

# Should I Invest in Bitcoin or Altcoins?

## *How to Choose Between the Market Leader and Higher-Risk Opportunities*

Published: June 2026 | Alain AI Lab Research

This is one of the most common questions new crypto investors ask — and it is based on a false premise. Bitcoin and altcoins are not an either/or choice. They are two different categories of asset with different purposes, different risk profiles, and different roles in a well-constructed portfolio.

	Bitcoin	Altcoins
Risk Level	Lower	Higher
Bear Market Drawdown	30% — 75%	80% — 95%
Return Potential	Moderate	High / Asymmetric
Research Required	Low	High
Institutional Backing	BlackRock, Fidelity, Vanguard	Limited
Portfolio Role	Core Anchor	Asymmetric Upside

### The Case for Bitcoin First

**It is the most proven asset.** Bitcoin has been operating since 2009, surviving multiple bear markets, regulatory attacks, and exchange collapses — reaching new all-time highs after every single one. No other cryptocurrency has this track record.

**It has the clearest value proposition.** Bitcoin is digital gold — a fixed-supply, decentralized store of value that no government or institution controls. That proposition is simple, institutional-grade, and does not require ongoing team execution to remain valid.

**It has the lowest risk in the category.** Bitcoin typically drops 30% to 75% in bear markets. Altcoins typically drop 80% to 95% — and many never recover. For an investor who cannot tolerate extreme drawdowns, Bitcoin is the appropriate entry point.

**It has institutional backing.** Spot Bitcoin ETFs from BlackRock, Fidelity, and Vanguard have brought the world's largest asset managers into the Bitcoin market — providing a demand floor that no altcoin

currently has.

## The Case for Altcoins

Altcoins offer something Bitcoin cannot — asymmetric upside. A \$1 trillion asset like Bitcoin cannot realistically 10x or 20x in a single cycle. A \$500 million protocol with genuine utility, strong narrative alignment, and the right market timing can. This is why experienced investors allocate a portion of their portfolio to altcoins — not to replace Bitcoin, but to access return potential that Bitcoin's size makes impossible.

However, altcoins require:

**Research.** Every altcoin is dependent on a team, a technology, and a narrative. Buying altcoins without research is speculation — not investing.

**Higher risk tolerance.** Altcoin positions can lose 80% to 95% in a bear market. Your altcoin allocation should never be so large that a 90% loss creates financial hardship.

**Active monitoring.** Unlike Bitcoin, altcoin positions require regular review. Teams change. Narratives shift. Positions that made sense twelve months ago may need reassessment today.

## How to Think About the Allocation

**If you are new to crypto:** Start with Bitcoin. Build familiarity with how the market moves and how your psychology responds to drawdowns before adding altcoin exposure.

**If you have twelve months or more of crypto experience:** Maintain Bitcoin as your core holding. Add altcoin positions only in assets you have researched thoroughly, sized so a 90% loss would not materially damage your overall financial position.

**If you are an experienced position trader:** A structured allocation — Bitcoin as core, Ethereum as the infrastructure bet, and researched altcoins as asymmetric positions — captures the different risk and return profiles within a single coherent framework.

## The One Thing to Avoid

The most dangerous approach is going directly into altcoins without first establishing a Bitcoin position. New investors who skip Bitcoin and go directly into altcoins are taking the highest risk in the market without the foundation of the most proven asset. When the market corrects, altcoin portfolios without a Bitcoin anchor suffer the most — both financially and psychologically.

**Build the foundation first. Add the asymmetric positions second.**

## **Key Takeaway**

Bitcoin and altcoins are not competing choices — they are complementary layers of a well-constructed crypto portfolio. Start with Bitcoin. Understand the market. Then add altcoin exposure only in assets you have researched, sized appropriately for the risk they carry.