



Chart of the Week

Weekly analysis of key themes in markets

April 14, 2026

Initiating coverage of Digital Assets



Sources: Bloomberg and Wells Fargo Investment Institute, daily price returns, January 4, 2016 – March 13, 2026. The line shows the rolling one-year standard deviation of daily price returns. Standard Deviation is a statistical measure of the volatility of a portfolio's returns. The higher the standard deviation, the greater volatility has been. For illustrative purposes only. **Past performance is not a guarantee of future results.** Price return for bitcoin only and is not intended as representative of any other cryptocurrencies. Despite the trend toward lower volatility shown above, bitcoin price volatility has historically been high compared to traditional asset classes and could return to higher levels in the future.

Using a sharp decline in cryptocurrency prices to introduce portfolio allocation guidance

In our April 6 Institute Alert, “Adjusting targets, guidance and allocations,” we initiated coverage of Digital Assets as a sector within the Commodities asset class and with neutral guidance. Digital assets are emerging as a potentially compelling addition to diversified portfolios in our view, offering exposure to potentially transformative technologies such as artificial technology (AI), automation, and next-generation payment systems.

While digital assets' volatility represents a risk, we think it largely reflects their relative novelty. As shown in the chart above, the dispersion of Bitcoin's daily price returns is roughly half of what it was in 2018, reflecting lower volatility. Further, the decline has accompanied an increasing diversity in who owns Bitcoin, particularly institutional investors.

What it may mean for investors

We expect that continued (especially institutional) adoption of digital transactions should reinforce the potential economic utility of digital assets. In turn, we believe that the trend toward generally wider investor adoption will likely reinforce long-term price stability. In our view, now may be time to consider a measured allocation of 2% – 3% for portfolios with growth-and-income or growth objectives, aligned with investor risk tolerance.

Global Investment Strategy Team

Excerpted from Institute Alert (April 6)

Investment and Insurance Products: ► NOT FDIC Insured ► NO Bank Guarantee ► MAY Lose Value

Risk Considerations

Digital assets are not a physical currency, nor legal tender. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment, and a potential total loss of their investment. An investor could lose all or a substantial portion of their investment. Digital assets have limited operating history or performance. Digital Assets are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not backed or supported by any government or central bank. Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional fiat currencies.

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