Digital Assets - Comments

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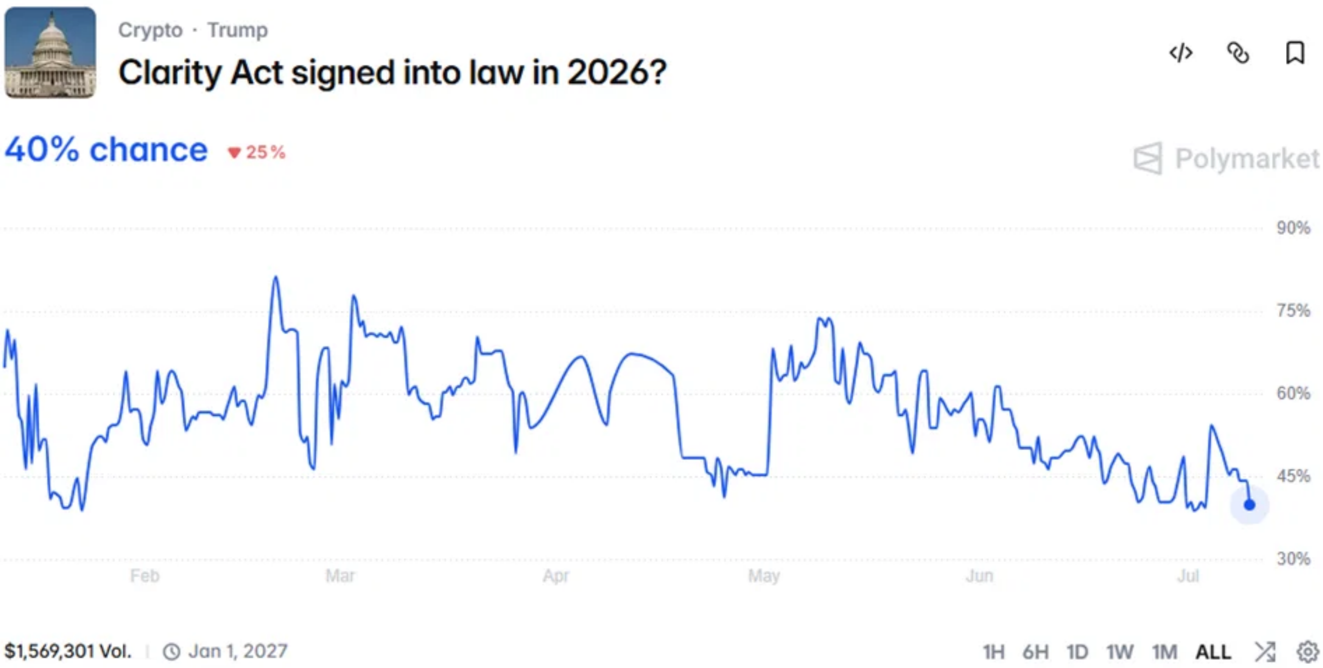
THE TACTICAL CASE FOR CRYPTO REMAINS STRONG, CLARITY FACES AN UPHILLBATTLE, HOOD QUIETLY BECOMING BEST PUBLIC MARKET EXPOSURE TO PREDICTION MARKETS

Sean Farrell AC

HEAD OF DIGITAL ASSET STRATEGY

- **Fleeting Geopolitical Tensions:** Earlier this week, we discussed the risk that a renewed flare-up in the Middle East could derail the tactical rebound developing across crypto. My view at the time was that investors should lean on crypto's improving relative strength rather than overreact to one or two days of geopolitical headlines. Today's price action largely supports that thesis. Crude rolled over, the VIX moved back below 16, broader risk assets rallied, and crypto participated alongside the recovery. While one day does not establish a trend, it is encouraging to see buyers step back into the market as geopolitical fears ease.

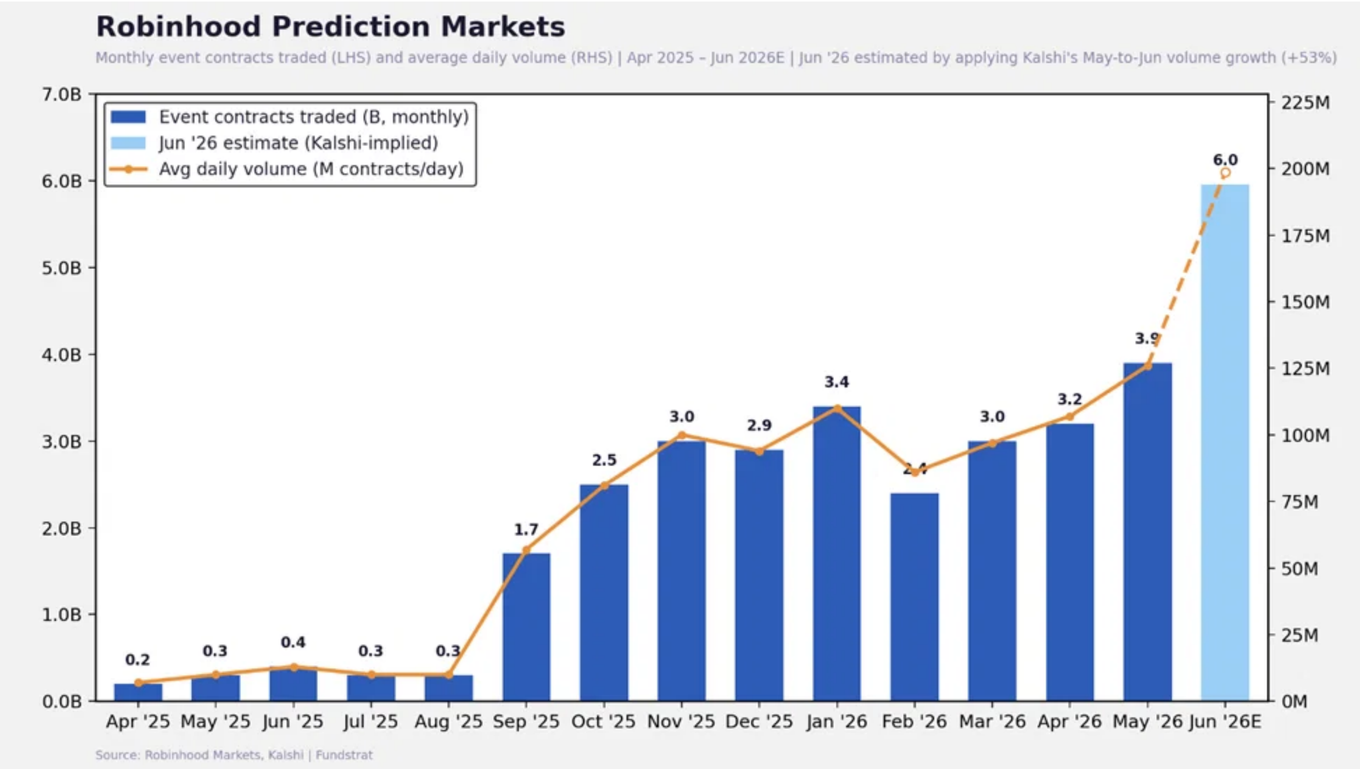
- **Clarity Expectations Continue to Reset Lower:** Prediction markets have now fallen to roughly 40% odds of passage this year, approaching their lowest levels of 2026. Congress returns next week with only a handful of legislative weeks before the August recess, leaving limited time to resolve the remaining law enforcement and ethics provisions that continue to hold up the legislation. I also participated in a conversation today with individuals close to the legislative process, and I came away incrementally less optimistic than I had been previously. The consistent takeaway was not that the bill cannot pass, but rather that the legislative calendar is becoming an increasingly meaningful constraint. While I still believe a path to passage exists, I now think the odds of the Clarity Act reaching the President's desk this year are lower than I would have assigned several weeks ago.



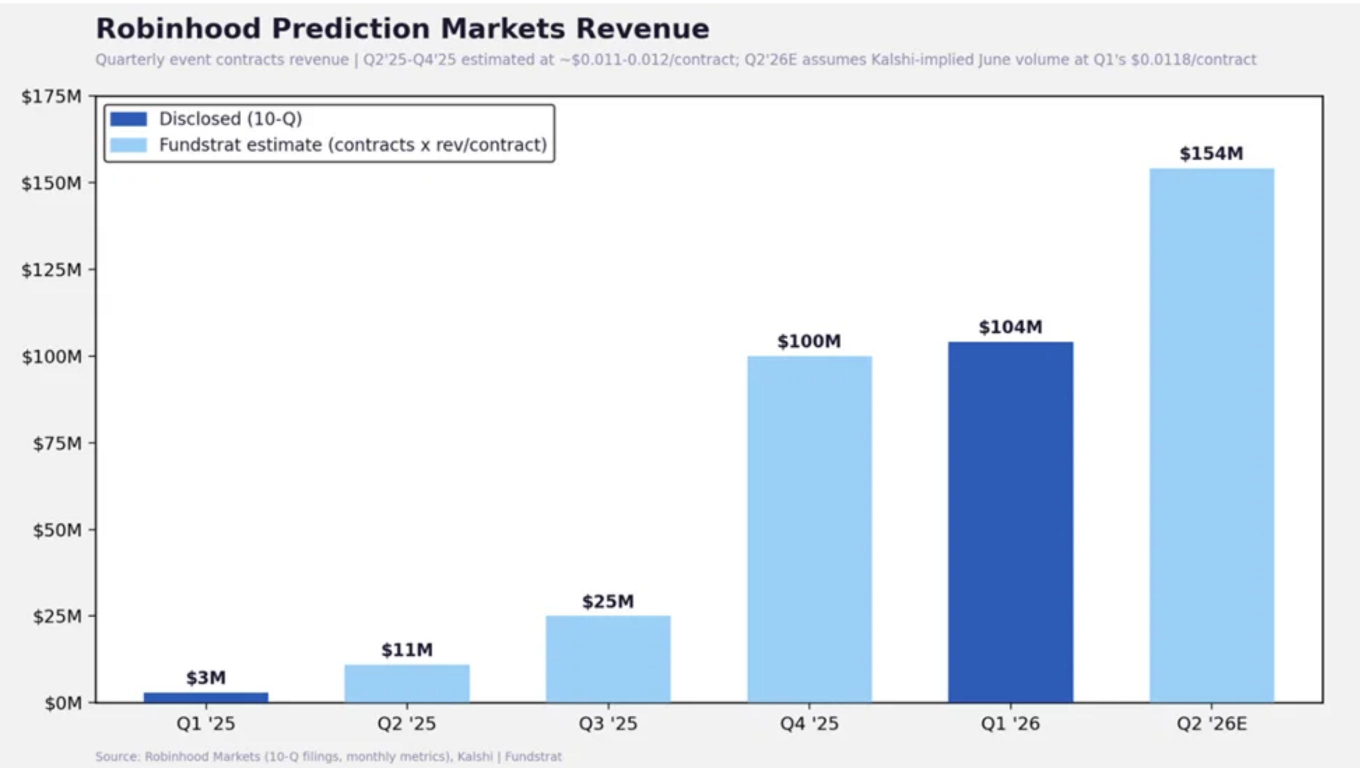
Source: Polymarket

- **Robinhood Is Quietly Becoming the Best Public-Market Exposure to Prediction Markets:** I still get the impression that Robinhood's growing prediction-market business is underappreciated. The company's own monthly disclosures show event contract activity rising materially over the past year, suggesting the product was gaining traction even before the World Cup. Separately, Kalshi reported a sharp increase in trading activity from May to June, which provides a useful, albeit imperfect, read-through on the broader category and the potential boost from World Cup-related engagement. If Robinhood experienced a similar acceleration, I estimate the platform could have processed roughly 6B event contracts in June. Based on an assumed average fee of approximately $0.01 per contract, that would put quarterly prediction-market revenue near $150M. This is certainly some back-of-the-envelope math, but it illustrates how quickly prediction markets could become a meaningful contributor to Robinhood's top line. In my view, HOOD is increasingly becoming the best liquid public-market vehicle for gaining exposure to the growth of prediction markets.

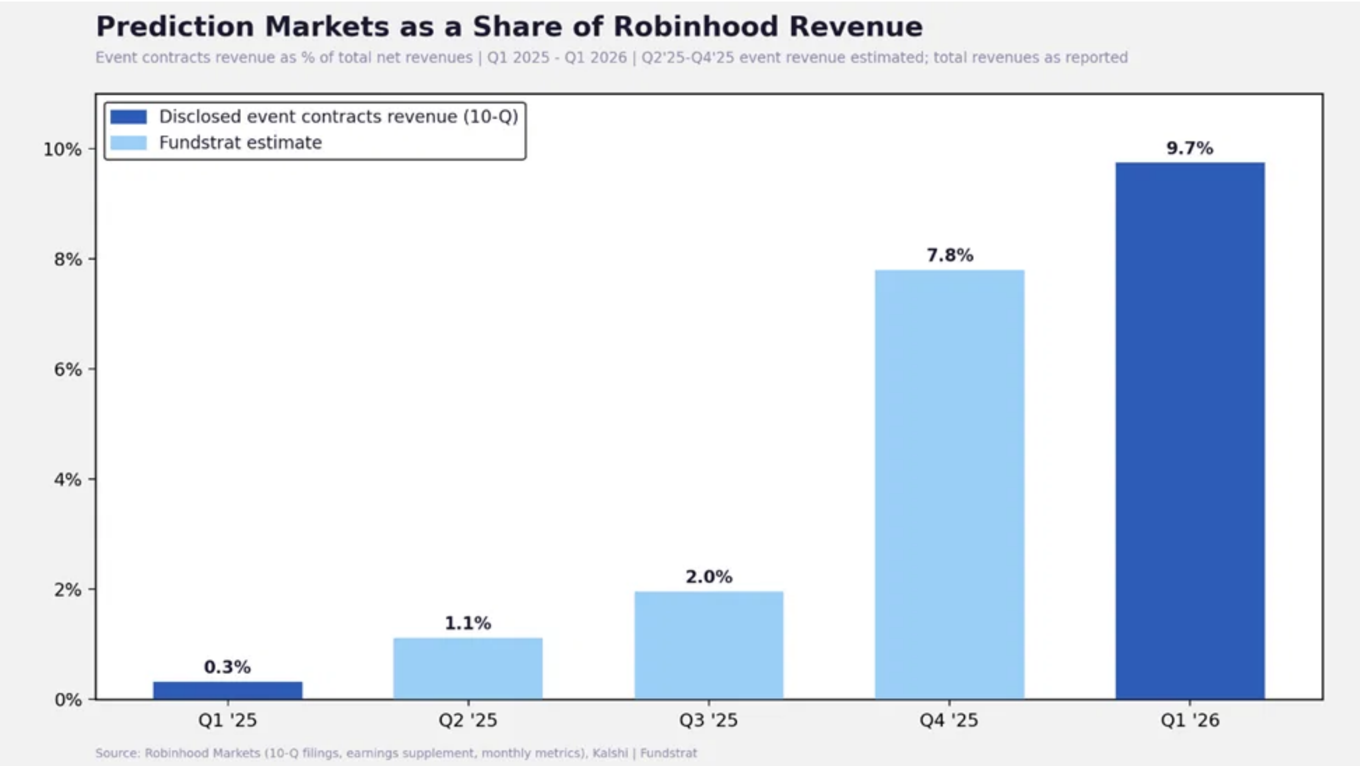
Source: DefiLlama, Fundstrat



Source: Robinhood, Fundstrat

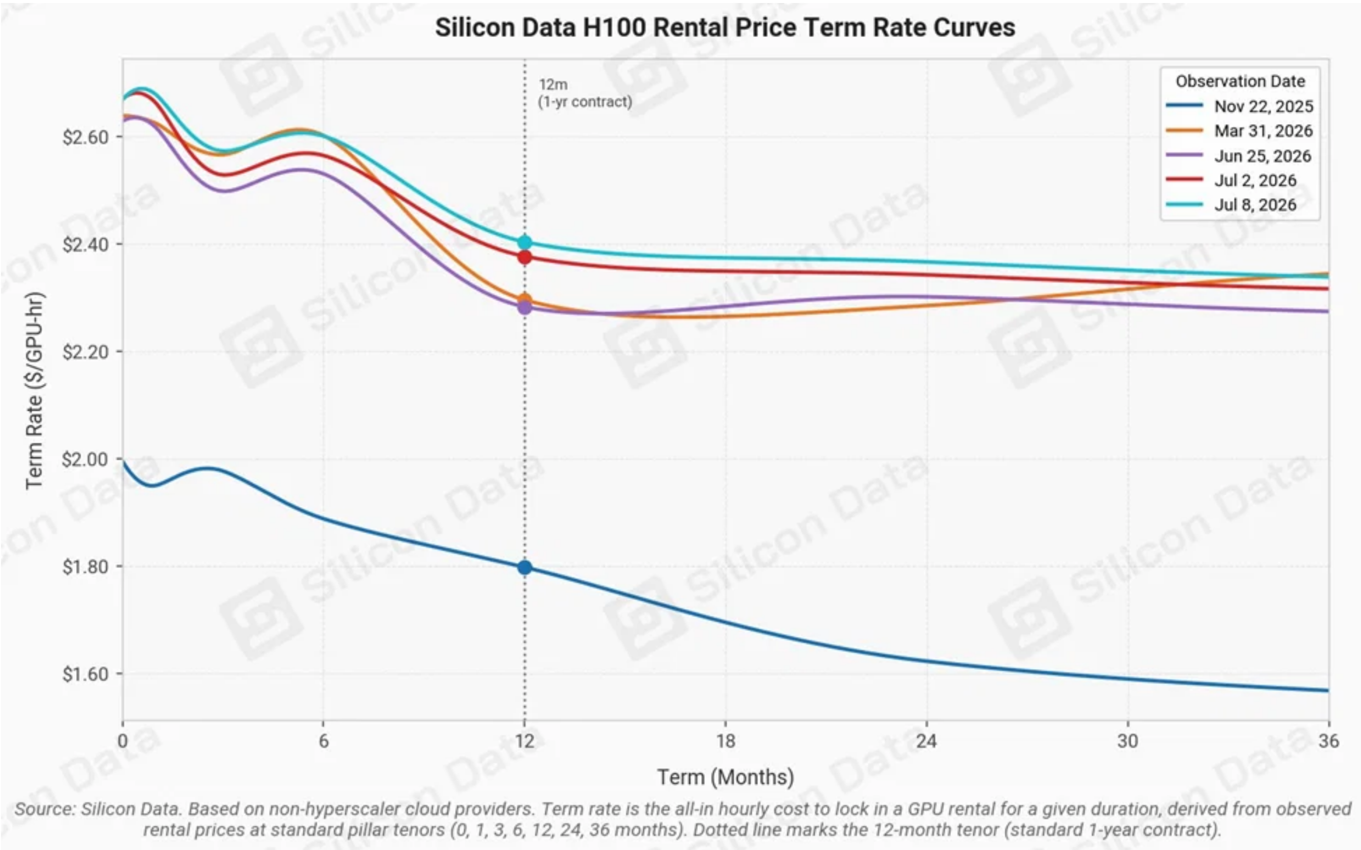


Source: Robinhood, Fundstrat



Source: Robinhood, Fundstrat

- **AI Fundamentals Continue to Diverge From Equity Performance:** Another chart that caught my attention today came from Silicon Data, which showed H100 GPU rental prices continuing to move higher despite the recent correction across AI infrastructure beneficiaries. To me, this is a sign that miners can see continued follow-through in the bounce from the past couple of days. Rental pricing remains one of the cleaner leading indicators for compute demand, and its continued strength suggests the fundamental backdrop remains healthier than recent equity performance would imply.



Source: Silicon Data

- **Securitize Is Becoming More Interesting:** Finally, I wanted to revisit Securitize following last week's de-SPAC. At the time, I argued the valuation was rich and left little room for execution risk. The stock has now declined roughly 50% from its post-merger highs. While I am not yet ready to initiate a position around current levels, I do think the stock is beginning to move toward a range where the long-term tokenization opportunity becomes increasingly attractive relative to the risks. At this stage, I continue to view it as a name worth monitoring rather than buying.
- **Bottom Line:** The tactical backdrop for the crypto complex remains sound. Geopolitical concerns have eased, broader risk assets have stabilized, and crypto has continued to participate in the recovery. At the same time, the next few weeks should provide greater clarity on the fate of the Clarity Act, and I am increasingly skeptical that Congress can resolve the remaining issues within the available legislative window. I still view the current setup primarily through a tactical lens. While the probability that this bounce extends has increased, I have not yet seen enough evidence to conclude that a durable bull market has begun.

Tickers in this video: $HOOD $SECZ

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