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Evaluating Bitcoin as an Alternative Investment: A Comparative Study of Risk and Returns across Asset Classes

K. Kannan, Mariappan Gnanaprakash and M. Akash*

Mepco School of Management Studies
Mepco Schlenk Engineering College, Sivakasi, Tamilnadu, India

Abstract: This study analyzes Bitcoin's risk, return, and correlation with gold, forex, and equity using 10 years of historical data (2015-2025). The goal is to assess Bitcoin's potential as an alternative investment. As financial markets evolve, investors look for ways to diversify their portfolios while balancing risk and return. Using advanced statistical tools like the GJR-GARCH model, the study examines Bitcoin's performance and its relationship with traditional assets. The findings show that while Bitcoin offers the highest returns, it is also the most volatile. Gold remains a reliable hedge, forex provides liquidity but is sensitive to exchange rate shifts, and equities offer steady long-term growth. Bitcoin's correlation with these assets highlights its potential role in diversification. These four asset classes were chosen for their global significance, helping investors understand how Bitcoin fits into a balanced portfolio. The study aims to support informed investment decisions based on risk tolerance and financial goals.

Keywords: Risk and Return, Asset Classes, Volatility, Portfolio Diversification Investment Strategies, Bitcoin, Statistical Analysis

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* Student.