Digital Assets - Comments

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ADDING SOME RISK AS THE MARKET BEGINS IGNORING BAD NEWS (PORTFOLIO REBALANCE)

Sean Farrell AC

HEAD OF DIGITAL ASSET STRATEGY

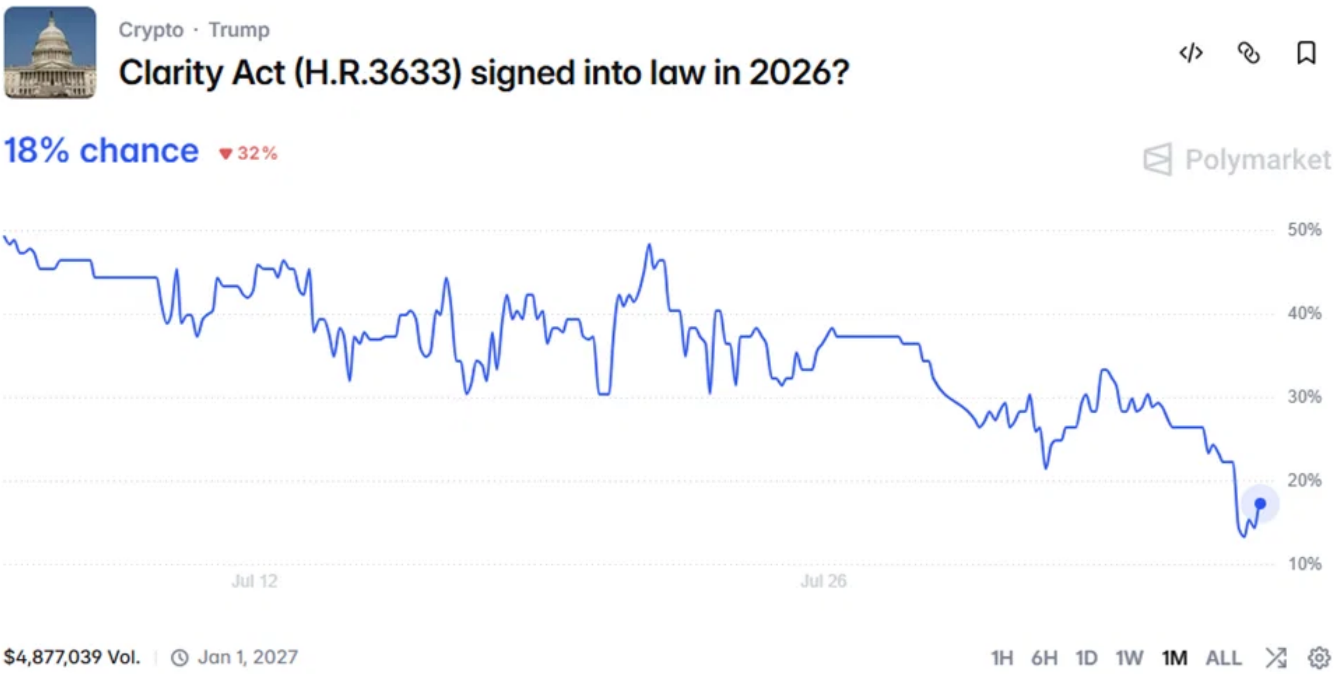
Clarity Takes Another Step Back

This morning, Senate Majority Leader Thune filed cloture on the continuing resolution, the NIL bill, and the AG nomination. The Clarity Act was notably absent from today's cloture filings. Senator Thune's office stated that discussions around the market structure bill are ongoing and that the large slate of unresolved items will likely keep the Senate in session into next week. As a result, there is still a possibility that the bill receives a floor vote. However, given the lack of constructive dialogue surrounding the ethics provisions, the odds of a favorable outcome next week appear slim, even with the Senate expected to remain in session beyond the original recess schedule.

Polymarket odds of Clarity passing this year fell to 15% at one point today, reflecting these developments. The encouraging news is that the market responded well, with BTC, ETH, and SOL trading roughly 1-2% higher on the day. While no single trading session is conclusive, today's price action suggests that much of the pessimism surrounding the Clarity Act may already have been reflected in prices.

My current read: This does not necessarily negate my base case of another drawdown in Q3 or early Q4, but it does create an intriguing tactical setup for crypto.

- If a miraculous breakthrough were to occur and a bipartisan agreement on the ethics language were reached, followed by a floor vote during the extended Senate calendar, I would expect a sharp move higher across the space.
- Conversely, today's price action suggests that much of a negative Clarity outcome may already be priced in. If broader risk assets continue to grind higher, equities could continue pulling crypto higher even without a favorable legislative outcome, at least toward the upper end of recent trading ranges.



STRC Continues Moving in the Right Direction

One additional chart I continue watching closely is STRC.

As we've discussed repeatedly over the past week, STRC has effectively become a barometer for Strategy's future BTC selling pressure. The closer STRC trades toward par, the less incentive management has to accelerate repurchases through additional BTC monetization.

Today's continued strength above $90 is therefore encouraging. While there is still work to do before reaching par, each incremental improvement modestly reduces one of the more important supply overhangs facing BTC.

HYPE Remains My Preferred Tactical Expression

If broader risk assets continue recovering, I continue to think Hyperliquid remains one of the cleaner ways to express that view in the token market.

HIP-3 markets have increasingly tied Hyperliquid's activity to traditional asset classes rather than crypto alone. Technology equities have begun recovering, and precious metals have also shown renewed strength, two areas that have historically generated meaningful trading activity on the platform. If those trends continue, I would expect transaction volumes to improve accordingly, leaving HYPE as one of my preferred ways to express a continued recovery in broader risk assets.

Patience Still Warranted on Miners

While I continue to believe many of the miners appear fundamentally attractive looking out several years, I still think some tactical patience remains warranted in the near term as the market re-assesses execution risk due to the effects of current and potential DC moratoriums.

We talked yesterday about how the Texas data center review has created uncertainty around project timelines, particularly for companies with significant ERCOT-dependent development pipelines. The reaction to GLXY earnings today reinforced those concerns, highlighting the market's continued focus on permitting uncertainty and the potential for a higher cost of capital rather than longer-term earnings power.

In short, my long-term view remains constructive and my base case is that we do see another rally in these names this year, but this cohort may require some additional time before they begin acting better.

Bottom Line

Today's Clarity developments were objectively negative, but the market largely ignored them. With prediction market odds now below 20%, persistently pessimistic dialogue surrounding the ethics negotiations, an increasingly compressed legislative timeline, and crypto refusing to materially sell off, I think the tactical risk/reward has improved. That view is also supported by the recent pullback in Treasury yields and the dovish repricing in rates markets (although I still have questions about how durable that move ultimately proves to be). None of this invalidates my more measured view over the next couple of months, but it does suggest the downside associated with Clarity may be increasingly priced in, while the upside from an unexpected breakthrough remains meaningful. Against that backdrop, I modestly increased risk in the model portfolios today, primarily through BTC and HYPE, while continuing to exercise patience around the mining cohort.

Ticker	Date of Latest Rebalance	Weight at Latest Rebalance	Subsector/Theme	Subsector/Theme	Current Price	30-Day Return	90-Day Return	YTD Return	Change from Prior Rebalance
Crypto Equities Portfolio - August 5, 2026									
MSTR	8/5/26	1.0%	DAT	BTC	98.37	-2%	-45%	-35%	0.00%
PURR	8/5/26	6.0%	DAT	HYPE	6.82	-23%	4%	56%	2.00%
COIN	8/5/26	1.0%	Financial Services	Super App	149.89	-11%	-22%	-34%	0.00%
HOOD	8/5/26	2.5%	Financial Services	Super App	92.80	-21%	22%	-18%	0.00%
BTGO	8/5/26	1.0%	Financial Services	Infrastructure	5.00	-5%	-56%	-66%	0.00%
GLXY	8/5/26	3.5%	Financial Services	AI Compute	19.07	-25%	-35%	-15%	0.00%
FIGR	8/5/26	2.0%	Crypto-Enabled Services	Tokenization	28.73	-6%	-6%	-6%	0.00%
CLSK	8/5/26	1.0%	BTC Mining	AI Compute	13.50	-0%	-3%	33%	0.00%
WULF	8/5/26	1.0%	BTC Mining	AI Compute	18.07	-19%	-25%	57%	0.00%
IREN	8/5/26	1.0%	BTC Mining	AI Compute	38.89	-11%	-32%	3%	0.00%
BTDR	8/5/26	1.0%	BTC Mining	AI Compute	11.06	-22%	-20%	-1%	0.00%
HUT	8/5/26	1.0%	BTC Mining	AI Compute	92.76	-11%	-8%	102%	0.00%
HIVE	8/5/26	1.0%	BTC Mining	AI Compute	2.84	-16%	-1%	10%	0.00%
KEEL	8/5/26	1.0%	BTC Mining	AI Compute	3.93	-19%	-2%	67%	0.00%
CORZ	8/5/26	1.0%	BTC Mining	AI Compute	21.77	-5%	-3%	50%	0.00%
CIFR	8/5/26	1.0%	BTC Mining	AI Compute	18.71	-14%	-10%	27%	0.00%
RIOT	8/5/26	1.0%	BTC Mining	AI Compute	21.50	-6%	-11%	70%	0.00%
MARA	8/5/26	1.0%	BTC Mining	AI Compute	11.24	-13%	-11%	25%	0.00%
GSOL	8/5/26	4.0%	Spot Token	SOL	5.63	-9%	-15%	-38%	0.00%
ETHA	8/5/26	8.0%	Spot Token	ETH	14.48	7%	-16%	-35%	0.00%
BITB	8/5/26	20.0%	Spot Token	BTC	35.18	2%	-19%	-26%	3.00%
Cash	8/5/26	40.0%	Cash	Cash	1.00	0%	0%	0%	-5.00%

Returns

	Since Portfolio Inception (6/22/23)	YTD
BTC	118%	-26%
ETH	1%	-36%
S&P 500	76%	13%
Crypto Equities Portfolio	**229%**	**-2%**

Source: Artemis, Fundstrat, Bloomberg

Core Strategy Portfolio - August 5, 2026

Ticker	Latest Rebalance	Last Rebalance Weight	Token Class	Sector	Current Price	30-Day Return	90-Day Return	YTD Return	Change
BTC	8/5/26	*40.0%*	*BTC*	*Currency*	64,594	*1%*	*-19%*	*-26%*	*3.0%*
ETH	8/5/26	*8.0%*	*Alt. Major*	*SCP*	1,907	*6%*	*-17%*	*-36%*	*0.0%*
SOL	8/5/26	*5.0%*	*Alt. Major*	*SCP*	74	*-10%*	*-16%*	*-41%*	*0.0%*
HYPE	8/5/26	*7.0%*	*Altcoin*	*DeFi*	57	*-19%*	*34%*	*124%*	*2.0%*
USDC	8/5/26	*40.0%*	*Stablecoin*	*Cash*	1.00	*0%*	*0%*	*0%*	*-5.0%*

Returns

	ITD (1/16/2023)	YTD
BTC	*210%*	*-26%*
ETH	*23%*	*-39%*
S&P 500	*93%*	*13%*
Core Strategy Portfolio	***185%***	***-8%***

Source: Artemis, Fundstrat, Bloomberg

Tickers in this video: #BTC #ETH #SOL #HYPE $STRC $GLXY

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