



August 2025 Webinar

Canary Digital Fund

The Next 90 Days

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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



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

Macro Outlook

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



Today's Discussion

Macro

- Rates & Inflation
- Unemployment & YC
- The Average Consumer
 - Unaffordability Crisis
- Dollar Weakness
- Global Liquidity

Bitcoin & Alts

- The Case for Bitcoin
 - The New 60/40
- Cycles, Seasonality & ETFs
- Alt Coin Dynamics
 - On-chain Activity
- Alt Risk Spectrum



Market Expecting Cuts by Year End

Rate Cut Probabilities Throughout 2025 & 2026

Rate probabilities show expectations for **two 25bp cuts** before year end and **three 25bp cuts next year**.

Despite rising inflation prints, the Fed is now focused on trouble brewing in the **jobs market**.

Powell's recent speech hinted at a **reducing rates**, starting next meeting on Sept 17th.

	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
9/17/2025					0.0%	0.0%	0.0%	0.0%	86.3%	13.7%
10/29/2025	Trump 6/27/25 I'm going to appoint someone as Federal Reserve chair who wants to cut rates to 1%						0.0%	42.4%	50.6%	6.9%
12/10/2025							33.6%	48.9%	16.1%	1.5%
1/28/2026	0.0%	0.0%	0.0%	0.0%	0.0%	17.1%	41.4%	32.2%	8.6%	0.7%
3/18/2026	0.0%	0.0%	0.0%	0.0%	9.0%	29.9%	36.5%	19.7%	4.4%	0.3%
4/29/2026	0.0%	0.0%	0.0%	3.2%	16.4%	32.2%	30.6%	14.4%	3.0%	0.2%
6/17/2026	Powell Fed Chair Term Ends May 2026			10.8%	25.6%	31.3%	21.2%	7.8%	1.4%	0.1%
7/29/2026	0.0%	0.0%	0.0%	15.6%	27.4%	28.1%	16.9%	5.7%	1.0%	0.1%
9/16/2026	0.2%	2.3%	9.2%	20.4%	27.7%	23.5%	12.3%	3.8%	0.6%	0.0%
10/28/2026	0.6%	3.6%	11.3%	21.8%	26.9%	21.4%	10.7%	3.2%	0.5%	0.0%
12/9/2026	0.6%	3.6%	11.3%	21.8%	26.9%	21.4%	10.7%	3.2%	0.5%	0.0%

Source: CME FedWatch



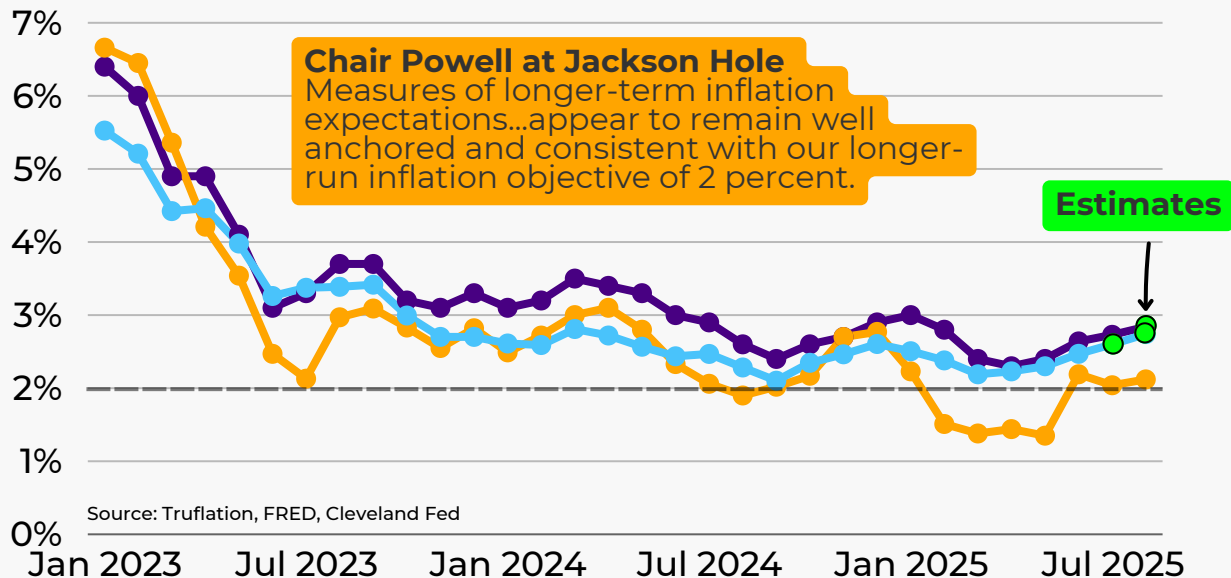
Inflation On The Rise Again?

CPI and Truflation Hold a Tight Correlation

● CPI ● Truflation ● PCE

Tariffs have pushed some prices higher with CPI & PCE prints expected to **rise slightly**, in line with goods-heavy Truflation.

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



10Y/2Y Yield Curve Normalizing

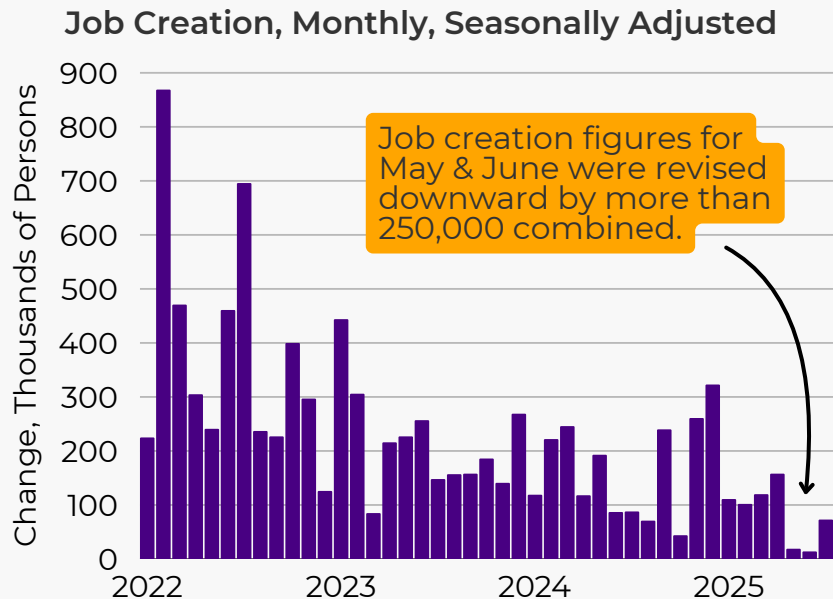
The Unemployment Rate Remains Far Below 5.0%



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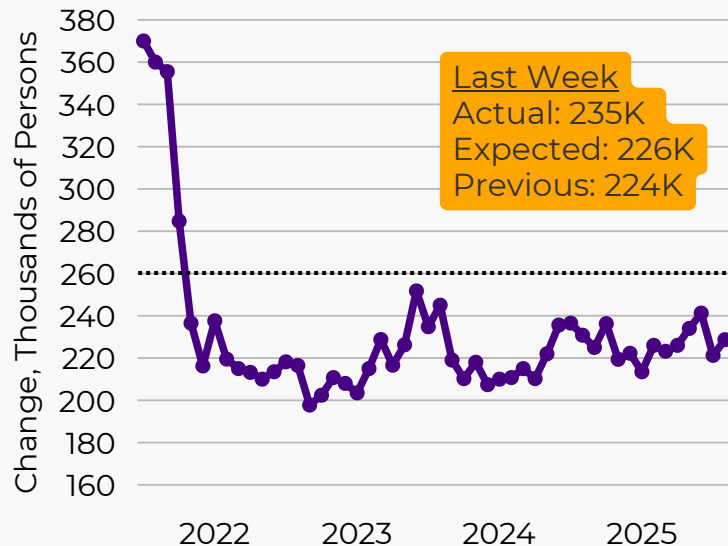
Employment Trending Lower

Payroll Growth & Initial Unemployment Claims



Source: FRED

Initial Claims, Monthly, Seasonally Adjusted

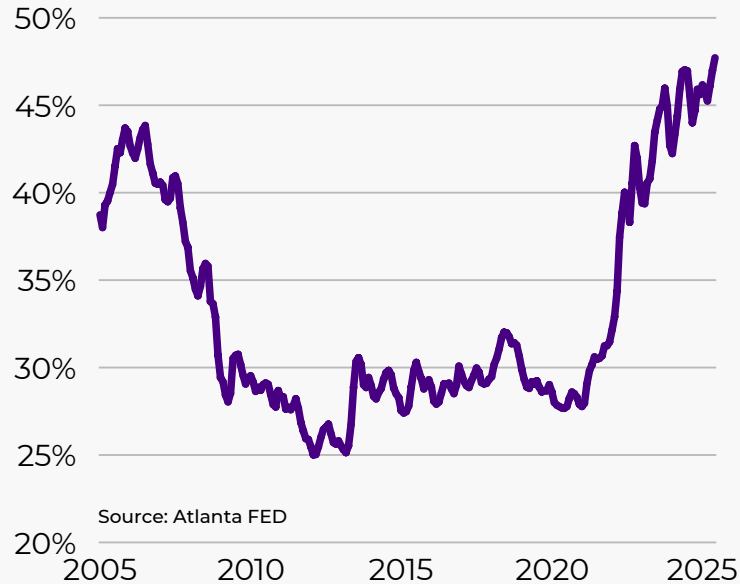


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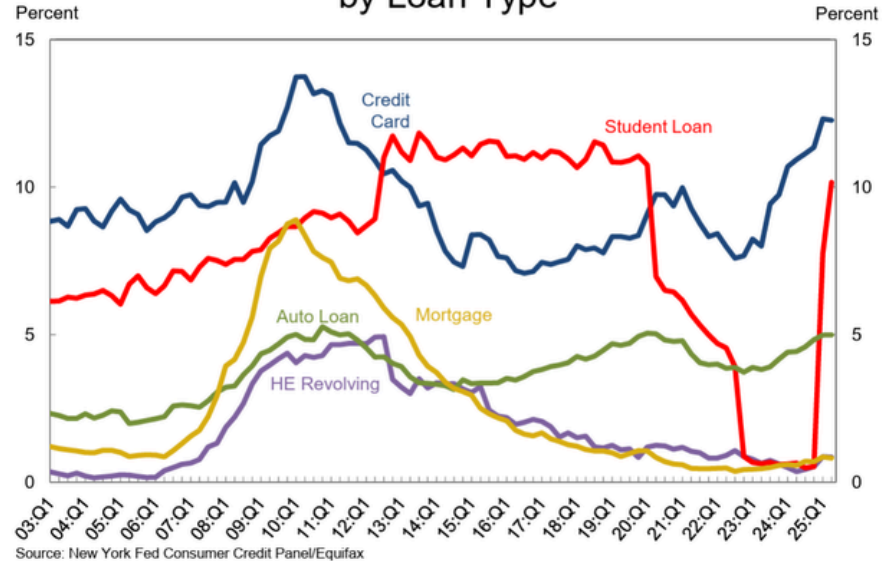
Unaffordability & Delinquencies

The Average Consumer is Priced Out of Lending

Median Housing Payment as % of Median Income



Percent of Balance 90+ Days Delinquent by Loan Type



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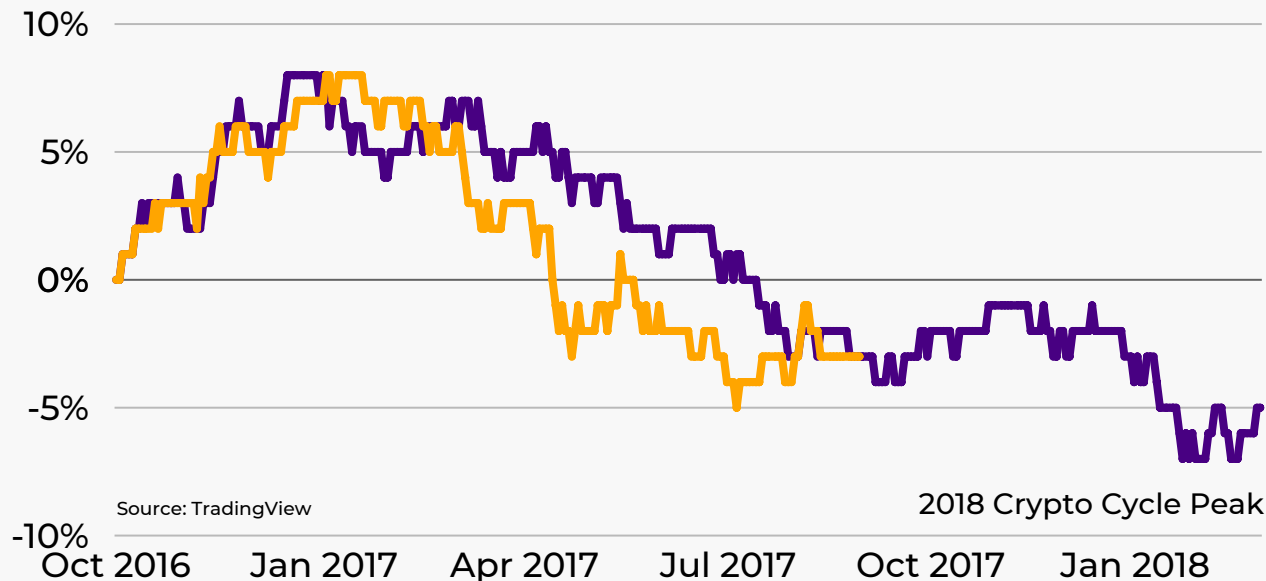
USD Weakness Fuels Risk Assets

DXY Index Comparison - 2017 vs Now

● Trump '45 ● Trump '47

Digital asset strength in 2025 has thus far occurred **inverse** of DXY weakness.

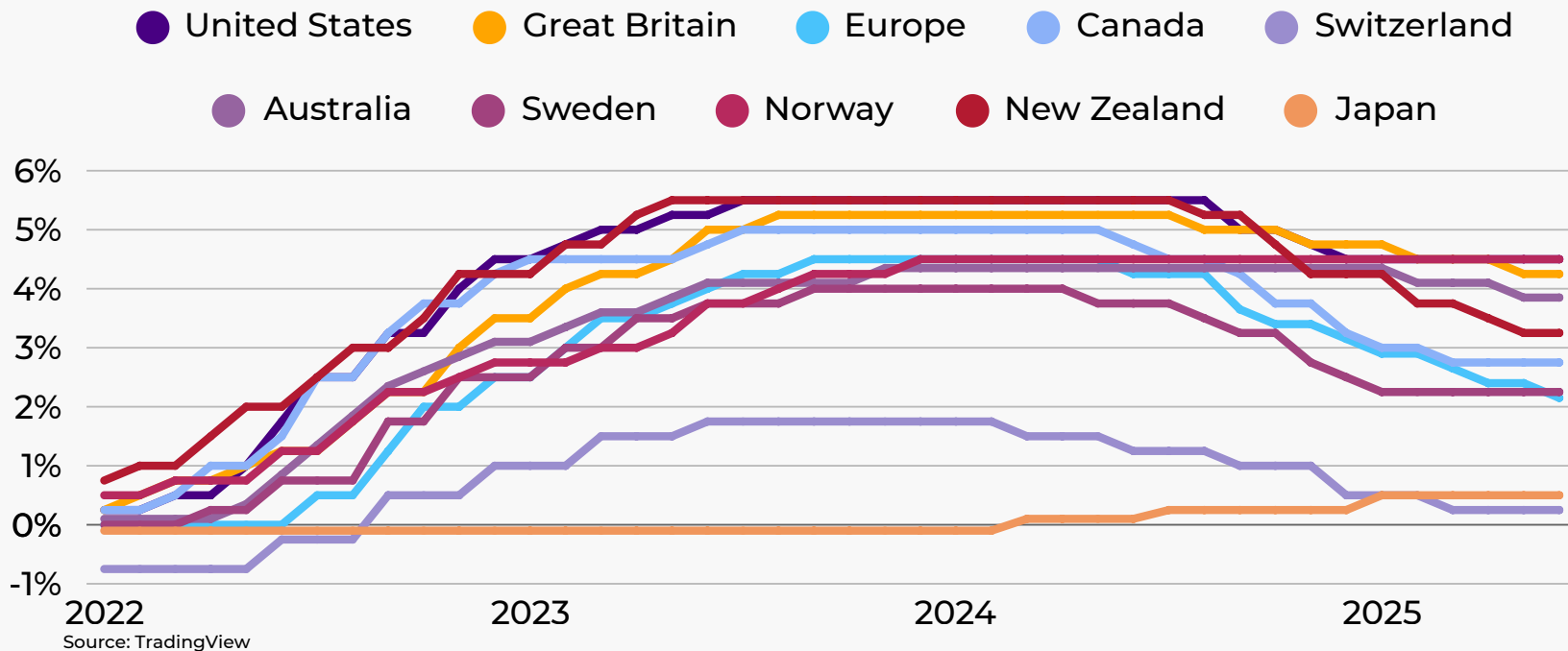
Trump's previous term also **weakened USD** in a similar fashion.



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Global Interest Rates Declining

Easing Cycles Provides Increasing Liquidity



Source: TradingView



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Global Liquidity Continues to Rise

Global Liquidity Typically Leads Bitcoin Price

GLI has continued to push higher.

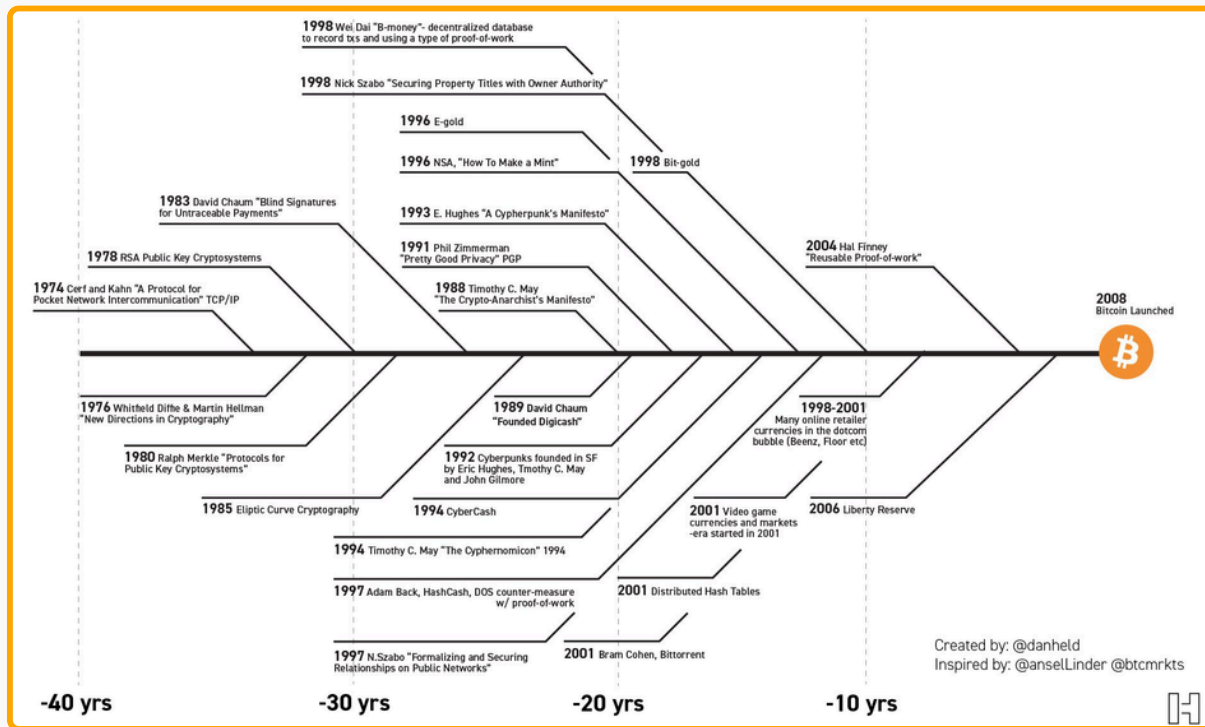
GLI, Bitcoin & Gold have historically held a **lead-lag relationship**.

Bitcoin has lagged GLI around 50-100 days.



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Bitcoin as a Technology

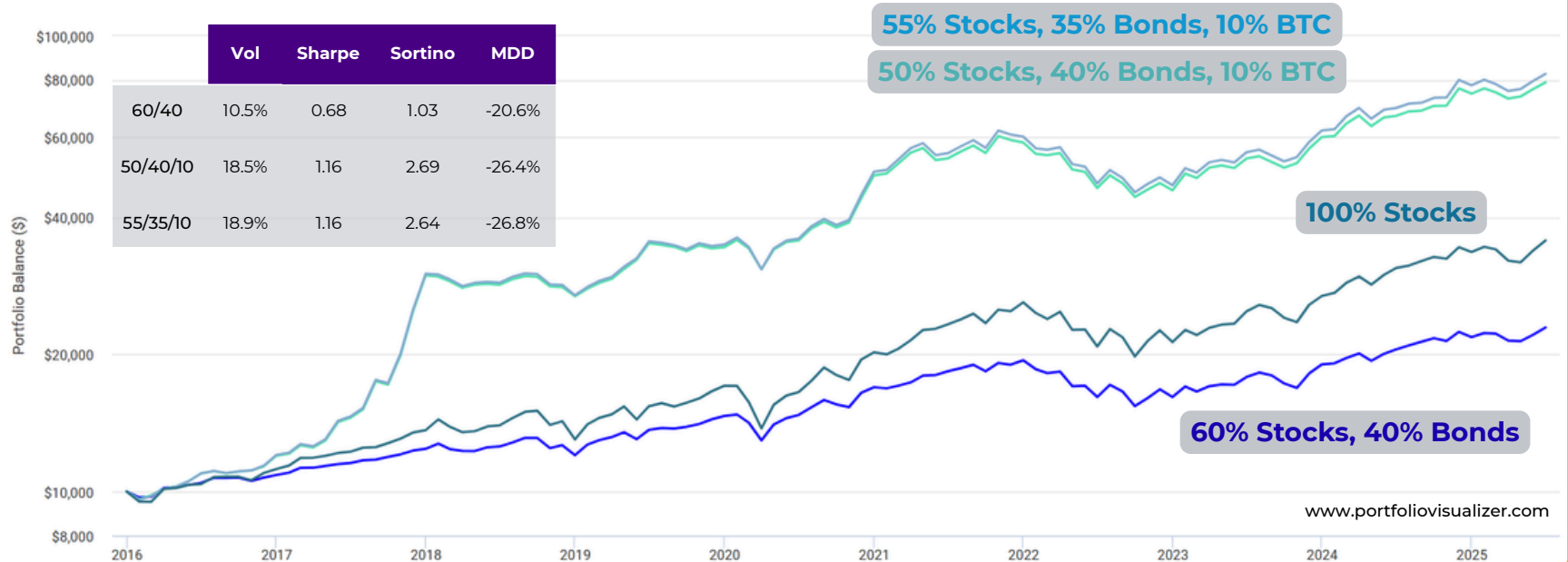


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Bitcoin as an Investment

Portfolio Comparisons with and without BTC, Rebalanced Annually

Portfolio Growth



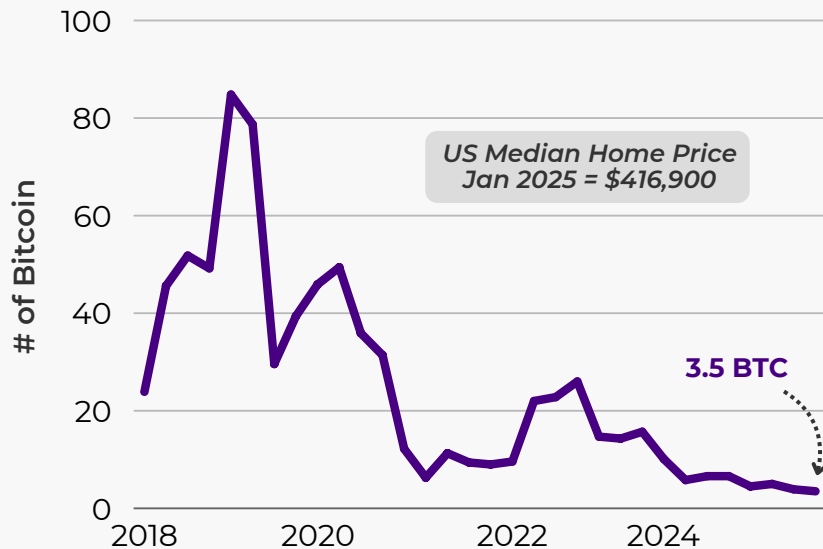
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Bitcoin as a Store of Value

BTC vs Housing & Wages

Number of Bitcoin to Purchase a Home

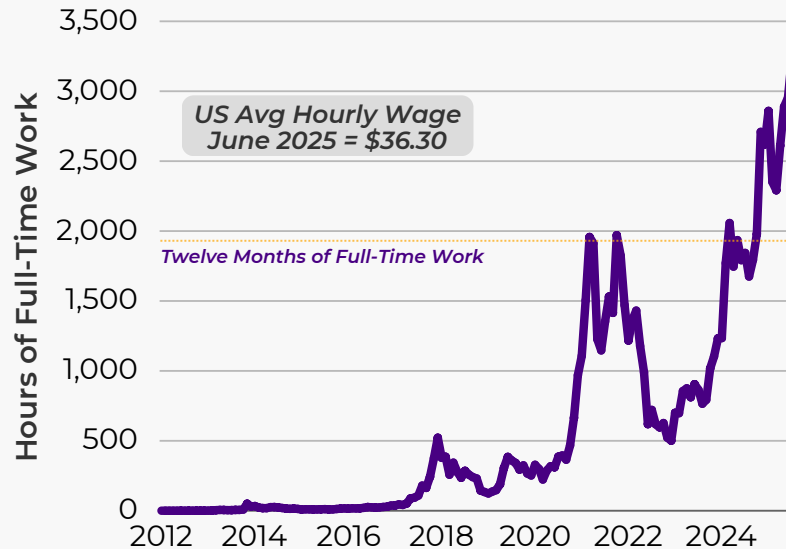
(Median Home Price / US\$ Bitcoin Price)



Source: FRED, TradingView

Hours of Work to Buy 1 Bitcoin

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



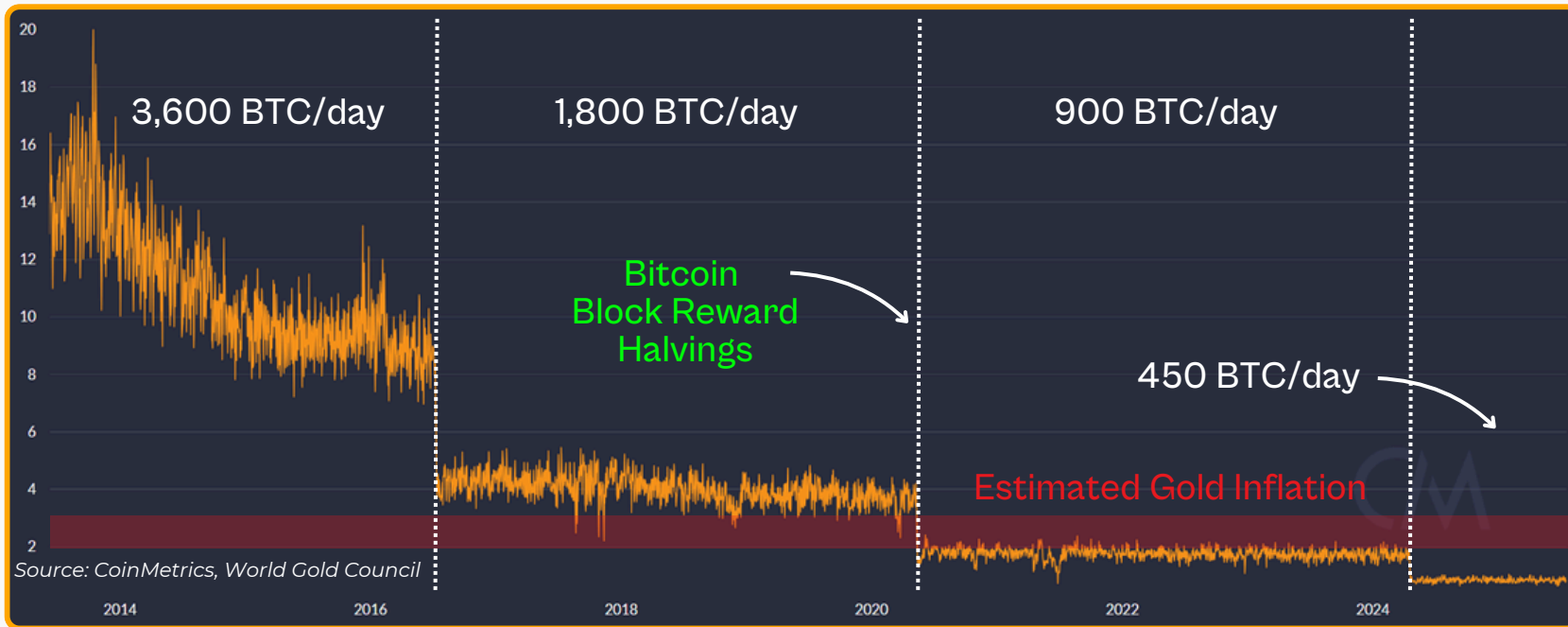
Source: FRED, TradingView



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Bitcoin Issuance < Gold Inflation

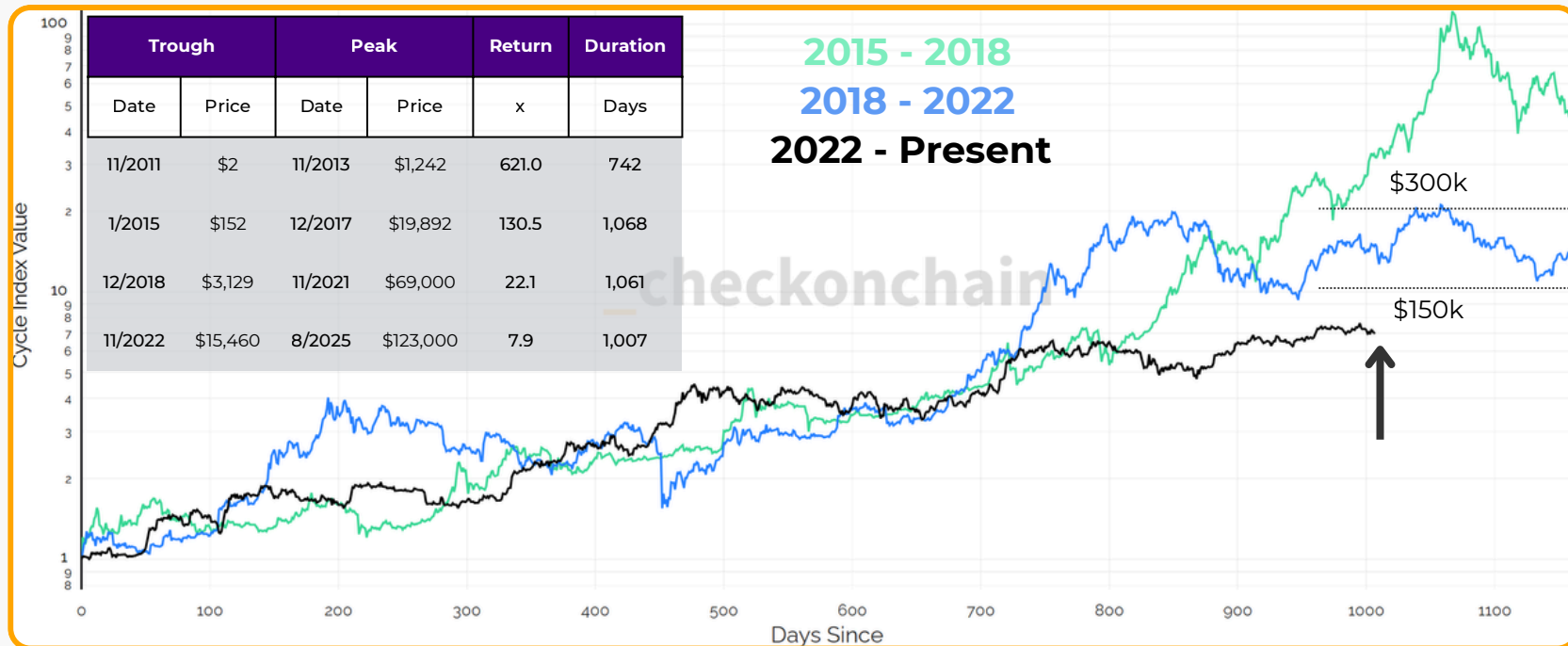
Annual Bitcoin Issuance, %



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Cyclical Comparisons

Bitcoin Cycle Comparison From Cycle Low



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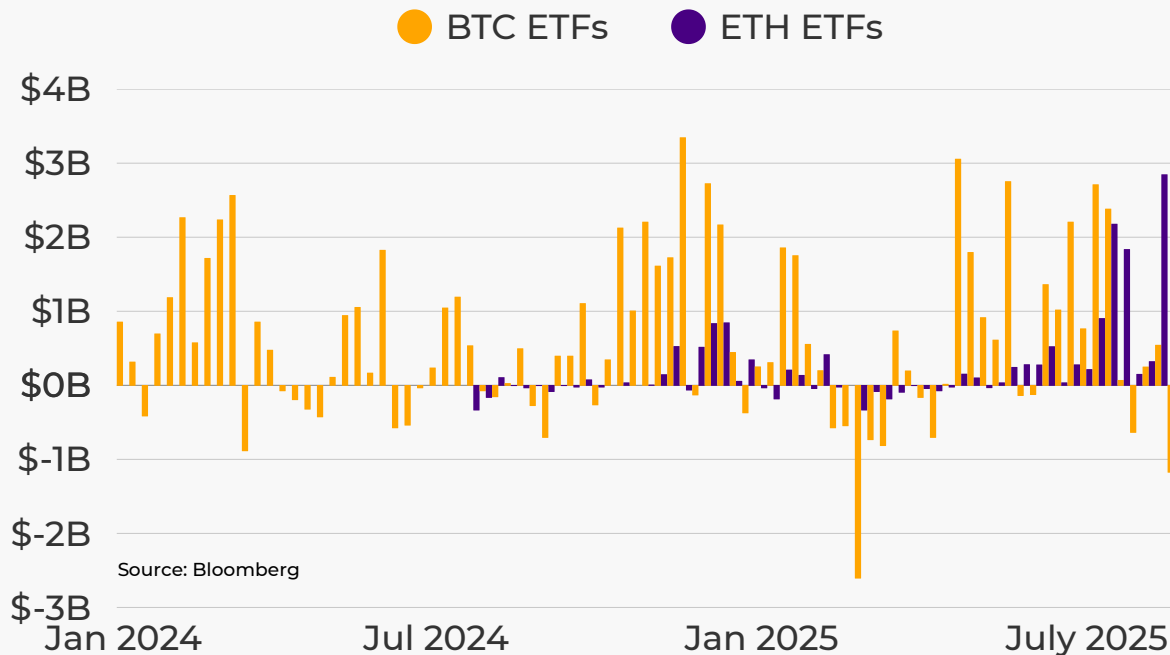
US Weekly ETF Net Flows

Flows Favor ETH/BTC Momentum & Strength

Flows for US spot BTC ETFs have been muted 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.

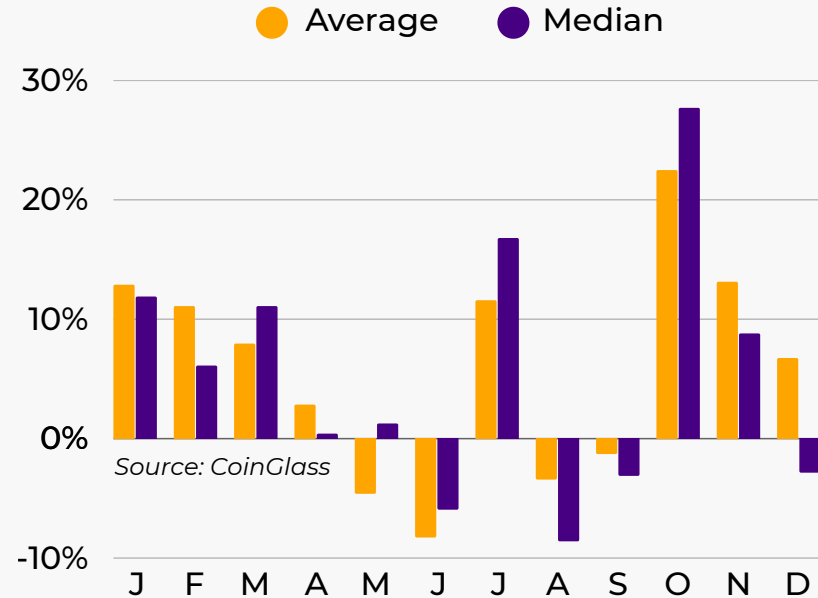


Bitcoin Seasonality

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%	20%	

Monthly Bitcoin Returns - 2020 to Present



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Bullish Continuation Chart Pattern

BTC Cup & Handle

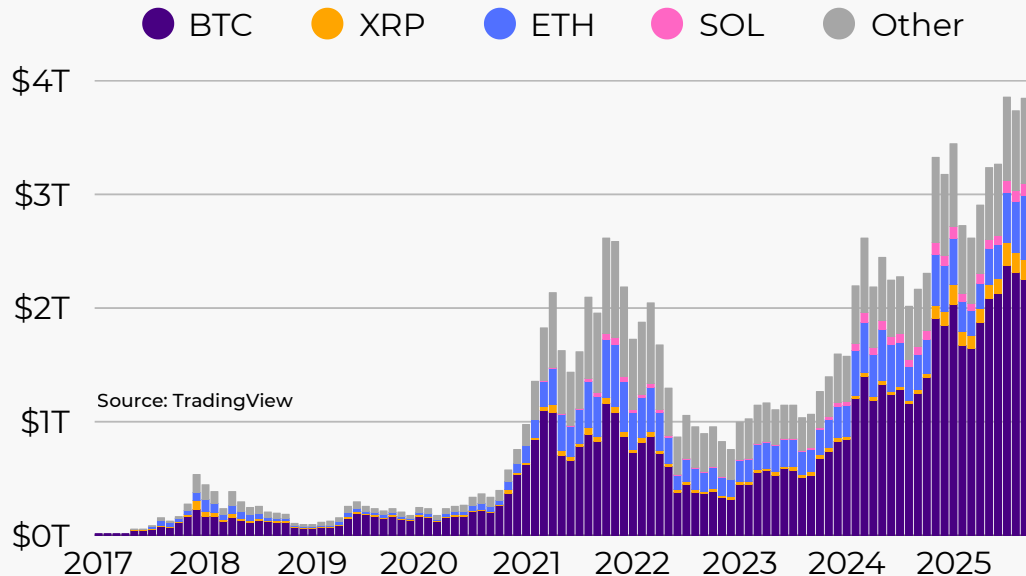


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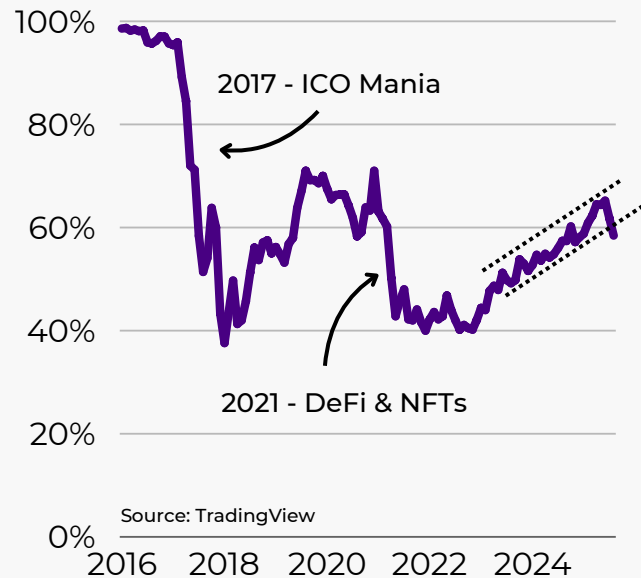
Alt Coins Catching a Bid

BTC vs Alt Relative Value Trends

Total Crypto Market Cap, Monthly



Bitcoin Dominance, Monthly

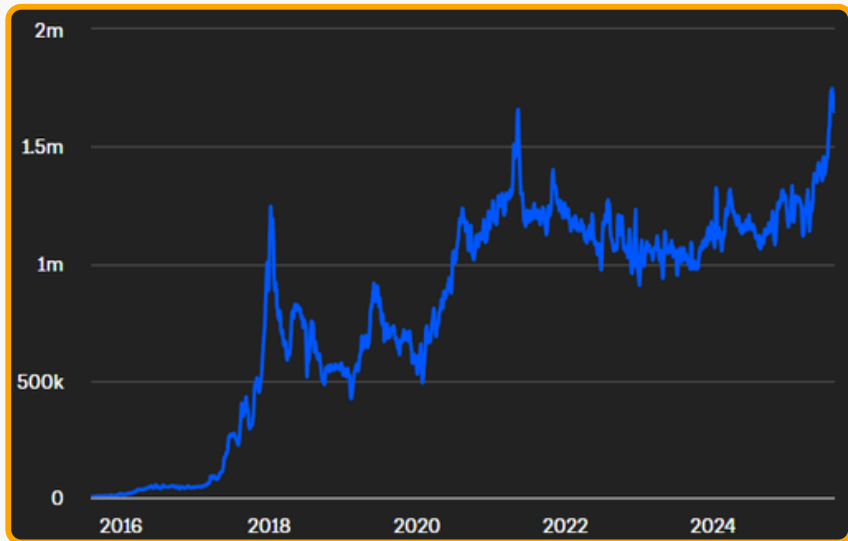


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Ethereum On-Chain Metrics

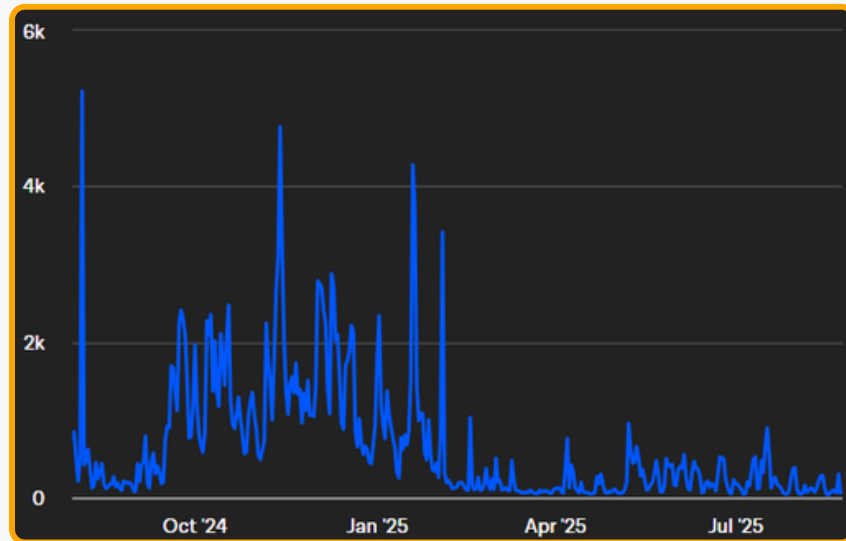
Transactional Activity Hits an ATH

Transactions, Weekly Average



Source: The Block

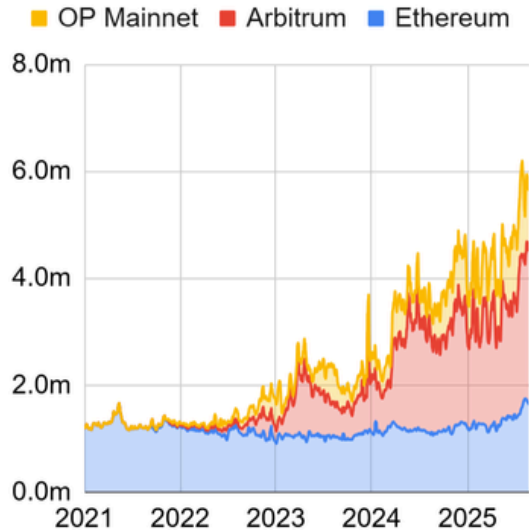
ETH Tokens Burned, Daily



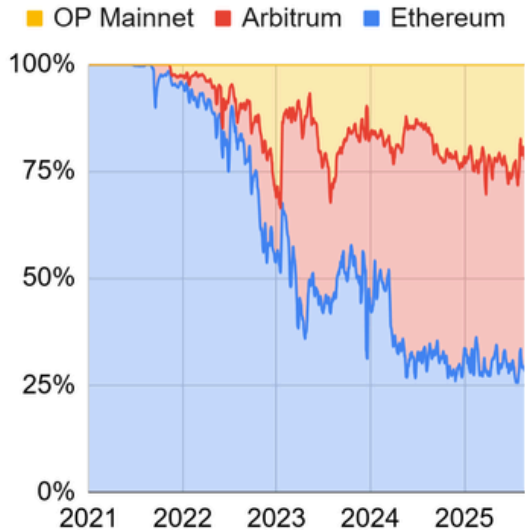
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ETH L2 Dominance Continues

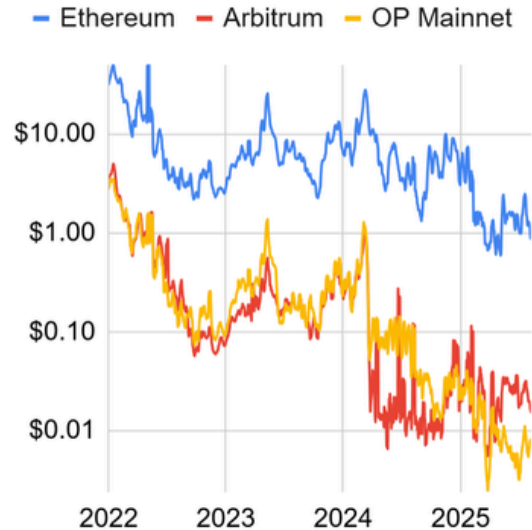
Transactions per Day



Transaction Market Share



Average Transaction Fee



Source: Artemis.xyz



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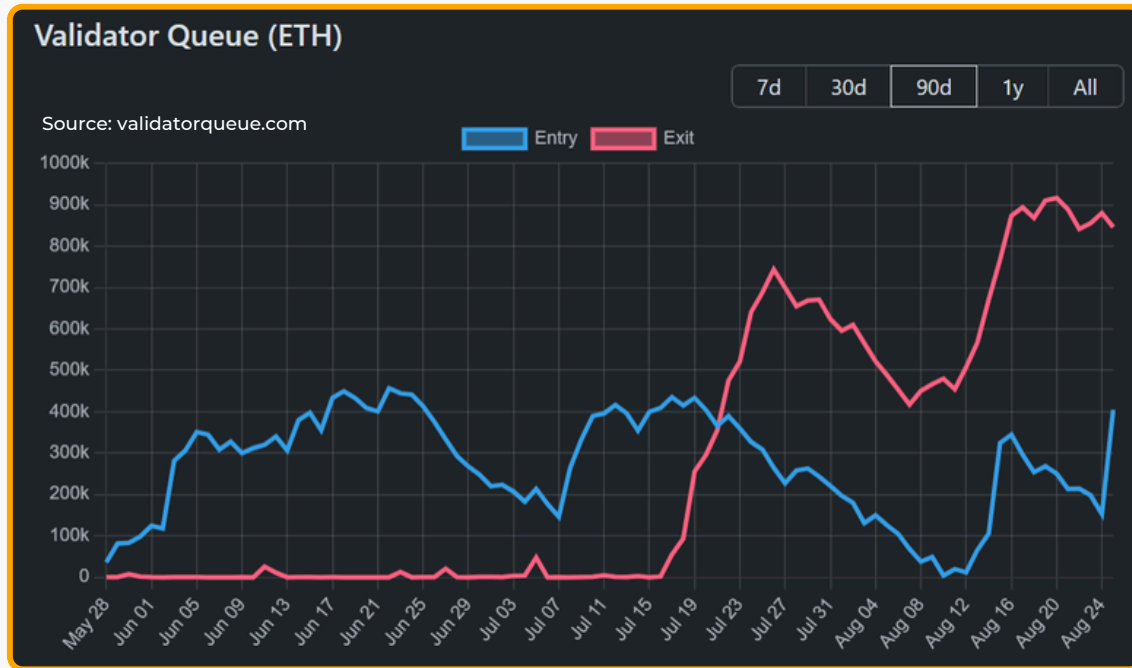
ETH Staking Exit Queue Grows

Potential Sentiment Gauge for Long-Term Holders

Staking outflows may signal price headwinds.

Validator exit queue may take two weeks to clear.

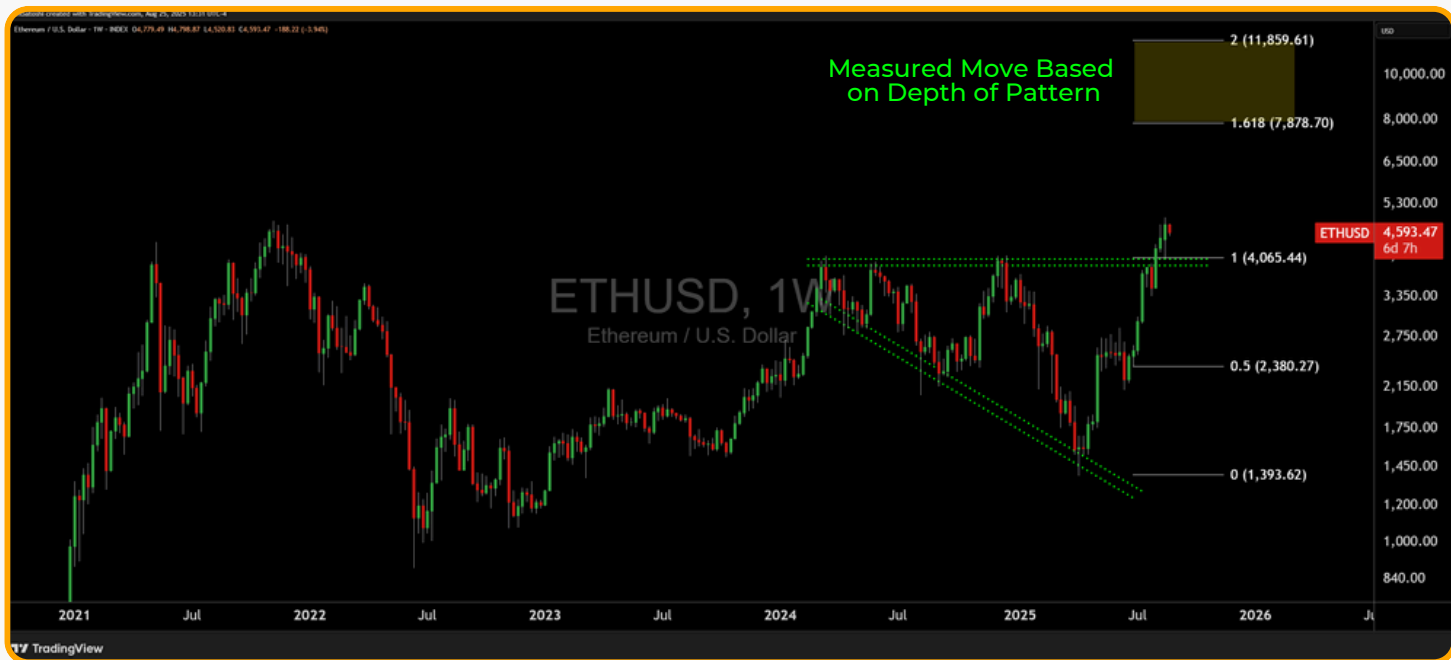
Queue clears faster if entry and exit queue both rising.



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Bullish Breakout Chart Pattern

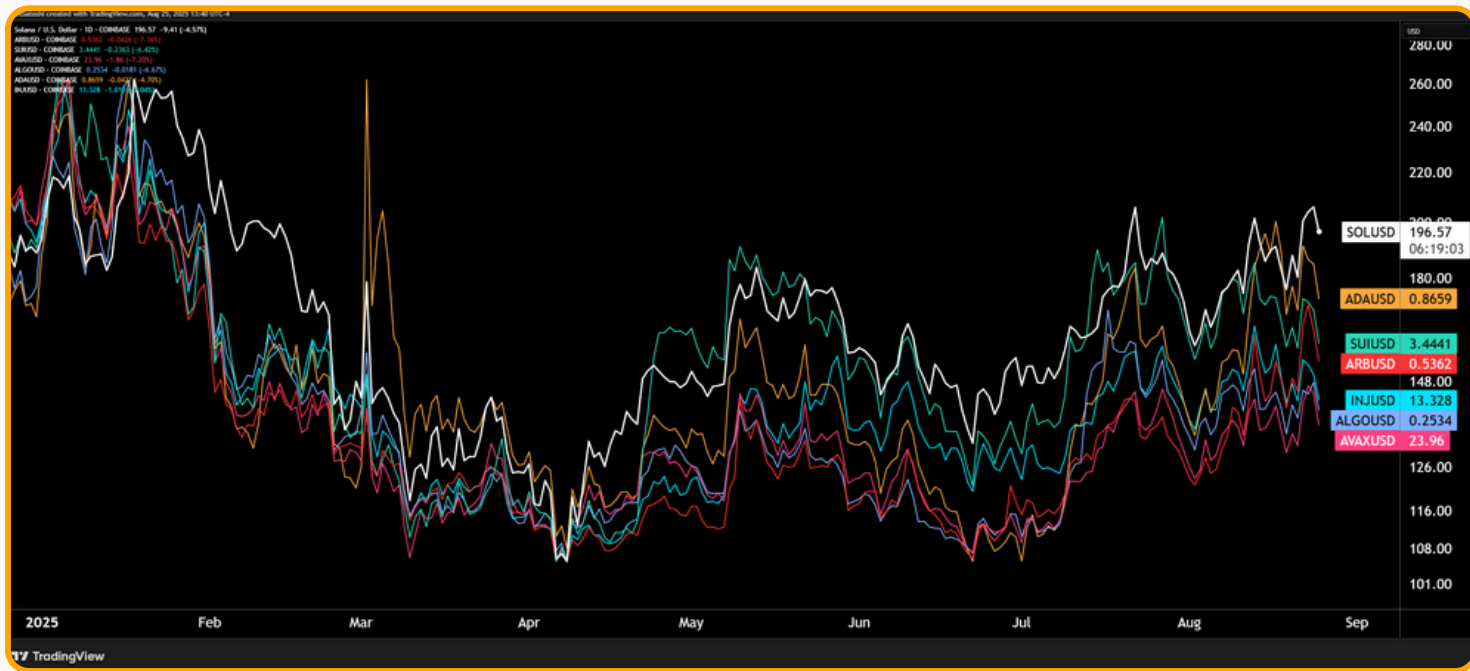
ETH Descending Broadening Wedge



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Coins Ex-BTC & ETH Trying for Highs

Several Alts Basing After YTD Drawdowns



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