



De La Salle University

PORTFOLIO PERFORMANCE ANALYSIS IN THE ASEAN-5: ASSESSING BITCOIN
AS A SAFE-HAVEN INVESTMENT AND ITS EFFECT ON THE PERFORMANCE OF A
DIVERSIFIED PORTFOLIO DURING THE START OF THE COVID-19 PANDEMIC

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Abstract

Market turmoils have been a phenomenon wherein investors dread for their investments because financial stress creates uncertainties about future economic outlooks. To mitigate their exposure to uncertainties, investors look for safe-haven assets that can hold on their own during financial market stress. Given Bitcoin's high returns and independence from government and financial institution policies, it is a good alternative for investors to invest in. With the emergence of cryptocurrency, countries in the ASEAN region are rapidly adopting it because of the high returns that it can offer. The purpose of this thesis is to assess Bitcoin's safe-haven ability and performance-enhancing portfolio during the start of the COVID-19 pandemic within the ASEAN-5 countries. To assess the investment characteristics of Bitcoin, this research conducted three analyses using the data gathered from March 2020 to October 2022. The first analysis tested the correlation between the Bitcoin indices and several asset indices within the ASEAN-5 countries. The second analysis tested the liquidity of Bitcoin against other safe-haven assets. The third analysis assessed the performance of a diversified portfolio which included Bitcoin. Results showed that Bitcoin did not possess any safe-haven properties against the ASEAN-5 asset indices, however, evidence shows that Bitcoin holds diversification benefits against these said assets. The findings also showed that there was a significant difference between Bitcoin's liquidity versus gold, a volatile stock, and a less volatile stock. Lastly, results in the portfolio performance show that Bitcoin can provide significant benefits as a diversifier in an optimized portfolio.



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