



Executive Summary:

# **Bitcoin** as a Strategic Asset for Family Offices

How Bitcoin Can Contribute to Wealth  
Preservation, Growth, and Legacy

## Prepared for Family Office Investment Teams and Principals.

*This document is an executive summary of a more comprehensive report. It aims to provide a concise overview of Bitcoin's role in family office investing. For those seeking a more in-depth analysis, detailed case studies, and comprehensive strategic guidance, the full report is available upon request.*

# Introduction and Core Family Office Investment Objectives

Family offices steward multi-generational wealth, focusing on preserving financial independence, growing capital, and aligning with family values. Unlike shorter-term investors, they adopt a holistic, long-term approach to sustain and expand wealth across generations while honoring family principles.

## The Investment Objectives of Family Offices

Amid rising inflation, geopolitical tensions, and eroding purchasing power, family offices often seek innovative, uncorrelated strategies to safeguard wealth, ensure intergenerational transfer, and achieve long-term growth in an unpredictable economic landscape.

Central to family offices is aligning financial objectives with the family's identity and vision through tailored strategies that balance three core goals:

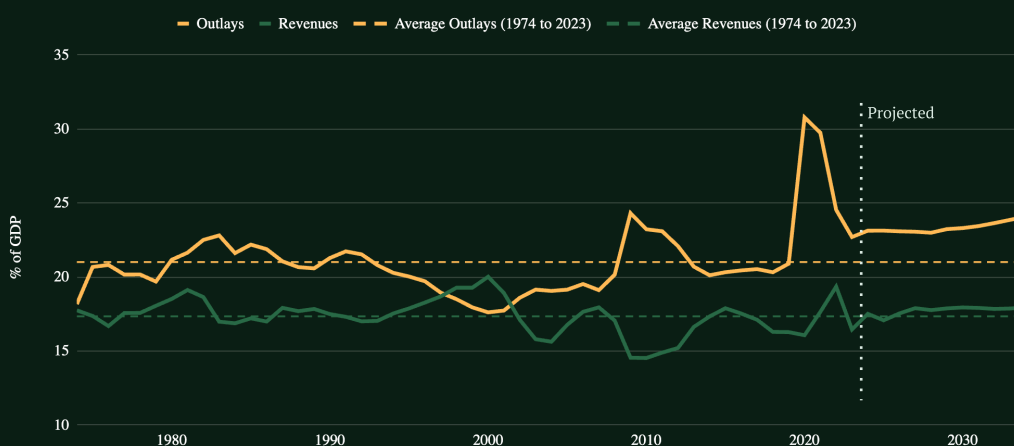
**1. Wealth Preservation:** The primary focus is preserving purchasing power across generations by mitigating risks from inflation, currency depreciation, and market volatility. Prioritizing assets that maintain or grow real value over time helps hedge against economic instability, forming the foundation for a lasting legacy.

**2. Growth and Capital Appreciation:** While preservation is paramount, family offices pursue growth to expand wealth over time. Their long investment horizons enable them to capitalize on illiquid or alternative investments, such as private equity and venture capital, offering substantial returns to counteract inflation. Balancing growth with stability ensures capital grows without exposing the portfolio to excessive risk or volatility.



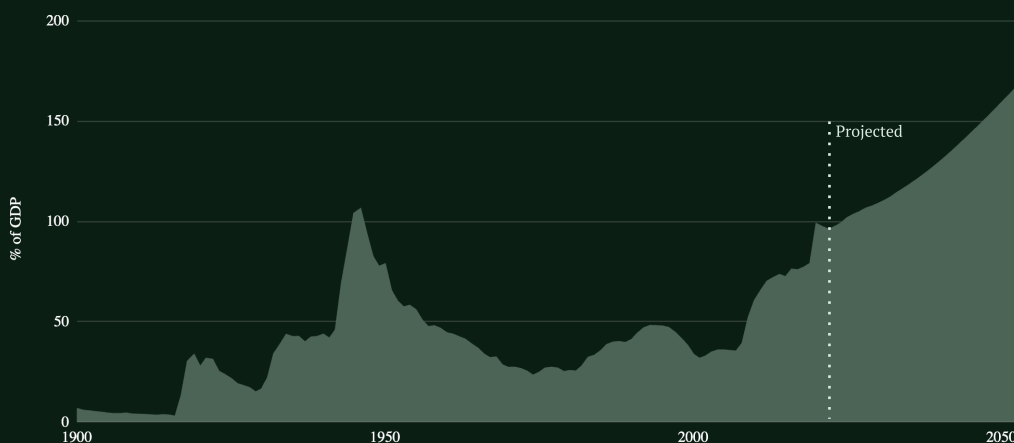
**3. Values and Legacy Alignment:** For family offices, investments are not always purely financial instruments. Strategies often emphasize philanthropic initiatives, community development, and sustainable impact, ensuring wealth supports societal goals while reinforcing and preserving the family’s legacy.

## Total Federal Outlays and Revenues (USA)



Source: Congressional Budget Office. The Budget and Economic Outlook: 2024 to 2034.

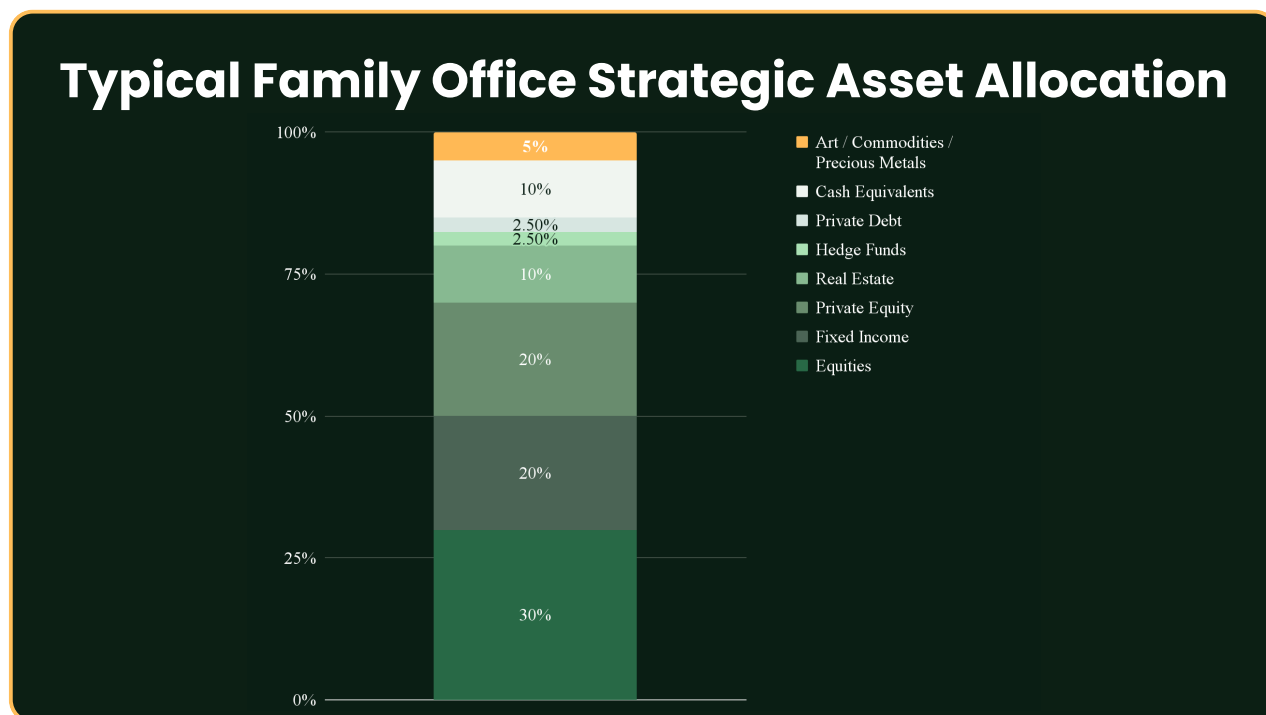
## Federal Debt Held by the Public (USA)



Source: Congressional Budget Office. The Budget and Economic Outlook: 2024 to 2034.

# Traditional Family Office Investment Strategies and Their Limitations

Family office portfolios blend traditional and alternative assets to balance preservation, liquidity, and growth, with typical allocations as follows:



## Limitations of Traditional Strategies

Traditional portfolios face growing challenges in the current economic environment:

- **Inflation:** Fixed income and cash equivalents fail to preserve purchasing power amid structurally driven inflation pressures, while traditional hedges like real estate face shifts in demand and financing costs, which have made this sector less predictable.
- **Liquidity Constraints:** High allocations to illiquid assets like private equity and real estate can disrupt portfolios during market dislocations.
- **Currency and Geographic Risks:** Global portfolios are exposed to costly currency hedging and risks from geopolitical instability.

## Challenges in Balancing Preservation and Growth

Modern family offices grapple with systemic issues that complicate achieving both wealth preservation and meaningful growth:

- **Diminished Diversification:** Increased correlations between equities and fixed income weaken traditional diversification methods.
- **Private Market Pressures:** High valuations and saturated sectors, such as technology, make it harder to secure quality investments at fair value.
- **Intensified Competition:** Crowding in private equity and alternatives drives up entry costs, complicating the search for value-aligned opportunities.

## The Strategic Case for Bitcoin in Family Office Portfolios

### The Strategic Case for Bitcoin in Family Office Portfolios

As family offices confront challenges like inflation, higher asset class correlations, and the need for long-term growth, Bitcoin is emerging as a compelling asset that complements traditional portfolios. Its decentralized nature, finite supply, and distinct investment characteristics position it as a strategic addition to address these challenges effectively.

### Bitcoin as an Inflation Hedge

Traditional assets like fixed income and real estate often fail to counter the erosion of wealth from fiat currency depreciation and inflation. Bitcoin, with its capped supply of 21 million, offers an alternative asset resistant to monetary debasement.

Unlike traditional hedges, Bitcoin is independent of centralized monetary policies, protecting wealth from excessive expansion of the money supply and fiscal instability.

Historically, Bitcoin has significantly outperformed fiat currencies and traditional asset classes during periods of economic uncertainty and after major geopolitical events. This resilience, coupled with its scarcity, positions Bitcoin as a forward-looking inflation hedge that preserves purchasing power better than traditional measures like cash or bonds.

## S&P 500, Gold, and Bitcoin performance after Major Geopolitical Events

Event	Date	10D Return (SPX)	10D Return (Gold)	10D Return (BTC)
U.S. – Iran Escalation	Jan 3 2020	2%	0%	12%
COVID Outbreak	Mar 11 2020	-20%	-9%	-25%
2020 U.S. Election Challenges	Nov 3 2020	7%	-1%	19%
Russia Invasion of Ukraine	Feb 24 2022	1%	2%	-6%
U.S. Regional Banking Crisis	Mar 9 2023	-2%	10%	25%

Event	Date	60D Return (SPX)	60D Return (Gold)	60D Return (BTC)
U.S. – Iran Escalation	Jan 3 2020	-7%	6%	20%
COVID Outbreak	Mar 11 2020	2%	3%	21%
2020 U.S. Election Challenges	Nov 3 2020	12%	-1%	131%
Russia Invasion of Ukraine	Feb 24 2022	3%	9%	15%
U.S. Regional Banking Crisis	Mar 9 2023	4%	11%	32%

Source: Blackrock – Bitcoin: A Unique Diversifier





## Bitcoin vs. Traditional Assets: Historical CAGR Performance Over Time

Time Period	Bitcoin	Gold	S&P 500
1 year	161%	36%	31%
2 year	143%	24%	22%
3 year	19%	15%	8%
4 year	51%	10%	13%
5 year	69%	13%	14%
6 year	72%	14%	15%
7 year	41%	11%	13%
8 year	84%	11%	13%
9 year	87%	11%	12%
10 year	75%	9%	11%
11 year	54%	7%	11%
12 year	126%	4%	13%
13 year	126%	4%	13%
14 year	149%	5%	12%

Source: Bitcoin Macro Charts | The Case for Bitcoin

### Bitcoin's Low Correlation and Portfolio Diversification

One of Bitcoin's most valuable attributes is its low correlation with traditional asset classes, which enhances portfolio resilience. As traditional asset classes increasingly move in tandem, Bitcoin provides diversification by operating independently of corporate earnings, central bank policies, or systemic risks.

## Correlation Matrix

Sept 2014 - May 2024	BTC	Cash	US Equity	International Equity	Fixed Income	Alternatives	Gold
BTC	100%	-0.73%	15.07%	15.14%	9.15%	10.75%	5.90%
Cash	-0.73%	100%	-22.51%	-20.11%	78.55%	-0.86%	31.16%
US Equity	15.07%	-22.51%	100%	86.59%	10.32%	74.35%	2.87%
International Equity	15.14%	-20.11%	86.59%	100%	12.90%	66.31%	12.36%
Fixed Income	9.15%	78.55%	10.32%	12.90%	100%	26.44%	36.06%
Alternatives	10.75%	-0.86%	74.35%	66.31%	26.44%	100%	12.17%
Gold	5.90%	31.16%	2.87%	12.36%	36.06%	12.17%	100%

Less Correlated More Correlated

Source: Nakamoto Portfolio. Cash = iShares 20+ Year Treasury Bond ETF, Equities = US Equities (28%), SPDR S&P 500 ETF Trust + International Equities (15%), iShares MSCI ACWI ex US ETF, Fixed Income = Vanguard Total Bond Market Index Fund ETF, Alternatives = Vanguard Real Estate Index Fund ETF. Gold = SPDR Gold Trust.

### Unparalleled Growth Potential

Bitcoin’s growth potential is driven by increasing global adoption, institutional recognition, and technological innovation. As more entities—from governments to individual investors—embrace Bitcoin, its fixed supply ensures demand-driven price appreciation.

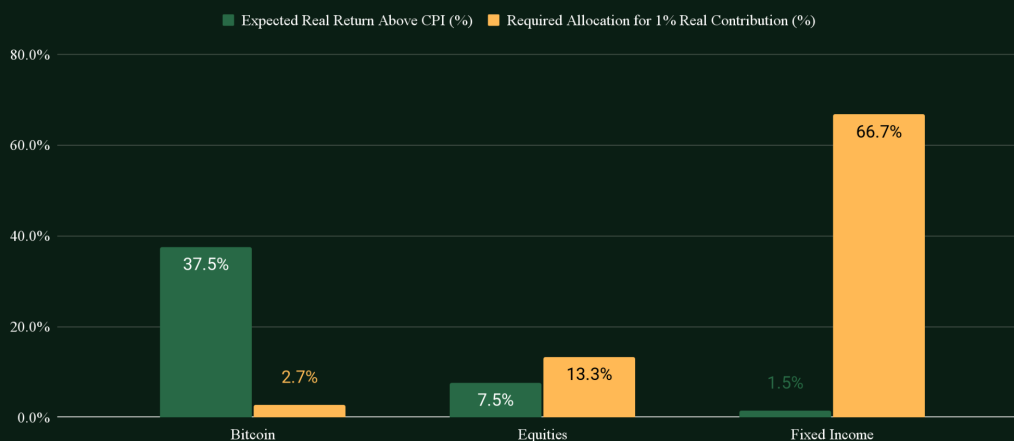
### Efficiency in Achieving Real Returns

Bitcoin delivers superior real returns compared to traditional assets. For instance, the chart below illustrates the expected real returns of Bitcoin, equities, and fixed income over the next decade after adjusting for expected inflation (CPI of 2.5%). It also shows the required allocation for each asset class to achieve a 1% real contribution to portfolio returns.





## Efficiency of Bitcoin in Achieving Real Returns



### The Missing Ingredient in Family Office Portfolios

Integrating Bitcoin offers family offices a forward-thinking strategy for wealth preservation, diversification, and growth. While unique custody and management considerations must be addressed, Bitcoin's potential as an inflation hedge, diversification tool, and high-growth asset aligns closely with the long-term goals of family offices. By thoughtfully incorporating Bitcoin, family offices can strengthen their portfolios and secure a position in an asset class poised to shape the future of finance.

### Key Attributes That Make Bitcoin Unique

Global Accessibility

Security

Inflation Hedge

Decentralisation

Finite Supply

Low Correlation

# Designing a Bitcoin Strategy for Family Offices

To incorporate Bitcoin effectively, family offices need a well-structured approach that balances its unique opportunities with multi-generational wealth management needs. This requires thoughtful allocation, secure custody, and a strategy for income generation through periodic liquidations while allowing for capital appreciation.

## Strategic Allocation and Phasing

A 2-5% Bitcoin allocation is often optimal, providing inflation hedging and growth potential while limiting risk. Phased allocation, such as dollar-cost averaging (DCA), mitigates volatility and aligns with the family's comfort level as the market matures.

## Secure Custody Solutions

Bitcoin custody demands specialized solutions to protect against cyber threats, bankruptcy of the custodian, theft, and loss. Family offices should use institutional-grade custodians and multi-institutional custody (MIC) arrangements, which distribute custodial responsibilities across entities and jurisdictions:

- **Decentralized Custodial Risk:** MIC leverages Bitcoin's multisig technology to distribute custody across three qualified custodians, ensuring no single entity has unilateral control. This structure safeguards assets against insolvency or operational failures, maintaining full security even if one custodian fails.
- **Multi-Jurisdictional Protection:** Spreading custody across regions enhances security against regulatory and jurisdictional risks.
- **High Standards:** Custodians adhering to SOC 2 compliance and qualified custodian standards ensure transparency, security, and regulatory assurance.
- **Multi-Signature Technology:** Transactions require multiple custodians' approval, reducing unauthorized access or theft risks.

These arrangements align with Bitcoin's decentralized nature, offering unmatched flexibility and resilience compared to traditional assets.

## Product: MIC Solution Standard Model

- Multi-institution custody means your **Bitcoin is held in a vault controlled by 3 keys.**
- Three separate institutions each hold a key, **none can move funds unilaterally.**
- Any **transaction must be signed by a quorum of keyholders** (2 of the 3 keys).
- State Chartered Qualified Custodian, SOC 2 Type 2 certified. Founded in 2013. Founder / CEO invented Bitcoin's native multisig.
- Qualified Custodian, SOC 2 Type 2 certified, and built for institutional-grade security
- Multisig custody & insurance specialists. UK-based company. Pioneers in Key Backup Technology.

## Why MIC Solves Key Risks Identified in Traditional Custody Models

The vulnerabilities of single-custodian models are evident in SEC filings for Bitcoin ETFs. For instance, BlackRock's iShares Bitcoin Trust highlights legal uncertainties surrounding digital assets during custodian insolvency. Courts may treat client assets as part of the custodian's estate, leaving clients as unsecured creditors. While BlackRock uses Article 8 provisions under New York UCC to separate client assets, the novelty of digital assets makes legal outcomes unpredictable. Multi-institutional custody (MIC) addresses these concerns by distributing custodial responsibilities. Even if one custodian becomes insolvent, the remaining key holders can still form a quorum, ensuring asset security.

## Income and Capital Appreciation

While Bitcoin doesn't generate traditional income, family offices can implement a total return framework, balancing capital growth with periodic liquidations to meet cash flow needs or reinvest in other assets. For instance: Selling a percentage of Bitcoin holdings during bitcoin 4-year cycle peaks allows family offices to realize gains while managing exposure levels.



# Integrating Bitcoin While Upholding Family Values and Legacy

For family offices, Bitcoin provides more than financial returns—it aligns investments with ethical, social, and environmental goals while preserving a multi-generational legacy. Its decentralized, transparent, and secure nature supports impactful, values-driven initiatives.

## Aligning Bitcoin with Values-Based Goals

- **Financial Inclusion:** Bitcoin's decentralized, permissionless network gives underserved communities access to financial services. It facilitates low-cost, instant remittances and protects against inflation and banking restrictions, empowering individuals in underbanked or repressive regions.
- **Wealth Preservation in High-Inflation Economies:** Bitcoin acts as a store of value in countries with extreme inflation where local currencies rapidly lose purchasing power, helping families and communities safeguard assets from volatility.
- **Human Rights and Privacy:** Bitcoin's pseudonymity and independence from centralized systems protect individuals in authoritarian regimes from surveillance, asset seizures, and account freezes, aligning with global human rights principles.
- **Renewable Energy Support:** Bitcoin mining promotes renewable energy adoption by absorbing surplus power and using wasted energy resources, reducing environmental impact and stabilizing grids.

## Establishing a Governance Framework

A robust governance framework ensures Bitcoin investments align with family values and long-term objectives:

- **Define Investment Mandates:** Clearly define Bitcoin's role in the portfolio, whether for wealth preservation, growth, or social impact, and set parameters for allocation, outcomes, and liquidity.
- **Structured Decision-Making:** Partner with a Bitcoin specialist firm to provide advisory services around decisions and engage younger generations to promote intergenerational knowledge-sharing and alignment with emerging technologies.
- **Ensure Security and Compliance:** Use institutional-grade custody solutions with native multi-signature technology and cold storage and maintain compliance with tax and regulatory requirements to safeguard holdings.
- **Regular Reviews and Communication:** Periodically review Bitcoin's performance and its alignment with family goals. Transparent communication fosters trust, addresses concerns, and secures stakeholder buy-in.

## Conclusion: Bitcoin's Role in the Future of Family Office Investing

Bitcoin provides family offices with a unique opportunity to achieve wealth preservation and long-term growth in a volatile financial landscape. Its decentralization, finite supply, and independence from traditional systems make it a powerful addition to portfolios, aligning with goals like financial inclusion, inflation protection, and sustainable impact.

## Legacy Preservation and Wealth Growth

Bitcoin supports legacy preservation through innovation, independence, and long-term thinking. Strategic integration, including disciplined allocation and governance, maximizes growth potential while managing risks. Its appeal to younger generations fosters engagement, bridging generational gaps and ensuring relevance in the digital age.

## Looking Ahead

Bitcoin offers a compelling investment case for family offices. By prioritizing security, governance, and values alignment, family offices can redefine wealth preservation and legacy building, ensuring their wealth and impact endure across generations.

## Elevate Your Legacy with Bitcoin

Ready to redefine your family office strategy for the digital age? At Onramp Bitcoin, we specialize in empowering family offices with secure, innovative, and values-aligned solutions to preserve and grow wealth across generations.

Visit [onrampbitcoin.com](https://onrampbitcoin.com) or reach out to us directly to discuss how we can help you embrace Bitcoin as a strategic asset. Our team is here to guide you every step of the way.



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