2025
Year in Review

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RESEARCH

Key Headlines

A monumental year
Regulations, institutional launches, whale selling and hacks

January
- Trump memecoin launch propels Moonshot into top 10 on US Apple App Store
- Dogecoin logo appears on new Department of Government Efficiency website
- President Trump tasks working group to evaluate creation of national crypto reserve
- SEC rescinds controversial crypto accounting guidance SAB 121
- Nasdaq files to change BlackRock's Bitcoin ETF to allow for in-kind redemptions
- Trump signs executive order to pardon Ross Ulbricht

February
- Czech central bank approves proposal to assess investing reserves in bitcoin
- Kraken relaunches staking in US roughly two years after settling SEC charges
- Argentinian President Javier Milei charged with fraud over $LIBRA token scandal
- 'The largest crypto theft of all time': Historic $1.4 billion Bybit hack shocks world of digital assets

March
- President Trump signs order to establish Strategic Bitcoin Reserve, will hold as store of value akin to Fort Knox
- At crypto summit, Trump vows to sign stablecoin legislation before August and end crypto debanking
- Russia using crypto in oil trade with China and India to skirt Western sanctions
- Binance secures $2 billion investment from Abu Dhabi's MGX in landmark crypto deal

April
- FDIC shifts stance on digital assets and will allow financial institutions to engage in crypto activities without getting prior sign-off
- President Trump announces reciprocal tariffs
- Former Binance CEO CZ joins Pakistan Crypto Council as advisor
- JPMorgan rolls out GBP blockchain payments, extending EUR and USD offerings
- Crypto advocate Paul Atkins officially sworn in as SEC chairman
- Charles Schwab CEO says spot crypto trading will 'likely' launch within 12 months
- SEC Chair Paul Atkins signals sharp shift on digital assets at crypto roundtable
- Payments giant Stripe building 'new stablecoin product,'
- Russia launching crypto exchange for qualified investors

May
- Trump-affiliated mining firm American Bitcoin to go public via merger with Gryphon Digital
- Jamie Dimon says JPMorgan will allow clients to buy Bitcoin but firm will not custody it

June
- SEC says PoS activities do not constitute securities transactions
- JD Vance calls for market structure bill at Bitcoin 2025
- FCA to lift ban on crypto ETNs for retail investors
- Texas Governor Greg Abbott signs strategic Bitcoin reserve bill into law
- Germany's largest banking group Sparkassen adds cryptocurrency trading services
- Kazakhstan plans national cryptocurrency reserve using seized assets, state-mined coins

July
- Galaxy sells more than 80,000 BTC for a Satoshi-era investor
- Trump signs stablecoin GENIUS Act
- UK Home Office working towards sale of $7 billion seized BTC stockpile
- White House's working group releases lengthy crypto report including legislative proposals

August
- SEC Chair Atkins debuts 'Project Crypto' to update rules and regulations
- CFTC kicks off new 'Sprint' initiative to advance Trump's crypto regulatory roadmap
- Trump signs executive order allowing 401(k) plans to include digital assets
- President Trump signs executive order to stop 'unfair banking' of crypto industry
- Harvard had more money Bitcoin ETFs than Google shares at end of last quarter
- US Federal Reserve shutters crypto bank supervision program
- Bessent says government won't buy bitcoin for strategic reserve but will retain seized assets

September
- Nasdaq seeks SEC nod to trade tokenized securities alongside traditional stocks
- BBVA taps Ripple custody tech for retail crypto push in Spain
- London Stock Exchange Group rolls out blockchain platform for tokenized private funds
- SEC approves new exchange listing standards fast-tracking crypto ETF listings
- ING, UniCredit and seven other European banks to jointly develop euro stablecoin

October
- U.S. Government Shutdown.
- Morgan Stanley sets 4% crypto cap for 'opportunistic' portfolios
- S&P Global to launch first hybrid index combining cryptocurrencies and crypto-related stocks
- Morgan Stanley to open crypto access to all client accounts, including retirement plans
- $19bn liquidation cascade in crypto derivatives
- US government BTC holdings balloon to $36bn following record-breaking DOJ seizure
- JPMorgan to let institutional clients pledge BTC and ETH as loan collateral by year-end
- President Trump pardons former Binance CEO Changpeng Zhao

November
- IRS issues guidance for allowing crypto ETPs to stake digital assets
- Standard Chartered, DCS partner to support stablecoin credit card in Singapore
- DBS, JPMorgan to develop interoperability framework for tokenized deposits
- China accuses US of stealing $13bn in BTC hack
- Czech central bank buys $1 million in bitcoin
- U.S. Government Shutdown Ends
- MSCI is reviewing whether to exclude digital asset treasury companies from its indexes
- US Senate banking chair eyes vote on crypto market bill next month

December
- Vanguard enables clients to trade funds holding crypto like Bitcoin, XRP and Solana
- BofA backs 4% crypto allocation cap, ending adviser restrictions and adding BTC ETF coverage
- Brazil's largest bank recommends a 3% Bitcoin portfolio allocation

Growing Pains

Never has BTC performance been more detached from BTC headlines than in 2025. The divergence is simple to explain. OGs have sold, with both hands. Isolated bubbles and temporary leverage imbalances have left their mark on the crypto market in 2025, leading BTC to underperform all other major asset classes. That underperformance occurred in a year in which the world's largest economy introduced a strategic bitcoin reserve, while fully opening the gates for institutions to participate in the market. When prices and fundamentals move in opposite directions, opportunities arise. With this in mind, we enter 2026 with a constructively bullish view.

With poor performance comes fear. The span between BTC's 2022 low and the October 2025 high mirrors the duration of the two previous cycles. This has popularized the view that the four-year cycle is due to repeat once again. We view this bias as a classic example of not seeing the forest for the trees.

Former yearlong drawdowns were accompanied by hiked interest rates, and dreams failing to meet reality. The 2017 cycle peaked alongside a **dream** of an institutional frenzy from the launch of CME futures. The 2021 cycle peaked alongside a **dream** of an institutional frenzy from the launch of BTC ETFs, a dream shattered by an arbitrary and capricious SEC denial. In 2025, dreams have become reality.

BlackRock did not manage $100bn worth of BTC, and Morgan Stanley did not guide advisors to recommend allocations in crypto ETFs at the peak in 2021 or 2017. The U.S. president did not sign executive orders aiming to expand the $9tn suite of 401(k) plans to include cryptocurrencies within the next half-year, nor had any President launched a Strategic Bitcoin Reserve.

During the 2021 climax, tighter monetary policy and expected post-COVID sobriety coincided with the peak. In 2026, Trump is expected to replace Jerome Powell with a dovish chair, putting out the fire from the expansionary Big Beautiful Bill with gasoline. Abundance, rather than restrictive austerity, is on the books, a setup clearly favoring scarce assets like bitcoin.

What we have left is the dangerous-looking fractal, a scary reminder that BTC usually tops around 1,060 days after it bottoms. A simple chart, stripped of substance, but so scary-looking that some act on it.

Growing pains

There is no doubt that the crypto sector has had a spectacular year. The U.S. government has launched its own bitcoin reserves. State pension funds in Abu Dhabi and Luxembourg have allocated 1–3 percent of their capital to bitcoin, and Harvard has done the same within its massive endowment. In traditional finance, rapid changes are underway: Morgan Stanley and Bank of America are opening up to including up to four percent bitcoin in opportunistic portfolios, and JP Morgan moves to allow certain clients to use crypto as loan collateral.

This development would have been unthinkable without new regulatory frameworks. The eurozone has adopted comprehensive regulations, the U.S. has passed legislation for stablecoins, and broader crypto legislation is expected to be signed early in 2026. Clear rules reduce the barrier to participation for the world's largest financial institutions. A sector previously considered radical and unregulated is becoming part of the established financial infrastructure.

Not everyone welcomes this normalization

Bitcoin is a scarce digital store of value that operates outside the control of governments, central banks, and intermediaries. This was precisely the attribute that attracted many of the earliest owners, both as a technological alternative to the system and, for some, as an explicit protest against it.

Today, Bitcoin functions largely as it always has: You can hold it yourself in a private wallet and send it to whomever you want, whenever you want, no matter where you are. Yet the ecosystem around it has changed dramatically. You must now verify your identity to purchase it, and soon you will be able to trade it through the same banks that were rescued with state bailouts after the financial crisis.

This perceived "taming" of Bitcoin may help explain why many early holders are now selling. 20% of all Bitcoin UTXOs aged 2-years or more have been revived since January 2024. Realizing gains after more than 10,000 percent returns in a liquid market is natural. But the selling can also be interpreted as a reaction to Bitcoin's new market structure and increasing integration into the established system.

The redistribution of ownership has nonetheless been healthy. The massive selling pressure from old whales has been absorbed, and bitcoin is now held by far more hands than before. A significant share of the market has established new entry prices. The risk of further heavy selling pressure is therefore much lower than a year ago. Meanwhile, the bitcoin price, relative to global equity indices, has been pushed down to levels not seen since before the U.S. presidential election, an election that arguably marked the beginning of a new era for the sector.

We hope you enjoy this report and wish you a merry Christmas and a happy new year!

Vetle Lunde
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Performance

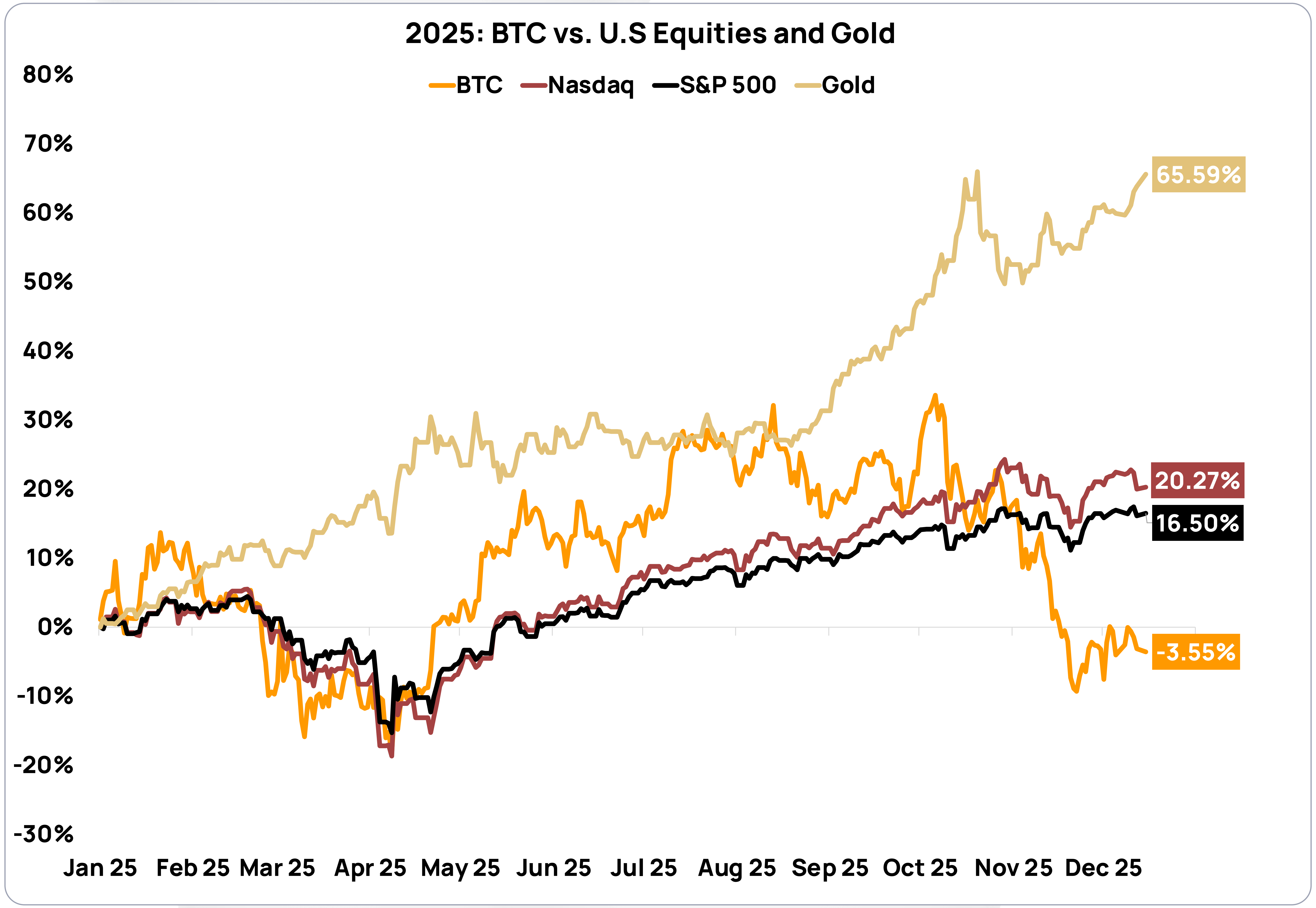
A disappointing year, but why?

OG holders, sticky global uncertainty and leverage

Headlines and performance does not necessarily rhyme in the short term. Bitcoin has underperformed all major asset classes in 2025.

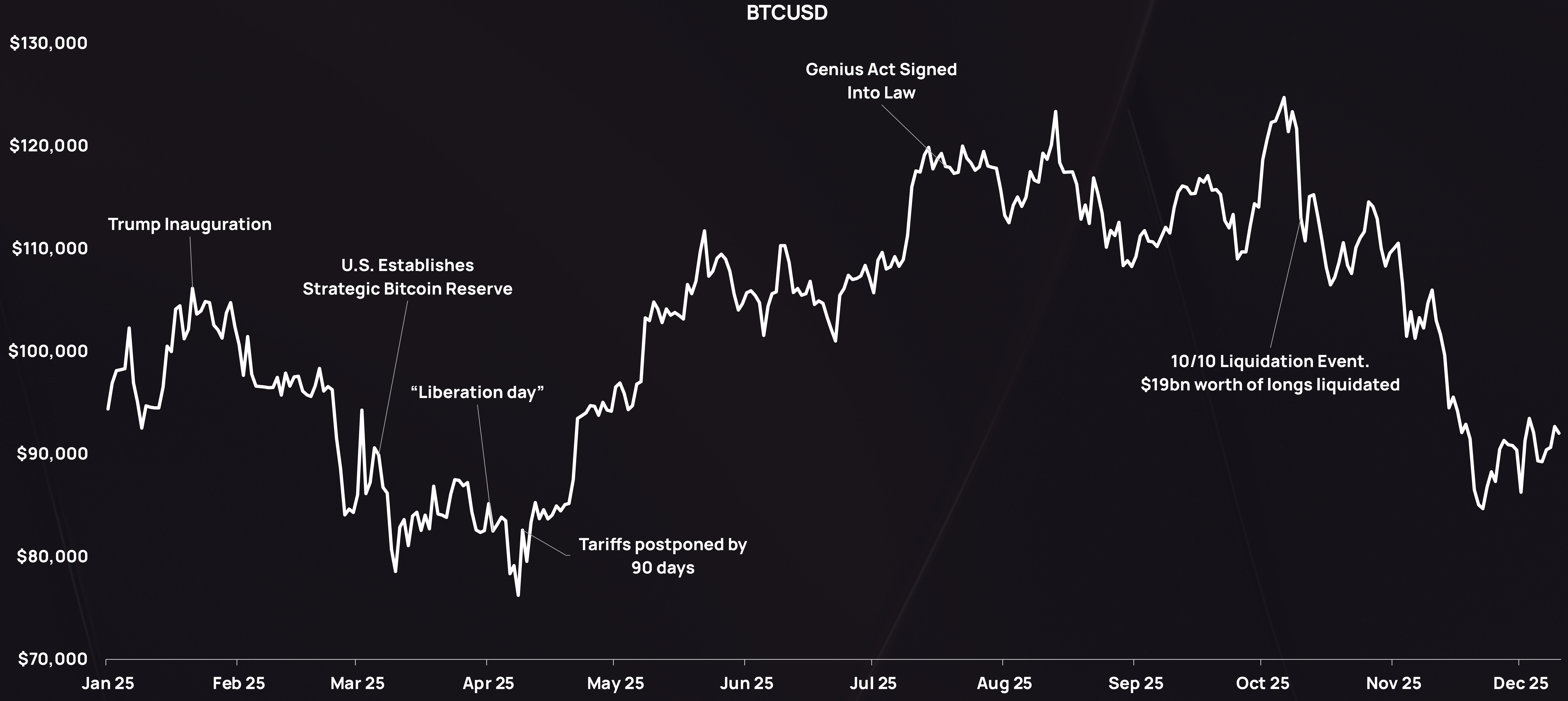
Endogenous factors:
- Long-term holders selling in size.
- Leverage: Stability breeding instability. 10/10.

Exogenous factors:
- Tariffs
- Global instability
- Unpredictable policy paths pushing investors toward “safer assets”
- Fear of AI valuation reversals



Chopping throughout the year

Impacted by headlines and structural risks. A year of waiting, distribution, pockets of hybris and despair.



Source: K33 Research

An atypical weak year for BTC

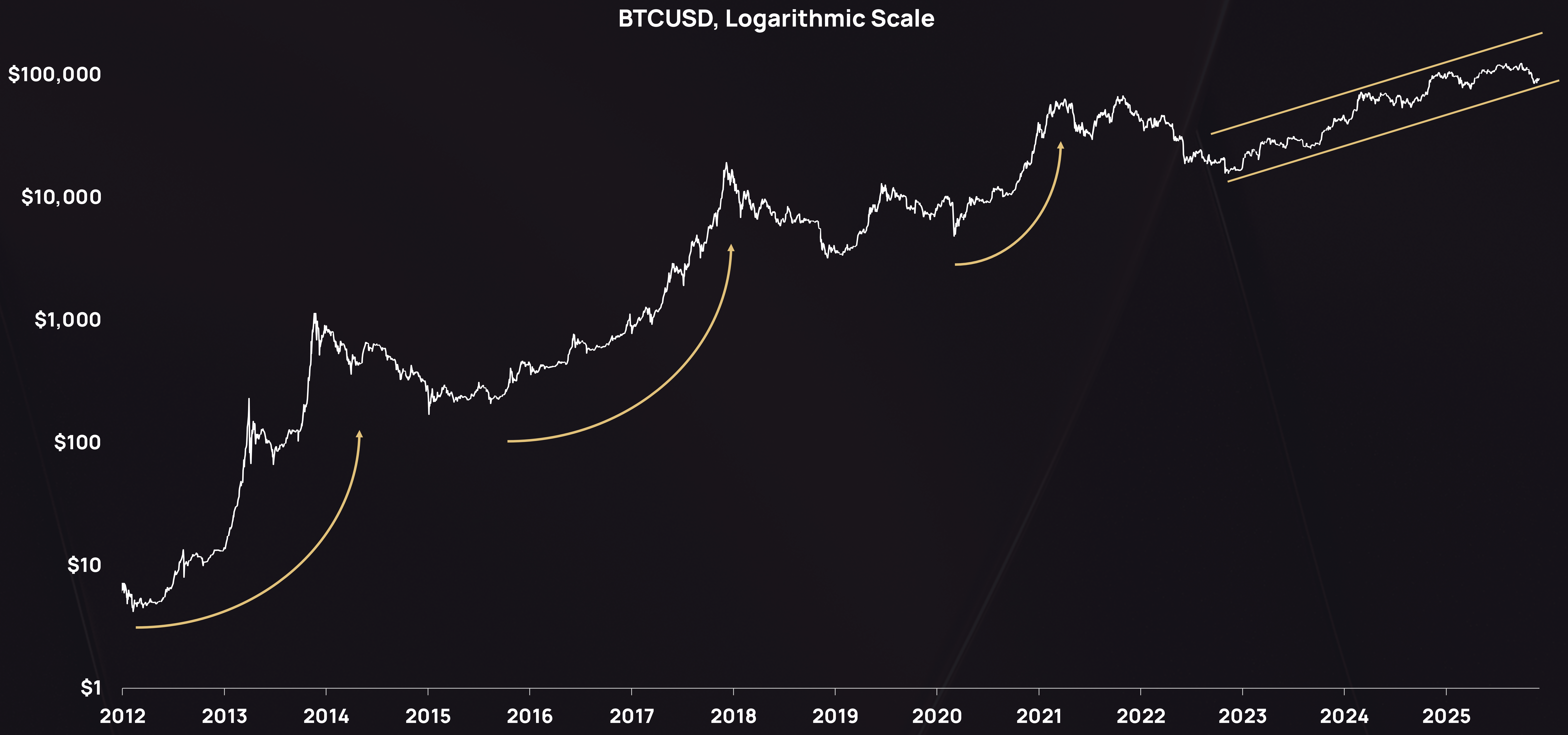
Gold and equities has faced a strong year. In any other year with similar characteristics, BTC has outperformed, but not in 2025.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Bitcoin 1,319.01%	Bitcoin 217.62%	Bitcoin 5,537.40%	U.S. REITs 30.38%	Bitcoin 33.74%	Bitcoin 123.31%	Bitcoin 1,414.10%	U.S. Bonds 0.01%	Bitcoin 93.95%	Bitcoin 308.17%	Bitcoin 57.52%	Commodities 21.23%	Bitcoin 156.89%	Bitcoin 120.7%	Gold 66.0%
Gold 10.10%	EM Equities 18.63%	U.S. Equities 32.39%	U.S. Equities 13.69%	U.S. REITs 2.52%	Commodities 19.53%	EM Equities 37.75%	Gold -1.56%	U.S. Equities 31.49%	Gold 25.12%	U.S. REITs 49.06%	Gold -0.28%	U.S. Equities 26.29%	Gold 27.2%	EM Equities 28.1%
U.S. REITs 8.69%	DM Equities 17.90%	DM Equities 23.29%	U.S. Bonds 5.97%	U.S. Equities 1.38%	U.S. Equities 11.96%	DM Equities 25.62%	U.S. Equities -4.38%	U.S. REITs 25.84%	EM Equities 18.69%	Commodities 42.60%	U.S. Bonds -13.01%	DM Equities 18.85%	U.S. Equities 23.1%	DM Equities 27.6%
U.S. Bonds 7.84%	U.S. REITs 17.77%	U.S. REITs 2.47%	Gold -1.44%	U.S. Bonds 0.55%	EM Equities 11.60%	U.S. Equities 21.83%	U.S. REITs -4.57%	DM Equities 22.66%	U.S. Equities 18.40%	U.S. Equities 28.71%	DM Equities -14.01%	U.S. REITs 13.74%	U.S. REITs 4.8%	U.S. Equities 15.6%
U.S. Equities 2.11%	U.S. Equities 16.00%	U.S. Bonds -2.02%	EM Equities -1.82%	DM Equities -0,39%	U.S. REITs 8.60%	Gold 13.53%	Commodities -11.18%	EM Equities 18.88%	DM Equities 8.28%	DM Equities 11.78%	U.S. Equities -18.11%	Gold 13.10%	EM Equities 3.2%	Commodities 7.2%
Commodities -2.39%	Gold 7.06%	EM Equities -2.27%	DM Equities -4.48%	Gold -10.41%	Gold 8.14%	Commodities 6.16%	DM Equities -13.36%	Gold 18.31%	U.S. Bonds 7.51%	U.S. Bonds -1.54%	EM Equities -19.74%	EM Equities 10.27%	DM Equities 0.3%	U.S. Bonds 3.0%
DM Equities -11.73%	U.S. Bonds 4.22%	Commodities -6.55%	Commodities -26.43%	EM Equities -14.60%	U.S. Bonds 2.65%	U.S. REITs 5.07%	EM Equities -14.24%	Commodities 12.94%	Commodities -7.53%	EM Equities -2.22%	U.S. REITs -24.51%	U.S. Bonds 5.53%	U.S. Bonds -2.4%	U.S. REITs -0.2%
EM Equities -18.17%	Commodities 4.76%	Gold -28.28%	Bitcoin -57.74%	Commodities -26.68%	DM Equities 1.51%	U.S. Bonds 3.54%	Bitcoin -74.67%	U.S. Bonds 8.72%	U.S. REITs -7.57%	Gold -3.64%	Bitcoin -63.90%	Commodities -5.33%	Commodities -3.00%	Bitcoin -3.8%

Source: K33 Research, Gold, MSCI U.S. REITs Total Gross Return Index, Bloomberg U.S. Aggregate Bond Index, S&P 500, DBIQ Optimum Yield Diversified Commodity Index, MSCI EAFE Gross Total Return USD Index, MSCI Emerging Markets Gross Total Return USD Index

No parabola

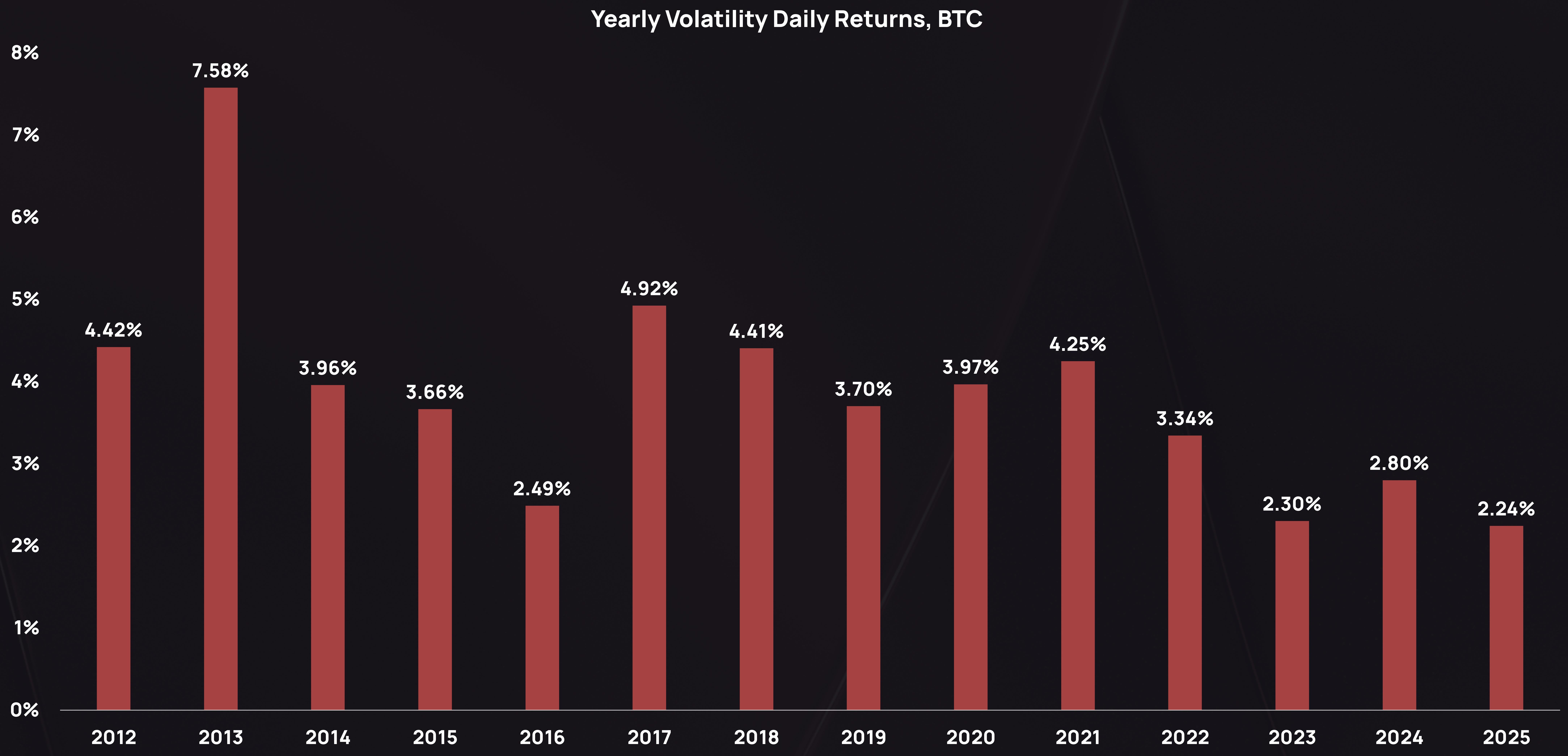
Trending in a channel. No blow-off top. No 80% crash?



Source: K33 Research, Bitstamp

Least volatile year in BTC history

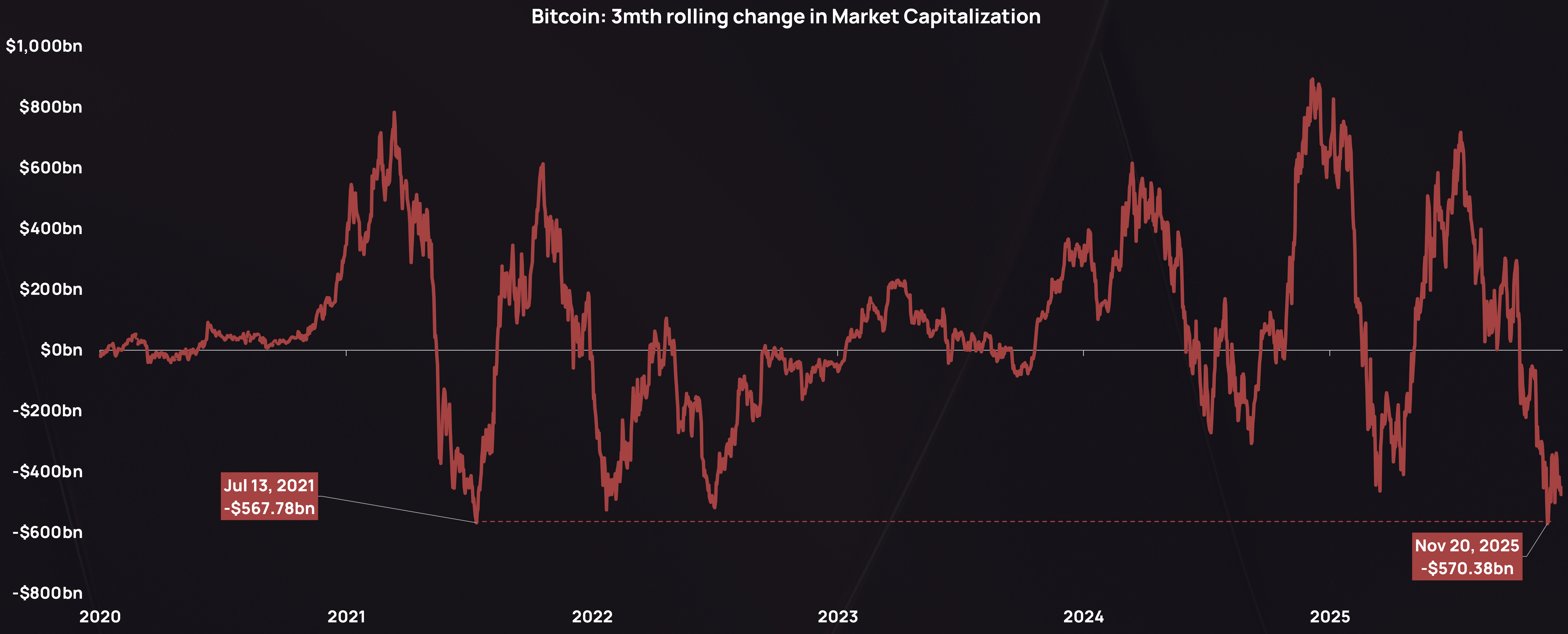
And the trend is clear, bitcoin's volatility is trending lower year by year



Source: K33 Research

Behind the lower volatility lurks huge movements in market capitalization

Huge capital flows required to move the price



Source: K33 Research

Deep underperformance

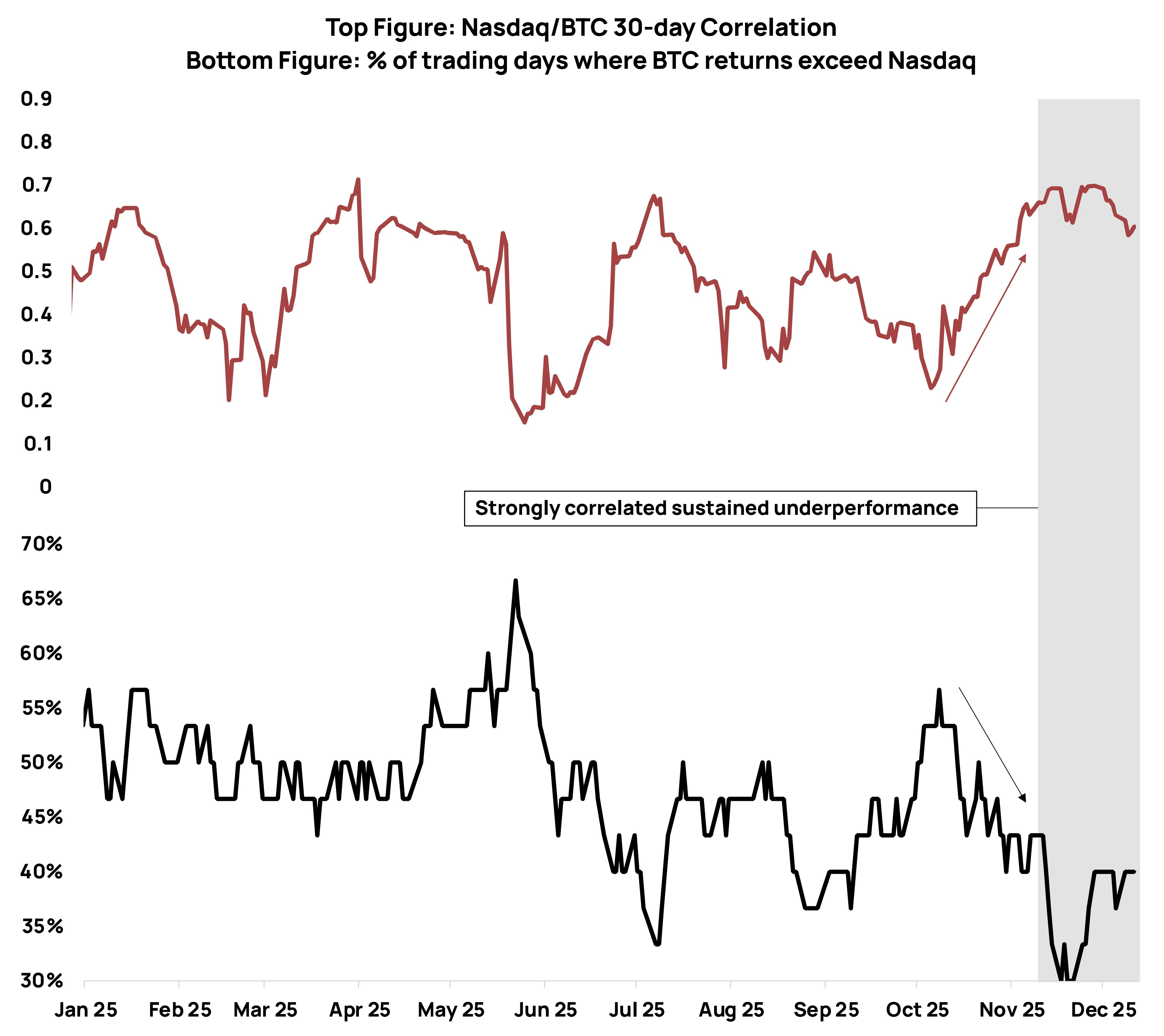
Why so correlated and poor?

- Following the Q1 sell-off, treasury companies emerged as a key source of demand, helping push prices higher. Tariffs weighed on broader markets, partially dragging BTC lower as well. Even so, at the peak of the global sell-off, BTC outperformed U.S. equities, demonstrating a lower beta. This response was both robust and rational, as other Trump policies were viewed as supportive of relative BTC outperformance.

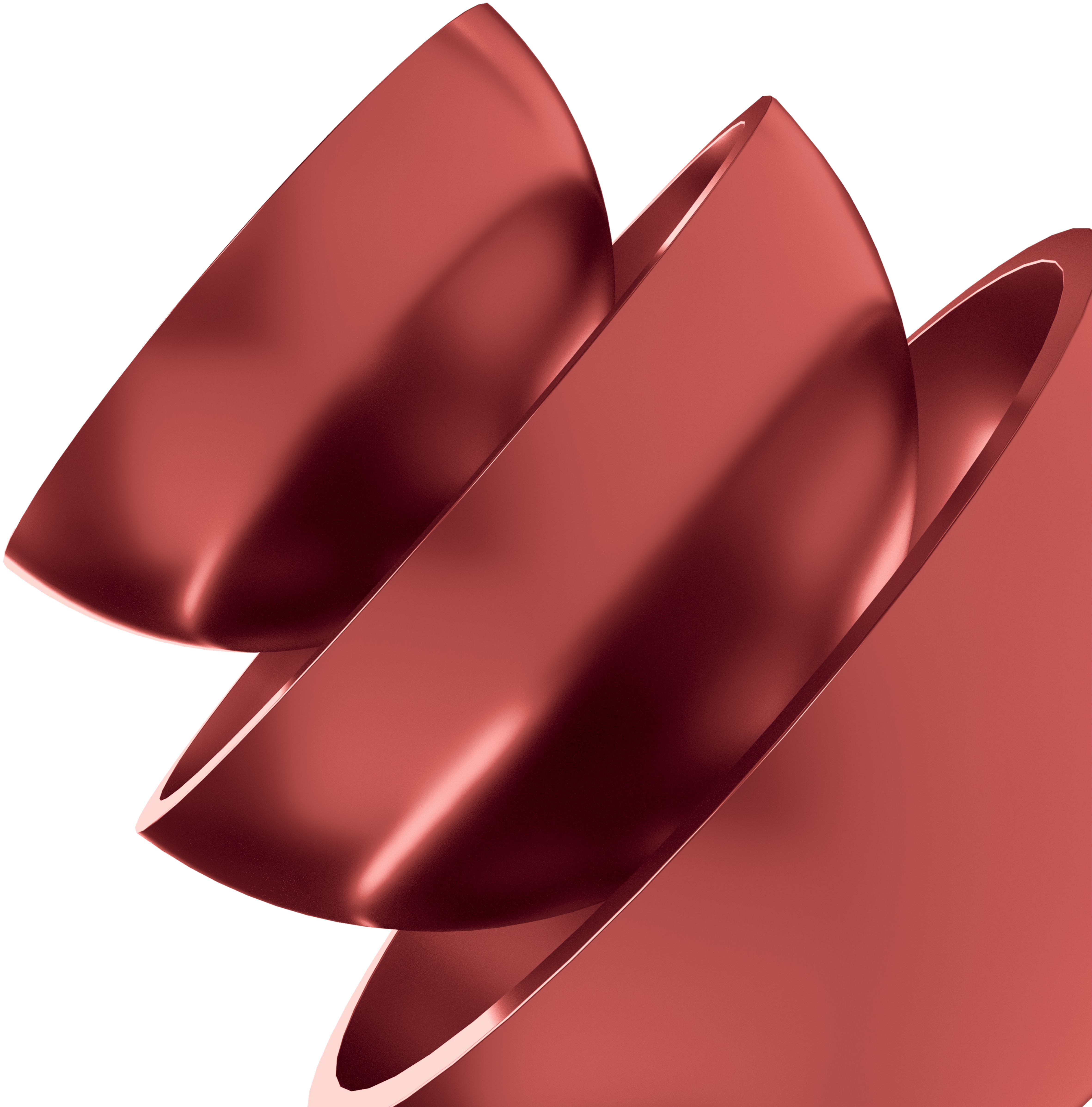
- The Q4 correction has unfolded differently. BTC underperformed the Nasdaq on roughly 70% of trading days between October 10 and mid-November, while correlations hovered near yearly highs.

- Treasury companies then faced a sharp re-rating, enduring a significant sell-off that pulled valuations back toward fair value. This removed their capacity to absorb BTC and support prices. At the same time, long-term holders sold persistently, adding to downside pressure. The October 10 liquidation event drained capital from retail participants and triggered a pronounced risk-off environment, leaving BTC struggling to attract bids.

- Moreover, Q4 lacked a clear, near-term crypto-specific catalyst, prompting market makers to lean more heavily on equity and macro inputs in their risk models, which naturally lifted cross-asset correlations. Combined with elevated insider selling and a fully eroded risk appetite, sustained underperformance has been a natural outcome.



Supply and demand

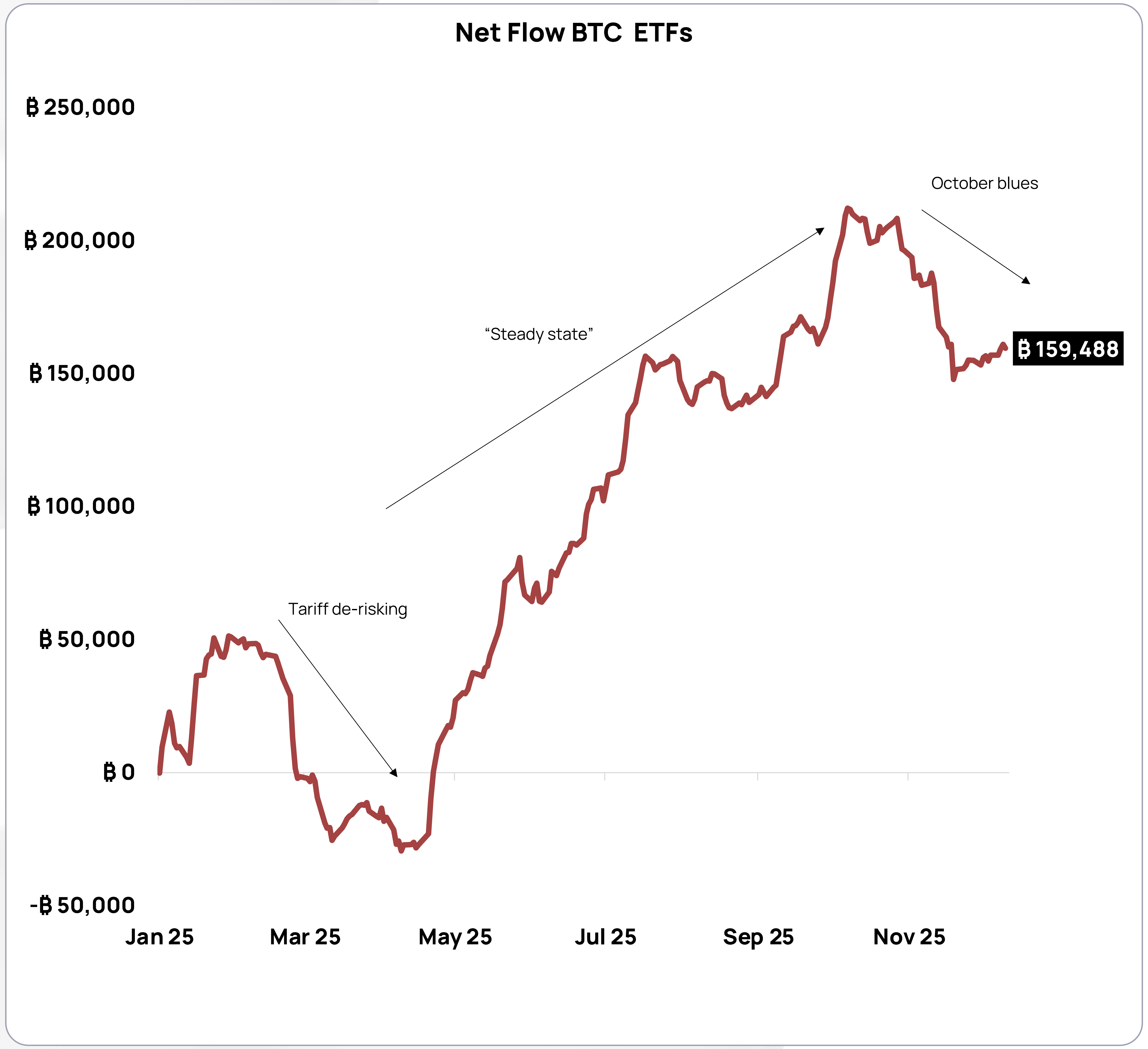


ETFs

160,000 BTC bought by ETFs in 2025

Without BlackRock, net flows would've been negative

- ETFs have been an important net absorber of supply in 2025, with 160,000 BTC being absorbed by ETFs as of December 12.
- The net absorption of 160,000 BTC from ETFs is a sharp decline from 2024, when 532,450 BTC was absorbed by BTC ETFs.
- Flows to BTC ETFs have closely followed market sentiment. During BTC's buoyant trend from May to October, the growth rates of BTC ETF flows mirrored those of 2024.

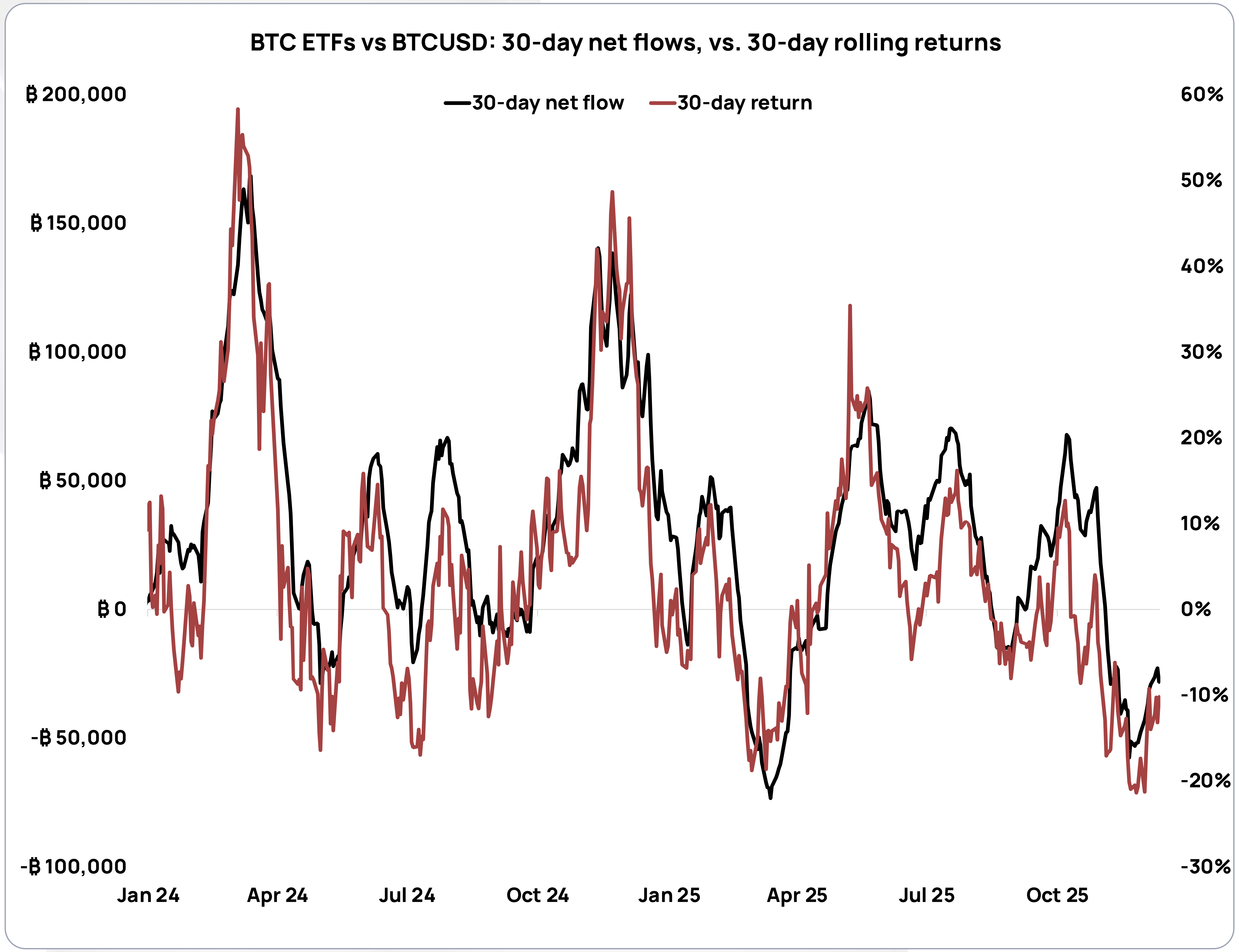


ETFs

ETFs have a material impact on price

Subtly declining explanatory relationship between ETF flows and BTC performance, but a sustained relationship remains

- The correlations between ETF flows and returns is undeniable in BTC.
- Assessing expected futures flows is therefore an important exercise to form an opinion on forward performance of bitcoin.



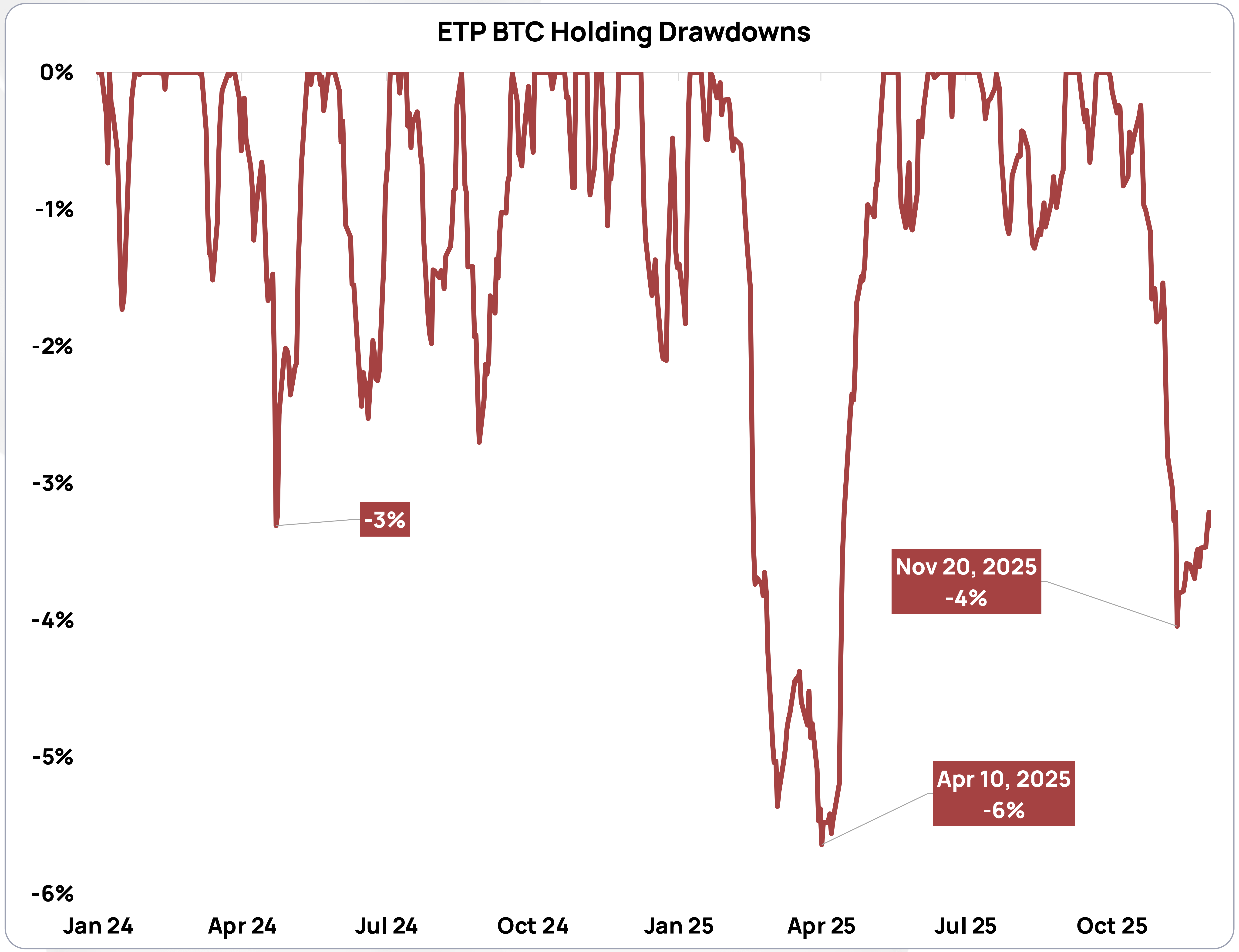
ETFs

Buy-and-hold vehicles

Everything point toward long-term exposure being the dominant factor in ETPs

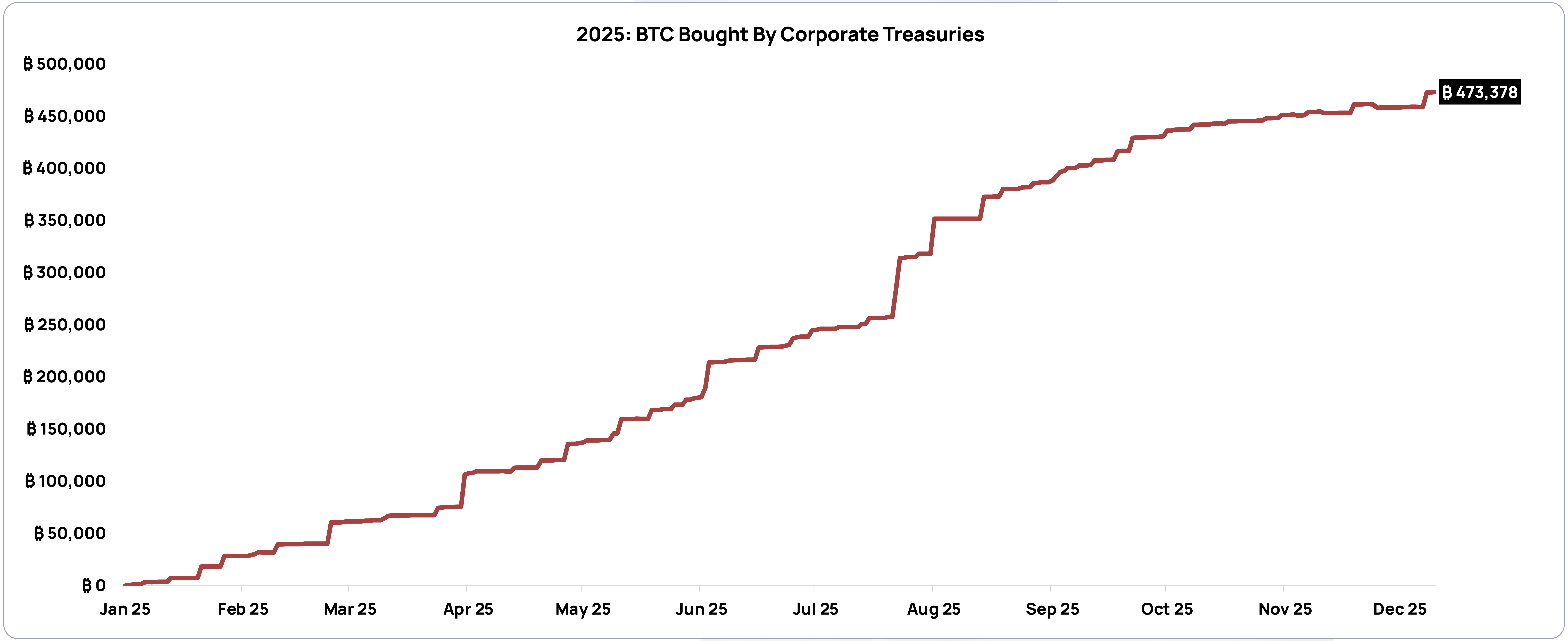
- Bitcoin ETPs typically retain their assets during sharp drawdowns. During BTC's 30% correction in Q1, only 6% of ETP BTC were sold. The same pattern was mirrored in Q4. This is clear evidence of ETF buyers amassing exposure for the long-term.
- This also point toward ETF owners not panicking during market drawdowns, and while some sell into weakness furthering market sell-offs, most owners tend to buy and hold.
- This, accompanied by the tendency of ETPs being significant net absorbers of BTC during steady-state environments point toward a long-lasting positive market effect of ETFs.

2026 prediction:
We expect net BTC ETF inflows in 2026 to exceed 2025 due to asset allocations from financial advisors, and recurrent purchases from current holders.



Treasury Companies

Massive BTC Absorption From Treasury Companies throughout the year But the accumulation has softened materially



Treasury companies

Enterprise premiums in half-year downtrend

Reducing capacity to acquire BTC

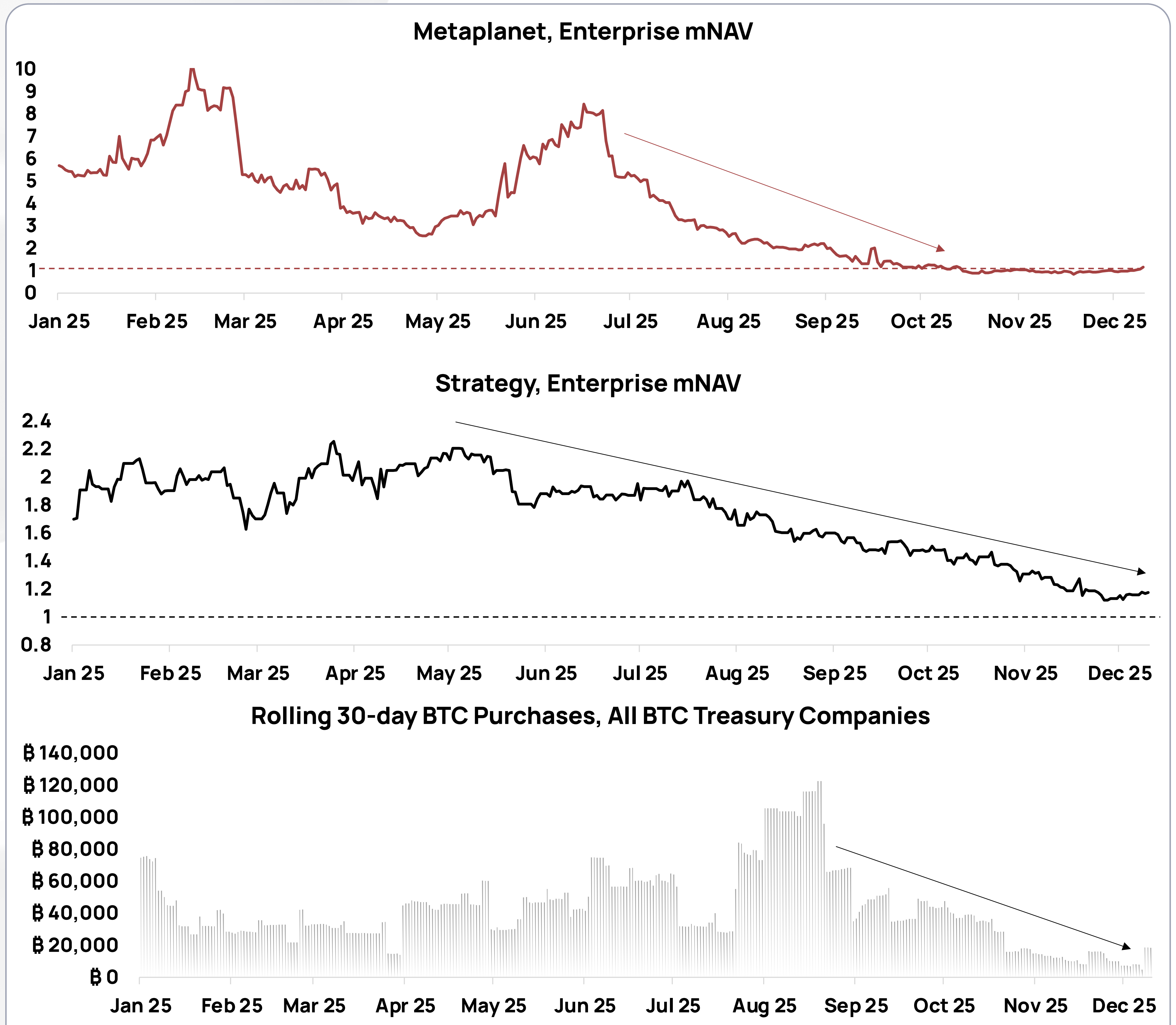
- Bitcoin Treasury Companies were one of the most material buyers of BTC throughout the year. Treasury companies finance BTC purchases through various dilutive processes, such as share issuance, debt issuance or preferred stocks.

- The reduced BTC purchases is a direct consequence of collapsing enterprise premiums. Raising capital through dilution to buy BTC does only generate BTC yield if the enterprise value is higher than the value of the company's assets.

- Compressed valuations of BTC treasury firms has directly impacted BTC demand through long/short legs. Short MSTR, long BTC. As premiums declined to fair value, hedge funds have exited these positions. In other words, sold off BTC exposure.

- We view the collapsing premiums as gravity doing its job, with treasury companies now trading at fair valuations.

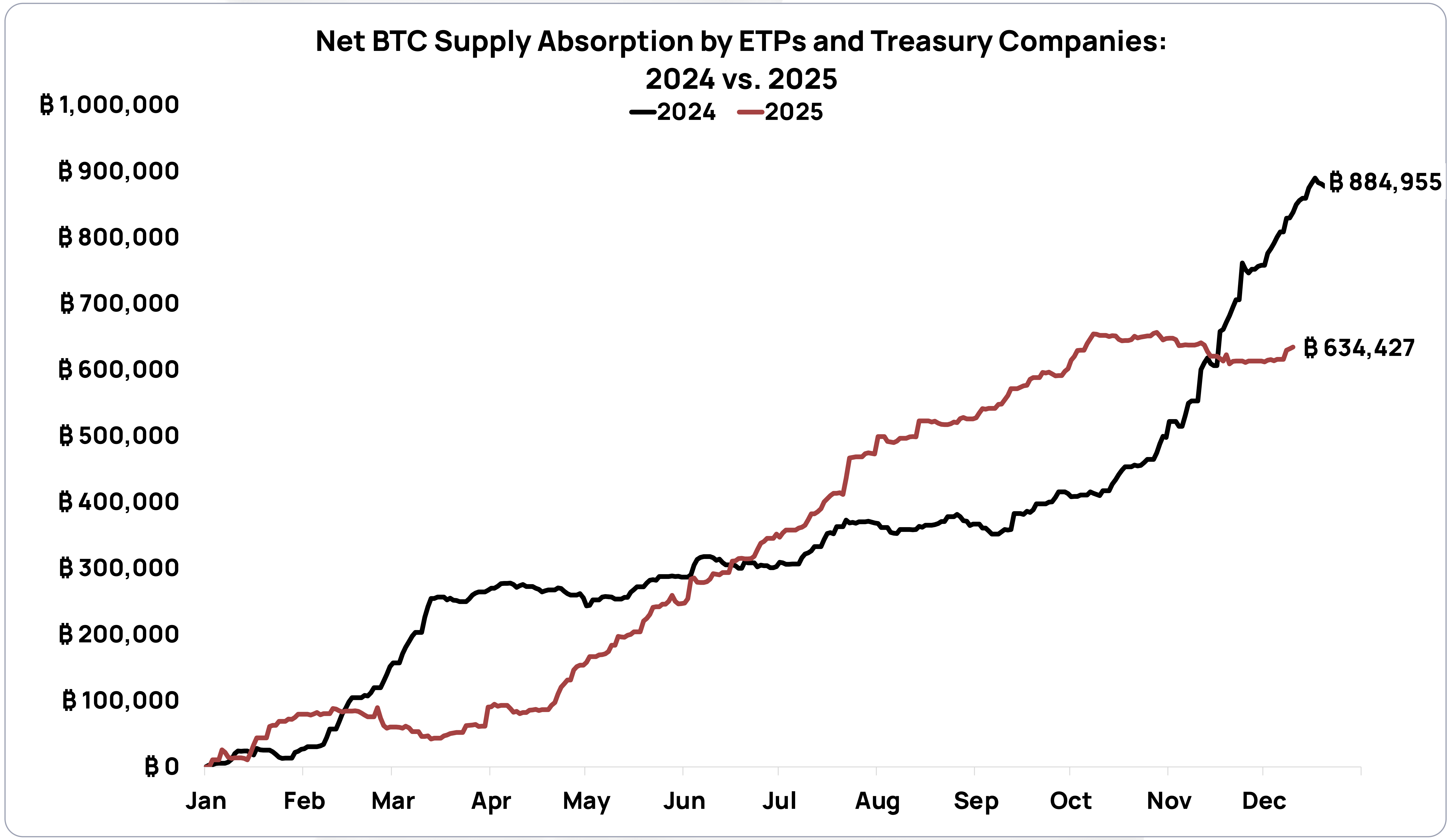
2026 prediction:
Strategy will not sell any bitcoins in 2026, due to a solid cash cushion, but will be excluded from MSCI's indexes. Net BTC absorption from BTC treasury firms will come in at 150k BTC, a YoY reduction of 330k BTC.



Net Vehicle Absorption

Lagging 2024, but all in all, 2025 has seen robust absorption

- In 2025, ETFs and treasury companies have acquired roughly 630,000 BTC, representing more than 3% of the circulating supply.
- This marks a decline of around 250,000 BTC compared with 2024, but still indicates an environment of substantial and persistent demand.
- In other words, ETF and corporate flows have remained robust throughout the year, yet prices are lower. Why?
- As shown in the following slides, on-chain data points to long-term holders as the primary source of sell-side pressure.

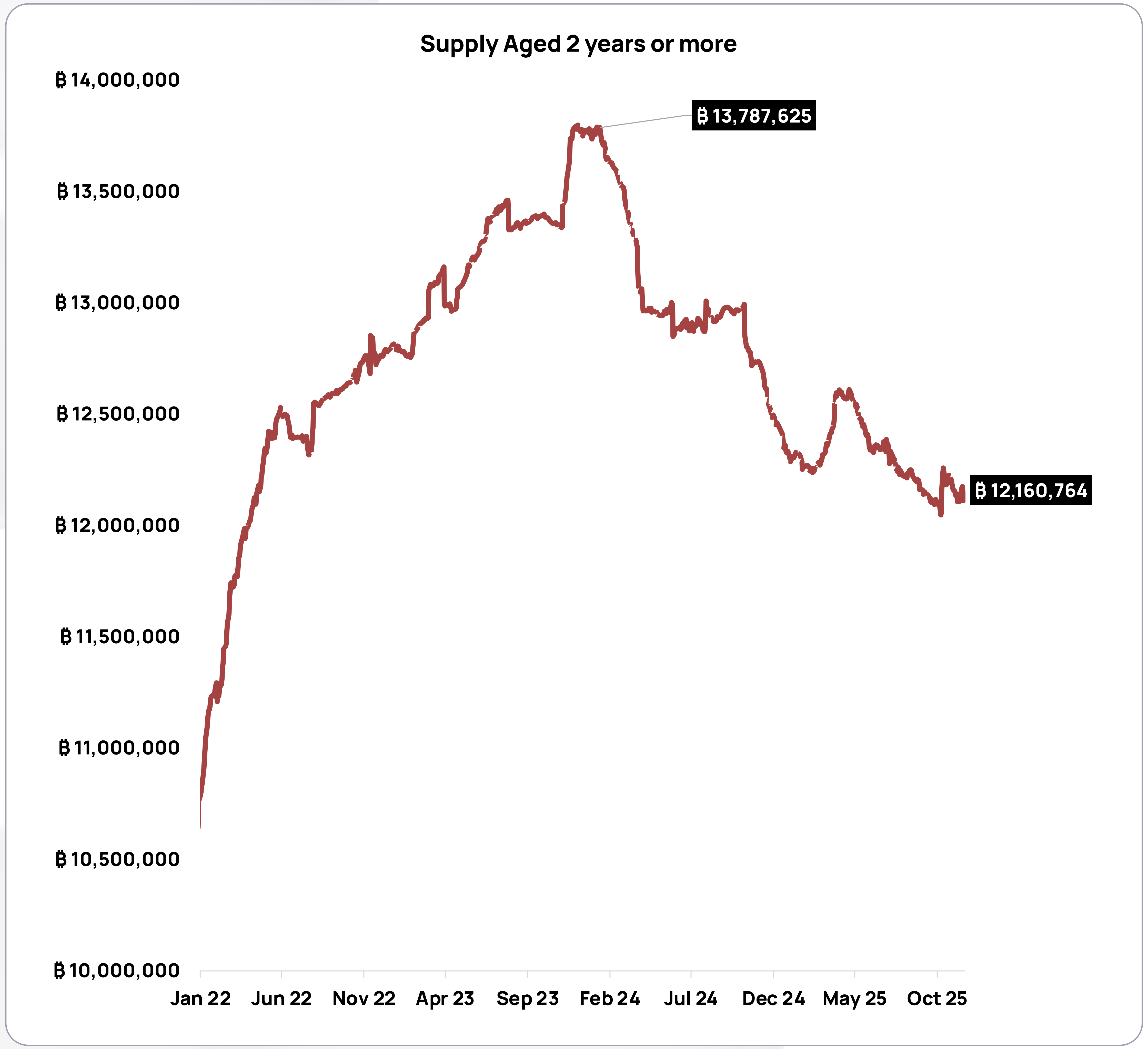


Why the lag and underperformance?

Distribution, distribution, distribution

Hodlers are selling, and they have been selling for a while

- The amount of BTC in unspent transaction outputs (UTXOs) older than 2 years has been on a 2-year-long downtrend. This represents on-chain evidence of substantial, sustained selling pressure from long-term holders.
- Supply aged 2 years or more has declined by 1.6 million BTC over the last two years.
- A portion of the early decline is attributable to Grayscale's BTC trust moving from closed-ended to open-ended upon the ETF conversion. Furthermore, reactivated supply may also be motivated by asset consolidation or as a safety measure to move coins to more secure address standards.
- Nonetheless, in light of the enormous capital absorption to ETPs and treasuries, it's clear that a significant portion of the reactivated supply is associated with significant on-chain sales.
- Evidence of large OG selling is evident through on-chain patterns. In July, Galaxy concluded an 80,000 BTC OTC sale, a whale sold 24,000 BTC for ETH in August, and a whale sold 11,000 BTC between October and November. Evidence of other whales selling is plentiful, and this has likely been the key factor to BTC's relative weakness in 2025.

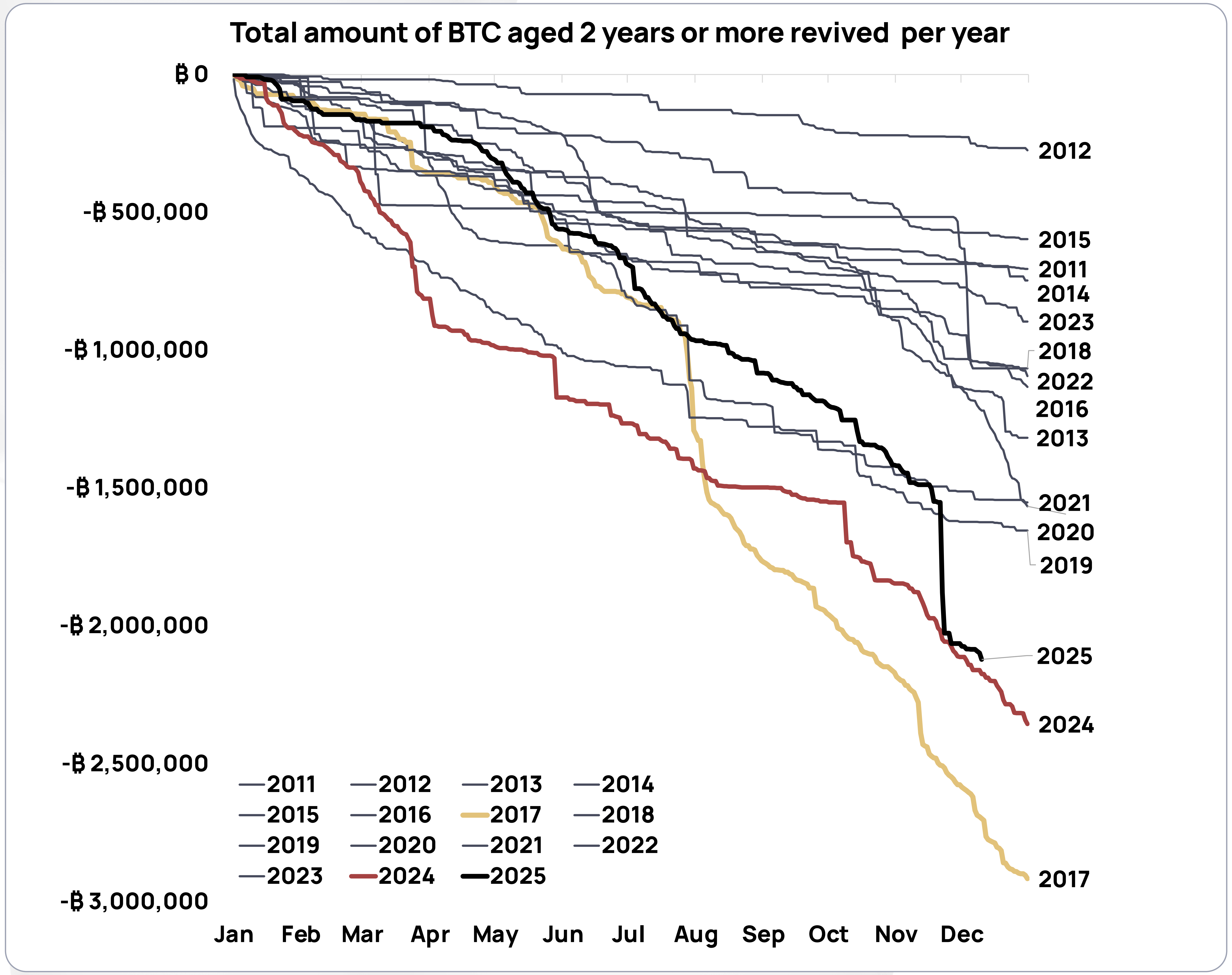


Sales from within

Distribution, distribution, distribution

Back-to-back giga years of supply reactivation

- Revived supply reflects a different lens for assessing on-chain selling from long-term holders.
- In a passive environment, the 2-year supply should rise, as UTXOs younger than 2 years age into the 2-year bracket. We therefore cover revived supply, i.e., the cumulative yearly net negative change of 2-year supply.
- The data is remarkable. 2024 and 2025 represent the second and third-largest long-term held supply reactivations in BTC's history, surpassed only by 2017.
- The active environment in 2017 has several explanations. Trading altcoins was done through BTC pairs. Participating in ICOs was done through BTC. The Blockchain War offered substantial incentives to reactivate supply in order to receive Bitcoin Cash.
- 2024 and 2025, on the other hand, have not seen similar factors at play, and we interpret the reactivation of clear evidence of substantial amounts of BTC changing hands, leading to new reference prices of BTC for many holders and significantly lower ownership concentration.

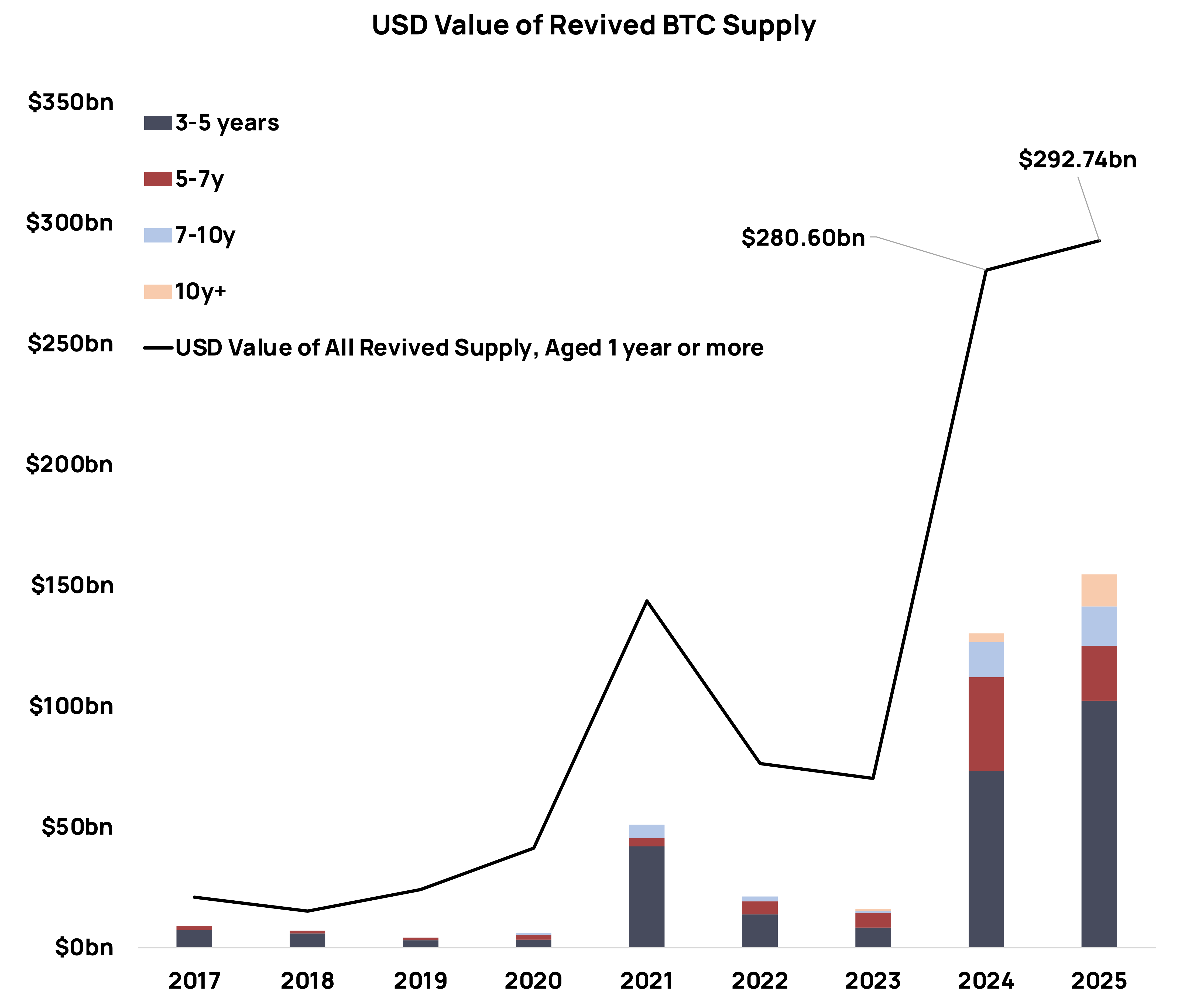


Distribution, distribution, distribution

Nearly $300bn worth of BTC revived in 2025

- Nearly $300bn worth of BTC supply has been revived in 2025.
- Deeper market liquidity following the launch of U.S. BTC ETFs and the extreme absorption from treasury firms has left ample room for OG holders to realize profits at six-digit BTC prices.
- Substantial returns and BTC evolving from a fringe, anti-establishment asset to one held, marketed, and facilitated by the establishment may be the root causes behind the considerable on-chain sales.
- This trend should naturally subside at lower BTC prices. Furthermore, with 20% of BTC's supply reactivated over the past two years, we expect on-chain sell-side pressure to approach saturation.

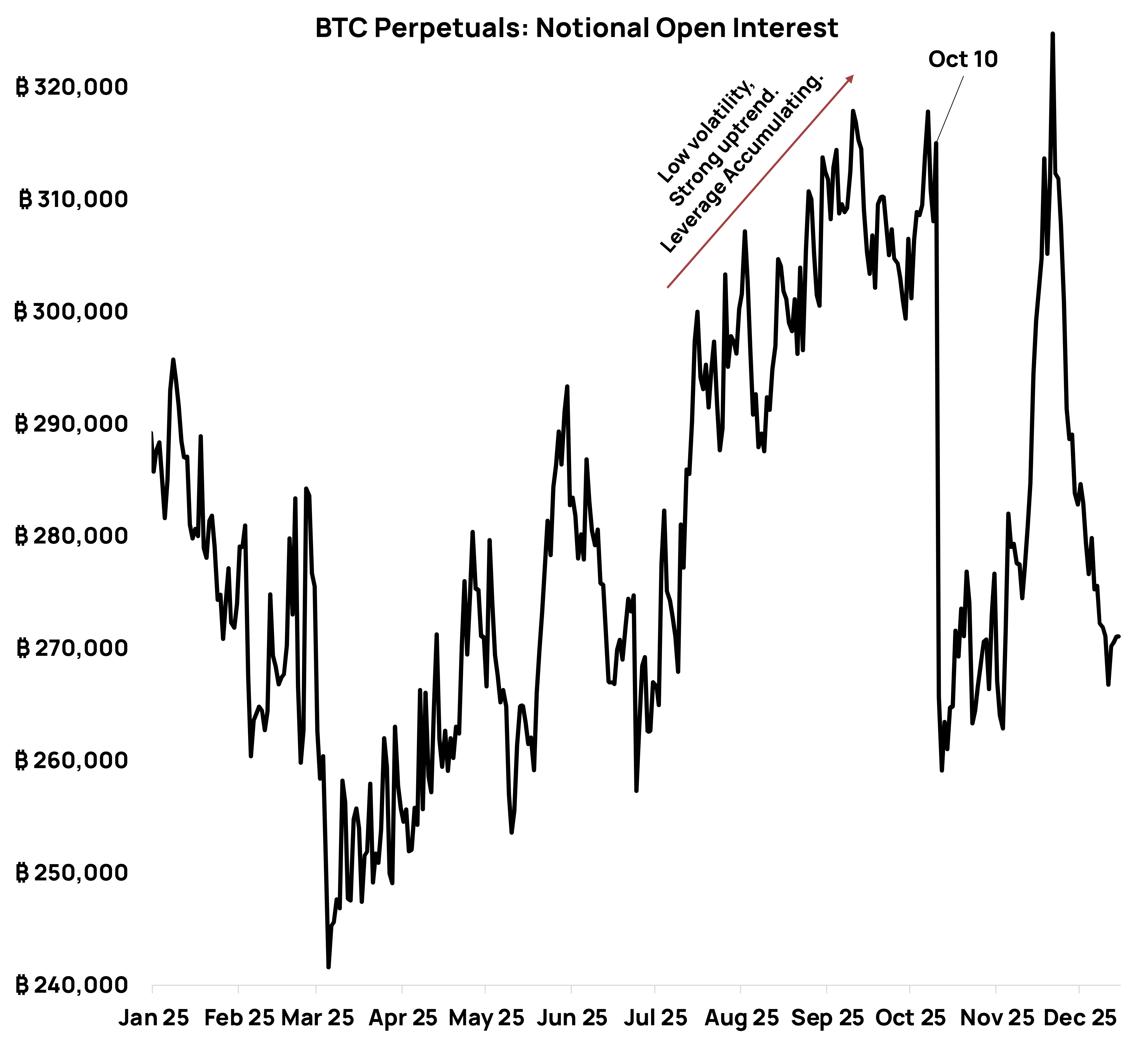
2026 prediction:
Bitcoin's 2-year supply will end its downtrend and close 2026 above its current level of 12.16m BTC. OG selling pressure will subside, and BTC will see net buy-side demand.



A repeated truth: Stability breeds instability

A one-way trending market in low volatility attracted substantial long demand. With leverage reaching yearly highs, the stage was set for 10/10

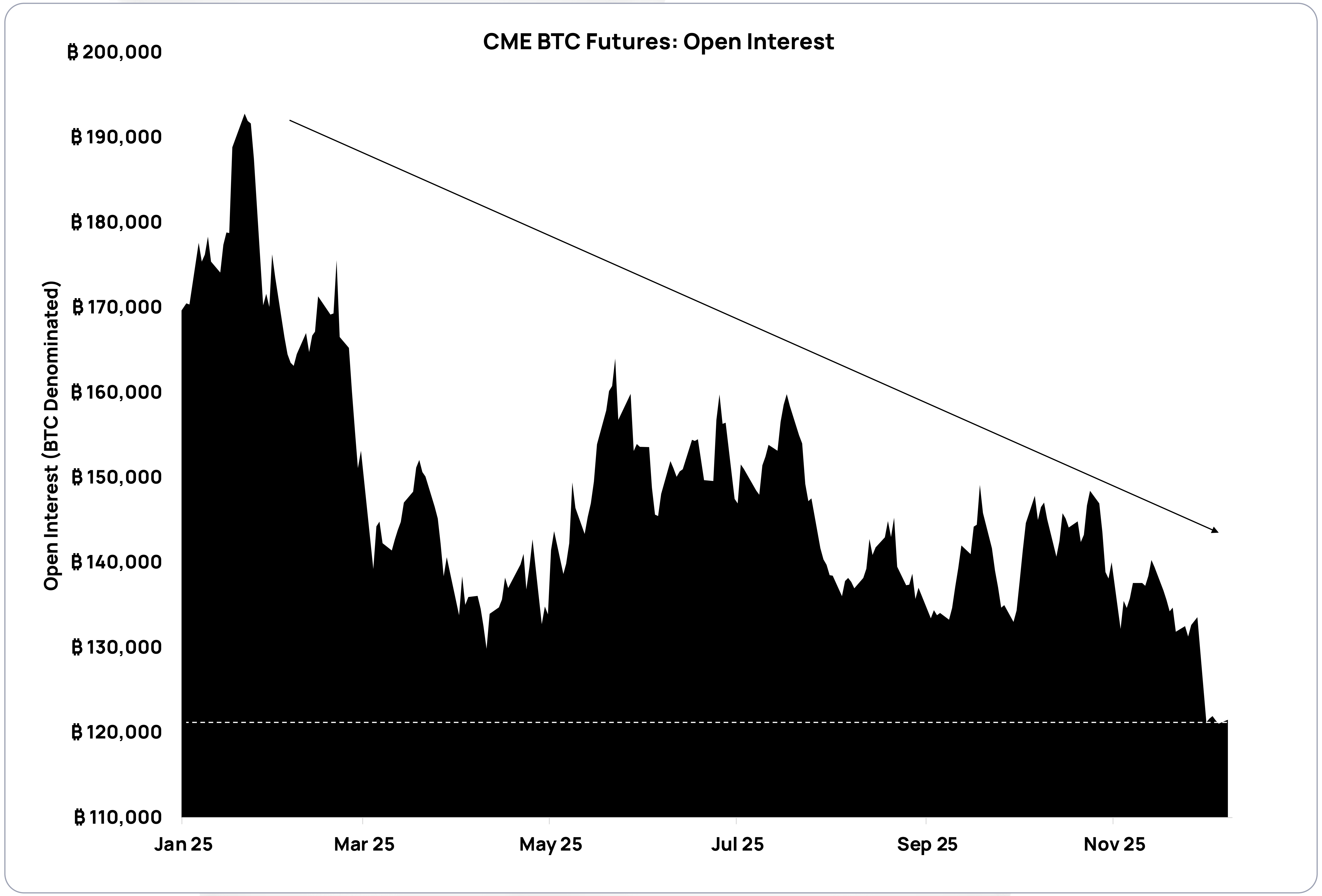
- Leverage was also a heavy contributor to the weak Q4.
- The strong summer markets rewarded risk. Volatility was relatively soft, and drawdowns were met by sharp recoveries. Few traders experienced liquidations in this period, leading to a stable growth in open interest.
- A non-event – new U.S.-China tariff noise – on October 10 was the catalyst needed for the stability to culminate in the most violent squeezed ever endured by the crypto market.
- October 10 saw $19bn worth of longs be liquidated, rapidly eroding capital from traders, leading the broad market to move toward more careful positioning. A sustained downtrend has followed.
- Open interest recovered to yearly highs in November. We attribute this growth to a large player hedging inventory amidst the chaotic post-liquidation inventory. This effect has now been fully reversed in the derivatives market.
- Status EOY: Low leverage. Risks of new squeezes are materially lower, and the market is more robustly positioned to handle new waves of strength.



CME has seen a steadily declining exposure throughout the year

Risk-aversion, other hot assets, and competition from ETF options

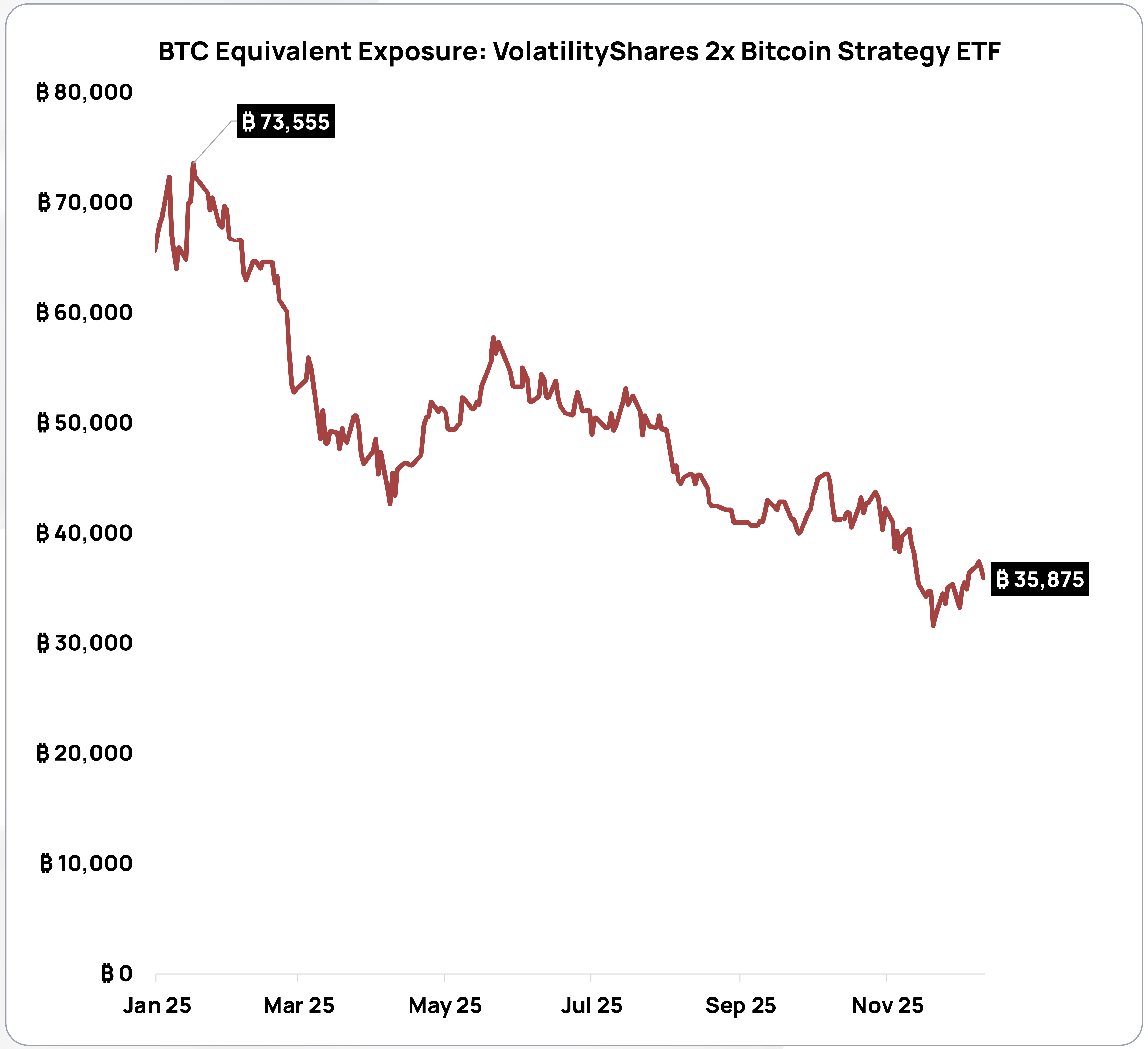
- Open interest on CME's BTC futures has seen a near-constant declining trend in 2025, reflecting both increased competition from other regulated markets and a broad risk aversion on CME.
- 2025 opened with notional OI sitting at 170,000 BTC, and ends with OI situated at lows not seen since February 2024 of 120,000 BTC.



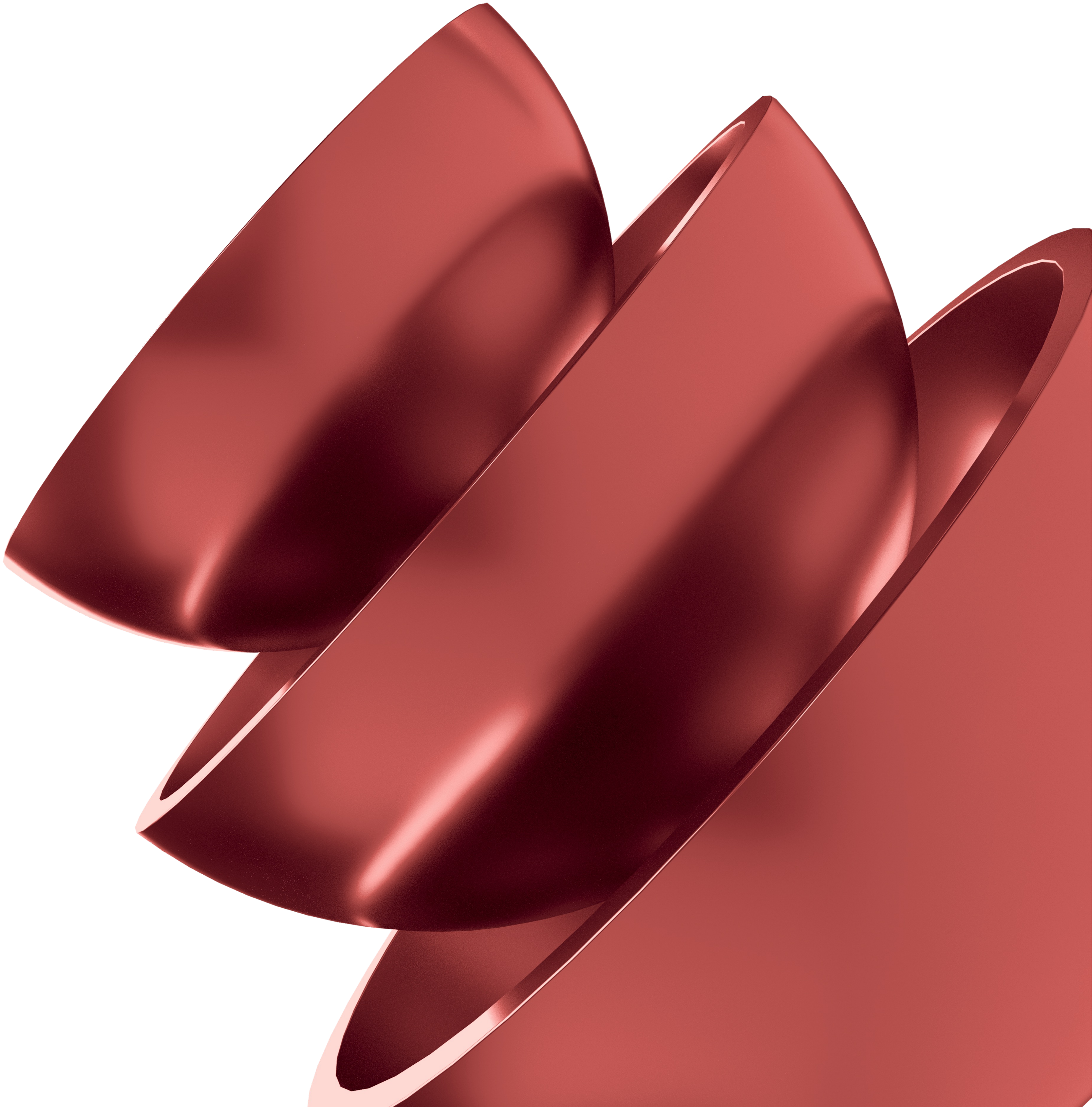
The reduced CME exposure is a direct consequence of lower risk-appetite

Leveraged BTC ETFs sees shrinking exposure throughout the year

- VolatilityShares' BTC equivalent exposure has halved in 2025, from peaks near 75,000 BTC to its current level of 35,875 BTC.
- The ETF sits 2x leveraged long in CME's BTC futures, and its considerable outflows reflect the current risk-averse state of the market.
- Further, these outflows have had significant impact on CME yields. Reduced long exposure lowers CME yields, reducing the appeal of basis-trade arbitrage, in turn reducing BTC demand.

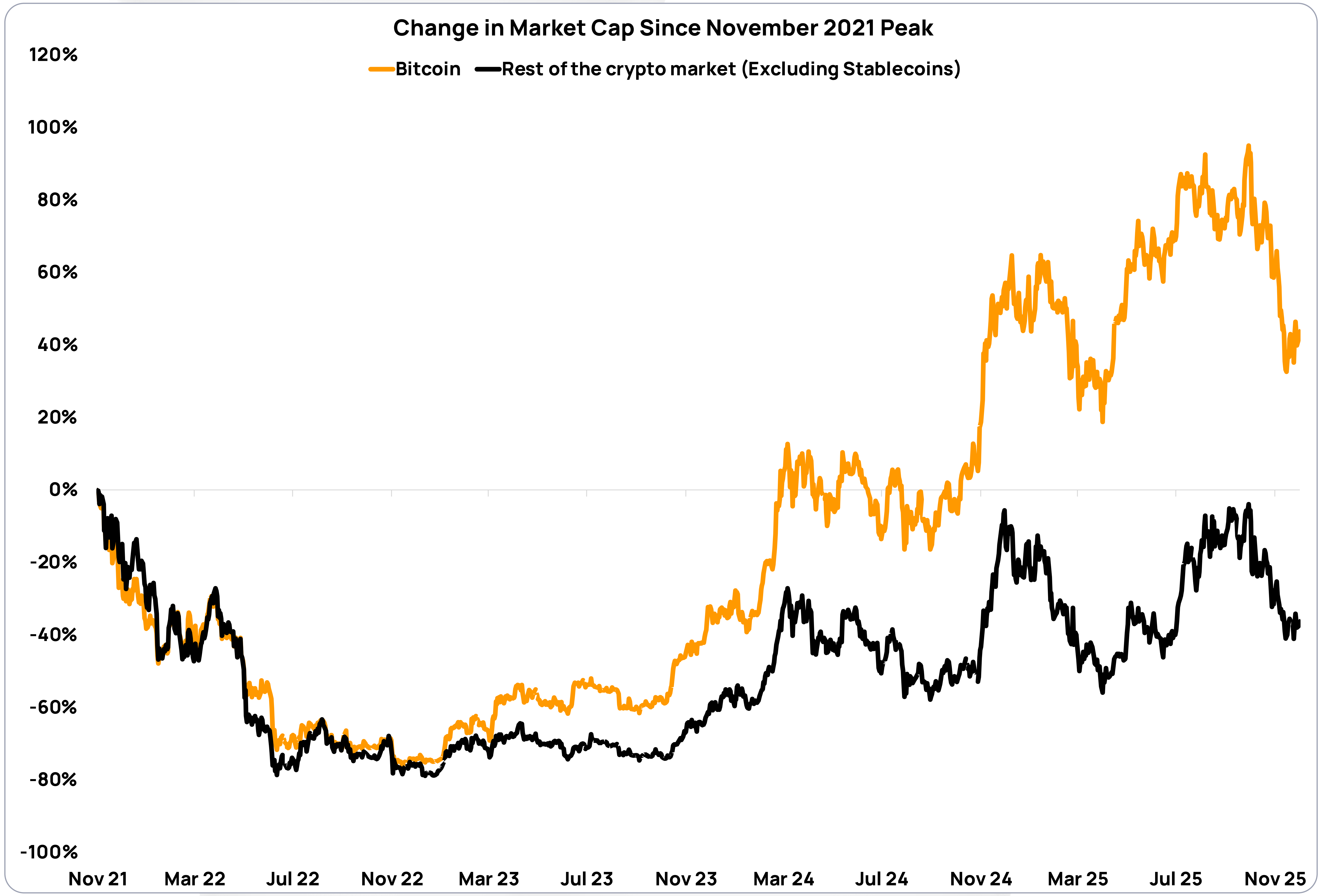


Altcoins



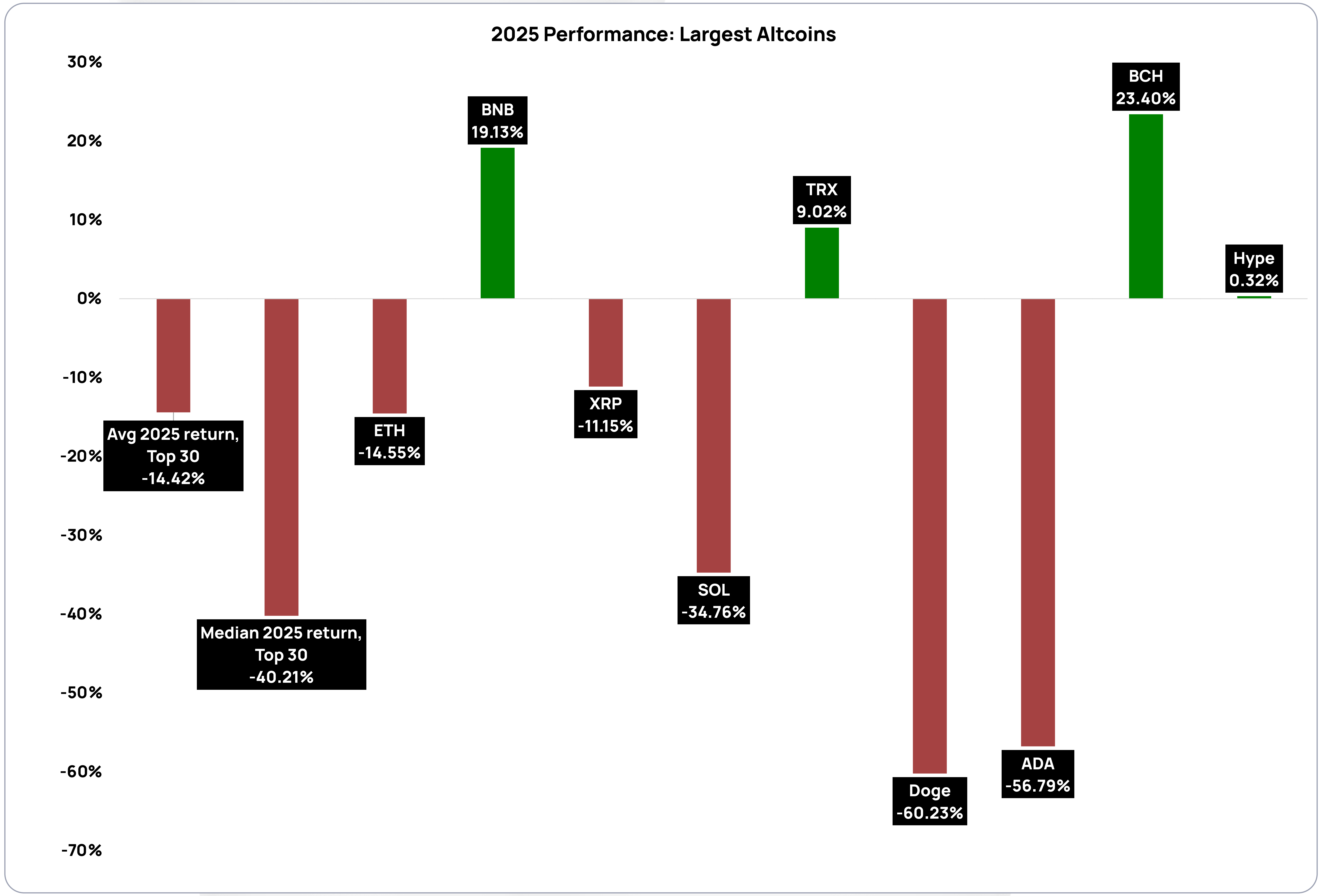
The global altcoin market cap has yet to surpass 2021 highs

- While Bitcoin's market capitalization nearly doubled from the November 2021 peak to its October 2025 high, the combined market cap of altcoins has yet to exceed the levels reached in 2021.



The global altcoin market cap has yet to surpass 2021 highs

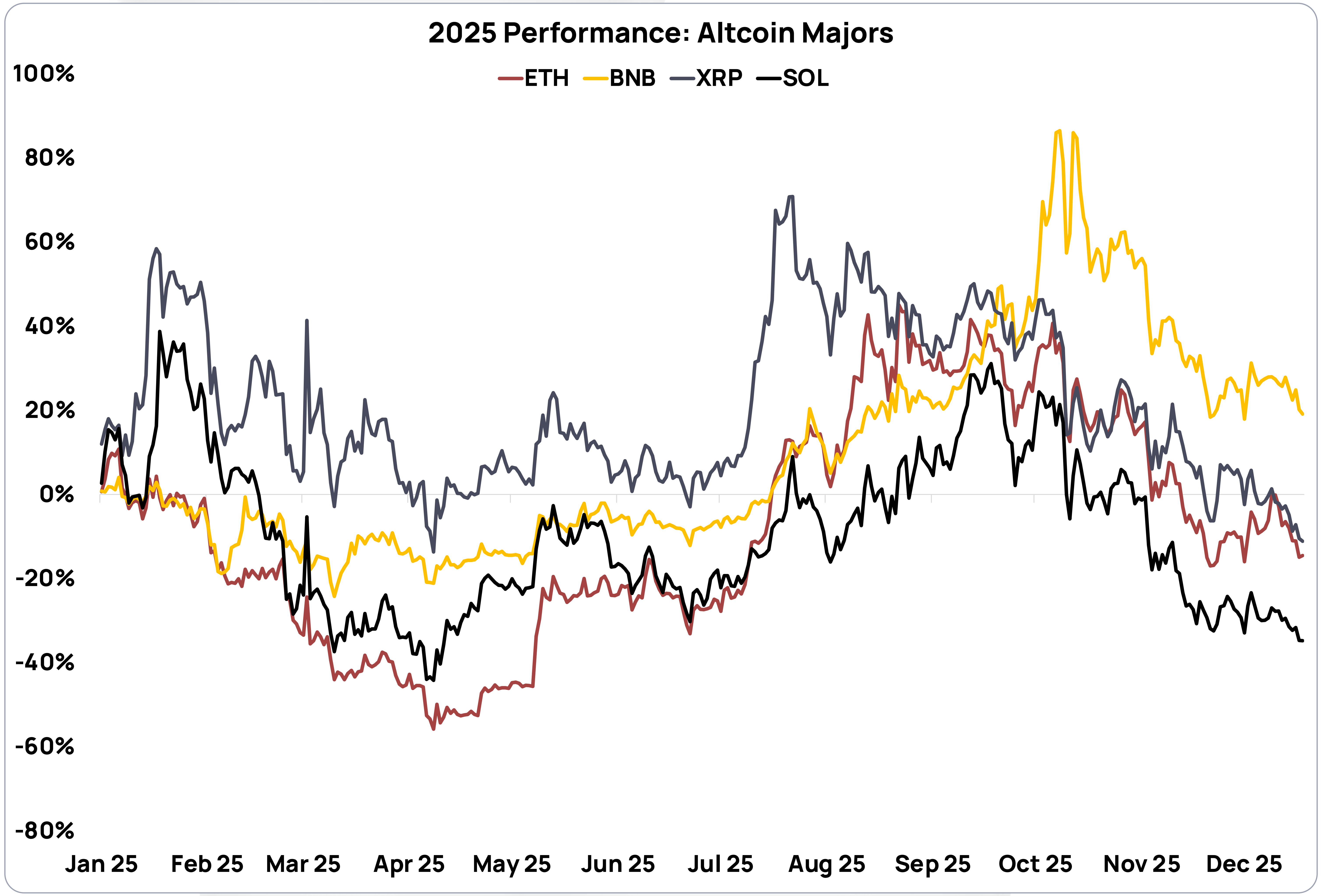
- While a more accommodative U.S. regulatory regime enabled altcoin ETF launches, tokenization, and stablecoin proliferation, altcoins have broadly underperformed BTC in 2025.
- Average returns across the 30 largest altcoins stand at -14.4%, with the mean lifted materially by outsized gains in the privacy coin segment, where ZEC stands out as a major outlier with a YTD return of 602%.
- The median return is -40%, as major memecoins and layer-1 competitors saw their market capitalizations more than halve in 2025.
- Beyond privacy coins, perp DEXs saw steady demand throughout the year, with Hyperliquid posting a breakout year and finishing as the sixth-largest derivatives exchange in BTC perps by open interest.



Altcoins

Summer rally, aggressive reversal

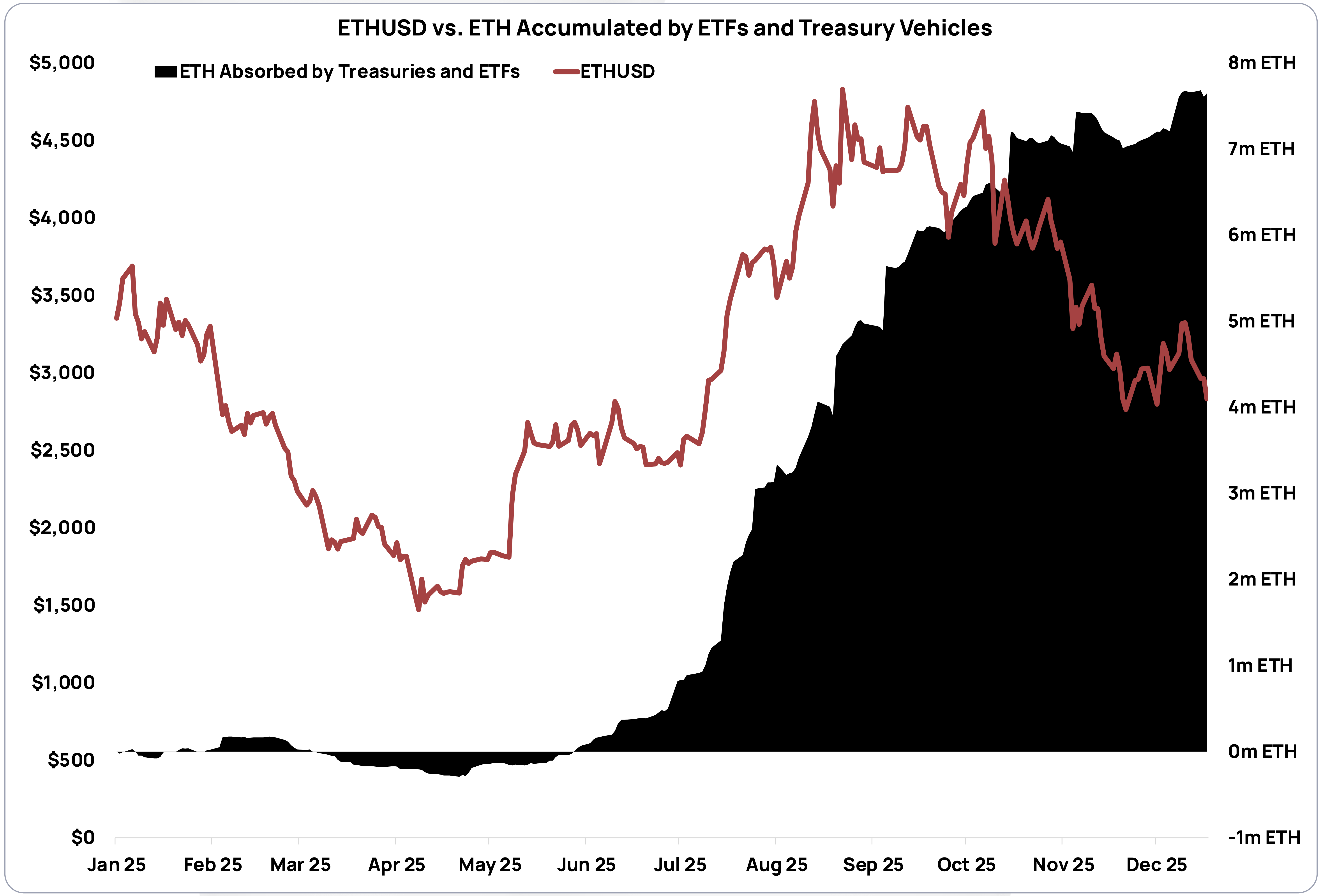
- Altcoins, similar to Bitcoin, struggled during the tariff-driven sell-off but staged an encouraging rally over the summer.
- The rebound coincided with progress on the U.S. Clarity Act, signals of a clearer crypto ETF listing process, and the digital asset treasury trend extending to altcoins.
- Yet the majors have faced a sustained sell-off since their summer peaks, leaving ETH, XRP, and SOL closing the year in negative territory, while BNB stands out as the sole major with positive YTD returns.



Altcoins

ETH retraces entire DAT + ETF absorption after heavy reversal

- 7.65m ETH has been purchased by treasury companies and ETFs in 2025, representing 6.3% of the circulating ETH supply.
- ETH absorption from these vehicles accelerated late in the summer as altcoin treasury companies gained traction, with ETH attracting the strongest demand. ETFs also saw substantial inflows during this period.
- This intense absorption pushed ETH to new all-time highs on August 22, marking its first record high since November 11, 2021.
- ETH has fully retraced its rally since mid-July, despite roughly 6 million ETH being absorbed by public companies and ETFs over this period.



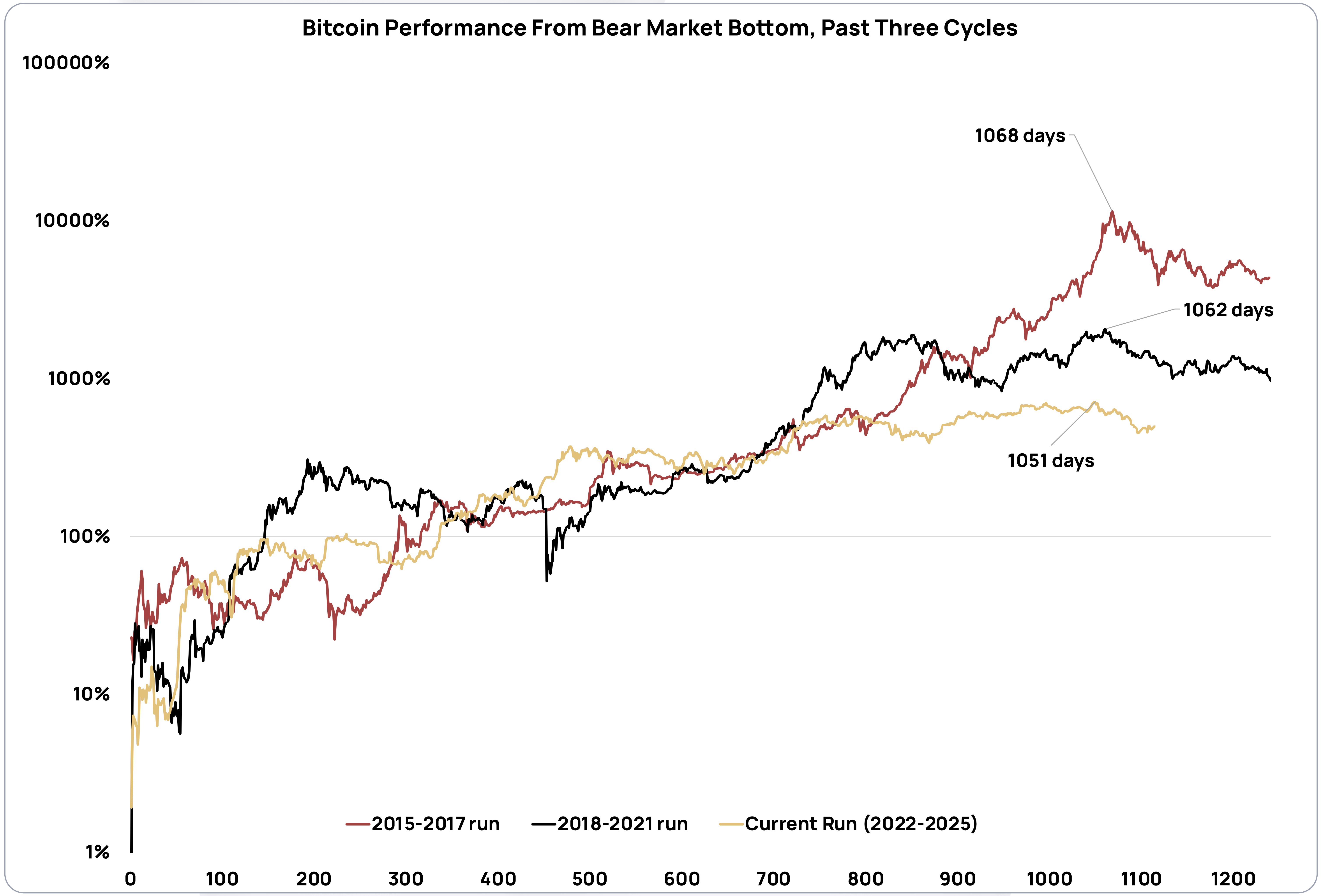
Bitcoin is well positioned to outperform in 2026.

The 4-year cycle

The four-year cycle is not to be repeated

Low leverage, rate cuts, enormous regulatory tailwinds, bitcoin allocations by financial advisors – Factors that do not rhyme with a 80% correction.

- Bitcoin's all-time high on October 6 has led many pundits to look to prior cycles, their durations, and by extension an assumed deep correction in BTC during 2026.
- In terms of length, the current BTC cycle has closely resembled those of 2018 and 2022, albeit without a parabolic advance.
- As discussed, 2025 ends within a constructively defensive derivatives environment. Looking ahead, 2026 presents a range of supportive crypto-specific catalysts.
- We expect BTC to set new all-time highs in 2026 and view the four-year cycle as a relic of the past. Lower interest rates, clearly defined U.S. crypto legislation driving deeper integration with traditional financial markets, and allocations from a new cohort of institutional investors create a golden setup for BTC, which remains priced at pre-Trump election levels relative to U.S. equity indices.

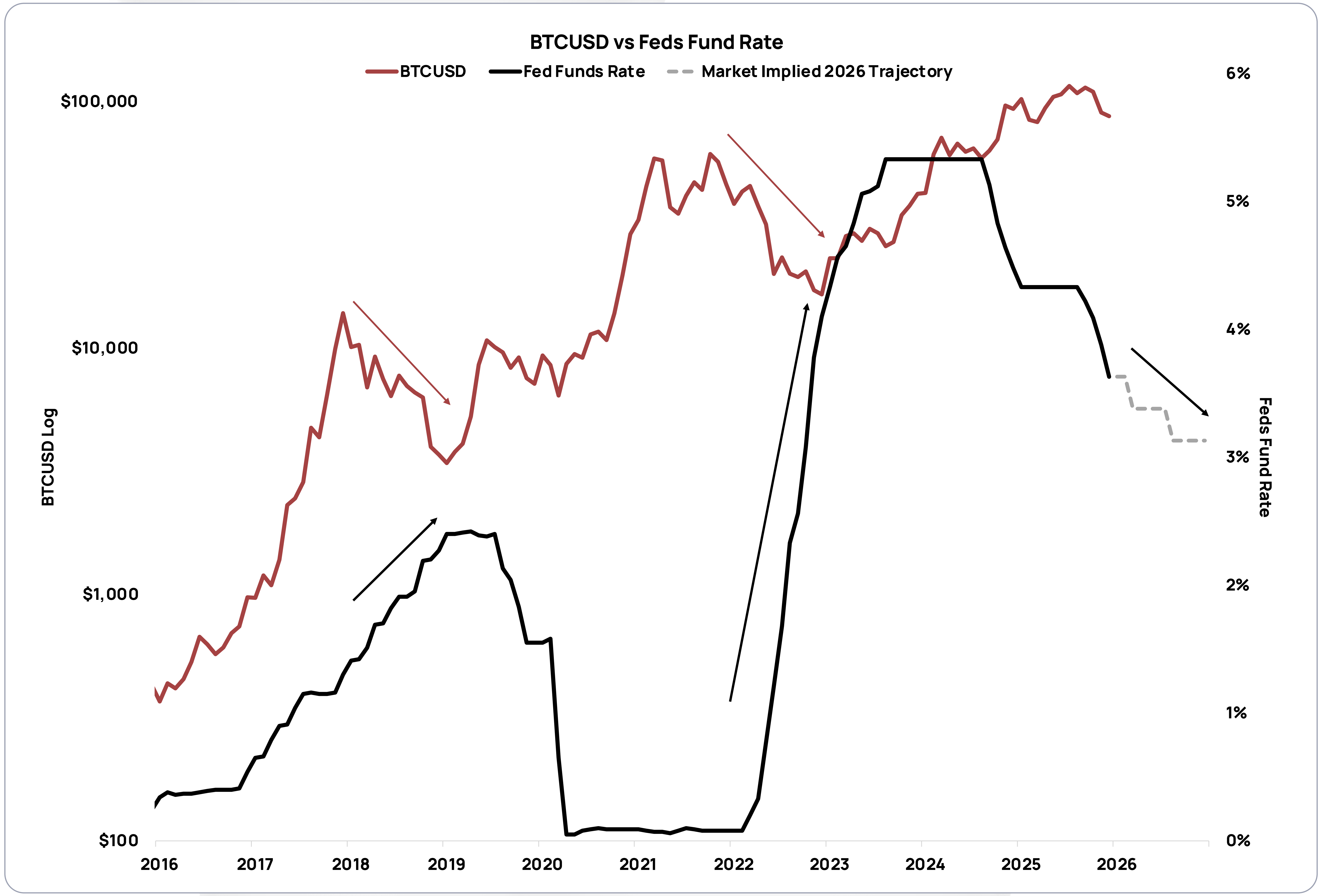


Macro

Rate cuts expected ahead

The market is pricing in two fed rate cuts in 2026, if Trump gets his will, rates are due to push even lower than market expectations.

- The underlying macro backdrop today differs markedly from that of both 2018 and 2022.
- In each of the prior BTC bear markets, the drawdown coincided with aggressive interest rate hikes. Higher borrowing costs directly limited BTC demand.
- Looking ahead to 2026, markets are pricing in multiple rate cuts. Trump is expected to appoint Jerome Powell's successor, with a strong emphasis on selecting a Fed chair willing to cut rates aggressively, and crypto-friendly Kevin Hassett widely viewed as the leading contender.
- This monetary policy environment contrasts sharply with those of 2018 and 2022, reducing the likelihood of a direct repetition of past market patterns.

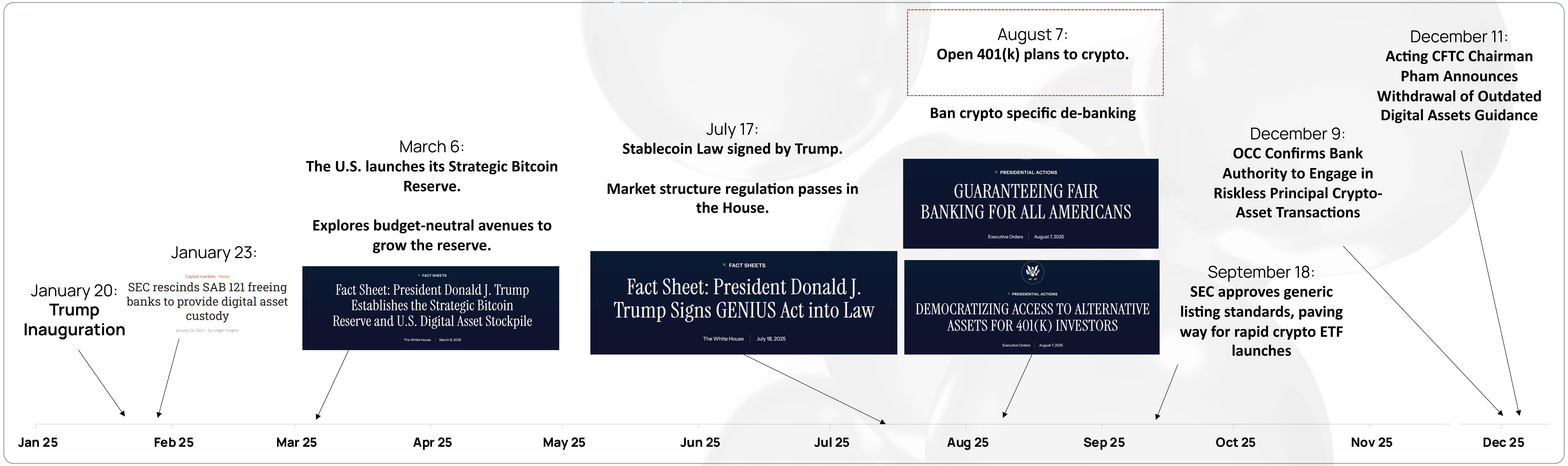


2025: A full year of price action detached from headlines

Bitcoin and crypto has the Administration's backing

With clear regulation follows traditional finance integration

The United States launched several major crypto initiatives in 2025. The controversial SAB-121 bulletin was quickly rescinded after Trump took office, followed by the introduction of Strategic Bitcoin Reserves, the signing of stablecoin legislation, and progress toward a market-structure bill expected to pass in early 2026. In addition, Trump has moved to allowing crypto funds in 401(k) accounts, with a response deadline of February 3, 2026. Financial authorities have already pivoted in a more crypto-friendly direction, triggering a wave of institutional initiatives. While institutions move slowly and require months to adapt to new standards, the wheels are clearly in motion. Bitcoin prices far from reflect this shift, and we believe 2026 presents a compelling setup for bitcoin and other cryptocurrencies amid escalating integration with traditional finance.



Clarity Act and MiCA

The Regulatory Breakthrough Matters. Clarity Act expected in Q1, 2026.
The banks have arrived, and their presence will escalate.

	Crypto Trading and Custody	Private Crypto Funds	Crypto ETPs	Tokenization
Bank of America	✓		✓	
BlackRock	✓	✓	✓	✓
BNY Mellon	✓		✓	✓
CBOE	✓		✓	
Charles Schwab	✓		✓	
Citi				✓
CME	✓			✓
Deutsche Bank	✓		✓	✓
Deutsche Börse	✓		✓	
Fidelity	✓	✓	✓	
Franklin Templeton	✓	✓	✓	✓
Goldman Sachs	✓		✓	✓
HSBC	✓		✓	✓
Interactive Brokers	✓		✓	
JP Morgan Chase	✓	✓	✓	✓
London Stock Exchange	✓		✓	
Morgan Stanley			✓	
Societe Generale	✓			✓
UBS	✓		✓	✓
Vanguard			✓	
Wells Fargo	✓	✓	✓	✓

BANK OF AMERICA

- **Crypto investment access (wealth)**
From Jan 1, 2026: Allows its Financial Advisors (Managing Savings of $2tn) to allocate 0-4% in Bitcoin ETFs for clients.

Morgan Stanley

- **Retail crypto trading through E*Trade**
Expected to go live H1, 2026.
- **Crypto investment access (wealth)**
From Oct 1, 2025: Allows its Financial Advisors (Managing Savings of $2tn) to allocate 0-4% in Bitcoin ETFs for clients.

J.P.Morgan

- **Retail Crypto Access Coinbase/Chase**
- **Tokenized bank deposits**
- **Crypto-backed lending (live EOY 2025)**

Source: Bitwise

Soon, pension savings may enter the system

Trump's 401k initiative should not lead you to shrug your shoulders
February 3, 2026: A very important deadline

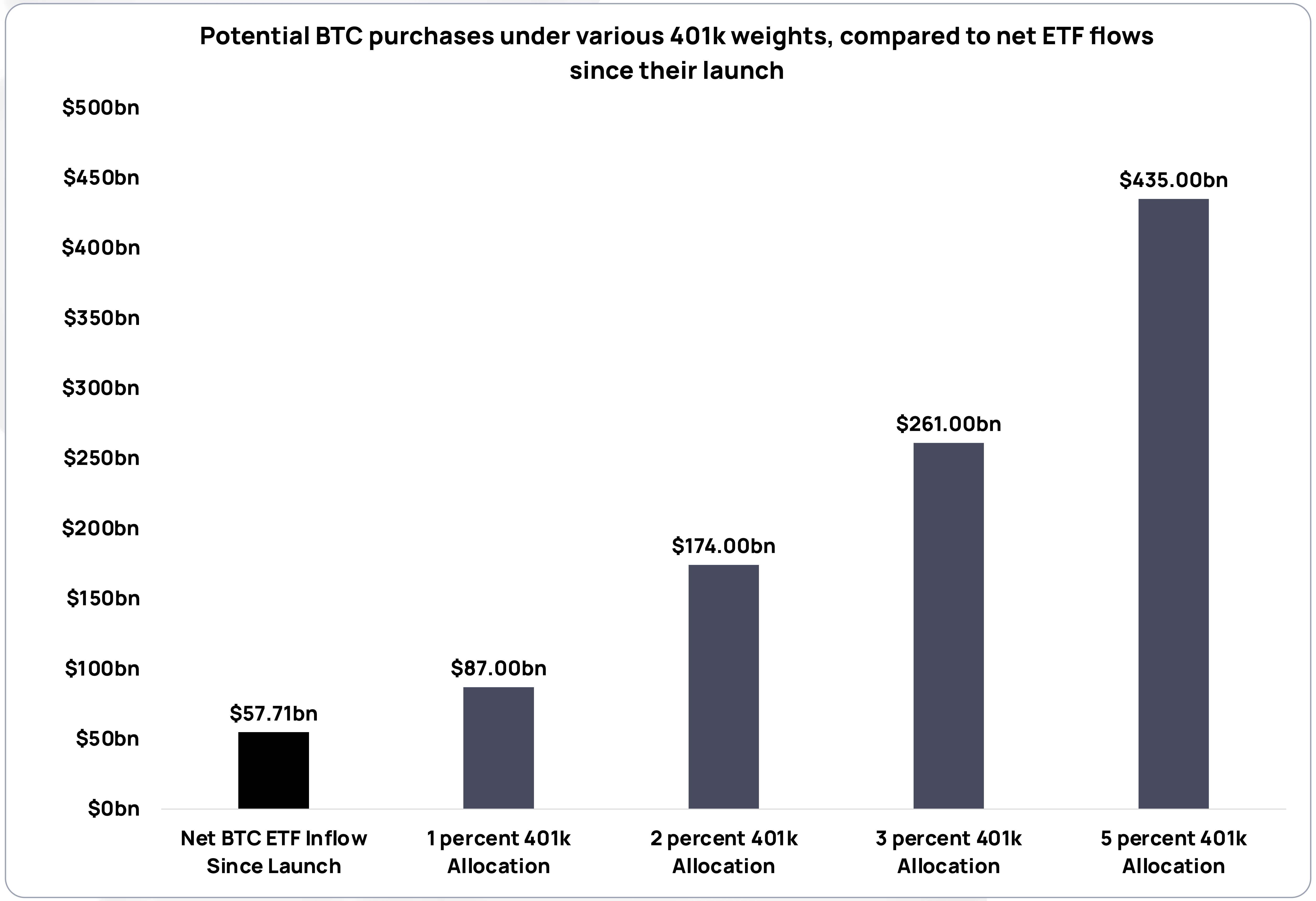
- Donald Trump signed an executive order on August 7 directing regulators to update rules that would allow crypto, alongside other alternative assets, to be included in 401(k) plans.

- The SEC, Department of Labor, and U.S. Treasury must deliver joint compliance guidance and safe-harbor provisions for this initiative by February 3, 2026.

- As a result, crypto funds could soon become available within the $9 trillion 401(k) ecosystem.

- Over time, the associated capital flows could prove more than material for the crypto market. A 1% allocation of 401(k) assets to BTC would translate into roughly $87bn of additional net absorption, exceeding the total inflows seen since the January 2024 BTC ETF launch.

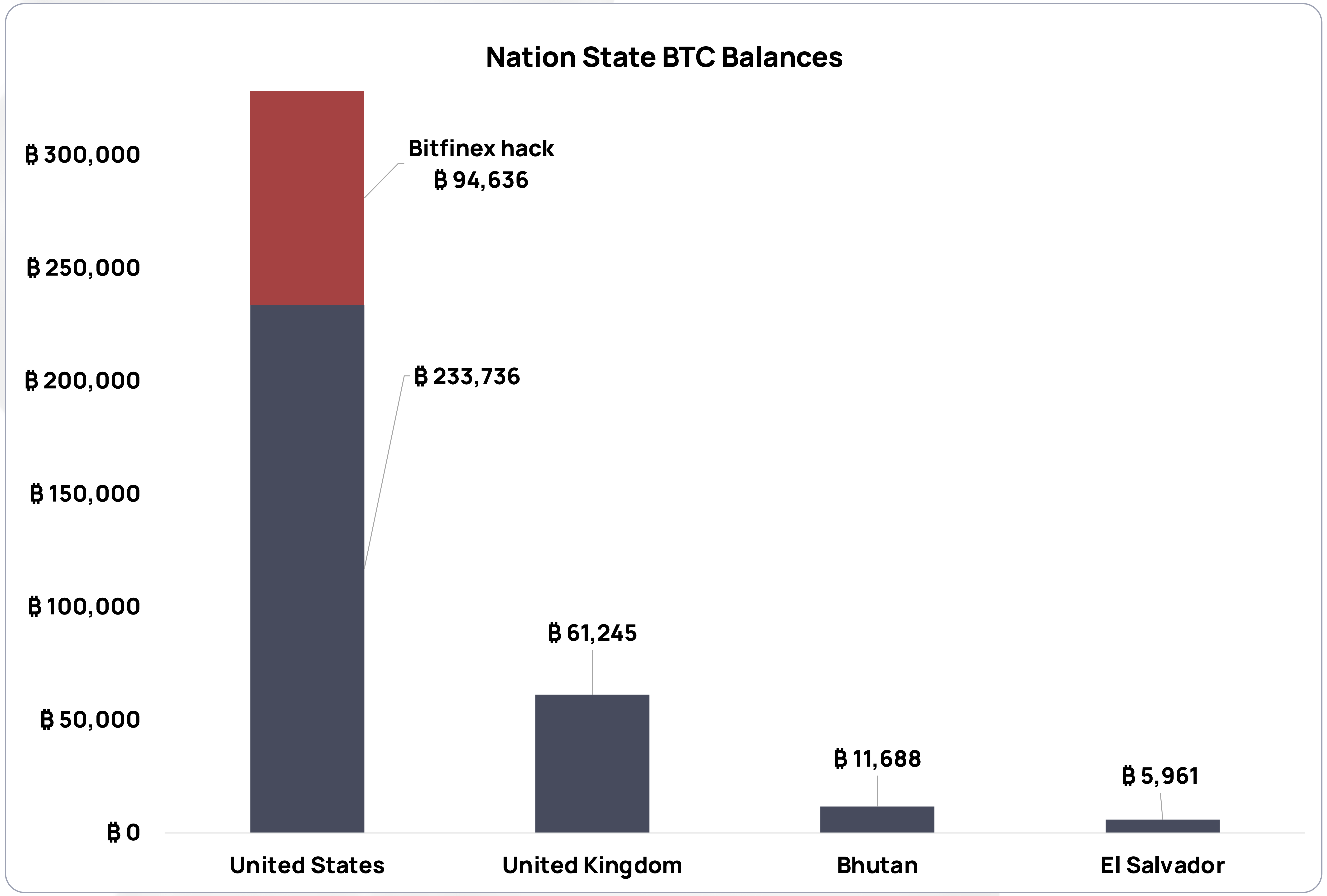
- Combined with supportive financial advisor guidance from Morgan Stanley and Bank of America, this establishes a strong foundation for meaningful BTC absorption in 2026 and, in our view, remains a significantly underappreciated market driver.



States are establishing BTC reserves

An asset for states:
The U.S. has launched a BTC reserve.

- The United States launched a Strategic Bitcoin Reserve on March 6, information on the reserve has since been scarce.
- The United States seized 127,271 BTC from a pig-butchering scheme earlier this year, leading our U.S reserve estimate to grow from 103,473 BTC to 233,736 BTC.
- The announcement of the SBR also highlighted that the U.S. government would explore budget-neutral pathways to acquire more BTC.
- Even if the U.S. government never buys BTC, the hold-strategy is net good for the market. In the past, seized coins were viewed as inevitable sell-side pressure, now they're effectively taken off the market for the U.S. to hold.



A golden opportunity

Bitcoin is priced attractively

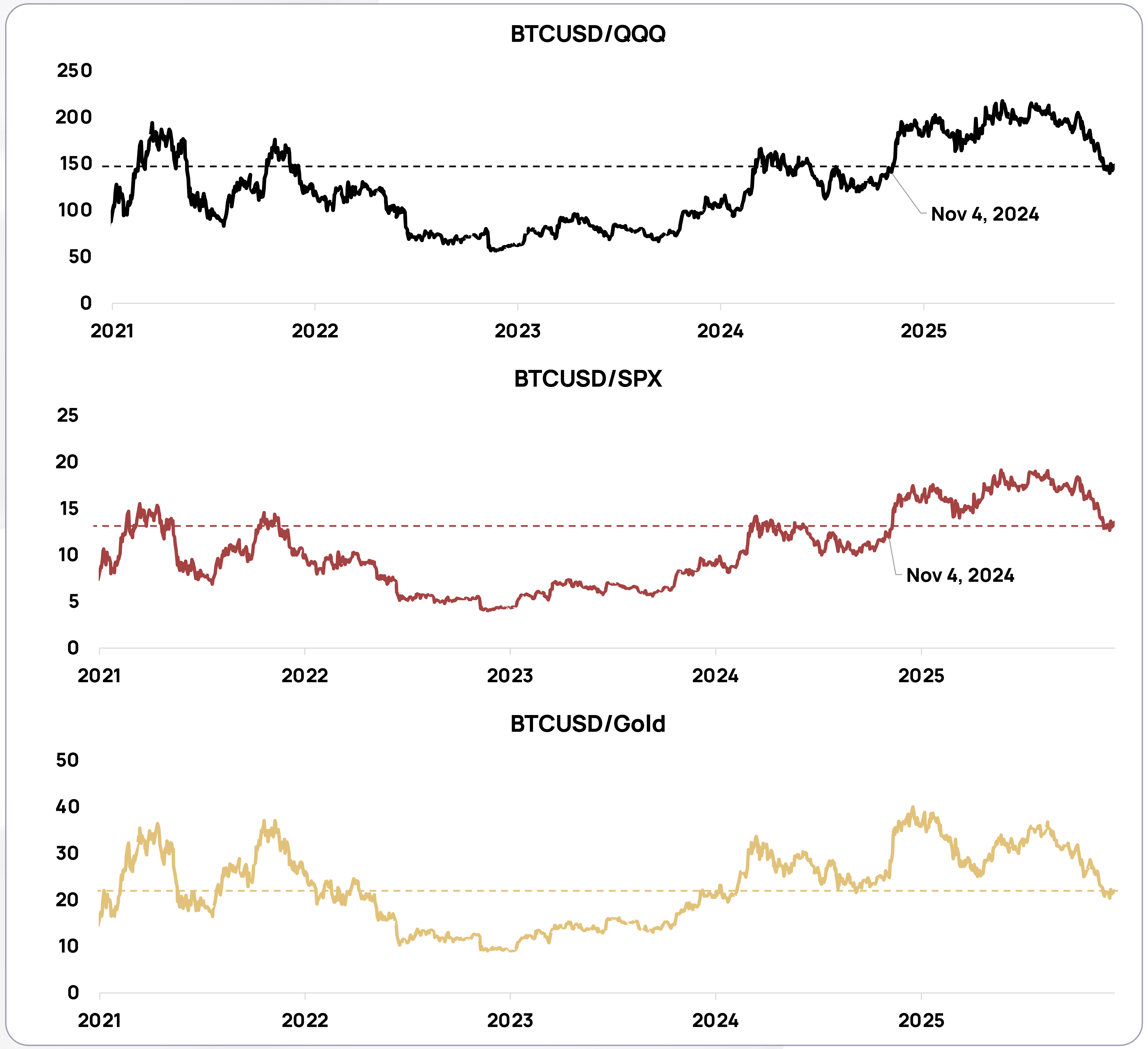
Trading at pre-Trump levels measured against other market indices.

- Relative to other assets, BTC currently trade below levels from the U.S. election.

- As shown, this is predominantly driven by internal market factors.
  - Long-term holders selling,
  - Leverage effects.

- K33 view BTC as fundamentally underpriced relative to other asset classes.
  - Regulatory certainty, traditional finance take-over.
  - Bitcoin and asset management. 1-4% guidance reflects billions in latent demand.
  - Nation state adoption.
  - Dovish monetary policies → Strong environment for scarce assets.

2026 prediction:
Bitcoin will outperform equity indices and gold in 2026. The regulatory wins has established firm tailwinds. Amidst continued integration with traditional markets, new capital is poised to outshine the effects of capital distribution from current holders.



The Trusted Guide for Crypto Investors

Grow Your Crypto Portfolio by Leveraging our Expert Research

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