



Richard Bernstein Advisors



Richard Bernstein Advisors LLC (RBA) is an investment manager focusing on longer-term investment strategies that combine top-down, macroeconomic analysis and quantitatively-driven portfolio construction. We strive to be the leading provider of innovative investment solutions for investors, and our competitive edge is our research-driven macro style of investing.

Our top-down macro approach differentiates our firm from the more common, traditional bottom-up approach of most asset managers. Our extensive array of macro indicators allows us to construct portfolios that are innovative, risk-controlled, and focused on overall portfolio construction instead of individual stock selection.

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Crypto ain't digital gold



Cryptocurrency enthusiasts like to refer to Bitcoin, Ethereum, and other cryptocurrencies as “digital gold.” But do cryptocurrencies and gold really play similar roles in portfolios?

Our research suggests cryptocurrencies and gold are not similar asset classes. Cryptocurrencies act like speculative investments driven primarily by financial liquidity conditions, whereas gold appears to be a ballast against uncertainty.

In fact, gold might be a hedge against a cryptocurrency bear market.

Low correlation

If cryptocurrencies were indeed digital gold, then the correlation between cryptocurrencies and gold should be reasonably high. That is not the case.

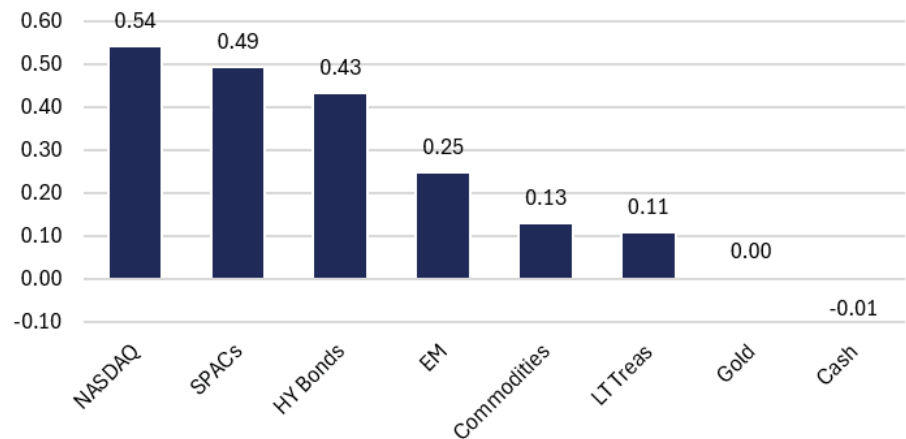
Chart 1 shows the correlations between Bitcoin and various asset classes using monthly returns over the past five years. The speculative nature of many markets over the past several years has caused asset correlations to rise, thus limiting the number of potentially diversifying asset classes.

However, the correlation to gold is 0%, which suggests there is virtually no relationship whatsoever between “digital gold” and actual gold. Uncorrelated assets, like gold is to Bitcoin, are typically good diversifying assets.

CHART 1:

Bitcoin 5-Yr Correlation to Select Asset Classes

(Monthly Returns: Sep. 30, 2020 – Sep. 30, 2025)



Source: Richard Bernstein Advisors LLC, Bloomberg Finance L.P.

Liquidity drives cryptos

Excess liquidity is typically a driving factor for speculation and bubbles. Simply put, it's hard to speculate when financial conditions are tight, lending is constrained, and the economy is contracting (i.e., does one speculate or buy groceries?). However, risk-taking increases as financial conditions ease, lending expands, and overall economic liquidity grows.

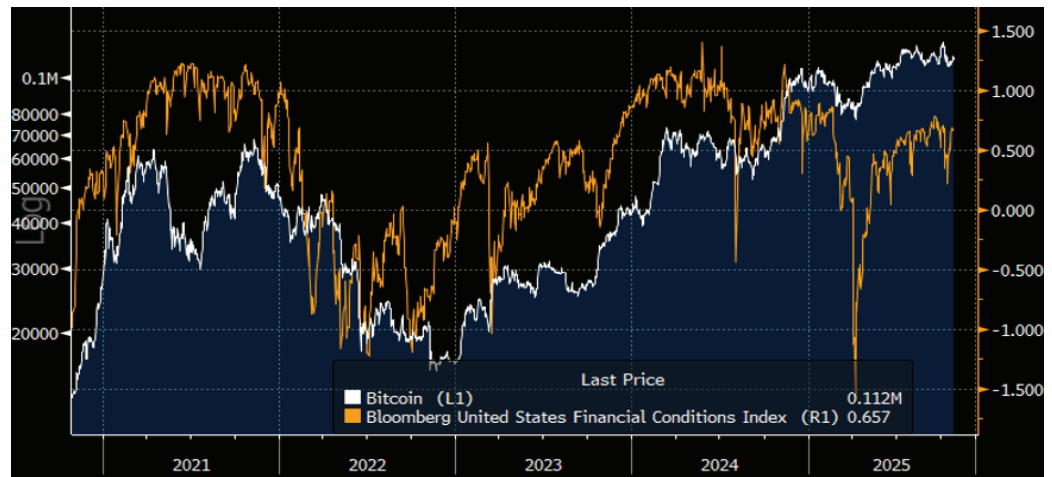
We've highlighted many times that today's easy financial conditions question the need for the Fed to cut rates as aggressively as the market has been anticipating. The barriers to borrowing are already low, so the Fed cutting rates could simply mean more inflation or more speculation.

Chart 2 shows the relationship between Bitcoin and the Bloomberg Financial Conditions Index. It seems clear that liquidity has been a driving force of the crypto bull market. Chart 3 shows the close relationship between Bitcoin and high yield corporate bonds. Historically tight credit spreads have been suggesting lower quality bonds' performance is also being driven by liquidity.

CHART 2:

Bitcoin vs. Bloomberg US Financial Conditions Index

(Daily, Oct. 28, 2020 – Oct. 29, 2025)



Source: Richard Bernstein Advisors LLC, Bloomberg Finance L.P.

CHART 3:

Bitcoin vs. Bloomberg US Corporate High Yield OAS

(Daily, Oct. 31, 2020 – Oct. 29, 2025)



Source: Richard Bernstein Advisors LLC, Bloomberg Finance L.P.

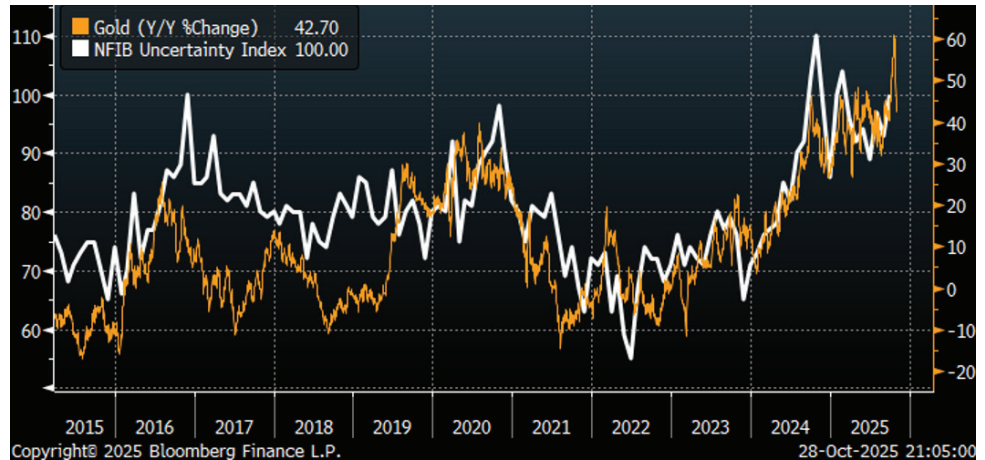
Uncertainty drives gold

Uncertainty, rather than liquidity, seems to drive gold returns. Chart 4 shows the relationship between the National Federation of Businesses Uncertainty Index. The NFIB surveys small businesses across the United States, and their Uncertainty Index corresponds to the level of uncertainty across many

business topics like employment, pricing, capital expenditures, financing, and the like.

It seems the recent rally in gold can be attributed to the high levels of uncertainty in the economy.

CHART 4:
Gold vs. NFIB Uncertainty Index
(Monthly, Oct. 31, 2020 – Oct. 29, 2025)



Source: Richard Bernstein Advisors LLC, Bloomberg Finance L.P.

Gold does not typically behave as a momentum/trading asset class. Rather, our multi-asset portfolios tend to hold a rather static allocation to gold as a ballast against uncertainty. The relatively static gold allocation reflects that “uncertainty,” by definition, can’t be predicted.

Crypto isn’t digital gold

Despite the hype, cryptocurrencies are not digital gold. Rather, they are speculative investments that are largely fueled by liquidity conditions. There is nothing inherently wrong with speculative assets, but it seems increasingly disingenuous for cryptocurrency investors to suggest that cryptos currently serve any other purpose beyond speculation.

Gold has historically been a hedge against uncertainty and has such a low correlation to cryptocurrencies that gold might be a diversifier to cryptocurrency portfolios.

But cryptocurrencies are NOT digital gold.

INDEX DESCRIPTIONS:

The following descriptions, while believed to be accurate, are in some cases abbreviated versions of more detailed or comprehensive definitions available from the sponsors or originators of the respective indices. Anyone interested in such further details is free to consult each such sponsor's or originator's website.

The past performance of an index is not a guarantee of future results.

Each index reflects an unmanaged universe of securities without any deduction for advisory fees or other expenses that would reduce actual returns, as well as the reinvestment of all income and dividends. An actual investment in the securities included in the index would require an investor to incur transaction costs, which would lower the performance results.

Indices are not actively managed and investors cannot invest directly in the indices.

Dow Jones Utility Average: The Dow Jones Utility Average Index is a price-weighted average of 15 utility companies that are listed on the New York Stock Exchange and are involved in the production of electrical energy. The average as it is known today began on January 2, 1929 with a base value of 50.

Dow Jones U.S. Dividend Index: Dow Jones U.S. Dividend 100 Total Return Index measures the stock performance of high dividend yielding U.S. companies with a record of consistently paying dividends, selected for fundamental strength relative to their peers, based on financial ratios. It is calculated in USD with dividends reinvested.

Nasdaq: The Nasdaq Composite Index: The NASDAQ Composite Index is a broad-based market-capitalization-weighted index of stocks that includes all domestic and international based common type stocks listed on The NASDAQ Stock Market.

Mag 7: The Magnificent 7 (Mag 7) are a group of 7 widely-traded companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by the Global Industry Classification Standard (GICS®) developed by MSCI Barra and Standard & Poor's. These consist of AAPL, AMZN, GOOGL, META, MSFT, NVDA and TSLA.

About Richard Bernstein Advisors

Richard Bernstein Advisors LLC is an investment manager focusing on long-only, global equity and asset allocation investment strategies. RBA runs ETF asset allocation SMA portfolios at leading wirehouses, independent broker/dealers, TAMPs and on select RIA platforms. Additionally, RBA partners with several firms including First Trust Portfolios LP and iM Global Partner and currently has \$17.5 billion collectively under management and advisement as of September 30, 2025. RBA offers income and unique theme-oriented unit trusts through First Trust. RBA is also the index provider for the First Trust RBA American Industrial Renaissance® ETF. RBA's investment insights as well as further information about the firm and products can be found at www.RBAdvisors.com.

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