainstream adoption.

Recommendation

Based on historical performance, diversification benefits, and alignment with long-term macroeconomic themes, **THRYVE recommends a core allocation to Bitcoin within your portfolio, in the 3%-5% range.** While optional to the client, this allocation provides exposure to the asset's return-enhancing potential while hedging against systemic and geopolitical risks.

We believe the role of Bitcoin in your portfolio is a long-term holding, but we will actively monitor the position, taking into account market developments and Bitcoin's evolving role in the global financial system. Should you have any questions, we are available to discuss this in greater detail.

IMPORTANT INFORMATION

There is no guarantee that Bitcoin will continue to perform at historic returns and market risk and loss of principal is possible.

Diversification does not guarantee against a loss.

Investing in Bitcoin involves significant risks due to price volatility and the potential for theft or compromise of private keys. Digital assets represent a fairly new industry, and future regulations and governance is unclear. The price of Bitcoin is tied to overall market sentiment and acceptance.

This Bitcoin primer is based on the assessment of the current market environment as of Q4 2024, and is subject to change.

1) This efficient frontier graph illustrates the optimal mix of investments to achieve the highest potential return for a given level of risk. It demonstrates how balancing a portfolio can maximize growth while minimizing unnecessary risk. Returns are dependent on the investment combinations that make up the portfolio. A security's standard deviation is synonymous with risk. Ideally, an investor seeks to fill a portfolio with securities offering exceptional returns but with a combined standard deviation that is lower than the standard deviations of the individual securities. The data reflects a ten-year period (10/31/2014 – 10/31/2024). Stocks are represented by theB500T, bonds by the Bloomberg Aggregate Index, cash by the Bloomberg TreasuryIndex, and Bitcoin by the spot price. Note: Returns shown do not account for potential transaction costs, commissions, or expenses, which would lower actual returns.

Written by THRYVE Wealth Management, LLC, an SEC Registered Investment Advisor

ABOUT THRYVE

At THRYVE, we believe the human side of wealth management isn't a feature: it's the foundation. Every financial decision a client faces is ultimately a life decision, and the relationship between an advisor and a client is one of the most consequential professional bonds a person can have. We take that seriously.

THRYVE is an independent, fiduciary-based Registered Investment Adviser built on a simple and uncompromising standard: no products, no commissions, no conflicts. Our loyalty is to our clients, and only our clients. Backed by a team with over 100 years of combined wealth management experience, we deliver comprehensive financial planning, forward-looking investment strategies, and family office-level services to individuals, families, and business owners who expect both excellent advice and a genuine relationship.

We also believe the best relationship in the world is made stronger by the best tools available. Our AI-powered, fully integrated platform gives our advisors more time for the conversations that matter most, and our investment approach is built around where the world is going, not where it has been. At THRYVE, we are committed to building and earning our clients' trust: the kind that shows up in the difficult times, when markets are down or you're faced with a major financial decision. It is those real conversations about financial goals, core values, and legacy that provide our clients comfort when they need it most. That's the THRYVE difference.

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MEDIA CONTACT

Zoe Curtis, Director of Marketing & Growth
THRYVE Wealth Management, LLC
info@thryvewealthmanagement.com