

Dear Limited Partners,

We are very close.

Major developments are unfolding across Bitcoin, Ethereum, and the broader crypto landscape. One of our internal indicators—used during both the 2017 and 2021 bull markets—has just triggered for the first time in four years. Historically, this signal has preceded major rallies in altcoins and utility-driven assets.

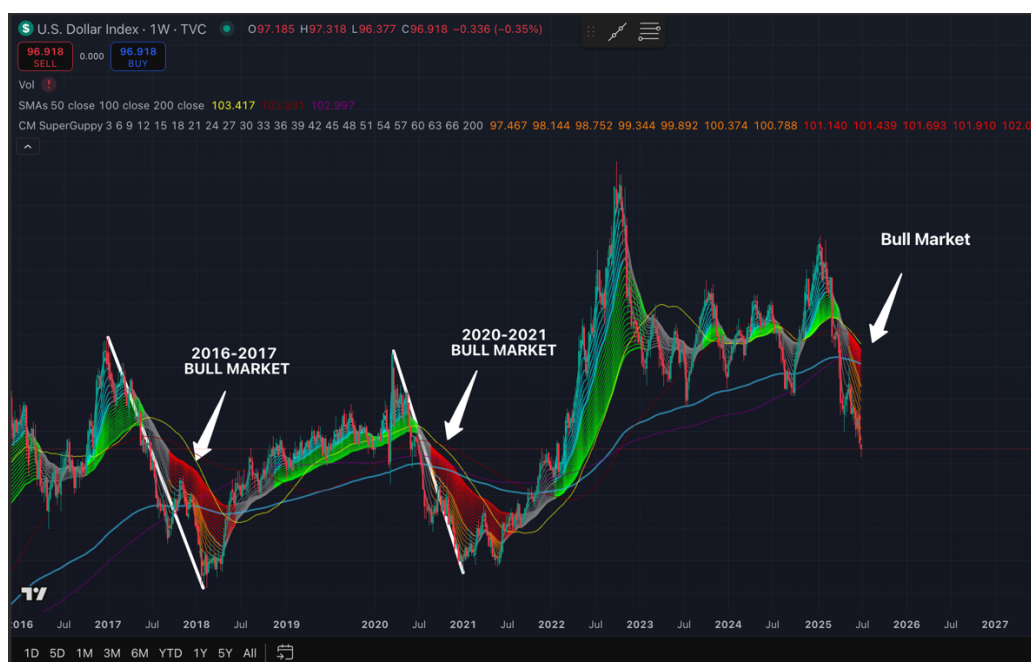


Exhibit 1, produced by our internal team at Ugly Unicorn

Exhibit 1 shows the U.S. Dollar Index (DXY) over the past nine years. As highlighted, each significant drop in the DXY's moving averages has historically preceded a major bull market in crypto. The last two occurrences (2016–2017 and 2020–2021) aligned with explosive growth in altcoins—a pattern we believe is now repeating.

Rise of Stablecoins and the Case for Utility Coins

As a fund, we prioritize tokens and blockchains with real-world utility. Bitcoin remains a premier store of value. However, platforms like Ethereum, Solana, and XRP offer superior transaction speed, cost efficiency, and scalability—critical for global adoption.

We're also witnessing explosive growth in stablecoins—digital dollars pegged to fiat currencies. With the recent passage of the GENIUS Act, the U.S. now has a clear regulatory framework for stablecoins. The majority of these assets are built on Ethereum, which currently hosts over \$126 billion in stablecoins. Since most stablecoins are issued on these chains, issuers must hold large reserves of the underlying tokens—especially ETH—as collateral. This builds organic demand for utility coins.

For comparison:

- Ethereum: ~\$126 billion
- Solana: ~\$10 billion
- Binance Chain: ~\$10 billion
- Base (Coinbase L2): ~\$4 billion

Notably, Bitmine (BMNR)—led by famed investor Tom Lee—recently adopted a MicroStrategy-like treasury strategy by shifting reserves into Ethereum. After this announcement, BMNR stock jumped over 1,000%, with Lee stating that Ethereum remains "deeply undervalued."

The On-Ramp to “Altseason”

A rising Ethereum often leads the broader market. When ETH moves, altcoins tend to follow—often with outsized gains. We believe we're nearing that moment.

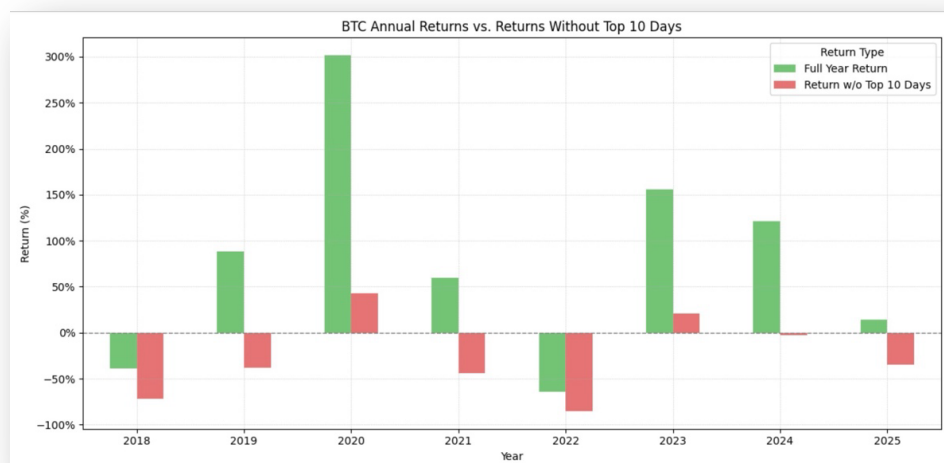
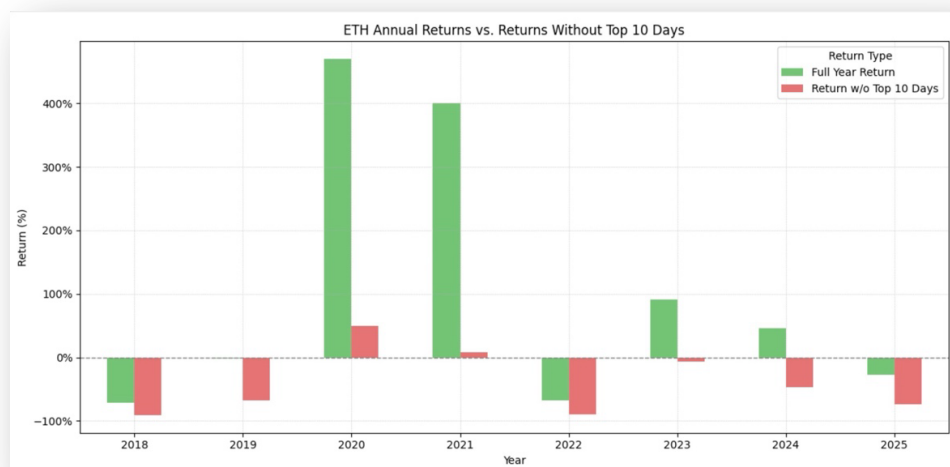
Blockchain strategists agree: as on-chain stablecoin activity surges, so too will demand for these base-layer tokens which leads to an “Alt-Season” which has happened in previous crypto cycles; evaluations go insane and we generate massive returns very quickly.

Other Headline News in Crypto:

- Mastercard announces partnership with Chainlink
- White House declares the week of July 14, 2025 as “Crypto Week” to showcase U.S. leadership in digital assets
- Coinbase officially joins the S&P 500, replacing Discover
- Circle (USDC) completes a successful IPO
- GENIUS Act passes both House and Senate
- Solana ETF is expected to be approved within days
- Robinhood announces plans to tokenize equities using Ethereum and other L1s

Don't Miss the Top 10 Days a Year in Crypto

Crypto's historic returns have largely come from just a handful of trading days each year. Missing even the top 10 days annually can drastically reduce your long-term return profile. We believe we are approaching another one of these breakout windows. Below is the price chart comparison of returns if someone was in BTC or ETH but missed the top 10 days of the year. The returns are drastically different. We believe we're close to another breakout year in ETH, BTC, and other cryptos.





Transfer to Ugly Unicorn II LP (for Qualified Purchasers)

We've completed the transition between our two fund vehicles:

- Ugly Unicorn Crypto Fund I LP – for Accredited Investors
- Ugly Unicorn II LP – for Qualified Purchasers

Both funds follow the same strategy and risk framework.

Additionally to be in line with industry standards, we will start delivering reports once per month instead of twice per month like we've done historically. Additionally, we will only report Net ROR instead of both Gross and Net ROR.

Outlook for 2025

We are entering the last year of the 4-year cycle in crypto.

We have already planned many exit points for each of our positions in our fund. We plan to roll out of many positions during 2025 into more defensive positions as this market peaks. Even with the recent volatility we are still committed to our plan and vision in 2025 and 2026.

We are still committed to our previous outlook going into 2025 and believe we are well positioned to capitalize on it. You can add new capital to your position at the end of each month. If you'd like to add more capital to your position, please message bridger@uglyunicorn.com

Thanks,

Dan Young & Bridger Pennington
General Partners, Ugly Unicorn Crypto Fund I LP

