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Digital Assets - Comments

November 5, 2026

A VIOLENT RESET, NOT YET A REGIME CHANGE



Sean Farrell AC

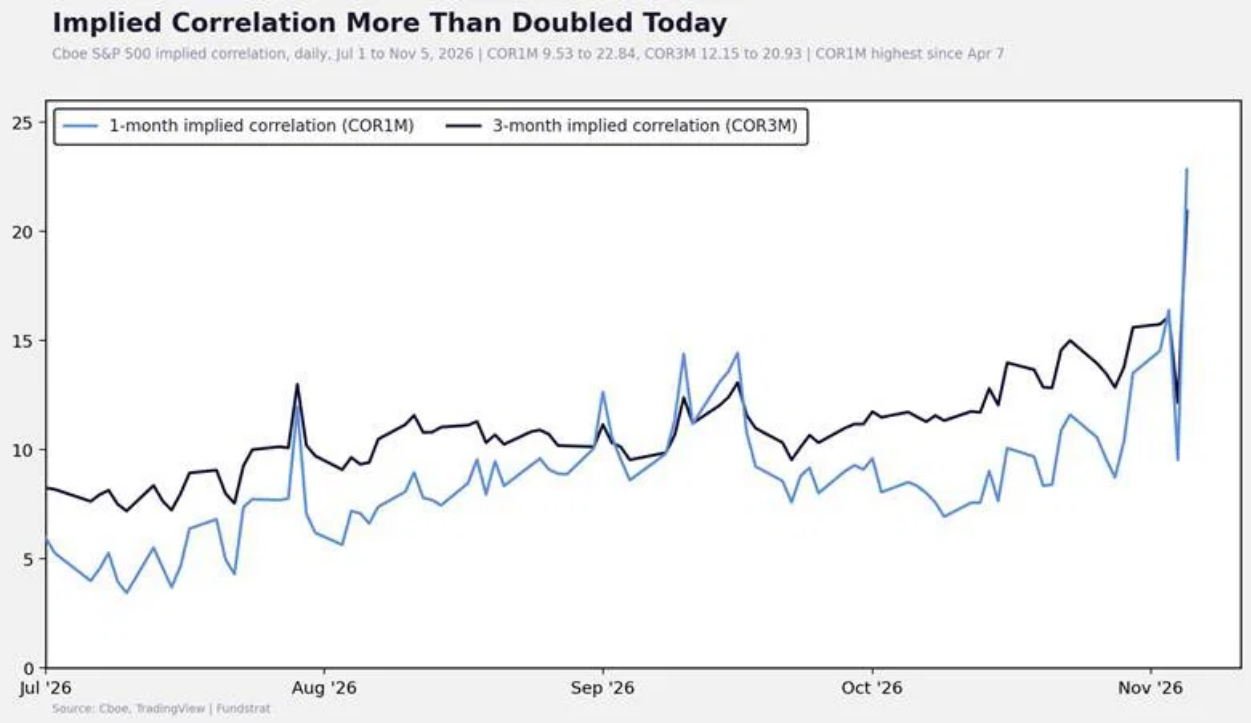
HEAD OF DIGITAL ASSET STRATEGY

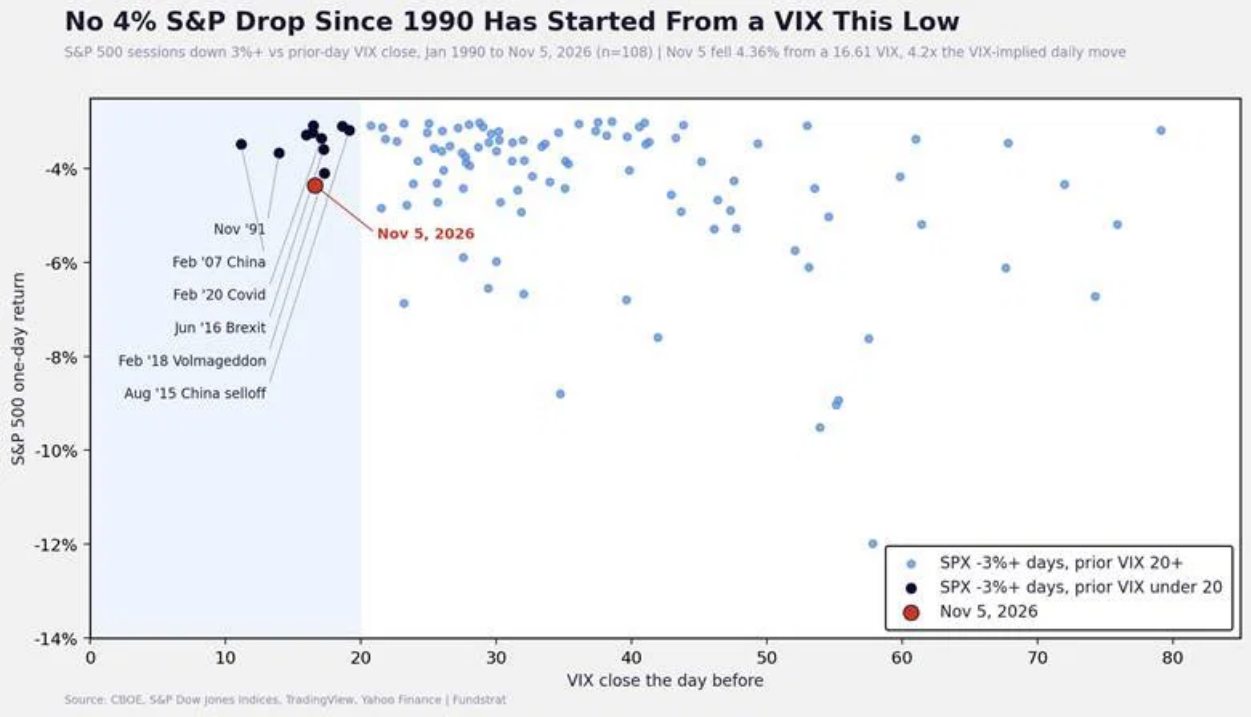


- Today was a genuinely violent day across risk markets, and crypto was finally pulled into the broader tech selloff. BTC had held up remarkably well through much of the recent weakness in technology, but that resilience broke down today as selling broadened across asset classes and correlations moved sharply higher.
- I think the initial catalyst still traces back to the concerns we have been discussing around the AI infrastructure buildout. The election increased uncertainty around the extent to which new data-center projects could face permitting delays, moratoriums, audits, or other restrictions, particularly following the gubernatorial

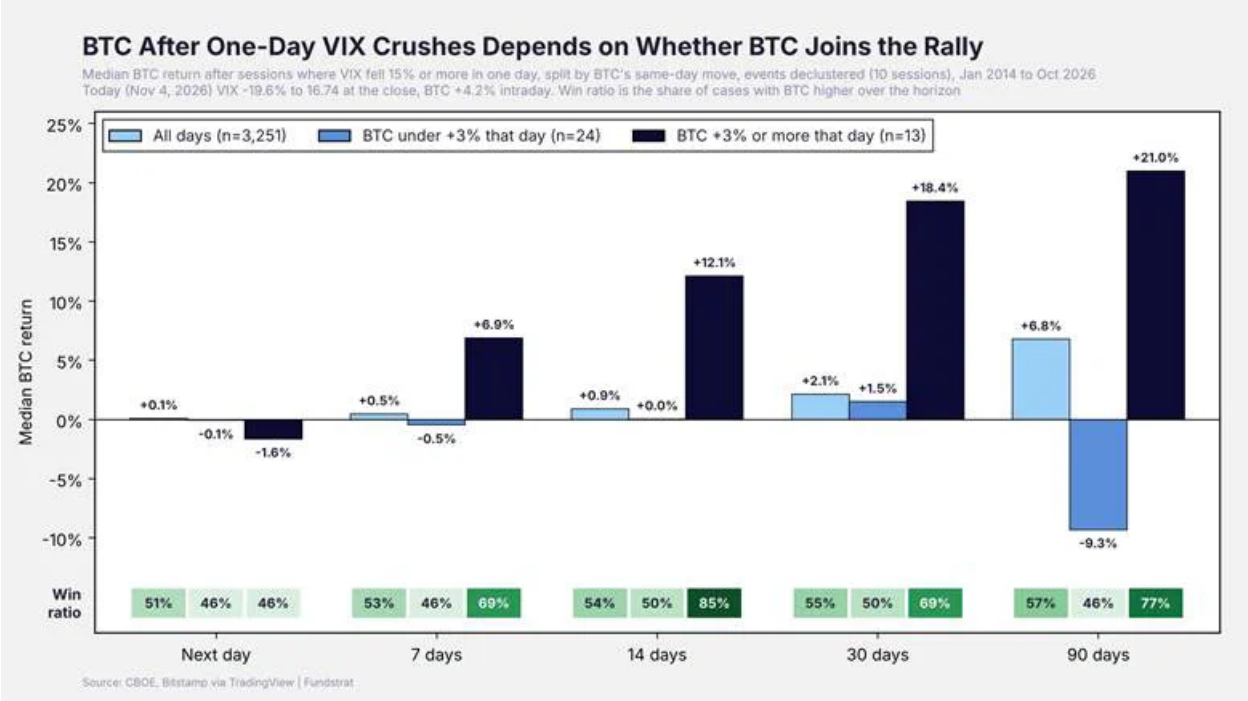
result in Texas. Less data-center capacity means fewer places to deploy chips, which can ultimately feed back into chip demand, hyperscaler capex expectations, and the broader tech complex. At the same time, questions around frontier-lab profitability and AI monetization remain unresolved, which only adds to the uncertainty around the buildout.

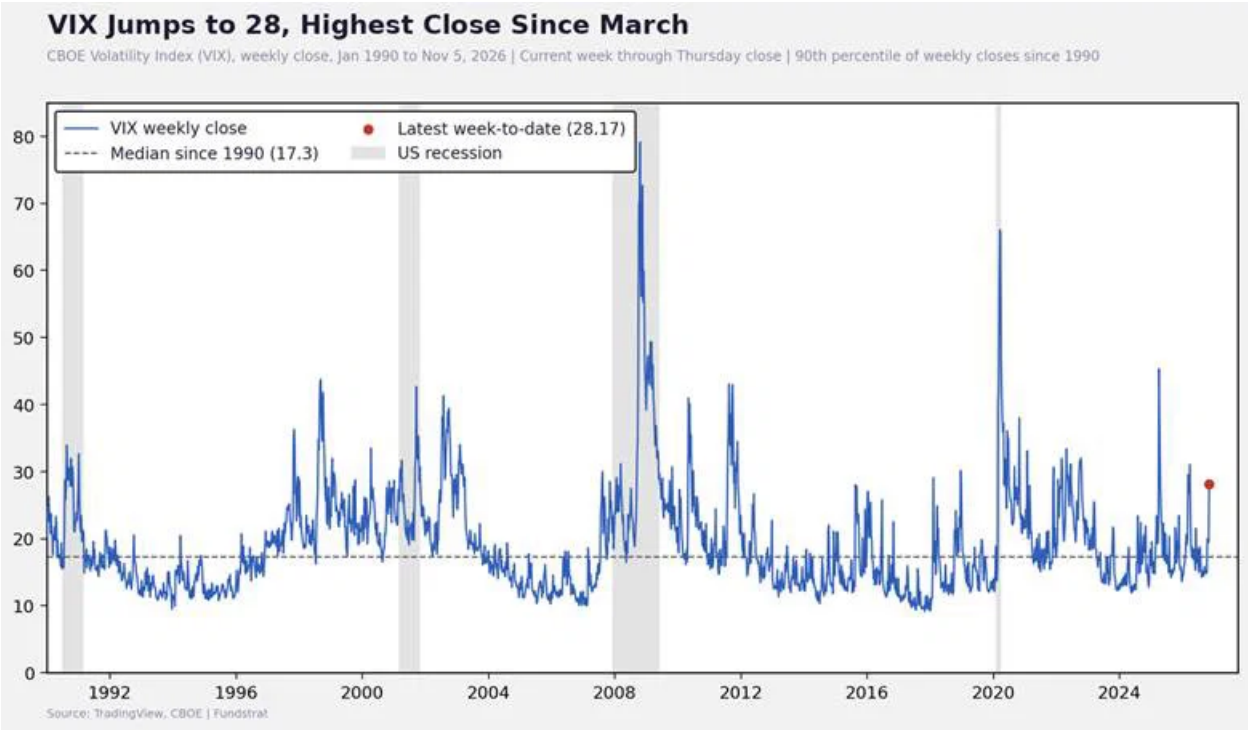
- The size and speed of the move were nevertheless unusual. Implied correlations rose sharply, while the S&P fell roughly 4% from a relatively subdued starting level for the VIX. Since 1990, we have never seen a comparable 4%+ S&P decline begin from a volatility backdrop this benign. That suggests positioning and forced deleveraging may have exacerbated the fundamental move.





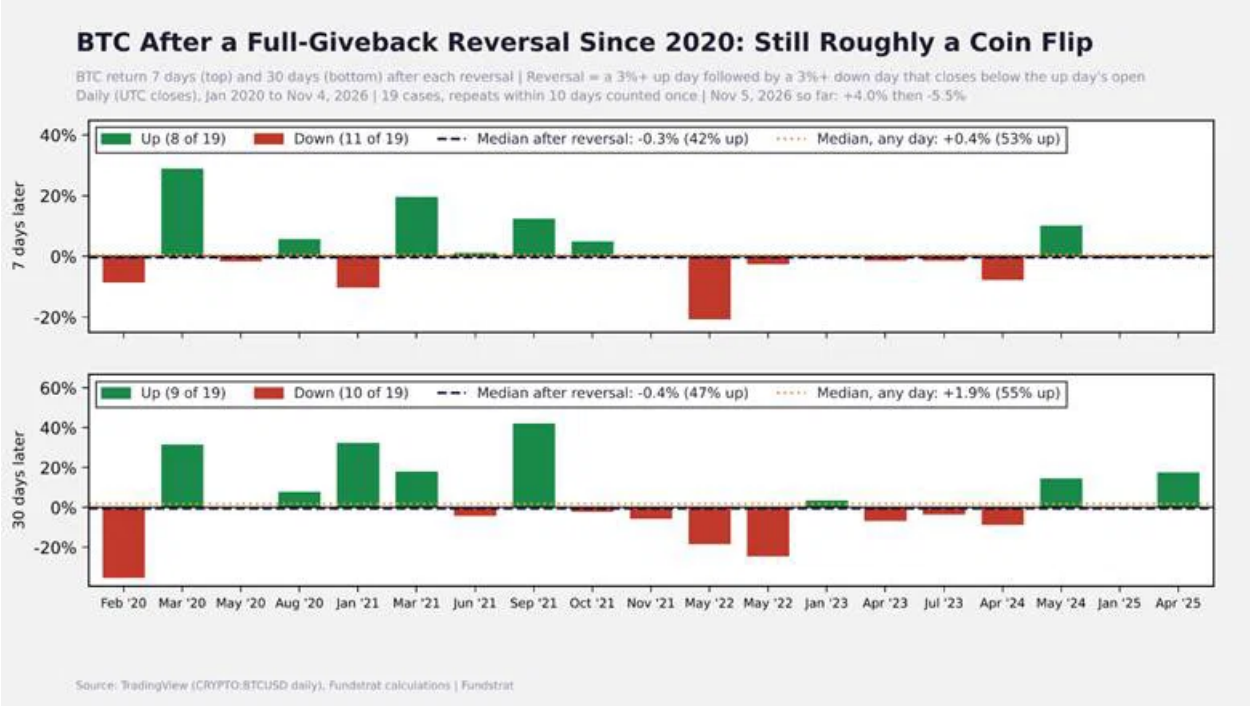
- One possible contributor is stress in crowded dispersion trades, which generally benefit from correlations remaining low. I would not put too much weight on that explanation, and I do not have evidence that it was a primary driver. But given the sudden correlation + VIX spike and reports of fund stress today, it is a reasonable technical factor to keep in mind.
- Yesterday's bullish VIX/BTC signal is no longer active. We highlighted that prior instances where the VIX fell more than 15% while BTC rallied more than 3% had historically been followed by strong forward BTC returns. With the VIX subsequently surging toward 28 today, the volatility regime that produced that signal has clearly changed. I would therefore no longer use yesterday's study as a reason to add risk.



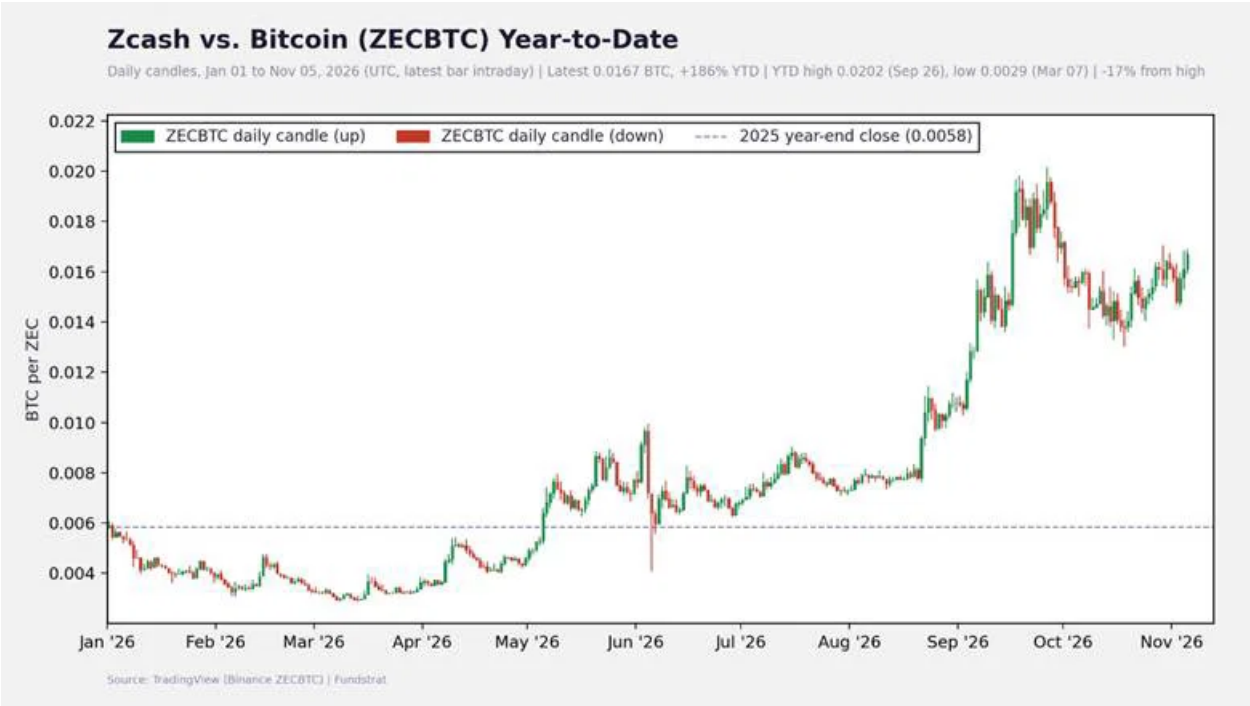


- Importantly, however, today's reversal does not provide a strong bearish signal on its own either. We looked at historical instances since 2020 where BTC rallied at least 3% and was followed the next day by a decline of at least 3% that closed below the prior day's open. Forward outcomes were essentially split between further downside and meaningful rebounds. In other words, the violence of today's

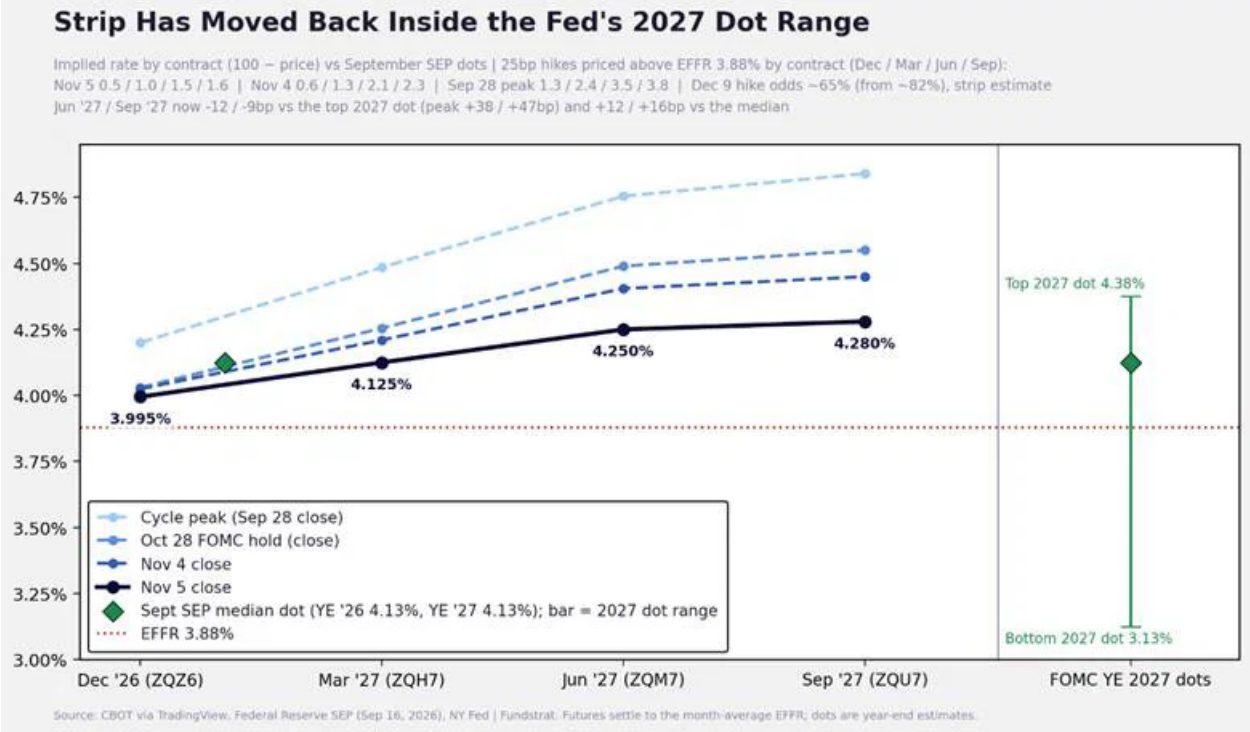
reversal is visually alarming, but historically it has not contained much standalone information about what happens next.



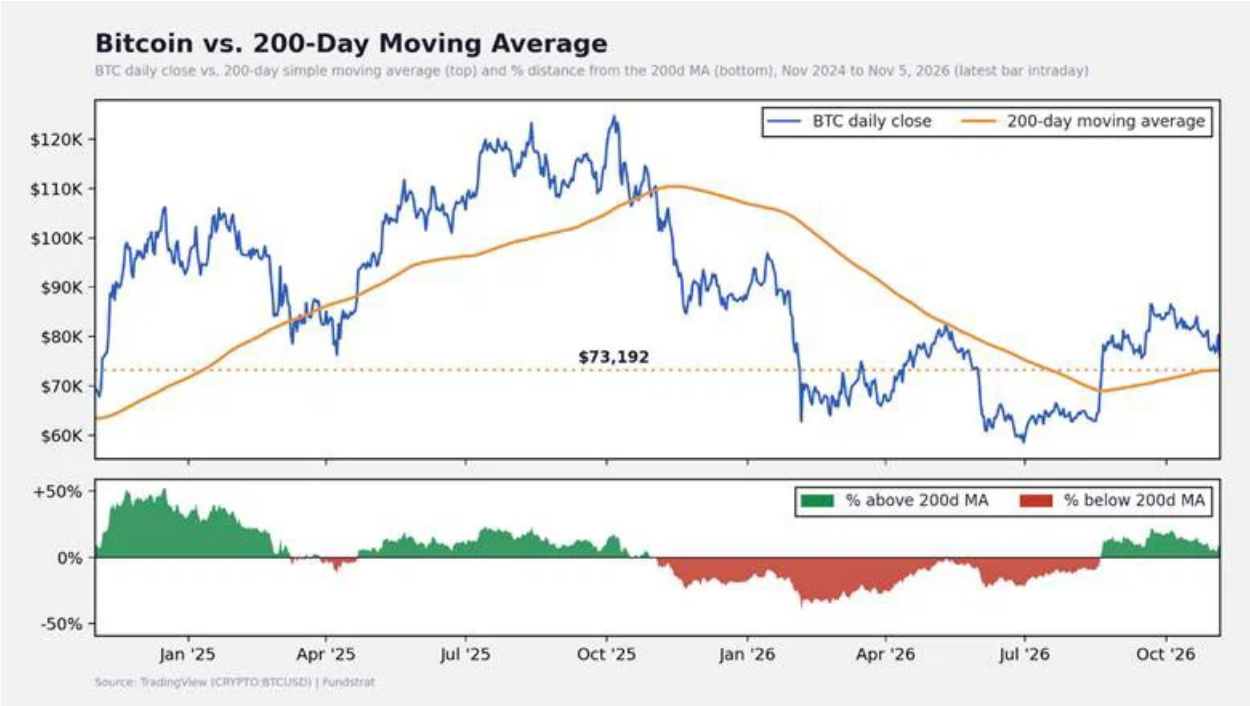
- The most important bright spot is that credit did not meaningfully deteriorate alongside equities. Despite the sharp selloff in stocks, we did not see comparable widening in either high-yield or investment-grade spreads. That is notable. A sustained deterioration in credit would make me considerably more concerned because it would suggest the equity move is reflecting a broader tightening in financial conditions rather than primarily equity positioning and/or a growth scare. For now, that confirmation is absent.
- ZEC also continues to behave well on a relative basis. I discussed yesterday why the Democratic landslide could increase attention on privacy as an investment theme over the next couple of years. If investors begin assigning greater probability to wealth taxation or other restrictions on private capital, censorship-resistant and privacy-preserving stores of value should become more valuable at the margin. ZEC was down with the rest of the market today, but it materially outperformed BTC at points during the session.



- Rate expectations are also moving in a more dovish direction as markets reassess the pace of the AI buildout and forward growth. Expectations have moved substantially from their late-September peak and are now much closer to the Fed's most recent SEP. Over an intermediate horizon, easing monetary pressure is constructive for liquidity-sensitive assets. In the immediate term, however, I would be careful about treating lower yields as unambiguously bullish if they are being driven by a growth scare. The cleaner setup would be lower rate volatility and easier monetary expectations alongside stabilization in credit and equities.



- Tactically speaking, BTC remains above its 50W MA. That remains the first important level I am watching. If it fails, I would expect the next meaningful demand zone around the 200D MA near ~$73K.



- After a move this violent, I do not think there is any need to be a hero over the next one or two sessions. Correlations have risen dramatically, positioning is being

cleared, and we do not yet know how much additional forced selling remains. At the same time, I would not panic into today's weakness either. A meaningful amount of damage has already occurred, some portion of the move appears technical, credit has not confirmed the panic, and BTC is still holding an important intermediate-term level.

- Bottom Line: Today was ugly, but I do not think the evidence supports treating it as a full-blown deterioration in the growth or credit regime yet. The fundamental concerns around AI infrastructure are real, while the speed and breadth of the selloff suggest positioning may have amplified the move. The key things I am watching now are whether credit spreads begin to widen, whether correlations remain elevated, and whether BTC can continue to defend its 50W moving average. Tactically, I see no reason to aggressively add risk over the next day or two, but I also would not chase the selloff. If BTC loses the 50W MA, the 200D near ~$73K is the next area where I would expect demand to emerge.

Crypto Equities Portfolio - November 5, 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	11/4/26	2.0%	DAT	BTC	129.30	-21%	29%	-15%
PURR	11/4/26	6.0%	DAT	HYPE	8.76	-30%	29%	146%
CYPH	11/4/26	2.0%	DAT	ZEC	2.47	-24%	-24%	52%
COIN	11/4/26	1.0%	Financial Services	Super App	136.82	-26%	-11%	-39%
HOOD	11/4/26	2.5%	Financial Services	Super App	78.39	-30%	-16%	-31%
BTGO	11/4/26	1.0%	Financial Services	Infrastructure	4.76	-34%	-6%	-67%
GLXY	11/4/26	2.0%	Financial Services	AI Compute	12.98	-41%	-36%	-42%
FIGR	11/4/26	2.0%	Crypto-Enabled Services	Tokenization	20.90	-24%	-27%	-31%
CLSK	11/4/26	2.0%	BTC Mining	AI Compute	5.68	-54%	-54%	-44%
WULF	11/4/26	3.0%	BTC Mining	AI Compute	10.08	-33%	-41%	-12%
IREN	11/4/26	0.5%	BTC Mining	AI Compute	18.03	-56%	-56%	-52%
BTDR	11/4/26	2.0%	BTC Mining	AI Compute	5.31	-51%	-51%	-53%
HUT	11/4/26	0.5%	BTC Mining	AI Compute	45.95	-50%	-48%	0%
CORZ	11/4/26	2.5%	BTC Mining	AI Compute	11.38	-32%	-46%	-22%
CIFR	11/4/26	0.5%	BTC Mining	AI Compute	5.55	-64%	-68%	-62%
RIOT	11/4/26	1.5%	BTC Mining	AI Compute	14.76	-22%	-28%	16%
MARA	11/4/26	0.5%	BTC Mining	AI Compute	5.88	-46%	-42%	-35%
GSOL	11/4/26	5.5%	Spot Token	SOL	6.79	-26%	21%	-25%
ETHA	11/4/26	9.0%	Spot Token	ETH	16.92	-17%	17%	-25%
BITB	11/4/26	24.0%	Spot Token	BTC	41.25	-11%	17%	-13%
Cash	11/4/26	30.0%	Cash	Cash	1.00	0%	0%	0%

Returns	ITD	YTD
BTC	154%	-13%
ETH	19%	-25%
S&P 500	68%	7%
Crypto Equities Portfolio	**225%**	**-4%**

Source: Artemis, Bloomberg, Fundstrat

Core Strategy Portfolio - November 5, 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	75,951	-11%	17%	-13%
ETH	9/22/26	10.0%	Alt. Major	SCP	2,234	-17%	17%	-25%
SOL	9/22/26	7.0%	Alt. Major	SCP	89	-26%	21%	-28%
HYPE	9/22/26	7.0%	Altcoin	DeFi	77	-16%	42%	203%
ZEC	9/22/26	2.0%	Altcoin	Currency	1,278.04	-6%	150%	232%
USDC	9/22/26	30.0%	Stablecoin	Cash	1.00	0%	0%	0%

Returns

	ITD	YTD
BTC	264%	-13%
ETH	44%	-25%
S&P 500	84%	7%
Core Strategy Portfolio	**154%**	**4%**

Source: Artemis, Bloomberg, Fundstrat

Tickers in this video: #BTC #ZEC $SPX

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