



July 2025 Webinar

Canary Digital Fund

Macro Meets Crypto

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Fund Strategy

- Discretionary **risk-managed** trading of crypto instruments and crypto companies available through traditional finance as well as trading native digital assets on Kraken & Coinbase
- Opportunistically accumulate shares of digital asset funds with **heavy discounts** to NAV
- Actively manage positions for risk based on macroeconomic factors and technical analysis
- Seek **advantageous** short-dated US treasuries for cash management with de-risked capital



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Portfolio Management Team



Macro Outlook

STEVEN MCCLURG

Chief Executive Officer

- 7 years combined experience: MD and PM at Guggenheim Partners
- Former MD at Galaxy Digital
- Founder of Theseus Capital (acquired by Galaxy Digital)
- Former CIO Valkyrie Investments



**Fundamental &
Technical Analysis**

JOSH OLSZEWICZ

PM, Trading

- Over 10 years of digital asset trading experience
- Former crypto team lead at BraveNewCoin
- Former PM at Techemy Capital, a boutique digital asset manager
- Former PM and Head of Research at Valkyrie Investments



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Today's Discussion

Macro

- Rate Expectations
- Inflation Expectations
- Unemployment & YC
- Dollar Weakness
- Global Liquidity
- Crypto ETFs

Bitcoin & Alts

- The Case for Bitcoin
- The New 60/40
- Cycle Comparisons
- Bitcoin vs Gold
- Technical Analysis
- Alts & BTC.D



Market Expecting Cuts by Year End

Rate Cut Probabilities Throughout 2025 & 2026

Rate probabilities show expectations for **two 25bp cuts this year**, down from four cuts earlier this year.

Despite cooler inflation prints, the Fed is focused on **historically low unemployment**.

The Fed is continuing to take a **wait and see approach** and needs data justification to move.

CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES										
MEETING DATE	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
7/30/2025					0.0%	0.0%	0.0%	0.0%	4.7%	95.3%
9/17/2025					0.0%	0.0%	0.0%	2.7%	57.8%	39.5%
10/29/2025					0.0%	0.0%	1.5%	32.1%	48.0%	18.4%
12/10/2025					0.0%	1.0%	22.8%	43.2%	27.4%	5.6%
1/28/2026	0.0%	0.0%	0.0%	0.0%	0.5%	11.1%	32.3%	35.8%	17.3%	3.0%
3/18/2026	0.0%	0.0%	0.0%	0.3%	7.2%	24.4%	34.5%	24.2%	8.3%	1.1%
4/29/2026	0.0%	0.0%	0.1%	2.9%	13.6%	28.2%	30.7%	18.3%	5.6%	0.7%
6/17/2026				9.1%	22.1%	29.6%	23.4%	10.9%	2.7%	0.3%
7/29/2026					25.0%	27.2%	18.6%	7.8%	1.8%	0.2%
9/16/2026	0.3%	2.2%	8.3%	18.4%	25.9%	23.8%	14.3%	5.4%	1.2%	0.1%
10/28/2026	0.6%	3.3%	10.1%	19.7%	25.5%	22.2%	12.8%	4.7%	1.0%	0.1%
12/9/2026	0.6%	3.2%	9.8%	19.3%	25.3%	22.3%	13.2%	5.0%	1.1%	0.1%

Trump 6/27/25
I'm going to appoint someone
as Federal Reserve chair who
wants to cut rates to 1%

Powell Fed Chair
Term Ends May 2026

Source: CME FedWatch



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Inflation Leveling Off

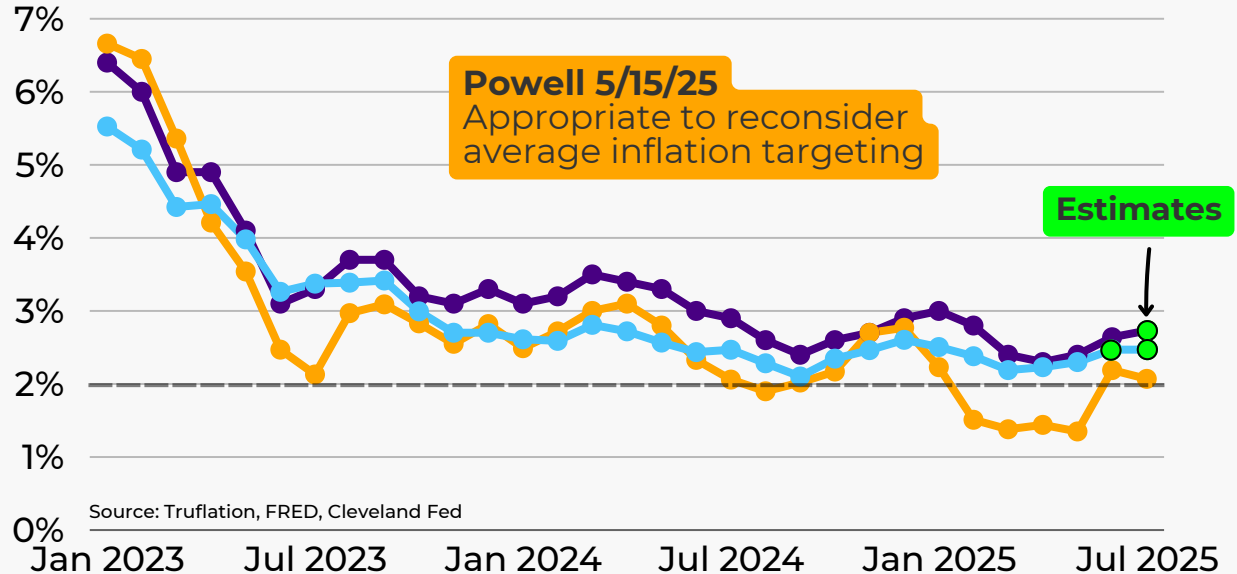
CPI and Truflation Hold a Tight Correlation

● CPI ● Truflation ● PCE

CPI & PCE prints are expected to **rise slightly**, as Truflation increases.

Inflation metrics remain above the Fed's **2.0% inflation target**.

Inflation expectations have surged in response to **tariff uncertainty**.



10Y/2Y Yield Curve Normalizing

The Unemployment Rate Remains Far Below 5.0%



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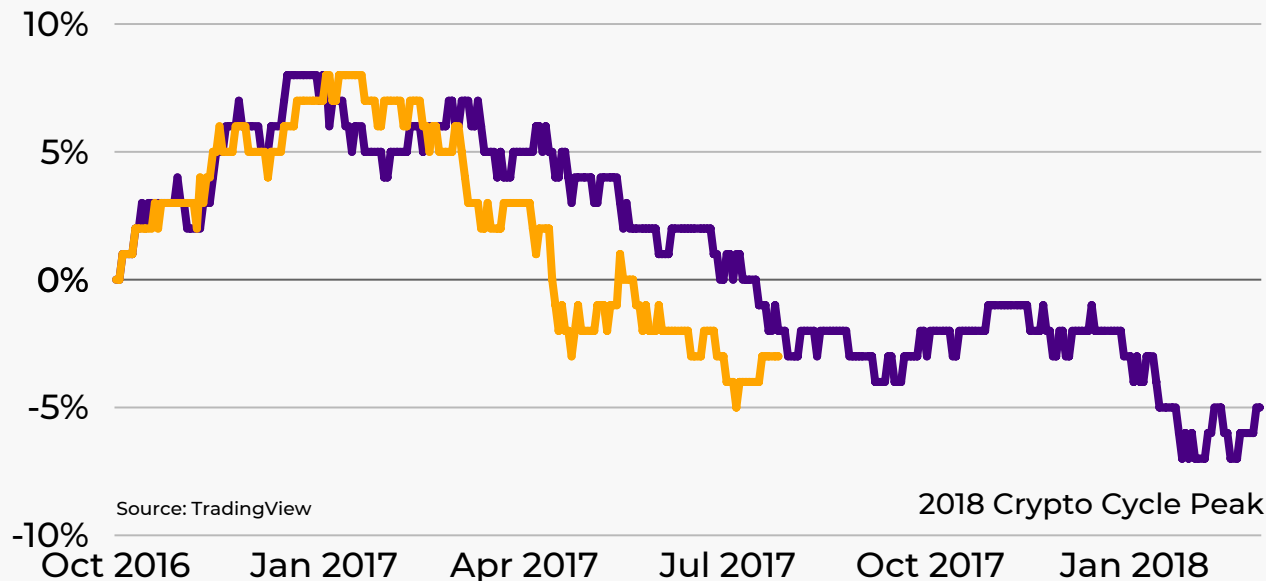
USD Weakness Fuels Risk Assets

DXY Index Comparison - 2017 vs Now

● Trump '45 ● Trump '47

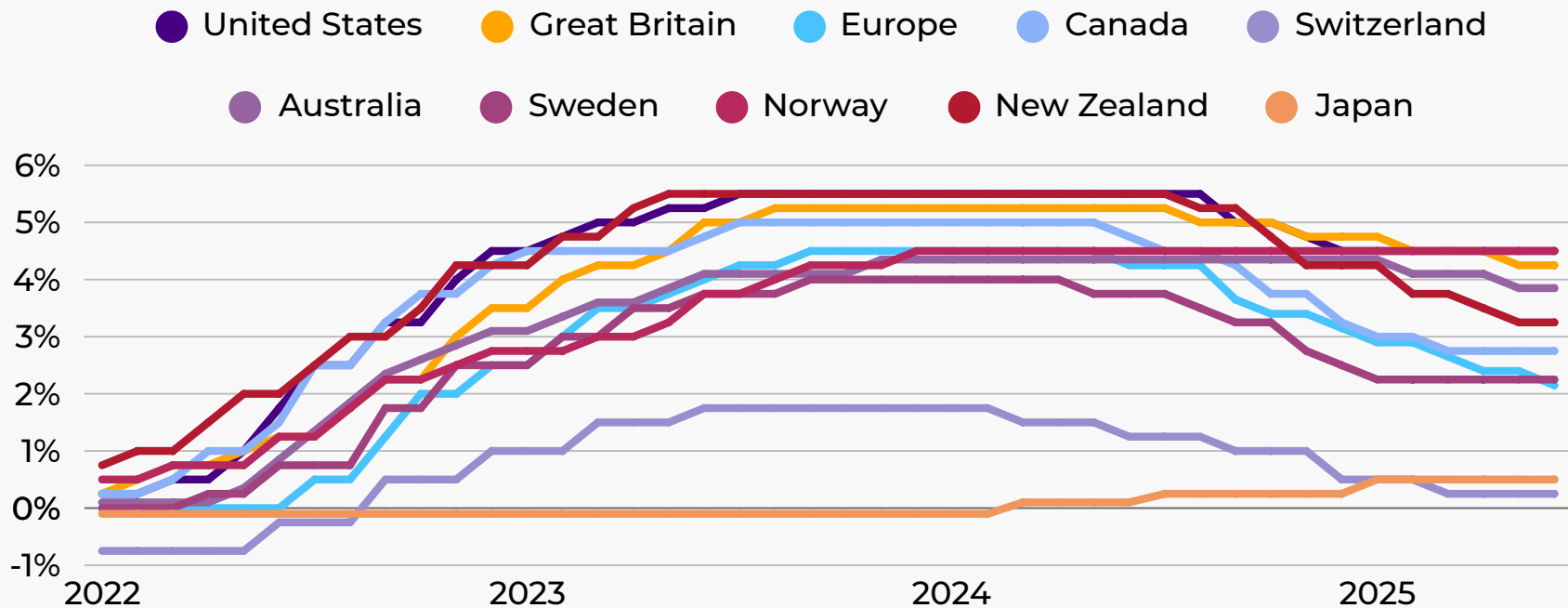
Digital asset strength in 2025 will likely occur **inverse** of DXY weakness.

Trump's previous term **weakened USD** almost immediately after coming into office.



Global Interest Rates Declining

Easing Cycles Provides Increasing Liquidity



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Global Liquidity Continues to Rise

Global Liquidity Typically Leads Bitcoin Price

GLI has continued to push higher.

GLI, Bitcoin & Gold have historically held a **lead-lag relationship**.

Bitcoin has lagged GLI around 50-100 days.



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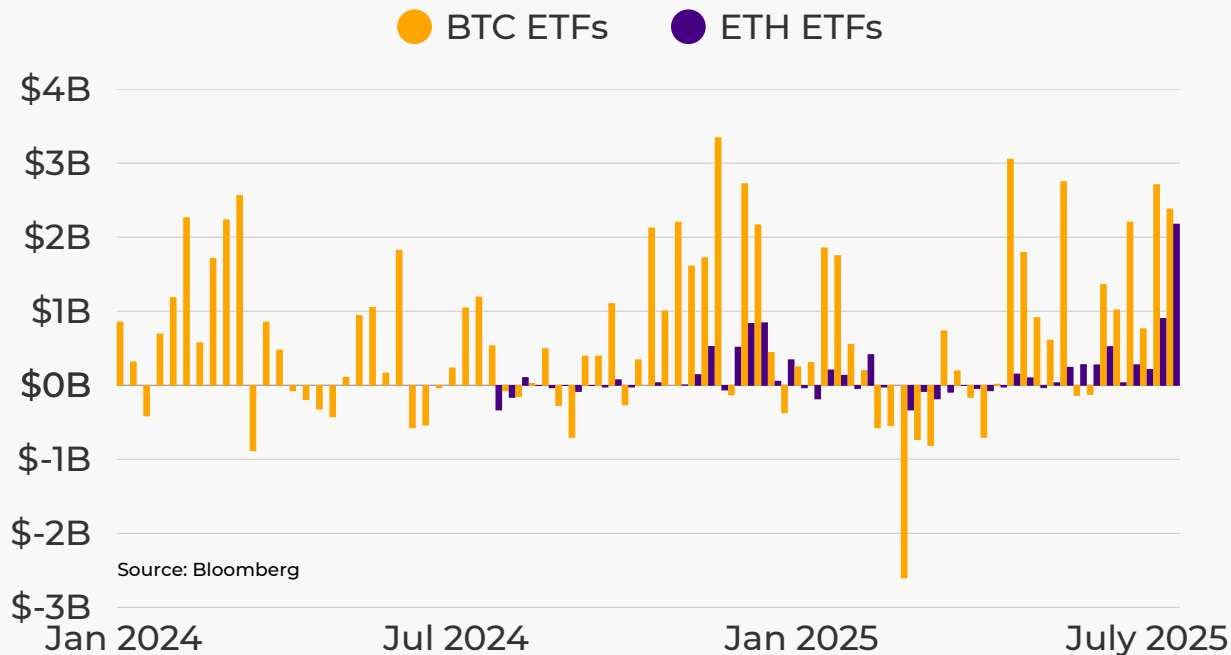
US Weekly ETF Net Flows

Flows Have Held Strong Through the Summer

Flows for US spot BTC ETFs have sustained for several weeks.

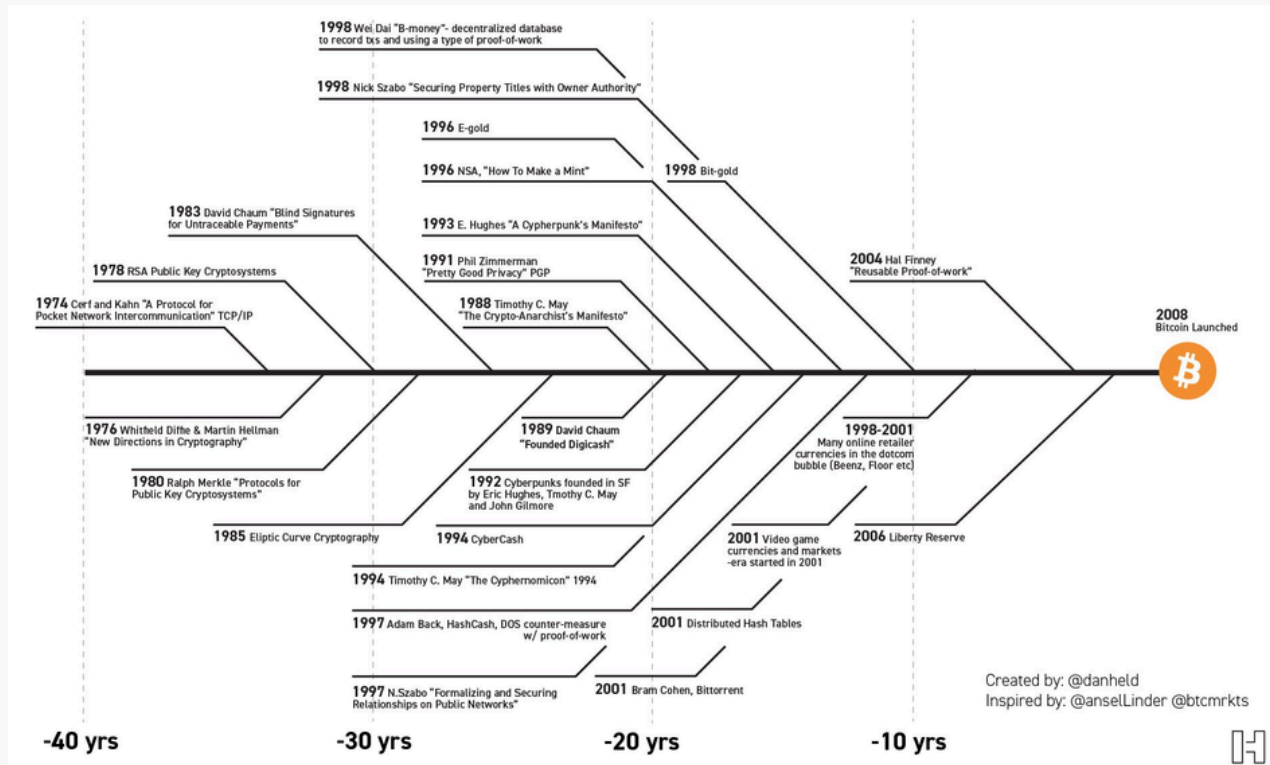
Flows for US spot ETH ETFs have risen to the highest levels since inception.

Basis trade arb does account for some flows.



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Bitcoin as a Technology

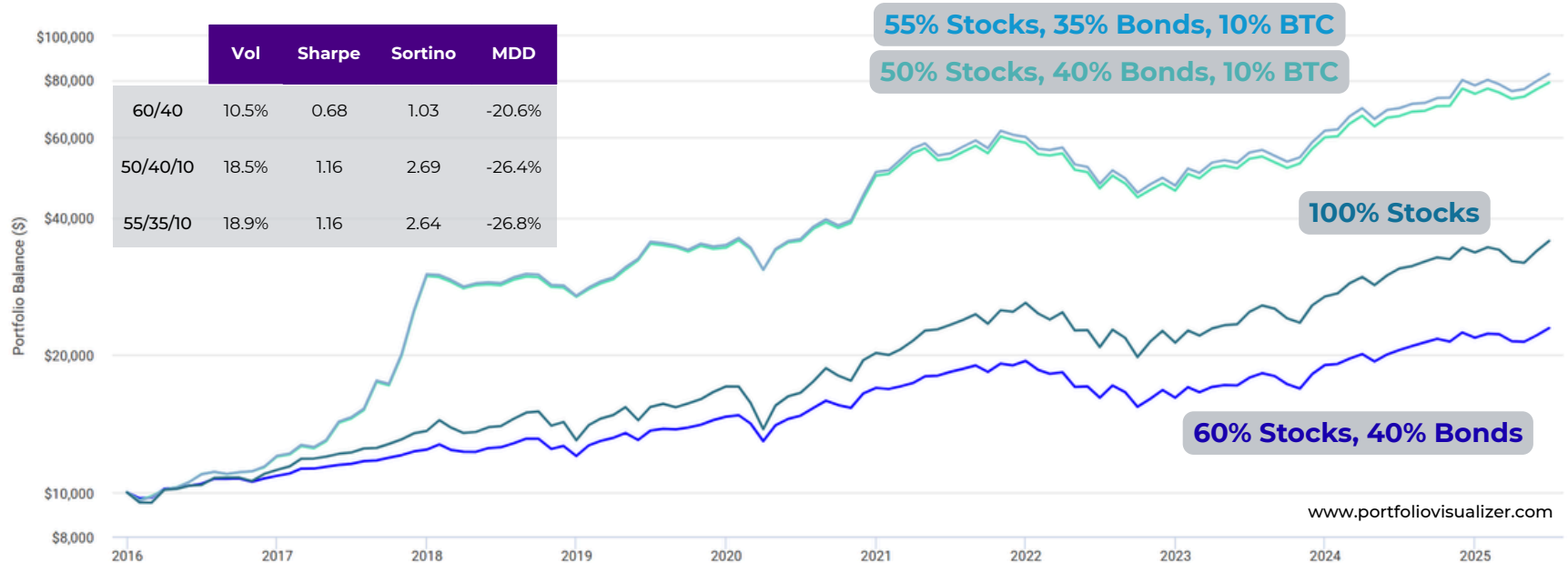


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Bitcoin as an Investment

Portfolio Comparisons with and without BTC, Rebalanced Annually

Portfolio Growth



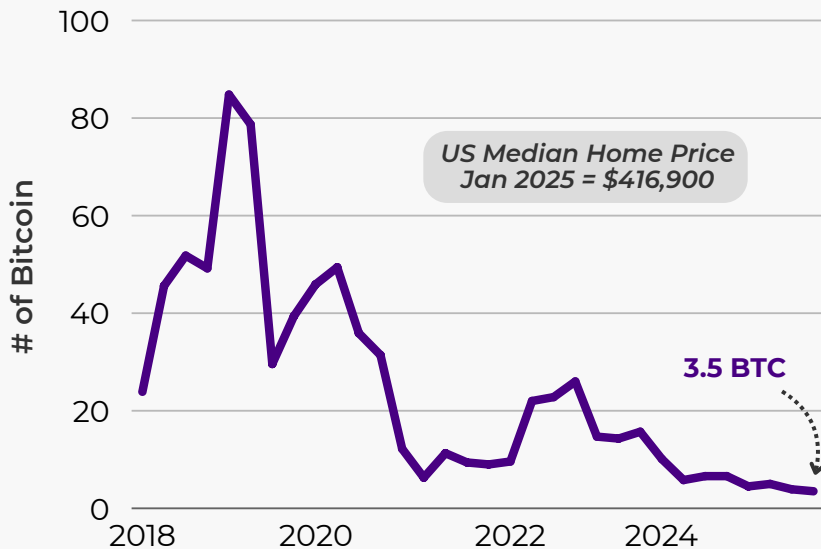
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Bitcoin as a Store of Value

BTC vs Housing & Wages

Number of Bitcoin to Purchase a Home

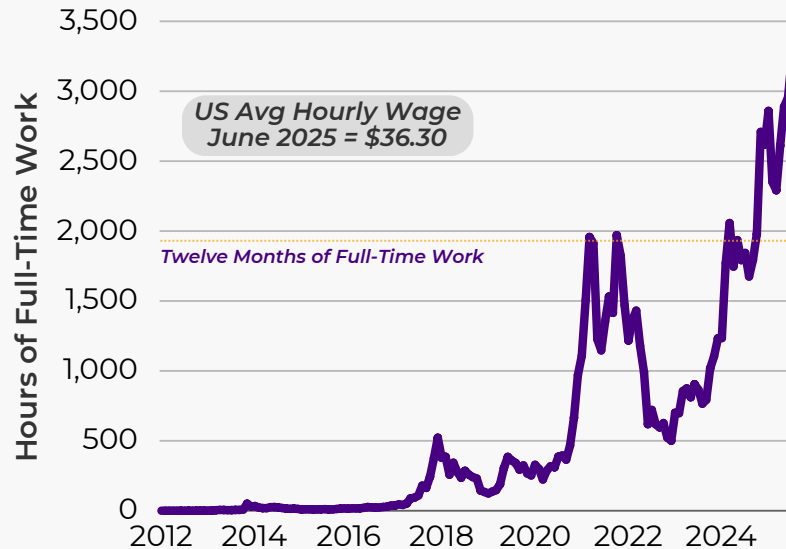
(Median Home Price / US\$ Bitcoin Price)



Source: FRED, TradingView

Hours of Work to Buy 1 Bitcoin

(US\$ Bitcoin Price / Average Hourly Earnings of All Employees)



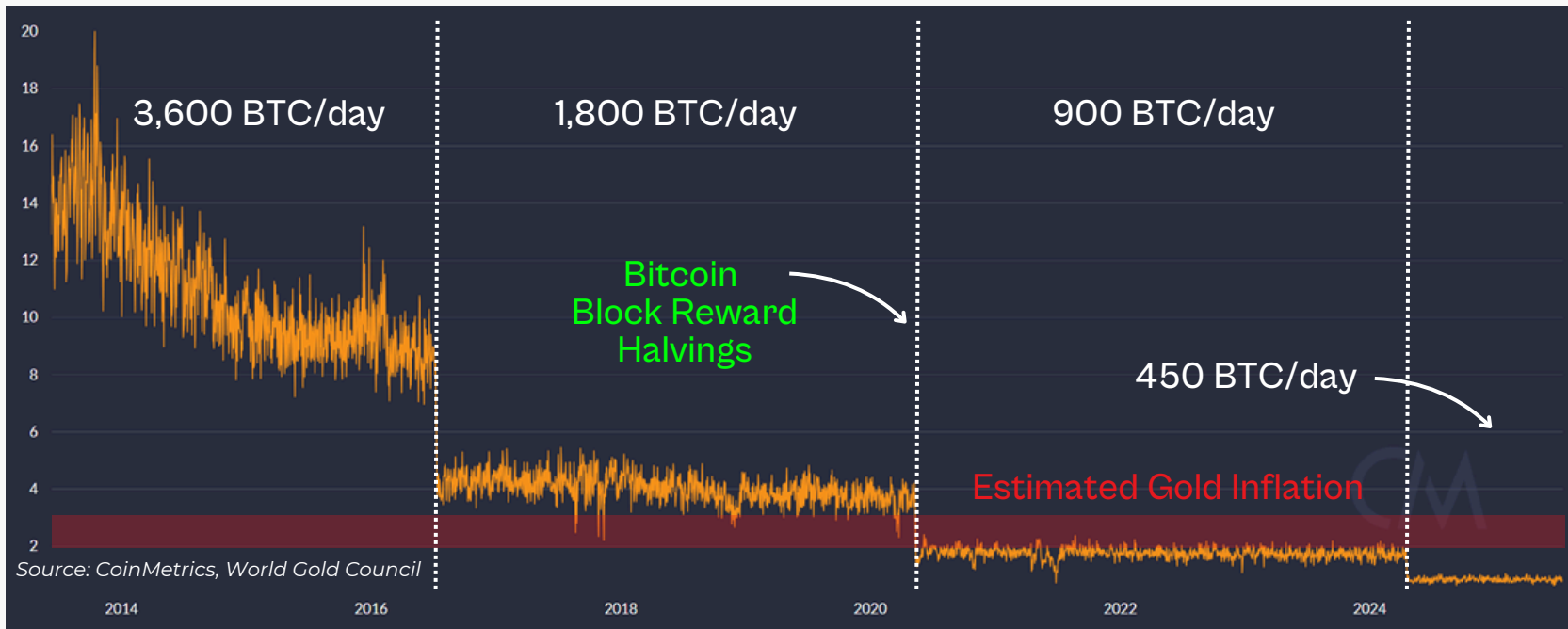
Source: FRED, TradingView



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Bitcoin Issuance < Gold Inflation

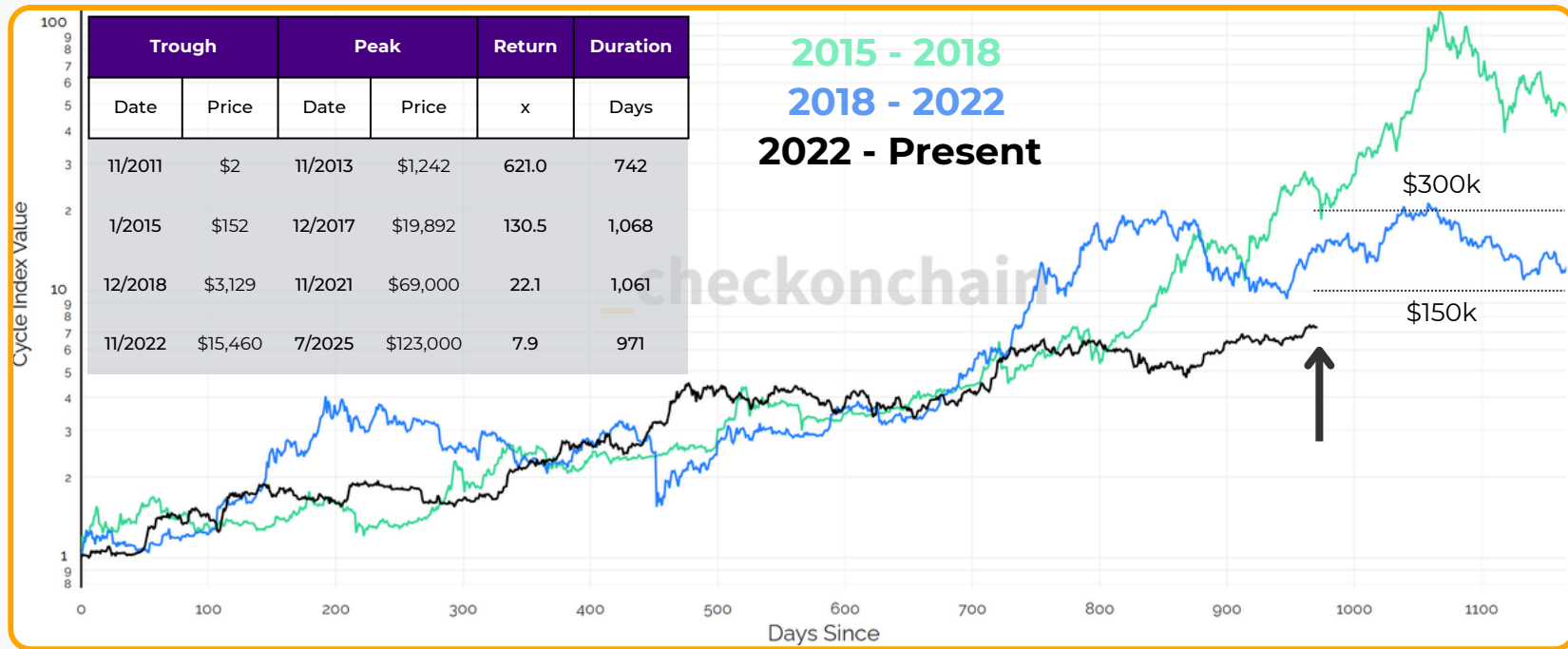
Annual Bitcoin Issuance, %



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Cyclical Comparisons

Bitcoin Cycle Comparison From Cycle Low



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Favored Price Model Heating Up

Bitcoin's Power Law Corridor



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Bullish Continuation Chart Pattern

BTC Cup & Handle



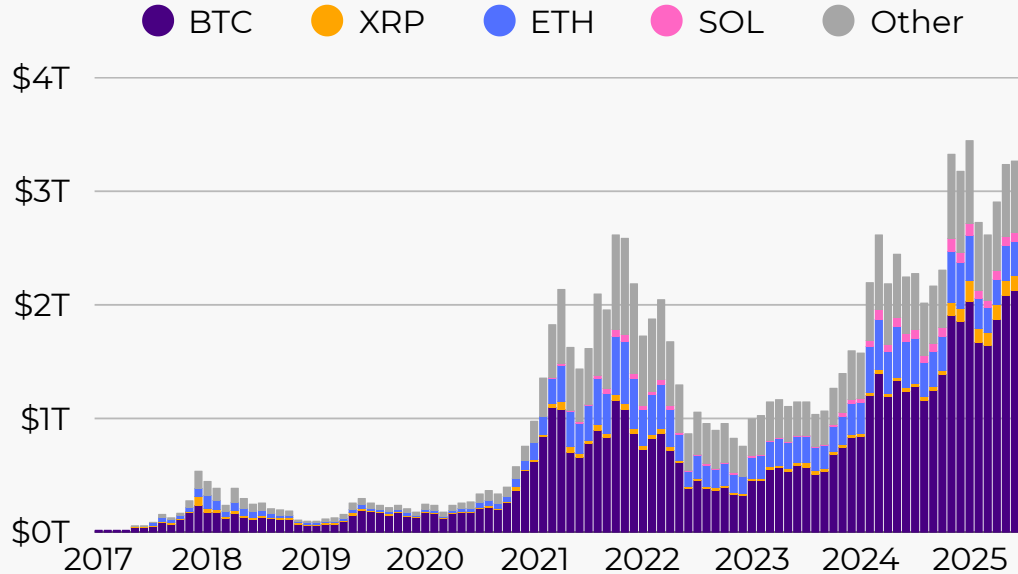
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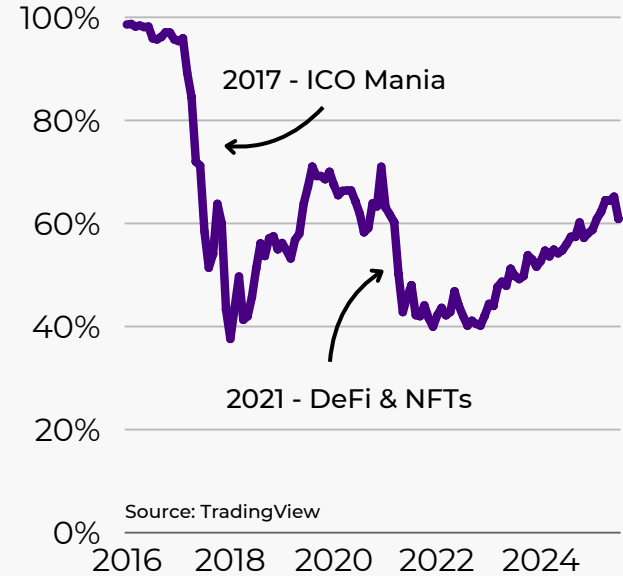
Alt Coins Catching a Bid

BTC vs Alt Relative Value Trends

Total Crypto Market Cap, Monthly



Bitcoin Dominance, Monthly



Source: TradingView

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Contact Us

Jack Burke

Manager of Client Services

jack.burke@canary.capital



info@canary.capital

canary.capital



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Appendix

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Debt to Such Great Heights

US Debt to GDP Set for New All-time Highs

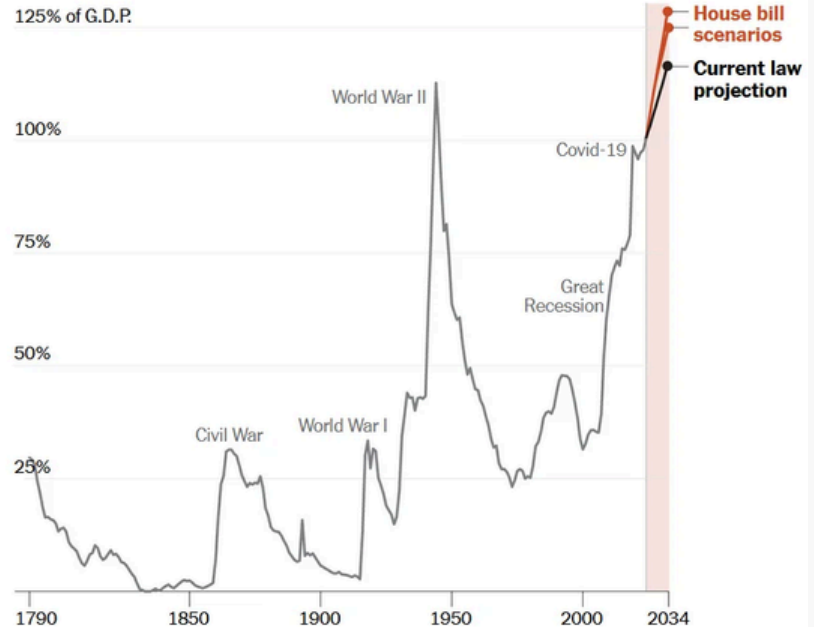
Despite the promises and efforts of DOGE, Trump's BBB will increase federal debt to GDP projections.

In the next year;

- US is projected to reissue \$7.6 trillion of interest-bearing debt
- Represents about 31% of all outstanding US government debt
- Issuance levels not seen since early 2021
- Strategic debt maturity issuance

U.S. Federal Debt as a Share of the Economy Since 1790

Source: CBO, NYT



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Recent Crypto Legislation

Regulatory Clarity for US Digital Assets

GENIUS Act

- Signed into law
- Stablecoins
 - Brings products onshore
 - Full reserve backing
 - Regular audits
 - Reserve transparency
 - Permits banks to issue
 - No passive yield
 - Other incentives allowed
- \$260B in circulation today

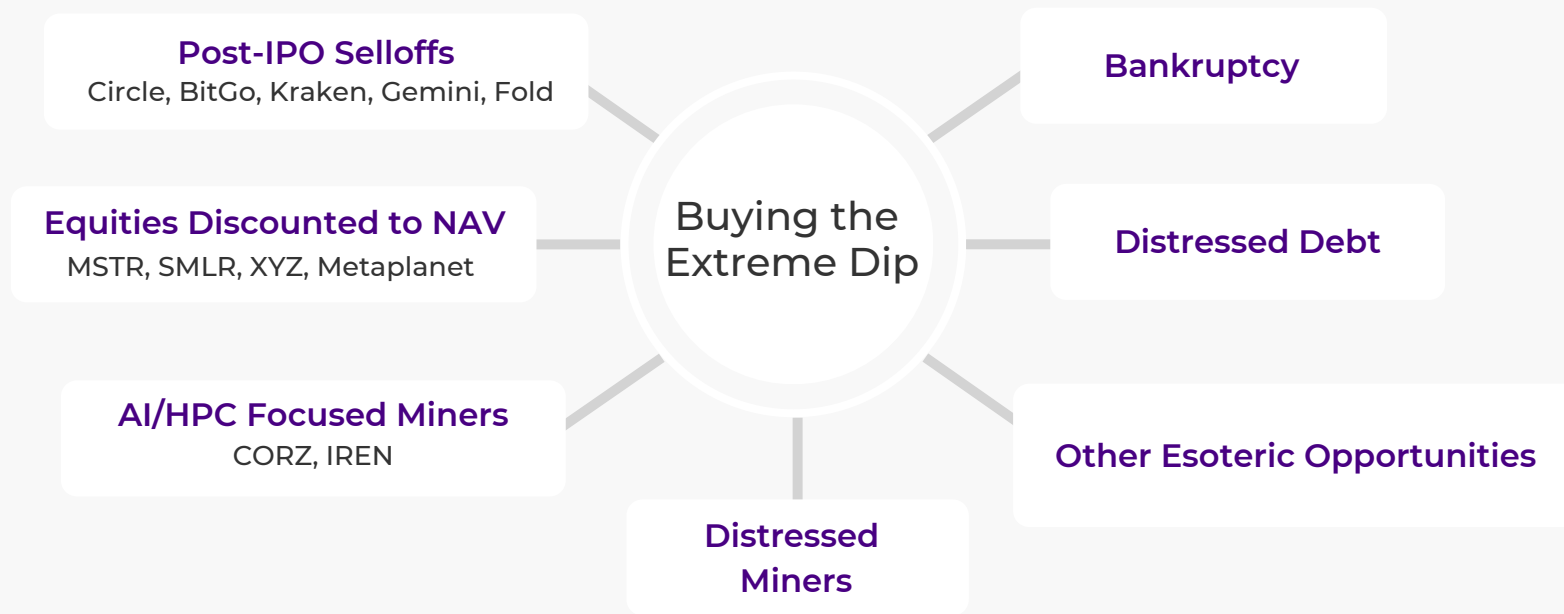
CLARITY Act

- Pending
- Market Framework
 - Ends regulation by enforcement
 - Commodity vs Security
- More products & features to market
 - Alt coin ETFs
 - Staking
 - In-kind create/redeem
 - Reduces friction & fees



Bear Market Opportunities

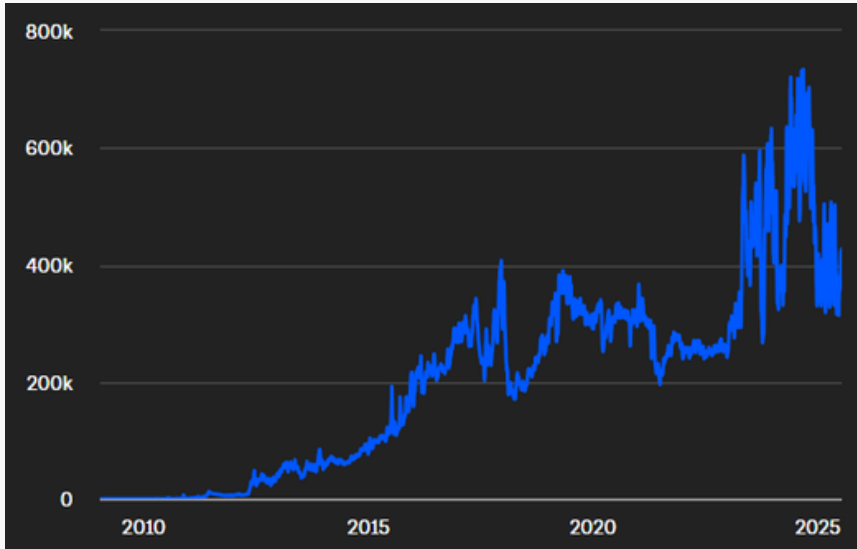
Focus on Discounted or Uncorrelated Assets



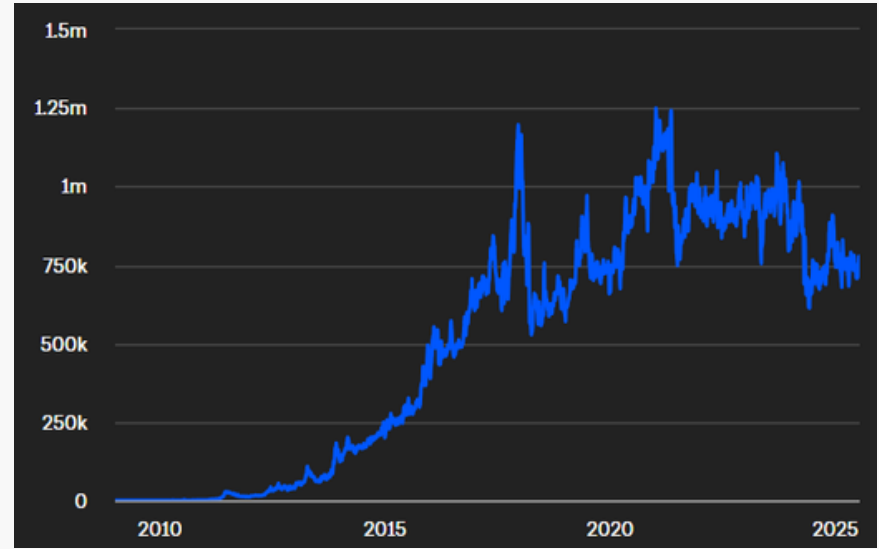
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Bitcoin On-Chain Metrics

Transactions, Weekly Average



Active Addresses, Weekly Average



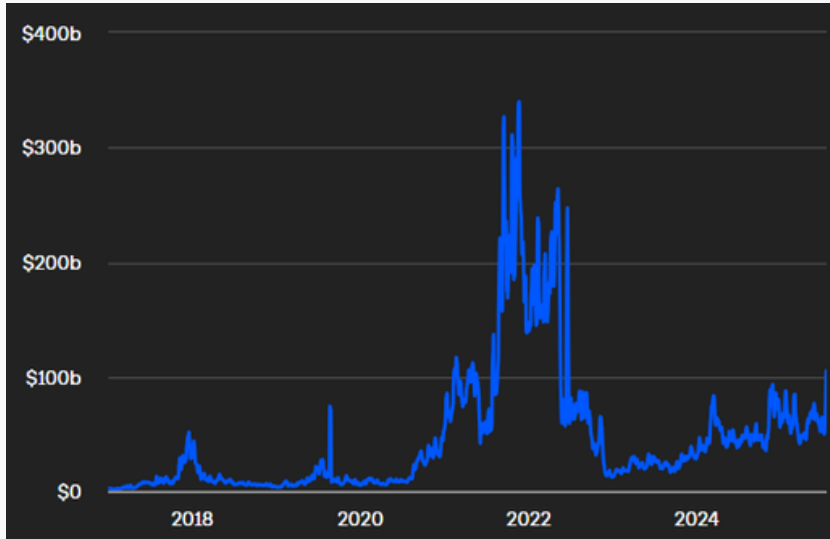
Source: The Block



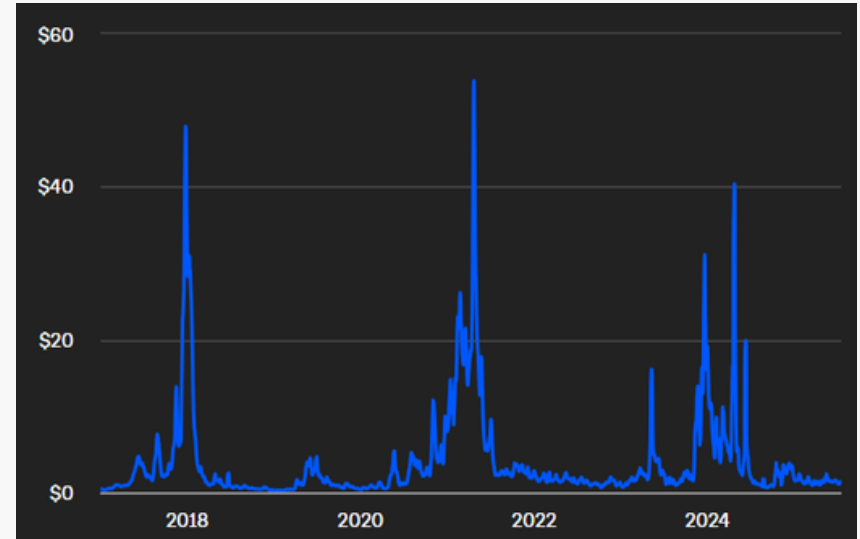
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Bitcoin On-Chain Metrics

On-Chain Volume, Weekly Average



Average Transaction Fee, Weekly Average



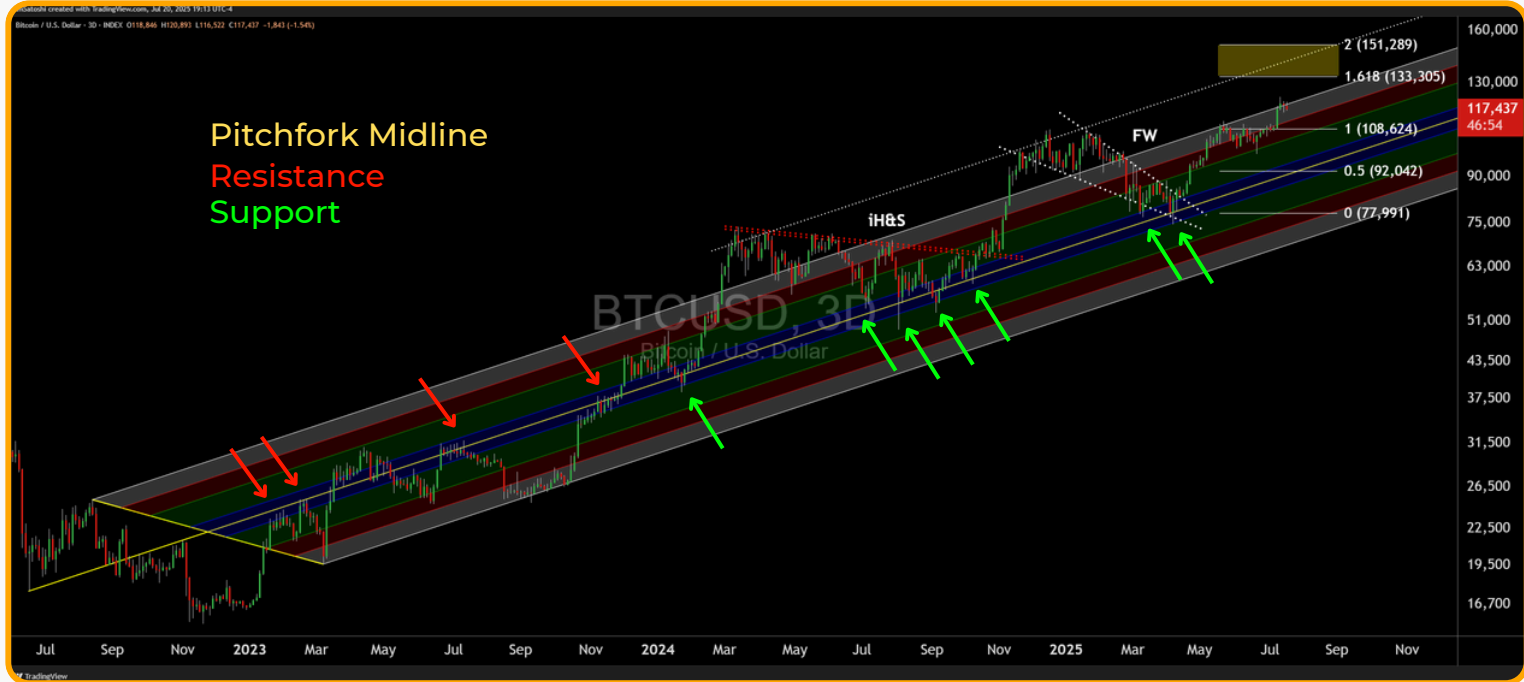
Source: The Block



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Bullish Multi-Year Channel

BTC Remains in Bullish Territory



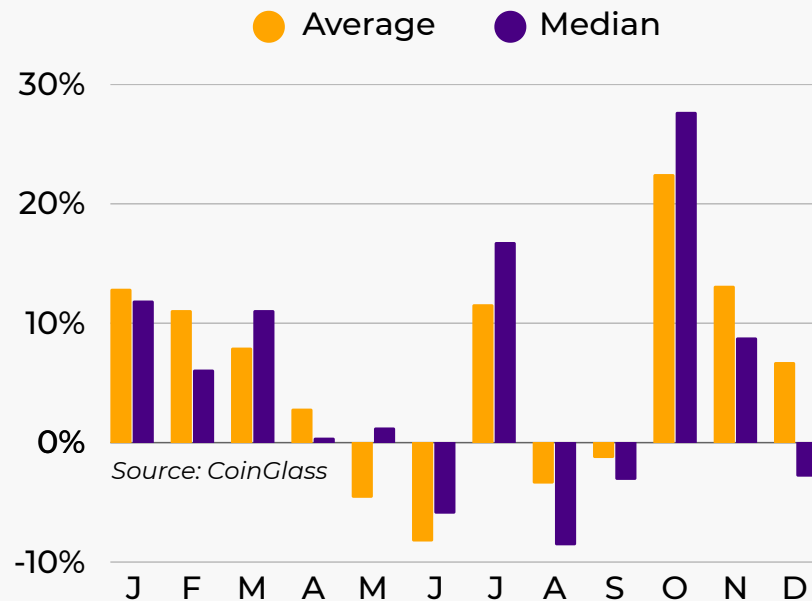
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Bitcoin Seasonality

Cycle and Monthly Returns

2011	2012	2013	2014
1473%	186%	5507%	-58%
2015	2016	2017	2018
35%	125%	1331%	-73%
2019	2020	2021	2022
95%	301%	66%	-65%
2023	2024	2025*	2026
126%	121%	27%	

Monthly Bitcoin Returns - 2020 to Present



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The Quantum Threat

(in)Security of Cryptographic Algorithms

The Problem

- Public key exposure via P2PK
 - Vulnerable once funds spent
 - ECC reversible via QC
 - Public key extraction
 - Signature forgery attack
- Likely 10-20 years away
- Satoshi's Coins
 - 1.096m BTC
 - Outdated P2PK addresses
 - Public key exposed on-chain

The Solution

- Post-quantum cryptography (PQC)
 - Replace ECC
- Soft fork to support new addresses
- Hard fork to upgrade entire network
- Avoid P2PK and address re-use
 - P2PKH hides public key until spent
- Layer-2 Solutions
 - Lightning Network
- Jameson Lopp Proposal
 - Post Quantum Migration and Legacy Signature Sunset

