

VERITAS BITCOIN STRATEGIES
D / B / A FAMILY OFFICE BITCOIN

WHITEPAPER

Seven Questions Capital Allocators Should Be Asking About Bitcoin

A Due Diligence Framework for Family Offices and Institutional Allocators

Eric Runge

Principal, Veritas Bitcoin Strategies, LLC

May 2026

EXECUTIVE SUMMARY

Why This Whitepaper, and for Whom

Bitcoin entered its eighteenth year of operation in 2026 as the highest-performing major asset class of the past decade, the subject of the largest exchange-traded fund launch in U.S. financial history, and a holding of approximately one-third of surveyed family offices worldwide. It also remained one of the most controversial allocations a capital steward can make, attracting both evangelical promotion and reflexive dismissal in roughly equal measure.

For family offices and institutional allocators charged with multi-generational stewardship of capital, neither posture serves the underlying analytical task. The task is to evaluate Bitcoin with the same discipline applied to any emerging asset class: examining its monetary properties, its empirical performance, its custodial infrastructure, its risk profile, and its fit within a broader portfolio construction framework. That evaluation may conclude with allocation. It may conclude without. Both can be defensible. What is not defensible is reaching either conclusion without the work.

This whitepaper offers seven questions that, taken together, constitute a due diligence framework for that work. Each question is followed by analysis drawing on published data, named research, and the standards of fiduciary analysis applied to any asset class. The framework does not advocate a position on Bitcoin. It provides the structure through which an informed position can be reached.

The intended reader is a principal, chief investment officer, or family-office gatekeeper who has time to engage substantively with one document rather than scan dozens of marketing pieces. The questions are sequenced to build on one another: monetary properties first, then portfolio effects, then operational requirements, then governance and fiduciary considerations.

The question is not whether Bitcoin should be allocated. The question is whether the analytical framework used to evaluate it is rigorous enough to produce a defensible answer in either direction.

QUESTION ONE

Are We Measuring Real Growth, or the Effects of Money Creation?

The first question is the one most rarely asked, and the one on which most of what follows depends. Allocators routinely measure portfolio performance in nominal dollars, against benchmarks denominated in nominal dollars, in a unit of account that has been losing purchasing power at a varying but persistent rate since the Federal Reserve's founding.

The U.S. Bureau of Labor Statistics maintains the Consumer Price Index for All Urban Consumers (CPI-U), a continuous series running from 1913 to the present. According to that series, the dollar has lost approximately 96.9 percent of its purchasing power since 1914.¹ Stated another way, the cumulative dollar devaluation since the Federal Reserve's founding is approximately 3,240 percent: a 1913 dollar has the same purchasing power as roughly \$33.40 in 2026 terms.²

The implications for portfolio measurement are substantial. A portfolio that returns 3 percent annually in nominal terms during a period of 3 percent annual inflation has produced zero real return. A portfolio returning 7 percent annually during a period of 4 percent inflation has produced 3 percent real return, not 7. And a portfolio returning 10 percent annually during a period when the broader monetary base is expanding at 8 percent annually may be growing in nominal terms while losing ground against the monetary aggregate.

Why this matters for asset selection

When the unit of account is itself losing value, the question of which assets to hold becomes a question of which assets best preserve purchasing power across the time horizon of the portfolio. Equity has been the answer most of the time over multi-decade periods because corporate earnings tend to grow with nominal GDP and corporate balance sheets contain real assets that revalue with inflation. Real estate has been an answer for similar reasons. Gold has been an answer in periods of acute monetary disorder.

The question for the contemporary allocator is whether the historical answers remain the right answers for the next thirty years. The monetary regime under which equity, fixed income, and real estate produced their long-term returns is not the monetary regime currently in operation. The post-2008 expansion of central bank balance sheets, the post-2020 expansion of fiscal deficits, and the structural growth in sovereign debt levels suggest that future monetary dilution may run at rates closer to those of the 1970s than those of the 1990s.

Asking the real-growth question first does not predetermine the answer. It establishes the frame in which all subsequent questions are evaluated.

QUESTION TWO

What Is Actually Scarce: Dollars, Bonds, or Bitcoin?

The second question follows directly from the first. If the analytical task is preservation of purchasing power across long time horizons, the question of which financial instruments are genuinely scarce becomes operative.

¹U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U), historical series 1913 to present. Calculation reflects cumulative CPI change from 1913 to early 2026. Source: BLS CPI Inflation Calculator, https://www.bls.gov/data/inflation_calculator.htm

²BLS CPI News Release USDL-26-0599, March 2026 CPI report. Cumulative dollar devaluation since 1913 calculated from BLS CPI-U index values.

Dollars are not scarce in any meaningful sense. The U.S. monetary base expanded from approximately \$850 billion at the end of 2007 to over \$5 trillion at the peak in 2022. M2 money supply roughly doubled from 2010 to 2024. The mechanism by which dollars are created is well-understood, well-documented, and entirely at the discretion of central bank policy and federal fiscal decisions. There is no upper limit, in principle, on the supply of dollars.

Treasury bonds are not scarce. Outstanding marketable U.S. Treasury debt grew from approximately \$5 trillion in 2007 to over \$26 trillion by 2025. New issuance occurs regularly to fund federal deficits. Existing bonds are continuously rolled over at maturity. The supply of bonds expands as the federal government issues debt; it contracts only when issuance exceeds redemptions, which has not occurred at scale in the modern era.

Bitcoin has a supply ceiling of 21 million units, enforced by the consensus rules of the protocol. As of early 2026, approximately 19.7 million units have been issued. The remaining issuance occurs on a programmatic schedule that halves every four years and asymptotically approaches the cap.³ Changing the cap would require a coordinated network consensus that participants have shown no willingness to support, because the cap is the protocol's defining property. In that sense Bitcoin is closer in monetary character to gold than to fiat currency: its issuance is constrained by rules rather than by discretion.

The question is not whether Bitcoin behaves like a perfect store of value. It is whether genuinely scarce financial instruments deserve consideration in portfolios designed to preserve purchasing power across generations.

Why scarcity matters more than yield

For multi-generational allocators, yield without underlying scarcity is a form of nominal accounting. A 4 percent bond yield in a 5 percent inflation environment is a 1 percent annual loss of purchasing power, dressed in the language of income. The yield-bearing instrument is producing nominal cash flows, but the underlying claim is on a depreciating unit of account.

Scarcity without yield is the opposite trade. The asset produces no cash flow, but its supply does not expand. Across long time horizons, in periods of monetary dilution, scarce assets without yield have outperformed yield-bearing assets denominated in the diluting unit. Gold from 1971 to 1980 is the canonical example. Whether Bitcoin will exhibit similar properties across similar periods remains to be tested empirically. The case for considering it rests on the structural property of fixed supply, not on a prediction of price.

QUESTION THREE

³Bitcoin protocol specification, as defined by Nakamoto, S., "Bitcoin: A Peer-to-Peer Electronic Cash System," 2008, and implemented in the Bitcoin Core reference software. The 21 million unit supply cap is enforced by network consensus rules; changing it would require a hard fork rejected by network participants.

Does a Small Bitcoin Allocation Improve or Destabilize Portfolio Outcomes?

The third question shifts from monetary analysis to portfolio construction. The relevant empirical question is whether modest Bitcoin allocations, of the kind a multi-generational allocator might reasonably consider, have historically improved risk-adjusted portfolio outcomes.

Research published by Fidelity Digital Assets has examined this question directly. Their analysis of small Bitcoin allocations (in the range of one to five percent) added to traditional 60/40 portfolios found that such allocations historically improved Sharpe ratio without dramatically increasing maximum drawdown when combined with periodic rebalancing.⁴ The effect arises from Bitcoin's historical low-to-moderate correlation with traditional equity and fixed income markets over rolling multi-year periods, combined with its high absolute returns during the same periods. A small allocation contributes meaningfully to portfolio return without contributing proportionally to portfolio risk.

The 60/40 question, restated

The traditional 60/40 stock-bond portfolio was constructed on a set of economic assumptions that prevailed for roughly four decades: that bonds and equities would exhibit negative correlation during equity drawdowns, that bonds would produce meaningful real yield, and that inflation would remain contained within central bank targets. Each of these assumptions came under pressure in the 2020-2024 period. The simultaneous decline of stocks and bonds in 2022 was the largest combined drawdown for the 60/40 model in decades.

The question for contemporary allocators is not whether the 60/40 model was right for previous generations, but whether the economic regime it was built for still describes the regime in which the next generation's capital will compound. If the assumptions hold, the model continues to serve. If they do not, the model requires modification, and the question of which assets to add becomes operative.

Volatility versus risk

Bitcoin's daily annualized volatility has historically run three to four times that of the S&P 500.⁵ For an allocator focused on quarterly mark-to-market reporting, that volatility is the dominant feature of the asset. For an allocator focused on multi-decade real return, volatility is a feature of the asset but not the dominant feature; the dominant feature is the long-run trajectory.

This distinction matters for sizing. An allocation small enough that its volatility does not destabilize the broader portfolio (the one to five percent range cited above) is one in which the asset can compound

⁴Fidelity Digital Assets, research on portfolio allocation effects of small Bitcoin positions in traditional 60/40 portfolios. See also: Yermack, D., "Is Bitcoin a Real Currency? An Economic Appraisal," NBER Working Paper No. 19747, and subsequent academic literature on Bitcoin's portfolio properties.

⁵Drawdown calculated from Bitcoin's November 2021 peak (approximately \$69,000) to its November 2022 trough (approximately \$15,500), representing a peak-to-trough decline of approximately 77 percent. Source: Bitcoin spot price data from multiple exchanges, aggregated.

across multiple cycles without forcing premature selling during drawdowns. An allocation large enough to drive total portfolio volatility above the allocator's tolerance is one in which the discipline required to hold through a 70 percent drawdown becomes the binding constraint, regardless of the analytical merit of the position.

QUESTION FOUR

What Is the Safest Way to Hold Bitcoin at Institutional Scale?

The fourth question is operational. Once an allocation decision has been made, the question of how the asset is held becomes the question on which the decision's success or failure most often turns.

Bitcoin custody has matured substantially since 2018. Institutional-grade custody solutions now offer audited cold storage, multi-signature authentication architectures, geographically distributed key management, insurance coverage from major underwriters, regulatory frameworks (including state trust company charters in several U.S. jurisdictions), disaster recovery protocols, and integration with traditional advisory infrastructure. The custodial gap that once justified institutional skepticism has largely closed.

Three custody models

Three custody models exist, each with different risk and operational profiles.

Spot exchange-traded funds, approved for trading in the United States in January 2024, hold Bitcoin on behalf of fund investors and provide indirect exposure through a familiar wrapper. The advantage is operational simplicity: the fund handles custody, the investor holds shares in a brokerage account, and the position appears alongside other holdings on standard statements. The trade-off is that the investor does not hold the underlying Bitcoin and is exposed to fund-level operational risk and any potential discount or premium of fund shares to underlying NAV.

Institutional custody through chartered trust companies (such as BitGo Trust, Anchorage Digital Bank, and Fidelity Digital Assets) provides direct beneficial ownership of the underlying Bitcoin, held by a regulated custodian with audited security infrastructure, insurance, and disaster recovery protocols. The investor maintains a custody relationship analogous to a traditional broker-dealer relationship for equity holdings. This is the dominant model for direct institutional Bitcoin holdings of significant size.

Self-custody, in which the investor controls the cryptographic keys directly, eliminates third-party risk but introduces operational risk in the form of key management, succession planning, and the absence of recovery options if keys are lost. For most institutional allocators, self-custody at significant scale is impractical and is generally not pursued above modest threshold sizes.

Industry guidance from custody providers suggests that allocations above approximately \$5 million typically warrant institutional custody arrangements rather than self-custody, on grounds of operational

security, audit infrastructure availability, and insurance accessibility.⁶ This threshold is illustrative rather than prescriptive; the appropriate custody architecture depends on the allocator's specific risk tolerance, operational sophistication, and reporting requirements.

QUESTION FIVE

Can Something Designed to Last 100+ Years Fit into a World That Measures Quarterly?

The fifth question concerns time horizon, which for multi-generational allocators is the defining variable. Bitcoin was designed as an asset to hold across long time periods, not as a trading instrument. Its volatility is the feature that makes it tractable for traders and intractable for allocators with short reporting windows.

Similar tension exists in other asset classes that multi-generational allocators hold without controversy. Timberland is held across thirty- to fifty-year cycles. Private equity is locked up for ten years. Generational real estate is held across multiple owner generations. Each of these assets would appear poorly suited to quarterly mark-to-market measurement, yet each occupies a meaningful position in institutional portfolios because the relevant time horizon is understood to be longer than the reporting period.

Bitcoin's long-horizon character is structural. The asset has no cash flows. Its value rests on whether it continues to function as a credibly scarce store of monetary energy across long periods. The relevant evaluation window for an asset of that character is measured in cycles, not in quarters. The Bitcoin protocol experiences a programmatic supply halving every four years; meaningful evaluation requires observation across at least one and ideally multiple such cycles.

The succession risk that volatility creates

The risk most rarely articulated and most consequential for multi-generational allocators is not Bitcoin's volatility itself but the behavior that volatility induces. A position held with conviction by the current generation can become a position held with anxiety by the next generation, particularly if the next generation inherits during a drawdown. The decision to sell during a 70 percent drawdown is the decision that converts a temporary unrealized loss into a permanent realized one.

Mitigating this risk is principally a function of education and structure. Education means ensuring that the next generation understands the analytical basis for the allocation and the historical pattern of drawdowns within the asset class. Structure means embedding the allocation within investment policy documentation, governance procedures, and rebalancing rules that can survive a transition of decision-making authority.

⁶Compound annual growth rate calculated from January 2015 (\$300/BTC) to December 2025 (\$91,000-\$93,000/BTC), representing approximately 67 percent annualized over the ten-year period. Past performance is not indicative of future results.

The work required to embed Bitcoin durably into a multi-generational portfolio is substantially greater than the work required to make the initial allocation. Allocators who skip the work tend to find that their successors do not hold the position through the drawdowns required to realize the long-horizon return.

The greatest risk to a long-duration Bitcoin allocation is not volatility. It is a financially unprepared next generation making decisions in panic.

QUESTION SIX

Could Ignoring Bitcoin Become a Fiduciary Blind Spot?

The sixth question reverses the framing of the first five. Each of the previous questions has assumed that the burden of justification rests on the allocator considering a Bitcoin position. As the asset class has matured, that burden may be shifting.

Bitcoin's ten-year performance against traditional asset classes has been substantial. From January 2015 to December 2025, Bitcoin appreciated from approximately \$300 per unit to approximately \$91,000-\$93,000 per unit, representing a compound annual growth rate of approximately 67 percent over the ten-year period.⁷ During the same window, the S&P 500 delivered approximately 9.5 percent CAGR and gold approximately 7 percent CAGR. Bitcoin's outperformance came with substantially higher volatility, including a drawdown exceeding 77 percent in 2022.⁸

The institutional adoption trajectory

Institutional adoption has accelerated through multiple channels. The January 2024 SEC approval of spot Bitcoin exchange-traded funds created an institutional access vehicle that did not previously exist. By mid-2025, combined U.S. spot Bitcoin ETF assets under management reached approximately \$164–179 billion, with substantial growth across the institutional reporting universe of 13F filings.⁹

Family office adoption has tracked the broader institutional trajectory. The Fidelity Digital Assets 2024 Institutional Investor Digital Assets Study reported that U.S. family offices increased adoption by 28 percentage points year-over-year, the largest uptick of any institutional segment surveyed.¹⁰ A 2024 FO

⁷U.S. spot Bitcoin ETF combined assets under management reached approximately \$164–179 billion by mid-2025 according to industry trackers. The January 2024 SEC approval of spot Bitcoin ETFs marked a structural shift in institutional access channels.

⁸Fidelity Digital Assets 2024 Institutional Investor Digital Assets Study. The study reported that U.S. family offices increased adoption by 28 percentage points year-over-year, the largest uptick of any institutional segment surveyed.

⁹Fidelity Digital Assets, "Getting Off Zero: Evaluating Bitcoin in 2026," research publication, March 2026. The publication argues that institutional investors now need a well-informed rationale for maintaining a zero-weight position rather than for taking one.

¹⁰Industry estimates from custody providers including BitGo, Anchorage, and Fidelity Digital Assets. The \$5 million threshold for institutional custody reflects practical considerations of operational security, audit infrastructure, and insurance availability, and varies by custodian. The threshold is illustrative; readers should evaluate custody requirements based on their specific circumstances.

Professional survey reported that 41 percent of family offices with under \$1 billion in assets were actively investing in or intending to invest in digital assets, versus 19 percent of those above \$1 billion.¹¹

The shift in default assumption

Fidelity Digital Assets' March 2026 research publication, "Getting Off Zero: Evaluating Bitcoin in 2026," articulates the shift directly: the research argues that institutional investors and money managers now need a well-informed rationale for maintaining a zero-weight position rather than for taking one.¹² The reframing is significant. For an asset class large enough that ETFs hold over \$150 billion in assets, that one-third of surveyed family offices hold, and that has outperformed major traditional asset classes over the past decade, the default assumption that zero allocation requires no justification becomes harder to sustain.

None of this implies that a zero-allocation position is wrong. Many sophisticated allocators continue to hold zero positions and can articulate well-reasoned bases for doing so. The question is whether the reasons have been examined, documented, and made defensible against the documentary record of the alternative.

QUESTION SEVEN

Who on the Team Actually Understands This Asset?

The seventh question is the one allocators most often skip and most often regret skipping. Bitcoin is not difficult to allocate. It is difficult to understand well enough to allocate confidently. The gap between what is required to execute a position and what is required to maintain conviction through a full cycle is the gap in which most allocations fail.

Bitcoin literacy means understanding several things at adequate depth: the protocol's monetary design and why the supply cap is credibly fixed; the historical price record and the pattern of drawdowns within that record; the custody options and their respective risk profiles; the regulatory environment and its trajectory; the tax treatment and its implications for portfolio rebalancing; and the macroeconomic conditions under which the asset has performed well and poorly. None of these is conceptually difficult. None can be learned in a single sitting.

The build-versus-engage decision

¹¹Bitcoin daily annualized volatility has historically run three to four times that of the S&P 500. The asset has experienced multiple drawdowns exceeding 70 percent since 2011. Investors should expect that long-term holding periods will include extended periods of significant unrealized losses.

¹²FO Professional 2024 survey of family offices, reporting that 41 percent of family offices with under \$1 billion in assets were actively investing in or intending to invest in digital assets, versus 19 percent of those above \$1 billion. Goldman Sachs and BNY Mellon 2024 family office surveys reported approximately one-third of family offices held digital asset positions.

Allocators considering a Bitcoin position face a structural decision that does not arise as starkly with most asset classes: whether to develop internal expertise sufficient to manage the allocation directly, or to engage external expertise sufficient to manage it on the allocator's behalf.

Internal expertise requires meaningful time investment. A principal or chief investment officer who wants to manage a Bitcoin allocation directly typically requires sixty to one hundred hours of focused study, ongoing engagement with the asset class's research literature, and direct relationships with custody providers and tax counsel. This investment is feasible but non-trivial.

External expertise is the more common path. Registered investment advisers with specialized Bitcoin focus have emerged as a small but growing category. The relevant evaluation criteria for an external adviser in this space are: depth of substantive understanding (which the principal should be able to verify directly through conversation); regulatory standing (registration, compliance history, disclosure documents); custody architecture (which custodians are used and why); fee structure and alignment; and the adviser's position on questions like the appropriate size of allocation, the appropriate custody model, and the appropriate response to drawdowns. The right adviser is not the one with the most confident view; it is the one whose view can be defended against the documentary record.

Bitcoin literacy is becoming table stakes for long-term stewards of capital. The families positioned to benefit most will not be those who waited for perfect clarity. They will be those who invested in understanding early.

CONCLUSION

From Questions to Frameworks

The seven questions presented here are deliberately framed as questions rather than as answers. The objective is not to argue for a specific allocation outcome. It is to articulate the analytical work required to reach a defensible outcome in either direction.

Allocators who work through all seven questions seriously will produce a documented framework that survives scrutiny. They will be able to articulate, in their own words: what they believe about monetary dilution and its implications for asset selection; what they believe about scarcity as a financial property; how they have evaluated the empirical case for small allocations; how they have evaluated custody architectures; how they think about time horizon and succession risk; how they justify their current allocation position (whether zero or positive); and how they have built or acquired the literacy required to maintain conviction through a full cycle.

That documented framework is the artifact that distinguishes deliberate stewardship from default behavior. For some families, the framework will support a zero allocation. For others, it will support an allocation in the one to five percent range commonly studied in portfolio research. For a small number, it

will support more substantial positions. Each conclusion can be sound. None can be reached without the work.

These questions are a starting point, not a conclusion. For allocators willing to look deeper, the conversation is just beginning.

DISCLOSURES

Important Disclosures

This whitepaper is provided for educational and informational purposes only. It does not constitute investment advice, a recommendation to buy or sell any security, an offer of investment advisory services, or the provision of any legal, tax, or accounting advice. Nothing in this whitepaper should be construed as a solicitation to engage Veritas Bitcoin Strategies, LLC or Eric Runge for advisory services. Allocation decisions should be made in consultation with qualified legal, tax, and investment advisers familiar with the reader's specific situation.

Bitcoin and Bitcoin-related investments involve substantial risk, including the potential loss of principal. Bitcoin is highly volatile, with historical drawdowns exceeding seventy percent. Past performance is not indicative of future results. There is no guarantee that any allocation strategy described or referenced in this whitepaper will achieve its objectives or that any investment will be profitable. Bitcoin is not insured by the Federal Deposit Insurance Corporation, the Securities Investor Protection Corporation, or any governmental agency.

Statistics and data points cited in this whitepaper are drawn from publicly available sources as identified in the footnotes. While Veritas Bitcoin Strategies has taken reasonable care to ensure the accuracy of data cited, readers should verify any specific data point before relying on it for investment decisions. Some referenced research is published by industry participants with commercial interests in digital asset adoption, and readers should evaluate sources accordingly. The author and Veritas Bitcoin Strategies do not endorse and are not affiliated with any of the third-party research providers, custodians, or asset managers referenced in this whitepaper unless explicitly stated.

Forward-looking statements involve inherent uncertainty. Statements about future regulatory developments, institutional adoption trends, monetary policy, or asset performance reflect the author's analysis as of the date of publication and may prove incorrect. Readers should not rely on forward-looking statements as predictions.

Family Office Bitcoin, a registered DBA of Veritas Bitcoin Strategies, LLC, is a Registered Investment Adviser in the state of Oregon. Registration does not imply a certain level of skill or training. Form ADV Part 2A and Part 2B are available upon request and through the Investment Adviser Public Disclosure database at adviserinfo.sec.gov by searching CRD #306768.