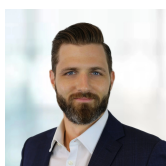


UNCONVINCED THE SELLOFF IS DONE, TAKING SOME PROFITS IN HYPE/PURR (PORTFOLIO REBALANCE)



Sean Farrell ^{AC}

HEAD OF DIGITAL ASSET STRATEGY



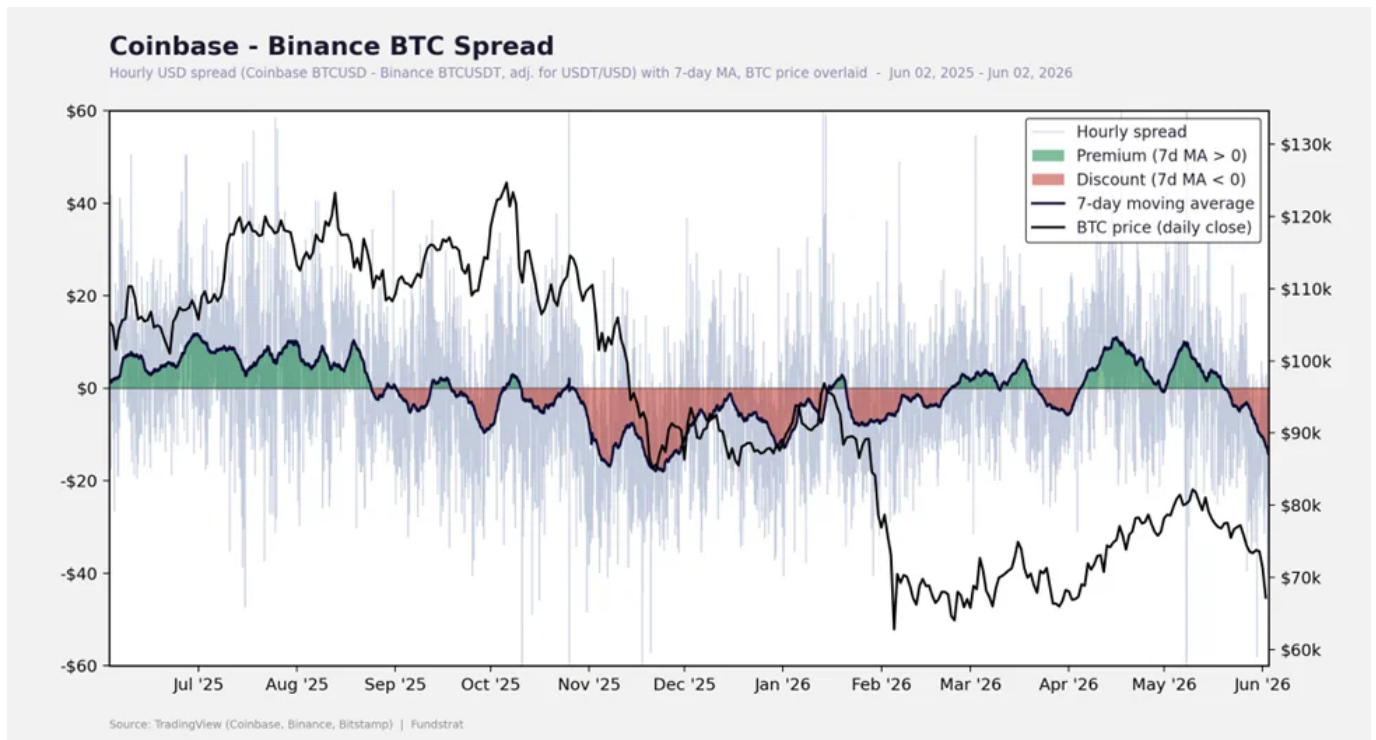
- **Strategy Concerns Continue to Pressure Crypto Markets:** It was another difficult session for crypto, with BTC closing down more than 6% and most major assets participating in the selloff. The primary driver remains concerns surrounding Strategy and the durability of its capital markets flywheel. STRC traded below 96 intraday and closed below 97, while MSTR common also moved lower. Importantly,

the relative strength exhibited by assets such as HYPE, SOL, and ETH yesterday largely disappeared, with today's selling pressure broadening across the market.

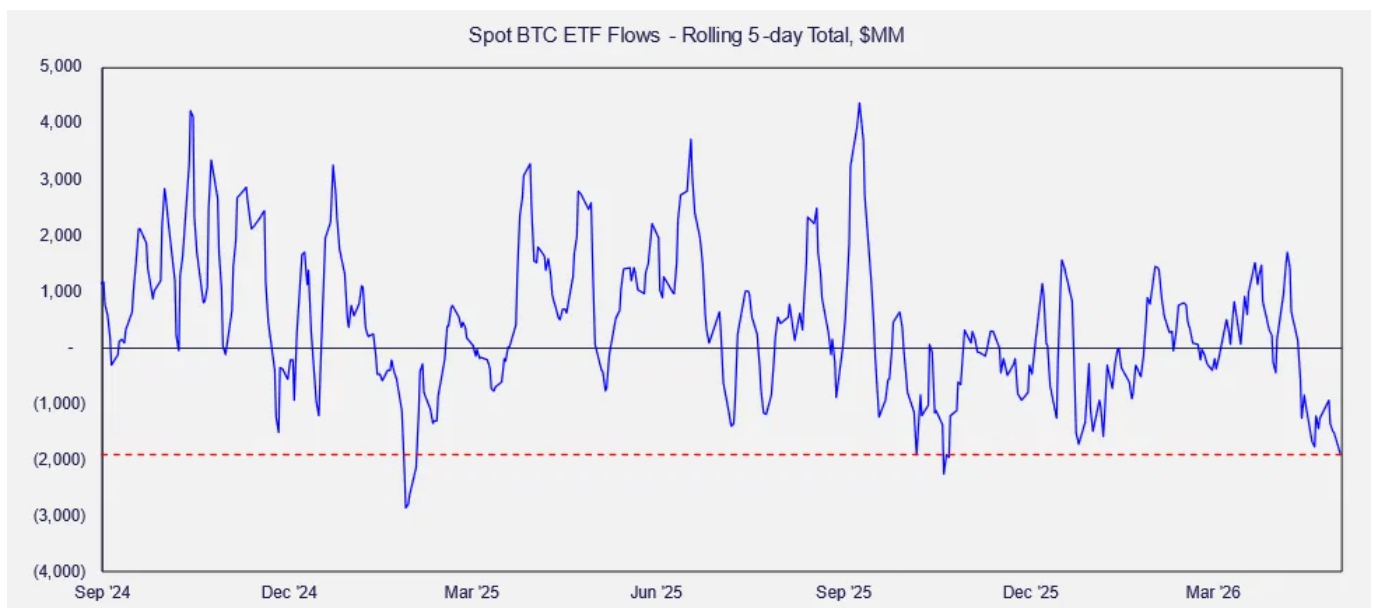


Source: TradingView, Fundstrat

- **Flow Metrics Demonstrate Accelerating Outflows:** The Coinbase-Binance spread reached its most negative levels since Q4 of last year (based on rolling 7-day MA), indicating pronounced selling pressure from U.S.-based spot investors. Similarly, rolling five-day ETF flows have turned meaningfully negative, with cumulative outflows exceeding the levels observed during the January-February drawdown.



Source: TradingView, Fundstrat



Source: Farside Investors, Fundstrat

- Derivatives Markets Showing Some Signs of Capitulation:** We also witnessed a sizeable liquidation event across perpetual futures markets, the largest since October of last year. This suggests at least some degree of forced selling and deleveraging is now occurring. That said, when taken together with ETF flows, spot market activity, and broader positioning indicators, I am not yet prepared to

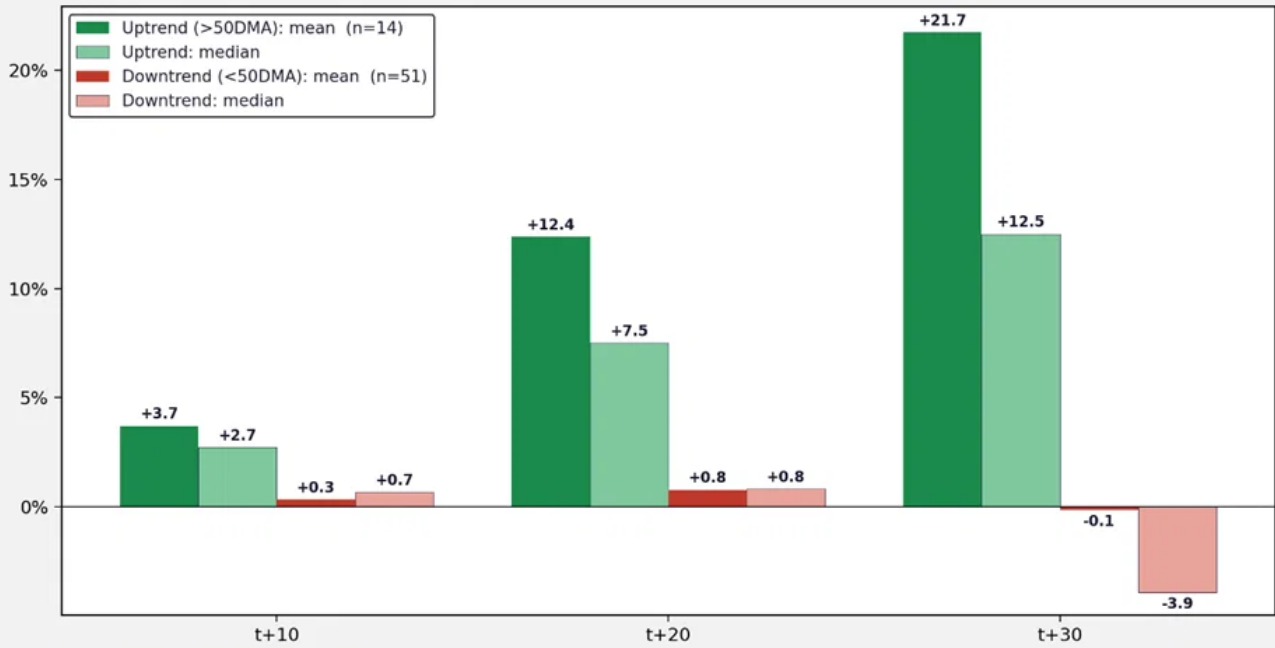
characterize today's move as full capitulation. We are seeing signs of stress emerge, but not necessarily the type of indiscriminate selling that typically accompanies durable lows.



- **Historical Data Suggests Patience May Still Be Warranted:** BTC's decline of more than 6% is notable given how much volatility has compressed over the past year. Looking historically at similar declines, forward returns have been highly dependent on trend. When BTC is trading below its 50-day moving average, subsequent 10-, 20-, and 30-day returns following large down days have generally been unimpressive, with win rates closer to a coin flip than a strong buying opportunity. While every cycle is different, the historical data argues against reflexively buying large drawdowns simply because they appear severe.

Bitcoin: Forward Returns After ≥6% Down Day — Uptrend vs. Downtrend

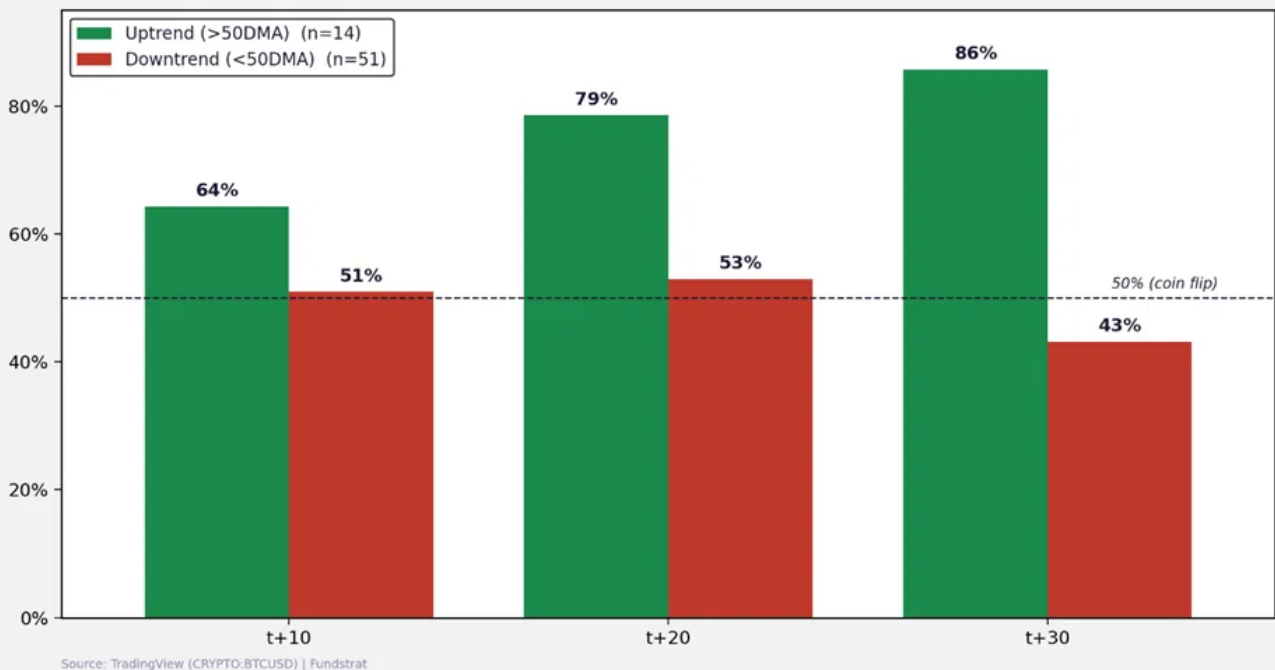
Jan 2020 - Jun 2026 | regime set by 50-day MA at the down day | Win rate t+10/20/30 — Up: 64/79/86% Down: 51/53/43%



Source: TradingView, Fundstrat

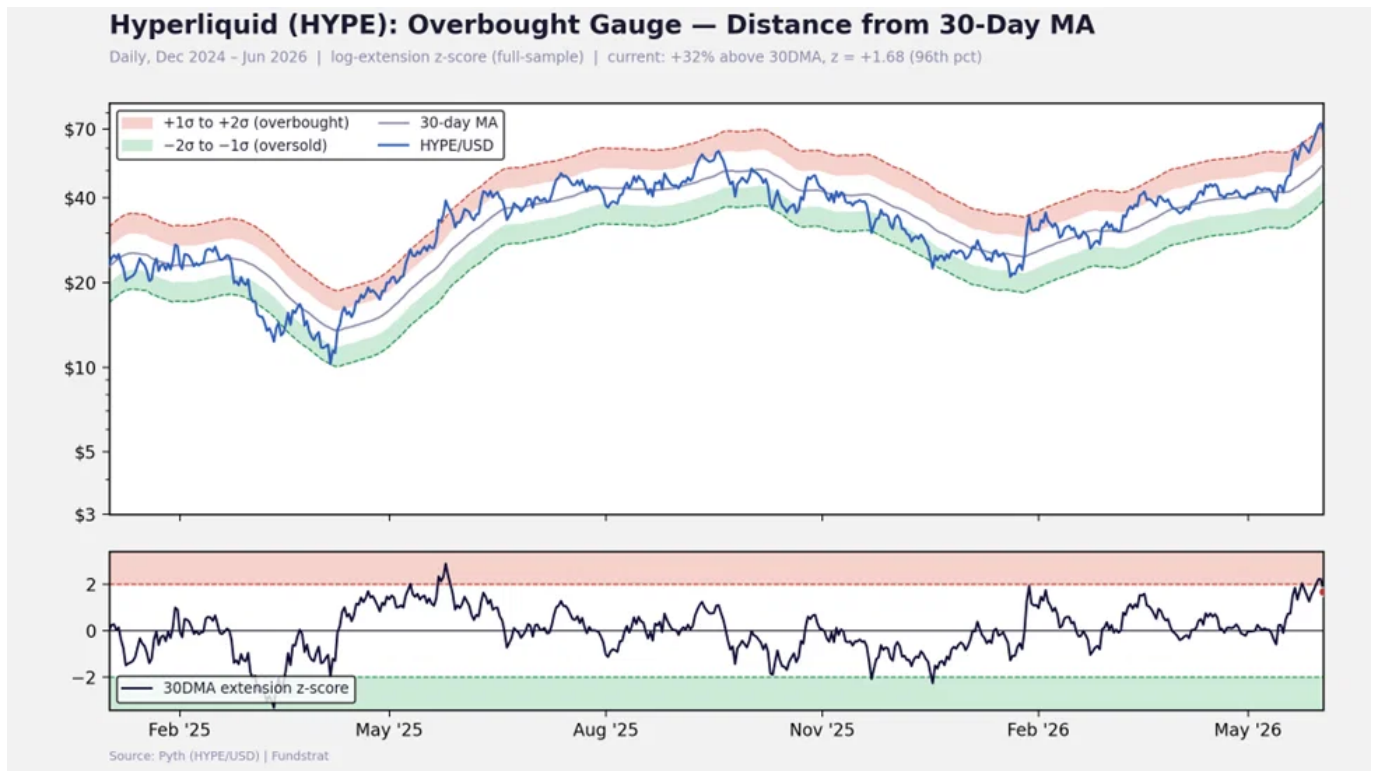
Bitcoin: Win Rate After ≥6% Down Day — Uptrend vs. Downtrend

Jan 2020 - Jun 2026 | % of occurrences with positive forward return, regime set by 50-day MA



Source: TradingView, Fundstrat

- Taking Some Profits in HYPE and PURR:** Hyperliquid was not immune to today's weakness, falling from roughly \$74 to \$69. I continue to believe the fundamental story remains intact, but HYPE remains extended relative to its moving averages, recently traded into a range that I would consider fair value, and is beginning to show higher correlation with the broader crypto complex. Given those factors, coupled with market-wide weakness and HYPE's strong year-to-date performance, I think it is prudent to pay yourself to some extent. As a result, I reduced both HYPE and PURR positions by approximately 25% today. This is not necessarily an outright bearish call on either name. Rather, it reflects a desire to preserve gains and maintain flexibility.



Source: TradingView, Fundstrat

- Bottom Line:** Crypto markets continue to struggle under the weight of deteriorating flows and growing concerns surrounding Strategy-related demand. While there are some signs of capitulation beginning to emerge, the evidence is not yet compelling enough for me to become aggressively constructive on the majors. At the same time, I remain constructive on Hyperliquid and Hyperliquid Strategies over the medium term, but given the combination of stretched

positioning and broad market weakness, I think it is appropriate to harvest some gains and raise a bit of cash here.

Crypto Equities Portfolio - June 2, 2026

Ticker	Date of Latest Rebalance	Weight at Latest Rebalance	Subsector/Theme	Subsector/Theme	Date Added	Current Price	30-Day Return	90-Day Return	YTD Return	Change from Prior Rebalance
MSTR	6/2/26	1%	DAT	BTC	5/2/24	135.62	-23%	-7%	-11%	0%
PURR	6/2/26	5%	DAT	HYPE	9/12/25	11.04	76%	119%	152%	-2%
COIN	6/2/26	1%	Financial Services	Super App	6/30/23	173.45	-9%	-17%	-23%	0%
HOOD	6/2/26	2%	Financial Services	Super App	6/6/24	87.75	19%	7%	-22%	0%
BTGO	6/2/26	2%	Financial Services	Infrastructure	1/23/26	5.89	-44%	-48%	-59%	0%
CRCL	6/2/26	2%	Financial Services	Stablecoins	6/5/25	101.78	2%	-3%	28%	0%
GLXY	6/2/26	3%	Financial Services	AI Compute	1/14/25	28.86	3%	19%	29%	0%
CLSK	6/2/26	2%	BTC Mining	AI Compute	4/5/24	17.87	47%	68%	77%	0%
WULF	6/2/26	2%	BTC Mining	AI Compute	6/6/24	26.28	23%	71%	129%	0%
IREN	6/2/26	2%	BTC Mining	AI Compute	6/6/24	66.77	46%	52%	77%	0%
BTDR	6/2/26	2%	BTC Mining	AI Compute	6/6/24	18.38	55%	132%	64%	0%
HUT	6/2/26	2%	BTC Mining	AI Compute	6/6/24	131.94	71%	143%	187%	0%
HIVE	6/2/26	2%	BTC Mining	AI Compute	6/6/24	4.45	83%	93%	72%	0%
KEEL	6/2/26	2%	BTC Mining	AI Compute	1/14/25	6.24	102%	179%	166%	0%
CORZ	6/2/26	2%	BTC Mining	AI Compute	11/19/25	29.14	43%	84%	100%	0%
CIFR	6/2/26	2%	BTC Mining	AI Compute	1/14/25	26.05	53%	62%	76%	0%
RIOT	6/2/26	2%	BTC Mining	AI Compute	6/30/23	27.39	48%	66%	116%	0%
MARA	6/2/26	2%	BTC Mining	AI Compute	6/30/23	14.29	25%	54%	59%	0%
GSOL	6/2/26	2%	Spot Token	SOL	11/19/25	5.70	-9%	-17%	-37%	0%
ETHA	6/2/26	5%	Spot Token	ETH	8/8/25	14.42	-17%	-11%	-36%	0%
BITB	6/2/26	18%	Spot Token	BTC	8/1/25	36.48	-14%	-8%	-23%	0%
Cash	6/2/26	42%	Cash	Cash	11/12/25	1.00	0%	0%	0%	2%

Returns

	Since Portfolio Inception (6/22/23)	YTD
BTC	125%	-23%
ETH	2%	-36%
S&P 500	74%	11%
Crypto Equities Portfolio	261%	8%

Source: Artemis, Bloomberg, Fundstrat

Core Strategy Portfolio - June 2, 2026

Ticker	Latest Rebalance	Last Rebalance Weight	Token Class	Sector	Current Price	30-Day Return	90-Day Return	YTD Return	Change
BTC	6/2/26	40.0%	BTC	Currency	67,025	-14%	-7%	-23%	0.0%
ETH	6/2/26	7.0%	Alt. Major	SCP	1,886	-18%	-10%	-36%	0.0%
SOL	6/2/26	3.0%	Alt. Major	SCP	75	-9%	-16%	-39%	0.0%
HYPE	6/2/26	7.5%	Altcoin	DeFi	69	73%	122%	182%	-2.5%
USDC	6/2/26	42.5%	Stablecoin	Cash	1.00	0%	0%	0%	2.5%

Returns

	ITD (1/16/2023)	YTD
BTC	223%	-23%
ETH	23%	-36%
S&P 500	90%	11%
Core Strategy Portfolio	193%	-5%

Source: Artemis, Bloomberg, Fundstrat

Tickers in this video: #BTC #ETH #SOL #HYPE #PURR \$STRC \$MSTR

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