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Digital Assets - Comments

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ELECTION RISK CLEARS, BTC HOLDS ITS 50W MA AND A VIX CRUSH FLASHES A BULLISH SIGNAL, STATE ELECTIONS ADD A MINER HEADWIND (PORTFOLIO REBALANCE)



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Election and policy

The past 24 hours were broadly constructive for crypto. The midterms produced a decisive Democratic sweep, but as I discussed heading into the election, I viewed

that outcome as largely priced in. We saw some initial weakness as the results came in, followed by a fairly sharp recovery across the crypto complex. BTC bounced directly off its 50W MA, a level where I had expected demand to appear. ETH showed even more strength, and ZEC materially outperformed.



I do not think a Democratic sweep carries the downside regulatory tail risk for crypto that it might have in prior cycles. The regulatory architecture around the asset class is much further along today, with agencies actively building rules that allow crypto businesses to operate in the U.S., and I expect those frameworks to prove stickier than the market assumes. A Democratic Congress may bring more oversight and more hearings, but I do not think we are going back to an environment where the basic ability of credible crypto projects to operate domestically is in question.

There is also a somewhat counterintuitive macro argument that the result is constructive for BTC. A decisive Democratic victory raises the odds that markets begin pricing a more expansionary fiscal regime into the next presidential cycle. If that translates into larger expected deficits, it reinforces the monetary-debasement case for BTC. Despite growing dispersion within crypto, most of the asset class still trades downstream of BTC, so a more supportive structural backdrop for bitcoin should matter for the broader complex as well.

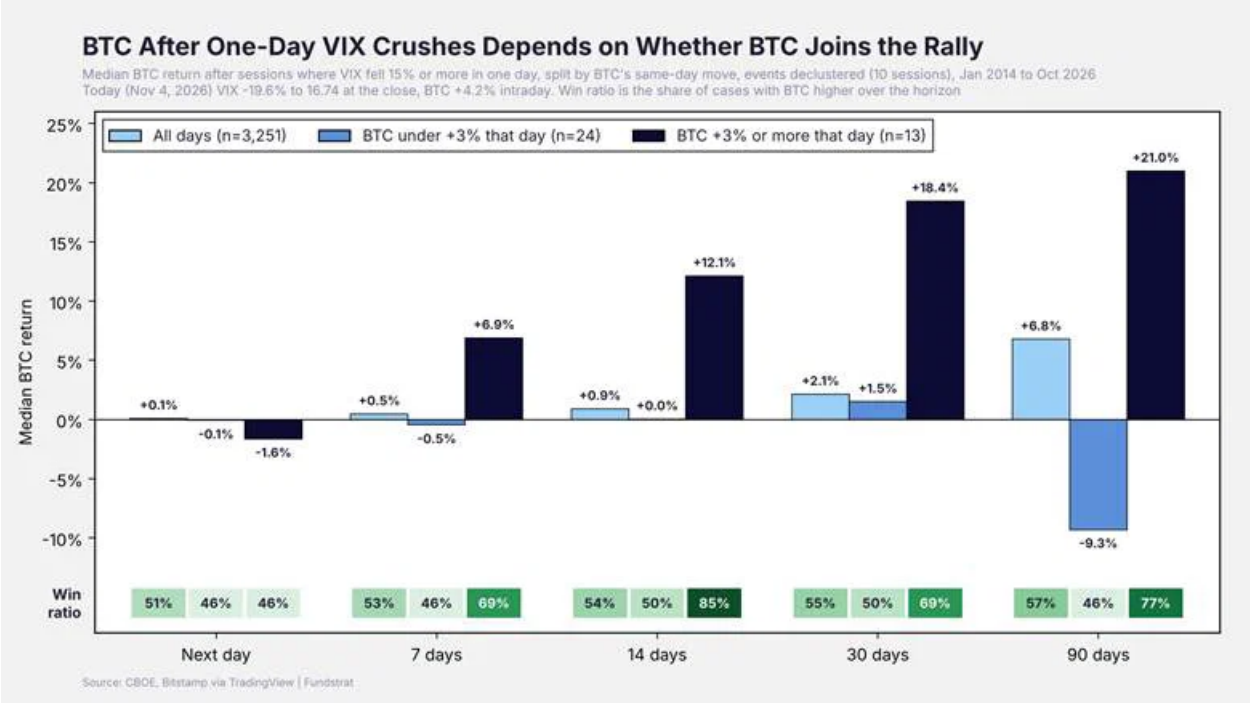
ZEC is one asset I think is particularly worth watching. A decisive victory could increase the perceived influence of more economically interventionist parts of the party and bring policies such as wealth taxation or other restrictions on private capital further into the conversation as we approach 2028. If investors place greater value on the ability to preserve and transfer wealth privately, censorship-resistant and privacy-preserving stores of value should benefit. The same backdrop could also bring tighter AML scrutiny of privacy assets, which is the main risk to the thesis. Still, ZEC remains the clearest expression of the theme in our portfolio, its relative strength today makes sense to me, and I think there is room for that outperformance to continue.



Geopolitics and Volatility

The geopolitical backdrop also moved in a more constructive direction. Crude rolled over sharply today, with the front-month contract falling below $90 as markets appeared to price a greater probability of de-escalation in Iran. Part of that may reflect the shift in Congress and the potential for greater constraints on the administration. Reported comments from Vice President Vance attributing some of the electoral weakness to the war may also have been read as a sign that the administration has more incentive to find an exit. If crude continues lower, that would be constructive for both the inflation outlook and broader monetary conditions.

The combination of election risk clearing, lower crude and an unwind in defensive positioning produced a major volatility reset. The VIX closed below 17 after falling nearly 20% on the day, while BTC rallied more than 3%. Since 2014, when a 15%+ VIX drop coincided with a 3%+ BTC rally (13 cases), BTC's median 14-day return was +12.1%, with 85% of cases higher, versus +0.9% and 54% for a typical 14-day period. I would not use this as a standalone trading signal, and it weakens if the VIX moves back above ~21. But it reinforces the idea that a meaningful amount of fear has just been wrung out of the market.



QRA and STRC

The other major event today was the QRA, which I would characterize as bullish but ultimately "middle-of-the-road." There was some speculation heading into the announcement that Treasury could accelerate its active debt management by reducing or even eliminating 20Y issuance or cutting aggregate 10Y-30Y coupon supply. We did not get that. Coupon sizes were unchanged.

What we did get was more buyback support. The prior schedule put in place in August was set to expire today. Treasury guided to up to $70B of liquidity-support buybacks this quarter, consistent with 10Y-30Y buybacks continuing at roughly $6B per operation through the next QRA in early February rather than lapsing as originally

scheduled. The more bullish scenario would have paired long-end issuance cuts with larger buybacks, and the downside scenario was the buybacks lapsing. In my view, this preserves the broader “Operation Treasury Twist” thesis without escalating it. Treasury is still actively removing duration from the market, which should remain supportive at the margin for liquidity-sensitive assets and monetary-debasement hedges such as BTC.

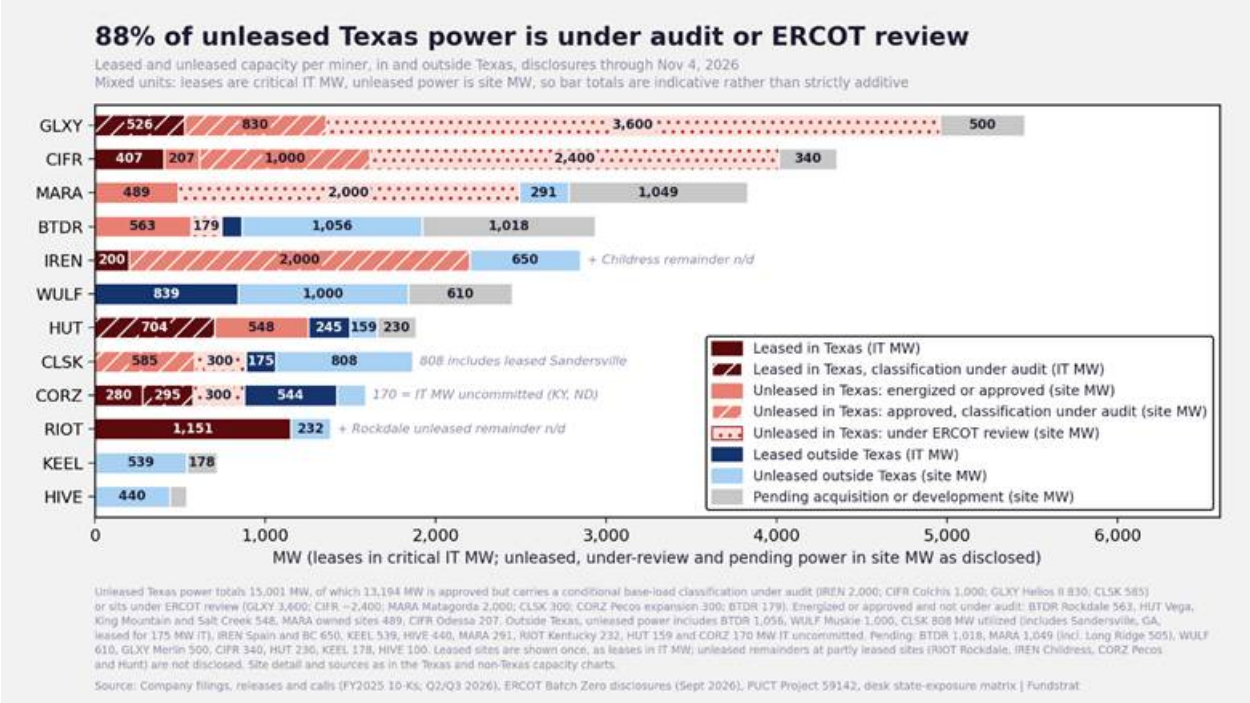
STRC is now another important chart to watch. It traded back to $100 today, reaching par for the first time in quite a while. Volume was still relatively muted at ~ $210M, so I do not think today’s activity was enough to generate meaningful incremental Strategy-driven BTC demand. But the setup is becoming interesting again. If STRC can hold at or above par and volumes begin to accelerate, Strategy could once again have an efficient channel for raising capital and deploying it into BTC. That would reintroduce a source of relatively price-insensitive demand that was an important tailwind earlier in the year.



Texas and the Miners

The main negative surprise came at the state level, where Texas flipped blue. This matters much more for the miner and AI-infrastructure complex than for crypto broadly. Governor-elect Hinojosa has expressed support for expanding the data-

center audits and pauses that Governor Abbott began in August. Nearly 90% of the group's unleased Texas power is already under that audit or still under ERCOT review. The risk showed up immediately in the tape. Cipher and Hut 8 (which also reported earnings) fell roughly 20% and Galaxy more than 10%, while Riot rallied double digits as its Anthropic lease at Corsicana became binding.



This adds to a problem we were already becoming more cautious about, which is the duration mismatch in the miner business model. I still think many of these companies can ultimately become highly cash-generative as their AI and HPC capacity comes online. The problem is getting from here to there. They need substantial capital today, costs of capital have risen, and much of the associated lease revenue is still years away. Debt remains available to companies with investment-grade leases, though at a high cost, and is much harder to come by for those without. I therefore expect more of the funding burden to shift to equity and convertible issuance. Additional permitting delays, pauses or audits only widen that financing gap. The Texas result does not invalidate the long-term business model, but it raises execution risk at a time when the group has little room for further delays.

At the same time, I do not think this is the right place to abandon the group entirely. A lot of bad news is priced in. Most names are down 20% to 70% since the August

audit order while bitcoin has rallied, and the audit results due in mid-December are a potential catalyst. Any improvement in financing conditions or progress on signed leases could produce a meaningful bounce, though I would be reluctant to expect a return to prior highs soon. My preference is therefore to reduce the portfolio risk tied to the group while becoming more selective within it. That means favoring companies with signed lease revenue, better financing visibility and less exposure to incremental Texas permitting risk, and cutting subscale operators without leased capacity.

Portfolio Changes

We are reducing miner exposure in the Crypto Equities portfolio and moving the proceeds into BITB (24% from 19%).

- Within the mining basket, we are:
  - exiting KEEL and HIVE
  - tilting toward signed leases outside Texas (WULF, CORZ, CLSK, BTDR)
  - giving RIOT a premium for signed leases on power outside the audit
  - keeping GLXY above the other Texas names for its crypto beta
  - holding the most audit-exposed names (HUT, CIFR, IREN, MARA) at minimum weights
- That keeps us positioned for a rebound while tying less of the portfolio's risk budget to a more complicated regulatory and financing setup. See the table below for all of the changes.

Bottom line

- I think the balance of evidence became more constructive over the past 24 hours.
  - A major election-related uncertainty cleared without the regulatory tail risk a Democratic sweep might have carried in prior cycles.
  - BTC defended its 50W MA.
  - The VIX collapse alongside a strong BTC rally has historically preceded favorable near-term returns.
  - Crude is moving lower as geopolitical optimism improves.
  - Treasury expanded its buyback support.
- The exception is the miners, where the Texas result adds regulatory and financing risk. We are trimming the group and concentrating it in names with signed leases.

Portfolios

Crypto Equities Portfolio - November 4, 2026

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
MSTR	11/4/26	2.0%	DAT	BTC	142.54	-13%	47%	-6%	0.0%
PURR	11/4/26	6.0%	DAT	HYPE	9.69	-25%	45%	172%	0.0%
CYPH	11/4/26	2.0%	DAT	ZEC	2.87	-9%	-9%	76%	0.0%
COIN	11/4/26	1.0%	Financial Services	Super App	151.50	-20%	4%	-33%	0.0%
HOOD	11/4/26	2.5%	Financial Services	Super App	87.41	-23%	-4%	-23%	0.0%
BTGO	11/4/26	1.0%	Financial Services	Infrastructure	5.42	-27%	9%	-63%	0.0%
GLXY	11/4/26	2.0%	Financial Services	AI Compute	13.97	-38%	-29%	-38%	-1.5%
FIGR	11/4/26	2.0%	Crypto-Enabled Services	Tokenization	23.02	-18%	-20%	-24%	0.0%
CLSK	11/4/26	2.0%	BTC Mining	AI Compute	6.80	-46%	-47%	-33%	0.5%
WULF	11/4/26	3.0%	BTC Mining	AI Compute	11.70	-21%	-34%	2%	1.5%
IREN	11/4/26	0.5%	BTC Mining	AI Compute	21.71	-46%	-43%	-43%	-1.0%
BTDR	11/4/26	2.0%	BTC Mining	AI Compute	6.53	-40%	-38%	-42%	0.5%
HUT	11/4/26	0.5%	BTC Mining	AI Compute	48.94	-45%	-46%	7%	-1.0%
HIVE	11/4/26	0.0%	BTC Mining	AI Compute	1.82	-37%	-34%	-29%	-1.5%
KEEL	11/4/26	0.0%	BTC Mining	AI Compute	2.10	-39%	-45%	-11%	-1.5%
CORZ	11/4/26	2.5%	BTC Mining	AI Compute	12.76	-23%	-39%	-12%	1.0%
CIFR	11/4/26	0.5%	BTC Mining	AI Compute	6.50	-58%	-64%	-56%	-1.0%
RIOT	11/4/26	1.5%	BTC Mining	AI Compute	15.37	-20%	-28%	21%	0.0%
MARA	11/4/26	0.5%	BTC Mining	AI Compute	6.87	-38%	-35%	-23%	-1.0%
GSOL	11/4/26	5.5%	Spot Token	SOL	7.15	-21%	30%	-21%	0.0%
ETHA	11/4/26	9.0%	Spot Token	ETH	18.25	-11%	27%	-19%	0.0%
BITB	11/4/26	24.0%	Spot Token	BTC	43.42	-7%	24%	-9%	5.0%
Cash	11/4/26	30.0%	Cash	Cash	1.00	0%	0%	0%	0.0%

Returns

	ITD	YTD
BTC	170%	-8%
ETH	30%	-18%
S&P 500	75%	12%
Crypto Equities Portfolio	**244%**	**1%**

Source: Artemis, Bloomberg, Fundstrat

Core Strategy Portfolio - November 4, 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	80,791	-6%	26%	-8%
ETH	9/22/26	10.0%	Alt. Major	SCP	2,439	-10%	28%	-18%
SOL	9/22/26	7.0%	Alt. Major	SCP	96	-21%	32%	-23%
HYPE	9/22/26	7.0%	Altcoin	DeFi	84	-11%	49%	230%
ZEC	9/22/26	2.0%	Altcoin	Currency	1,316.18	-2%	162%	242%
USDC	9/22/26	30.0%	Stablecoin	Cash	1.00	0%	0%	0%

Returns

	ITD	YTD
BTC	287%	-8%
ETH	57%	-18%
S&P 500	92%	12%
Core Strategy Portfolio	**166%**	**9%**

Source: Artemis, Bloomberg, Fundstrat

Tickers in this video: #BTC #ETH #ZEC $STRC $CIFR $HUT $GLXY $RIOT $BITB $KEEL $HIVE $WULF $CORZ $CLSK $BTDR $IREN $MARA

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