Digital Assets - Comments

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EXPLAINING THE CURRENT REGIME IN ONE CHART

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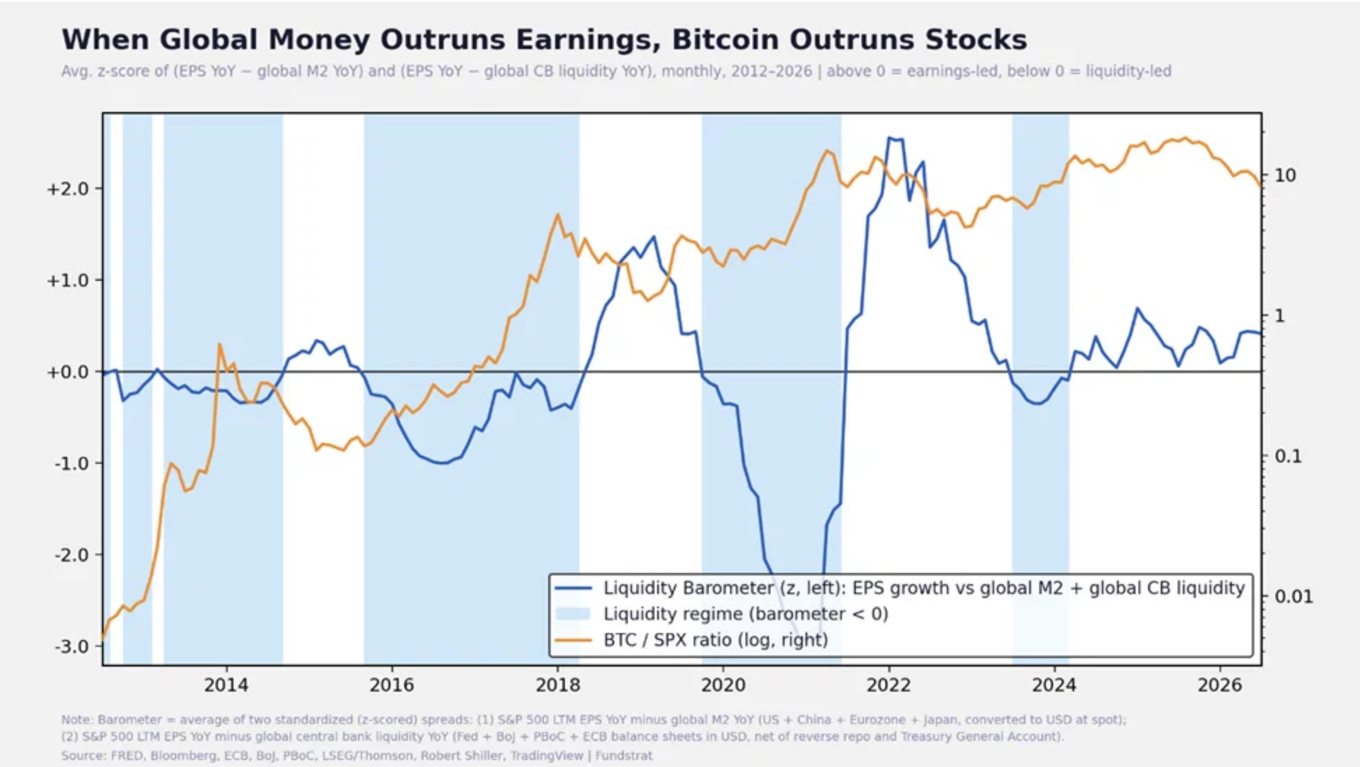
The Current Regime Still Favors Equities Over BTC: A lot of ink has been spilled trying to explain why stocks are pushing to new highs while crypto remains stuck in a bear market. There are a number of contributing factors, including sell-side flows from whales and miners, choppy liquidity conditions, and idiosyncratic risks surrounding DATs. But I think this chart provides perhaps the clearest explanation of the current regime.



It measures the YoY change in global liquidity (U.S., China, Eurozone, and Japan M2, plus the balance sheets of the four major central banks) relative to the YoY change in S&P 500 earnings. Historically, when liquidity expands faster than earnings, BTC has tended to outperform equities as investors seek non-productive stores of value that can absorb excess monetary expansion. Conversely, when earnings growth outpaces liquidity growth, equities have generally been the better home for investor capital.

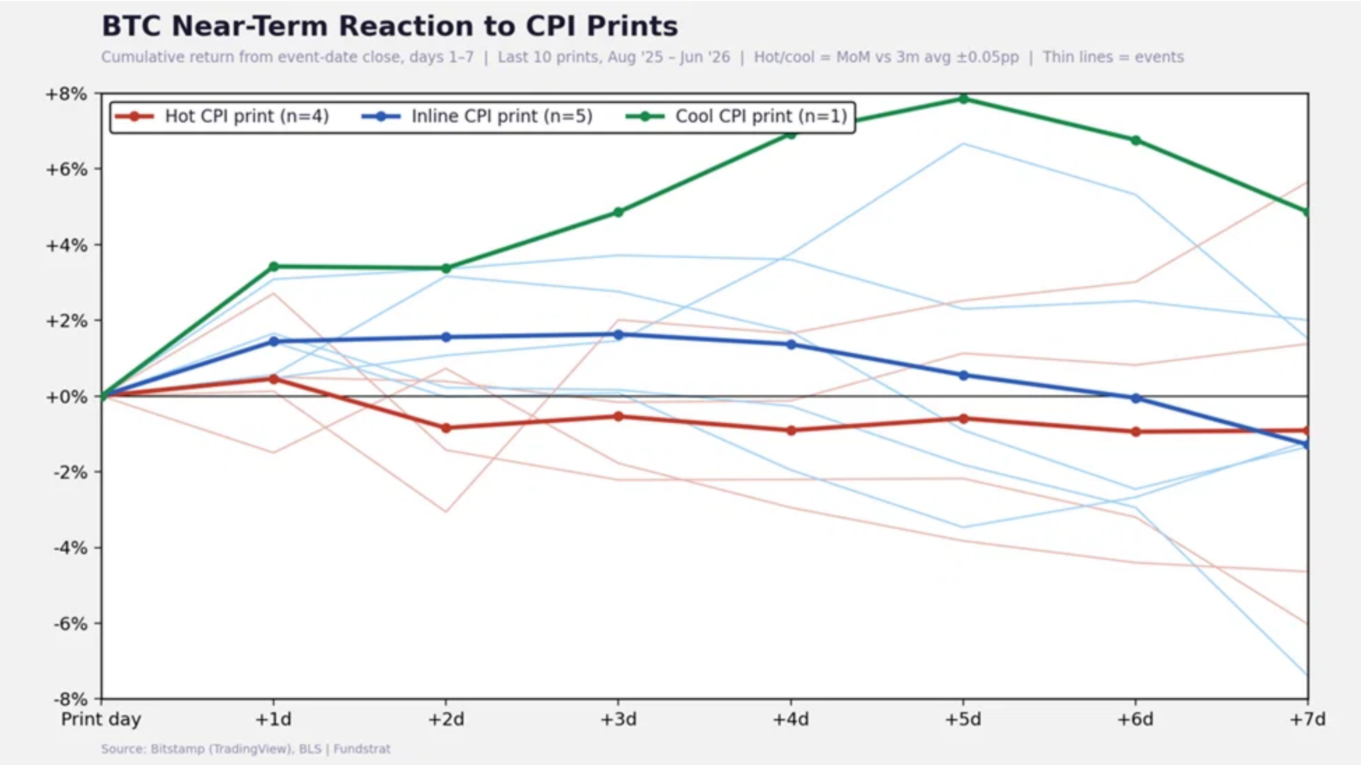
There are, of course, important idiosyncratic factors that can cause crypto to outperform or underperform what the macro backdrop alone would imply. The most obvious examples were late 2024 and early 2025, when crypto substantially outperformed this framework as regulatory uncertainty faded and spot ETFs dramatically expanded investor access. Those catalysts accelerated adoption beyond what liquidity conditions alone would have suggested.

The implication is fairly straightforward. Unless earnings growth continues to accelerate meaningfully, perhaps driven by a step-function improvement in AI productivity, I expect this relationship to gradually shift back in BTC's favor over the next 3 to 12 months. As liquidity once again begins to outpace earnings growth, I believe investor preference will rotate back toward digital gold.

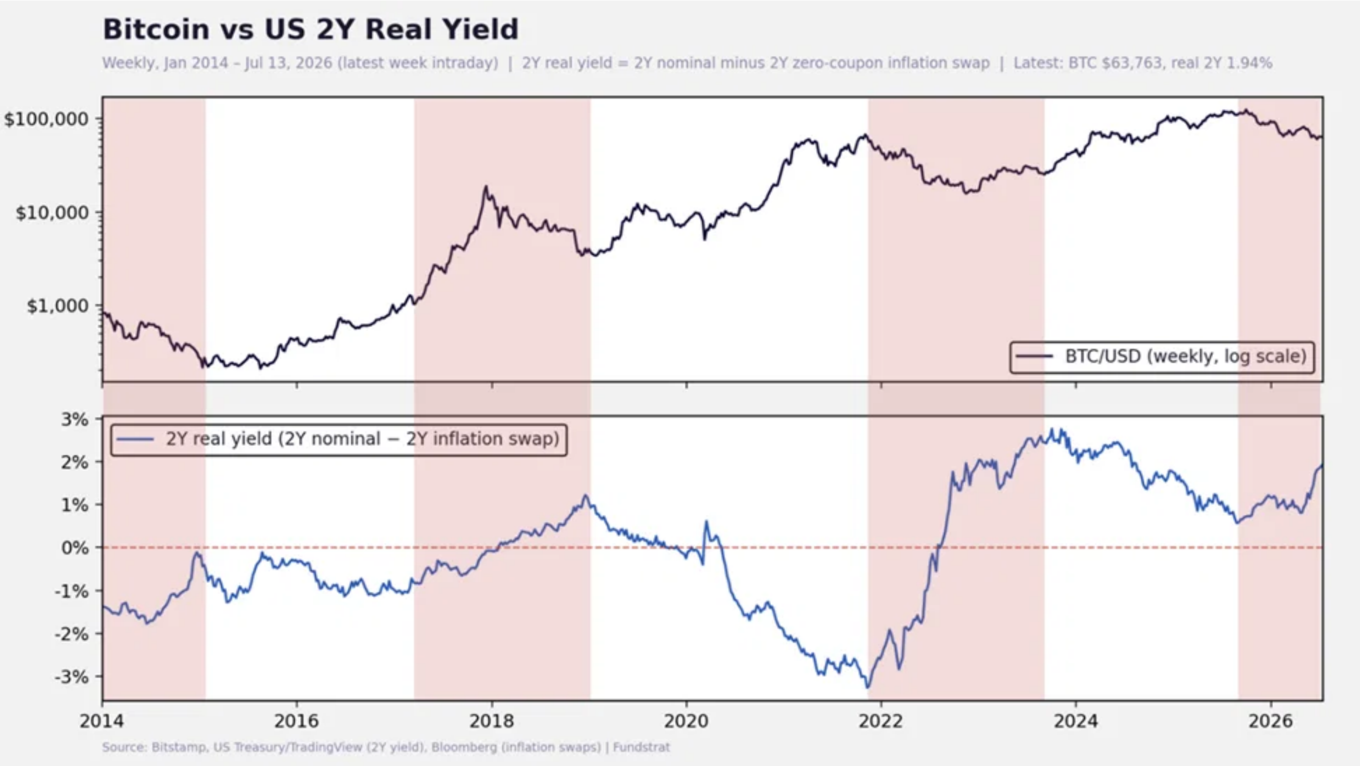
Turning from the longer-term framework to today's market, there were several shorter-term developments that drove price action.

Several Headwinds Hit Risk Markets Simultaneously: Markets faced three meaningful headwinds today. First, deleveraging continued across AI beneficiaries, particularly in Korea, with reports of margin calls weighing on memory names and the broader AI capex receiver complex. Second, crude oil pushed back toward $80 as Middle East tensions continued to escalate. Finally, Fed Governor Waller adopted a noticeably more hawkish tone, emphasizing persistent core inflation and indicating that tomorrow's CPI report will play an important role in shaping his policy outlook. Taken together, those developments pushed Treasury yields higher, strengthened the dollar, and resulted in a more hawkish repricing across Fed Funds futures.

Below is BTC’s reaction to the past 10 inflation prints. Most have resulted in short-term bounces, with the level of continuation largely based on how the CPI print compared to expectations.



Real Yields Continue Moving in the Wrong Direction: One theme we have discussed repeatedly over recent weeks remains intact. Inflation expectations have remained relatively well anchored despite the Fed's increasingly hawkish rhetoric. The consequence is that real yields continue to move higher, tightening financial conditions for many of the asset classes most sensitive to liquidity, including crypto and gold.



Clarity Remains the Most Important Near-Term Catalyst: Despite the increasingly challenging macro backdrop, I am reluctant to make meaningful portfolio changes ahead of what could be a consequential couple of weeks on Capitol Hill. Prediction markets assign roughly 38% odds to the Clarity Act passing this year, and based on conversations with individuals close to the legislative process, those odds appear broadly reasonable. The primary sticking points remain the ethics and law enforcement provisions, with relatively little time remaining before the August recess. Importantly, meaningful legislative progress often occurs late in the process. By early next week, we should have a much better sense of whether a bipartisan path forward exists.

Bottom Line: A combination of rising real yields, firmer energy prices, and a more hawkish rates market suggests the tactical rally we have discussed over the past week is beginning to lose momentum. Tomorrow's CPI report and Chair Warsh's comments will likely prove important in determining whether that view changes. But regardless of the outcome in macro, I am somewhat hesitant to make meaningful portfolio changes with the Clarity Act entering what is likely to be its most consequential stretch.

Crypto Equities Portfolio - July 13, 2026

Ticker	Date of Latest Rebalance	Weight at Latest Rebalance	Subsector/Theme	Subsector/Theme	Current Price	30-Day Return	90-Day Return	YTD Return
MSTR	7/6/26	1.0%	DAT	BTC	92.10	-26%	-33%	-39%
PURR	7/6/26	4.0%	DAT	HYPE	7.16	-18%	15%	63%
COIN	7/6/26	1.0%	Financial Services	Super App	157.37	-2%	-15%	-30%
HOOD	7/6/26	3.0%	Financial Services	Super App	109.86	18%	39%	-3%
BTGO	7/6/26	2.0%	Financial Services	Infrastructure	5.09	2%	-50%	-65%
GLXY	7/6/26	4.0%	Financial Services	AI Compute	23.35	-30%	-2%	4%
CLSK	7/6/26	1.0%	BTC Mining	AI Compute	12.36	-25%	10%	22%
WULF	7/6/26	1.0%	BTC Mining	AI Compute	20.89	-20%	-0%	82%
IREN	7/6/26	1.0%	BTC Mining	AI Compute	38.98	-35%	-18%	3%
BTDR	7/6/26	1.0%	BTC Mining	AI Compute	12.13	-32%	1%	8%
HUT	7/6/26	1.0%	BTC Mining	AI Compute	99.17	-17%	38%	116%
HIVE	7/6/26	1.0%	BTC Mining	AI Compute	3.19	-14%	32%	24%
KEEL	7/6/26	1.0%	BTC Mining	AI Compute	4.36	-22%	54%	86%
CORZ	7/6/26	1.0%	BTC Mining	AI Compute	22.71	-18%	22%	56%
CIFR	7/6/26	1.0%	BTC Mining	AI Compute	20.09	-18%	9%	36%
RIOT	7/6/26	1.0%	BTC Mining	AI Compute	20.19	-24%	11%	59%
MARA	7/6/26	1.0%	BTC Mining	AI Compute	12.19	-13%	16%	36%
GSOL	7/6/26	4.0%	Spot Token	SOL	5.66	13%	-10%	-38%
ETHA	7/6/26	8.0%	Spot Token	ETH	13.37	6%	-24%	-40%
BITB	7/6/26	17.0%	Spot Token	BTC	33.78	-2%	-16%	-29%
Cash	7/6/26	45.0%	Cash	Cash	1.00	0%	0%	0%

Returns

	Since Portfolio Inception (6/22/23)	YTD
BTC	113%	-29%
ETH	-4%	-40%
S&P 500	72%	10%
Crypto Equities Portfolio	**231%**	**-1%**

Source: Artemis, Bloomberg, Fundstrat

Core Strategy Portfolio - July 13, 2026								
Ticker	Latest Rebalance	Last Rebalance Weight	Token Class	Sector	Current Price	30-Day Return	90-Day Return	YTD Return
BTC	7/6/26	*37.0%*	*BTC*	*Currency*	62,230	*-3%*	*-16%*	*-29%*
ETH	7/6/26	*8.0%*	*Alt. Major*	*SCP*	1,773	*6%*	*-24%*	*-40%*
SOL	7/6/26	*5.0%*	*Alt. Major*	*SCP*	75	*9%*	*-11%*	*-40%*
HYPE	7/6/26	*5.0%*	*Altcoin*	*DeFi*	64	*5%*	*46%*	*150%*
USDC	7/6/26	*45.0%*	*Stablecoin*	*Cash*	1.00	*0%*	*0%*	*0%*

Returns	ITD (1/16/2023)	YTD
BTC	*198%*	*-29%*
ETH	*14%*	*-39%*
S&P 500	*88%*	*10%*
Core Strategy Portfolio	***181%***	***-9%***

Source: Artemis, Bloomberg, Fundstrat

Tickers in this video: #BTC

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