fundstrat

Evidence-based research.
150 East 52nd St, 3rd Floor New York, NY 10022

Digital Assets - Comments

November 2, 2026

DESPITE RISING FEAR, NEAR-TERM RISK/REWARD IS GETTING MORE ATTRACTIVE AS CRYPTO BREADTH RESETS, MIDTERMS APPROACH, THE QRA OFFERS A POTENTIAL CATALYST, AND BTC NEARS KEY 50W & 200D MAS



Sean Farrell AC

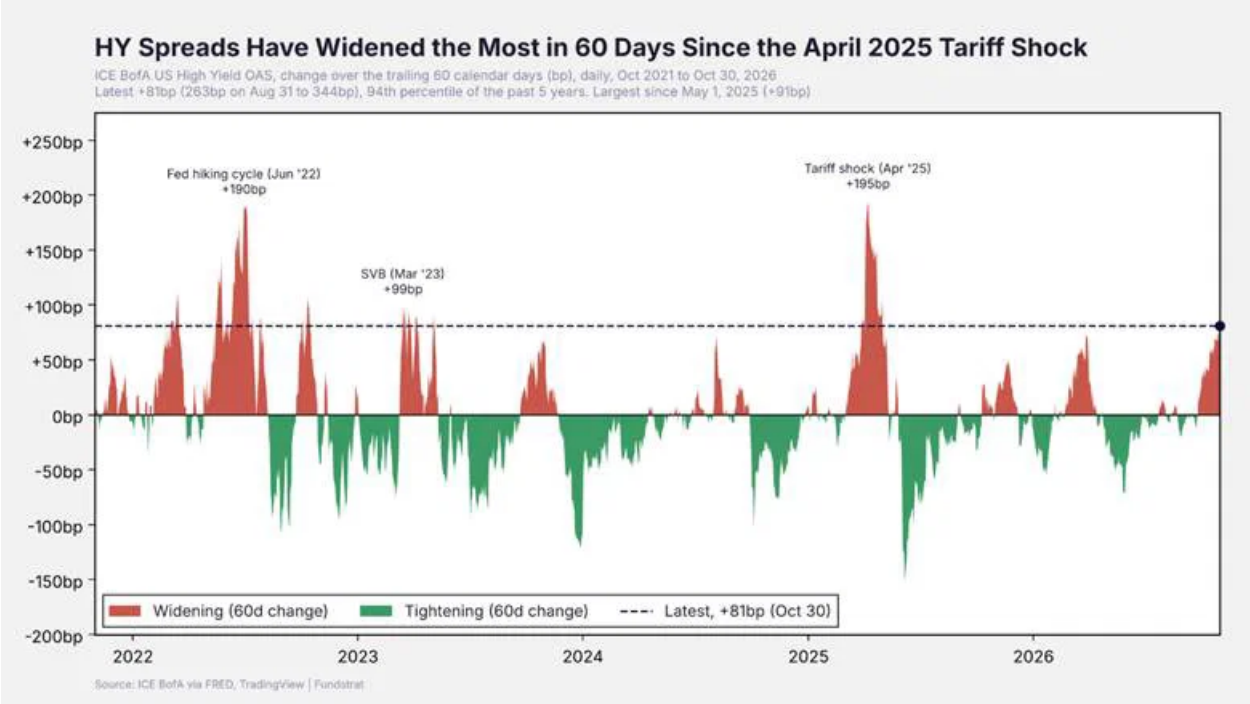
HEAD OF DIGITAL ASSET STRATEGY



- The Binance risk appears to be resolving in a constructive way. Last week's hack was the largest in crypto history with ~$6B stolen, but my primary concern was never the headline loss itself. The real tail risk was whether the incident created

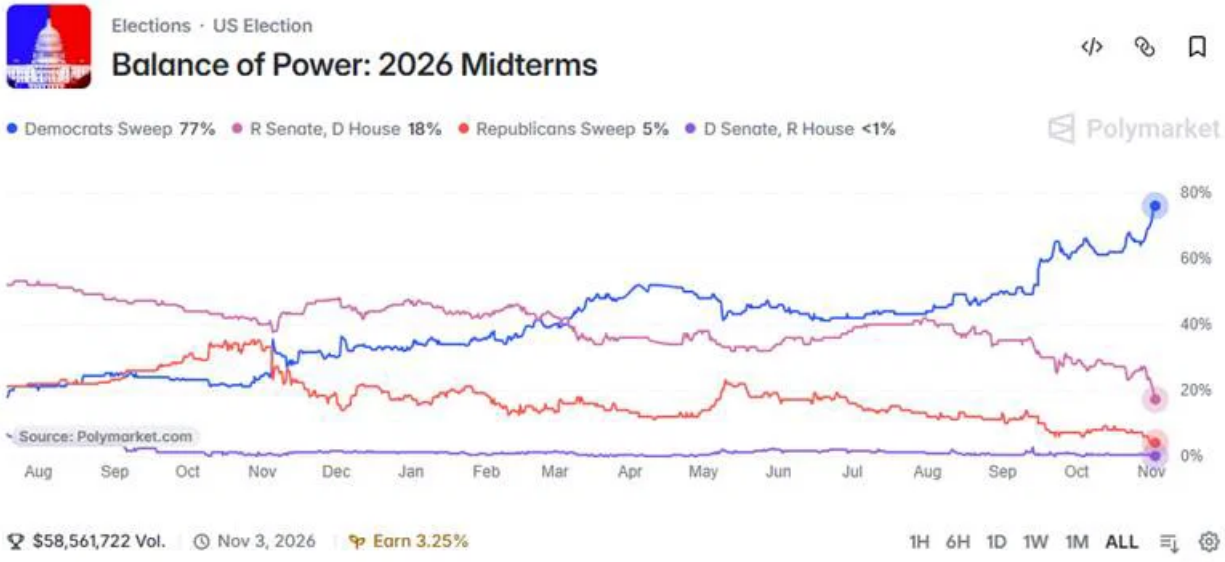
meaningful solvency concerns and/or triggered disorderly withdrawals. Based on conversations with people in the industry and Binance's own commentary, I continue to think the exchange is well capitalized enough to absorb the loss. That view is starting to be supported by the post-hack flow data. Binance saw roughly $6B of net outflows on Sunday after withdrawals reopened, followed by about $3B so far today, suggesting the pace is already starting to taper.

- The broader market backdrop remains challenging. Tech reversed sharply today, with QQQ giving back roughly 2.6% intraday, while VIX moved back above 20 and MOVE returned above 100. High-yield spreads also continue to widen. On a 60-day rolling basis, we are seeing the largest widening in HY spreads since the April 2025 tariff shock. Absolute spread levels are still relatively contained, but for crypto and other high-beta assets, the direction and speed of travel matter more in the near term. Right now, credit conditions are still tightening and fear remains elevated.

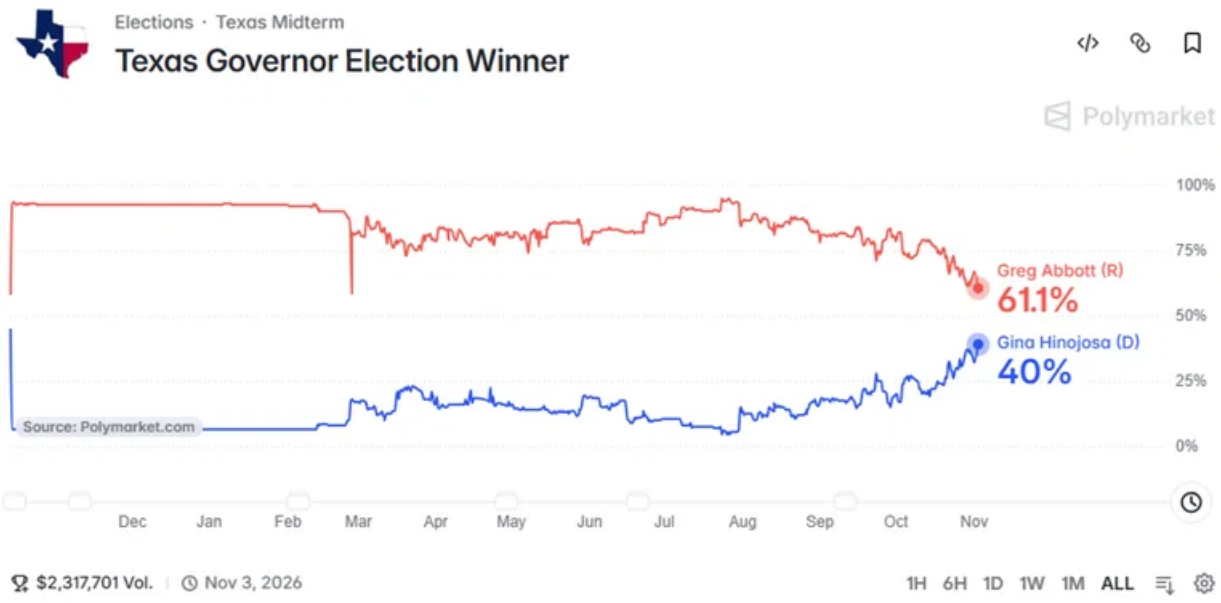


- That said, I think the near-term risk/reward is becoming more interesting. A source of the current fear, policy risk, is approaching an identifiable clearing event in the midterm elections. Wednesday offers a potential catalyst in the QRA, while BTC is approaching areas where I would expect incremental demand around the 50W and 200D moving averages.

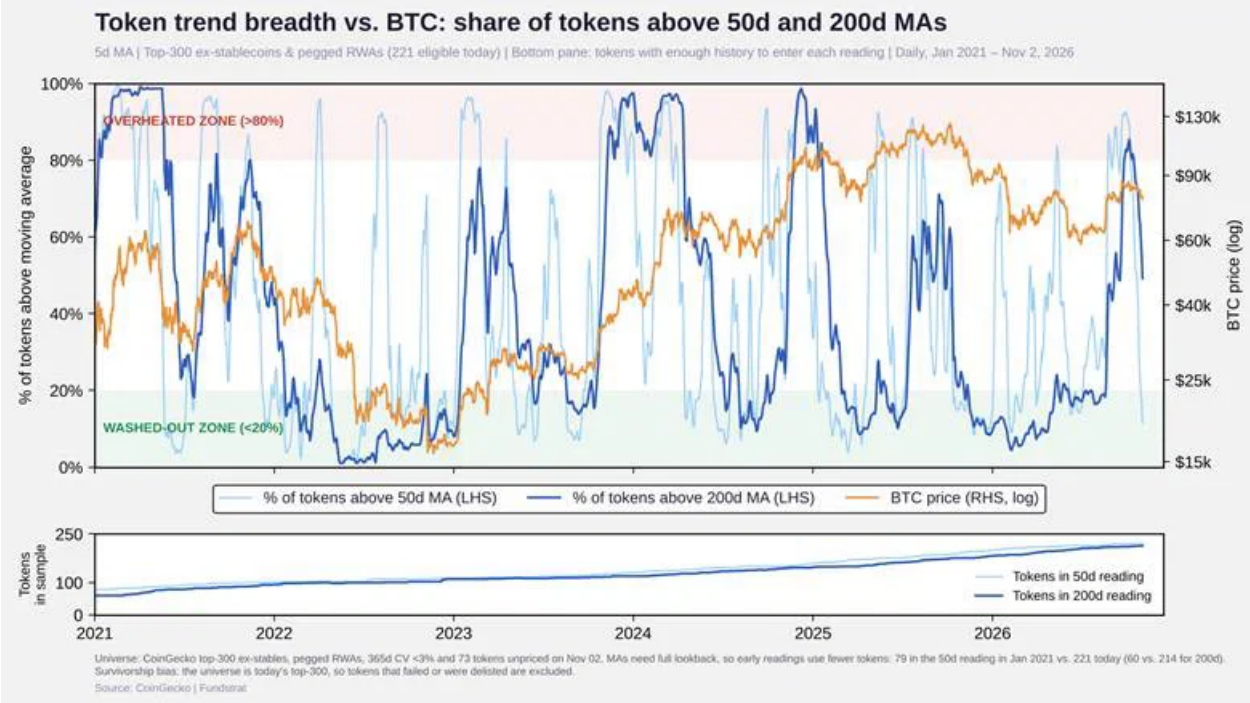
- The midterm election is tomorrow. A Democratic sweep is currently priced around 77% in prediction markets, which makes it difficult to argue that this outcome is not already largely reflected in asset prices. That does not preclude additional weakness into or immediately after the result, but I think the election has a good chance of acting as a risk-clearing event once the uncertainty is removed.

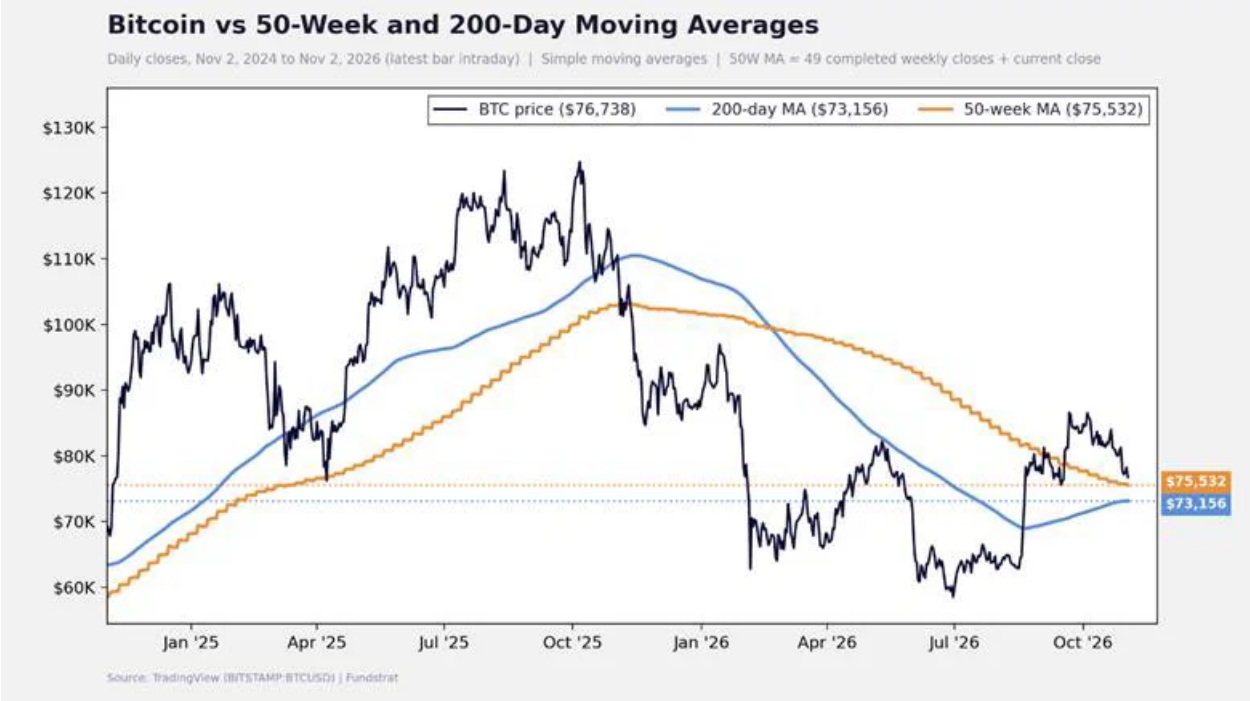


- The Texas governor race is a separate risk worth watching, particularly for miners and other data-center-related equities. Republican incumbent Greg Abbott remains favored, but the Democratic challenger has been gaining ground in prediction markets. Given how much compute capacity sits in Texas, a surprise outcome could increase concerns around data-center permitting or moratorium risk. I do not think that is the base case today, but it is one of the more relevant idiosyncratic election risks for the AI infrastructure complex.



- In my view, the biggest potential near-term catalyst for crypto is the 11/4 Quarterly Refunding Announcement. Treasury has indicated ~$600B of borrowing this quarter and ~$800B in Q1, but the more important question is how that borrowing is financed. If Treasury leans further toward shorter-duration issuance, reduces long-end supply, or expands buybacks, I would view that as further evidence of "Operation Treasury Twist." Removing duration from the market would be stimulative at the margin and reinforce the broader financial-repression thesis, which should be supportive for monetary-debasement hedges such as BTC. Recall that it was the acceleration of duration buybacks that catalyzed the initial move off the lows for crypto.
- Crypto froth has also receded. The share of tokens trading above their 50-day moving averages has fallen below 20%, while 200-day breadth continues to trend lower. That does not guarantee an immediate bottom, but it does tell us that a significant amount of excess has already been removed from the market. We have now digested a decent-sized altcoin washout, the largest hack in crypto history, and a substantial tightening in financial conditions. At the same time, BTC is approaching levels where I would expect incremental demand to emerge, particularly around the 50W moving average near ~$75K and the 200D moving average just below that near ~$73K.





- Taken together, I think the tactical setup is improving even though the tape remains uncomfortable. Breadth has reset materially, Binance-specific tail risk appears to be fading, and BTC is approaching important demand zones just as the midterms and QRA come into focus. We may see additional downside before the market

finds its footing, but I think the near-term risk/reward is becoming increasingly favorable.

- Some thoughts on the miners: Miners have been a meaningful drag on the crypto-equity portfolio, and while I am not a seller into the current weakness, I am increasingly viewing these names as trades rather than long-duration holdings. The core issue is a duration mismatch. Many miners and neoclouds need substantial capital today to complete data-center buildouts, while much of the associated lease revenue, including revenue tied to both signed and prospective capacity, may not arrive until late 2027 or 2028. At the same time, debt markets are increasingly crowded by hyperscalers with stronger balance sheets and lower costs of capital. If miners cannot fund builds efficiently through debt, stronger equity prices may simply create an opportunity for dilutive issuance. The quality of end demand remains another medium-term question. Much of the incremental demand for neocloud and miner compute ultimately traces back to frontier AI labs. The models are clearly improving rapidly, but the economics of those labs remain unproven and still depend heavily on token-based monetization. An Anthropic IPO could provide meaningful financing relief into year-end / into Q1 and support the broader AI infrastructure complex, but over a longer horizon I want to see clearer evidence that frontier labs can monetize their capabilities in ways that support the scale of downstream capital commitments being made today. For now, I am increasingly a renter of the miners rather than an owner.
- Bottom Line: Credit stress and AI-related fear remain the key near-term headwinds, but several sources of pressure now have identifiable catalysts or clearing events ahead. I remain constructive tactically and would view further weakness into the 50W and 200D moving averages as increasingly interesting.

Portfolios

Crypto Equities Portfolio - November 2, 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	9/22/26	2.0%	DAT	BTC	130.76	-18%	34%	-14%
PURR	9/22/26	6.0%	DAT	HYPE	9.71	-18%	43%	173%
CYPH	9/22/26	2.0%	DAT	ZEC	2.36	-22%	-22%	45%
COIN	9/22/26	1.0%	Financial Services	Super App	137.83	-25%	-9%	-39%
HOOD	9/22/26	2.5%	Financial Services	Super App	83.84	-26%	-10%	-26%
BTGO	9/22/26	1.0%	Financial Services	Infrastructure	5.13	-30%	3%	-65%
GLXY	9/22/26	3.5%	Financial Services	AI Compute	14.59	-37%	-34%	-35%
FIGR	9/22/26	2.0%	Crypto-Enabled Services	Tokenization	21.79	-24%	-21%	-28%
CLSK	9/22/26	1.5%	BTC Mining	AI Compute	7.15	-44%	-50%	-29%
WULF	9/22/26	1.5%	BTC Mining	AI Compute	10.94	-29%	-42%	-5%
IREN	9/22/26	1.5%	BTC Mining	AI Compute	22.02	-47%	-46%	-42%
BTDR	9/22/26	1.5%	BTC Mining	AI Compute	6.17	-44%	-46%	-45%
HUT	9/22/26	1.5%	BTC Mining	AI Compute	55.01	-39%	-46%	20%
HIVE	9/22/26	1.5%	BTC Mining	AI Compute	1.71	-43%	-41%	-34%
KEEL	9/22/26	1.5%	BTC Mining	AI Compute	1.89	-48%	-54%	-20%
CORZ	9/22/26	1.5%	BTC Mining	AI Compute	12.51	-24%	-45%	-14%
CIFR	9/22/26	1.5%	BTC Mining	AI Compute	6.86	-56%	-66%	-54%
RIOT	9/22/26	1.5%	BTC Mining	AI Compute	11.84	-40%	-45%	-7%
MARA	9/22/26	1.5%	BTC Mining	AI Compute	6.43	-43%	-45%	-28%
GSOL	9/22/26	5.5%	Spot Token	SOL	6.93	-23%	24%	-24%
ETHA	9/22/26	9.0%	Spot Token	ETH	16.91	-16%	20%	-25%
BITB	9/22/26	19.0%	Spot Token	BTC	41.55	-9%	19%	-13%
Cash	9/22/26	30.0%	Cash	Cash	1.00	0%	0%	0%

Returns

	ITD	YTD
BTC	156%	-12%
ETH	20%	-24%
S&P 500	72%	10%
Crypto Equities Portfolio	**234%**	**-1%**

Source: Bloomberg, Artemis, Fundstrat

Core Strategy Portfolio - November 2, 2026

Ticker	Latest Rebalance	Last Rebalance Weight	Token Class	Sector	Current Price	30-Day Return	90-Day Return	YTD Return
BTC	9/22/26	44.0%	BTC	Currency	76,712	-9%	20%	-12%
ETH	9/22/26	10.0%	Alt. Major	SCP	2,247	-16%	20%	-24%
SOL	9/22/26	7.0%	Alt. Major	SCP	92	-23%	25%	-26%
HYPE	9/22/26	7.0%	Altcoin	DeFi	84	-6%	52%	230%
ZEC	9/22/26	2.0%	Altcoin	Currency	1,147.32	-12%	127%	198%
USDC	9/22/26	30.0%	Stablecoin	Cash	1.00	0%	0%	0%

Returns

	ITD	YTD
BTC	268%	-12%
ETH	45%	-24%
S&P 500	89%	10%
Core Strategy Portfolio	**157%**	**5%**

Source: Bloomberg, Artemis, Fundstrat

Tickers in this video: #BTC $QQQ

Disclosures

This research is for the clients of Fundstrat Global Advisors only. For additional information, please contact your sales representative or Fundstrat Global Advisors at 150 East 52nd Street, New York, NY, 10022 USA.

Analyst Certification (Reg AC)

Sean Farrell, the research analyst denoted by an “AC” on the cover of this report, hereby certifies that all of the views expressed in this report accurately reflect his personal views, which have not been influenced by considerations of the firm’s business or client relationships. Neither I, nor a member of my household is an officer, director, or advisory board member of the issuer(s) or has another significant affiliation with the issuer(s) that is/are the subject of this research report. There is a possibility that we will from time to time have long or short positions in, and buy or sell, the securities or derivatives, if any, referred to in this research.

Conflicts of Interest

This research contains the views, opinions and recommendations of Fundstrat. At the time of publication of this report, Fundstrat does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

Fundstrat Global Advisors is an independent research company and is not a registered investment advisor and is not acting as a broker-dealer under any federal or state securities laws.

Fundstrat Global Advisors is a member of IRC Securities’ Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of Fundstrat (i.e., Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by Fundstrat clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of Fundstrat, which is available to select institutional clients that have engaged Fundstrat.

As registered representatives of IRC Securities, our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

Fundstrat does not have the same conflicts that traditional sell-side research organizations have because Fundstrat (1) does not conduct any investment banking activities, (2) does not manage any investment funds, and (3) our clients are only institutional investors.

This research is for the clients of Fundstrat Global Advisors only. Additional information is available upon

request. Information has been obtained from sources believed to be reliable, but Fundstrat Global Advisors does not warrant its completeness or accuracy except with respect to any disclosures relative to Fundstrat and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies.

The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein.

Except in circumstances where Fundstrat expressly agrees otherwise in writing, Fundstrat is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fundstrat.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.

Copyright 2026 Fundstrat Global Advisors LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of Fundstrat Global Advisors LLC.