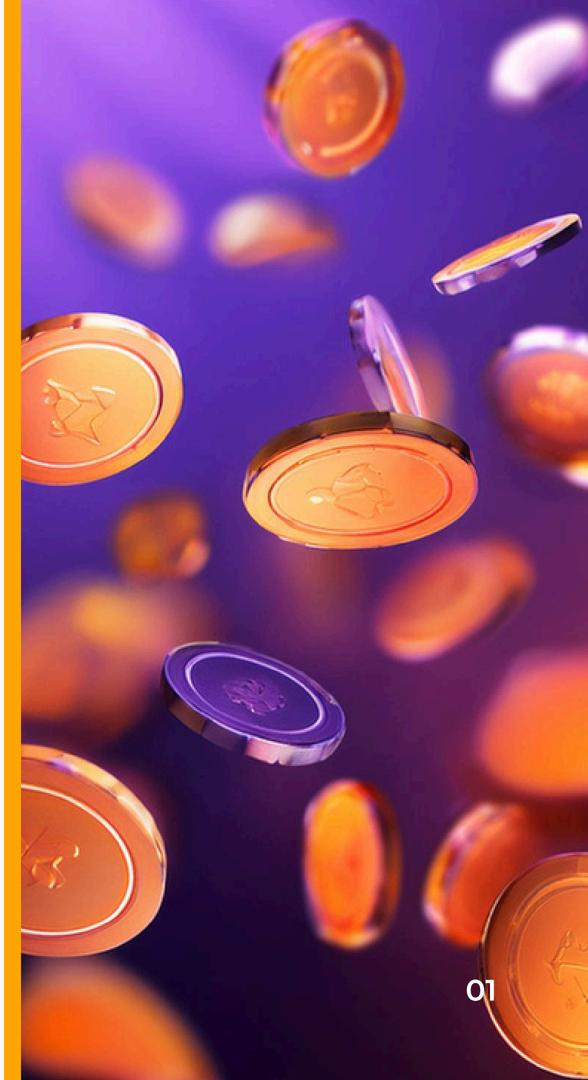
September 2025 Webinar

Canary Digital Fund

The Great Cycle Debate

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



Portfolio Management Team

Macro Outlook

Fundamental & Technical Analysis

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

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 & Jobs
- Recession Risks
- Global Liquidity
  - Money Supply
  - USD Weakness
  - Global Easing

Bitcoin & Alts

- Cycle Watch & Seasonality
  - Extended Cycle?
- Flows - ETFs & Stables
- Alt Coin Dynamics
- ETH Target & Correlation
- Digital Asset Treasuries

Rate Cut Expectations in Full Swing

Rate Cut Probabilities Through 2025 & 2026

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

The Fed appears to be split on the dual mandate, acknowledging both the risks of **rising inflation** as well as a **soft jobs market**.

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES										
MEETING DATE	150-175	175-200	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425
10/29/2025						0.0%	0.0%	0.0%	0.0%	89.3%	10.7%
12/10/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	68.2%	29.3%	2.5%
1/28/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.7%	53.5%	19.2%	1.6%
3/18/2026	[illegible]	[illegible]	[illegible]	0.0%	0.0%	0.0%	10.8%	37.4%	39.0%	11.8%	0.9%
4/29/2026	[illegible]	[illegible]	[illegible]	0.0%	0.0%	2.4%	16.6%	37.8%	33.1%	9.4%	0.7%
6/17/2026	0.0%	0.0%	0.0%	0.0%	1.3%	10.1%	28.1%	35.3%	20.3%	4.7%	0.3%
7/29/2026	0.0%	0.0%	0.0%	0.4%	3.8%	15.3%	30.2%	30.9%	15.8%	3.4%	0.2%
9/16/2026	0.0%	0.0%	0.1%	1.5%	7.7%	20.3%	30.4%	25.8%	11.6%	2.4%	0.2%
10/28/2026	0.0%	0.0%	0.3%	2.3%	9.4%	21.6%	29.8%	23.9%	10.4%	2.1%	0.1%
12/9/2026	0.0%	0.0%	0.3%	2.4%	9.4%	21.7%	29.8%	23.9%	10.4%	2.1%	0.1%

Powell Fed Chair Term Ends May 2026

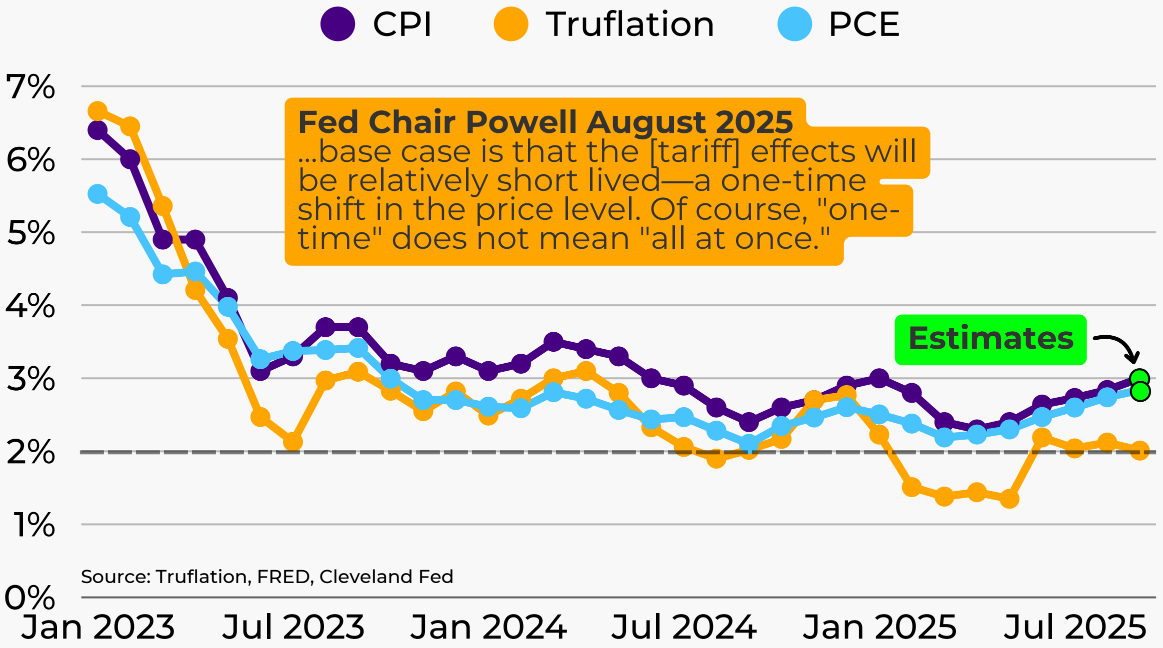
Source: CME FedWatch

Is 3% Inflation The New Norm?

CPI and Truflation Continue to Drift Higher

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**.



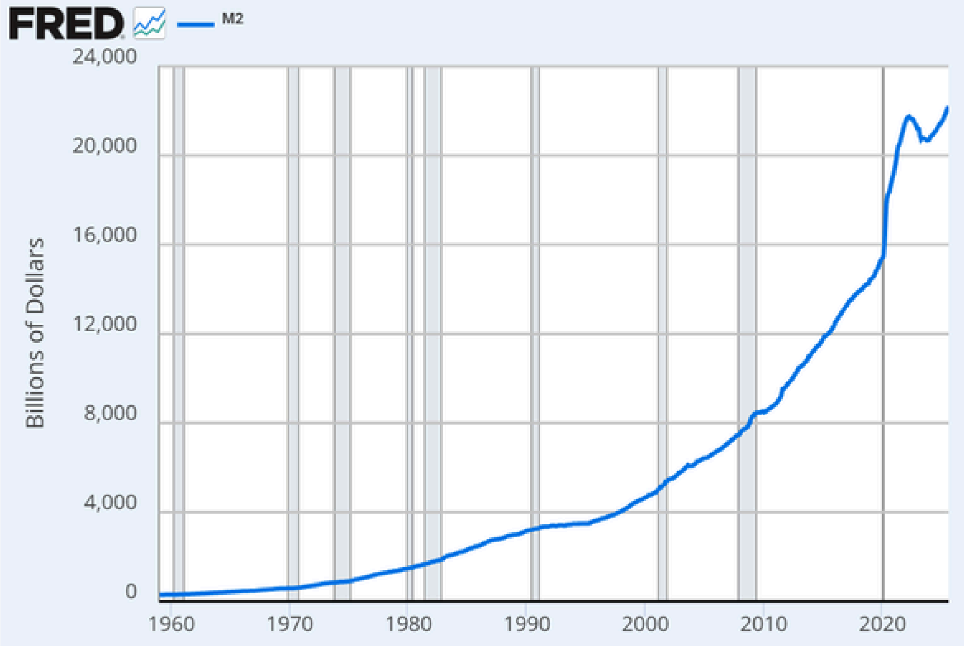
New ATH for US M2 Money Supply

Nothing Stops This Train

US M2 has risen above the 2022 high and gold has continued to move higher.

Top 5 Annual Gold Returns Since 1971	
1979	133.4%
1973	73.5%
1974	67.0%
1972	48.7%
2025	**43.2%**

Source: TradingView



10Y/2Y Yield Curve Normalizing

The Unemployment Rate Remains Far Below 5.0%

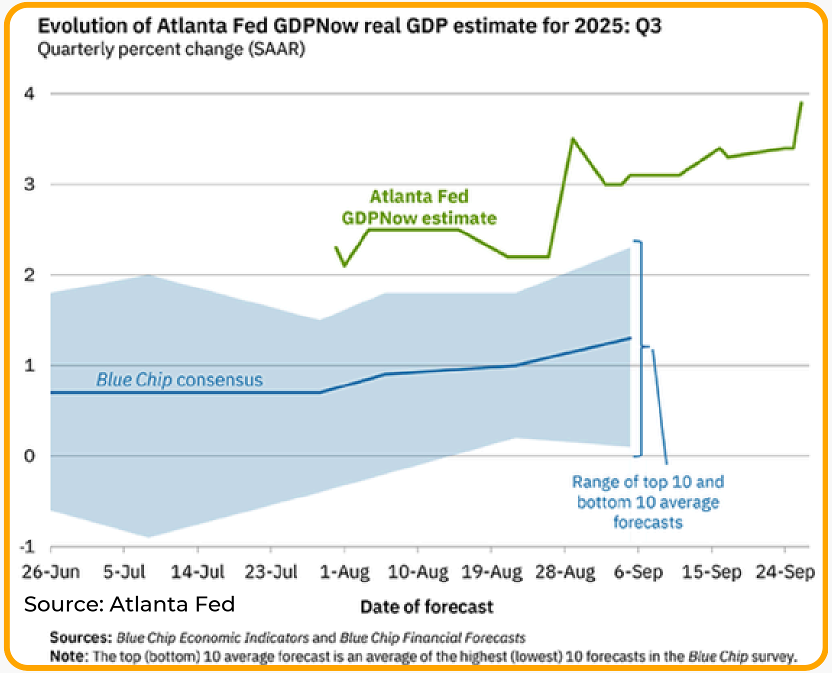
Growth Acceleration Expected in Q3

US Atlanta Fed GDP Estimates for Q3 2025

The upward revision in GDP forecasts is being driven by:

- Resilient consumer spending
- Improving net exports (narrowing trade deficit)
- Base effects, inventory dynamics, and lags from prior quarters
- Investment / capex, especially in AI & tech infrastructure

Not the picture of an NBER recession

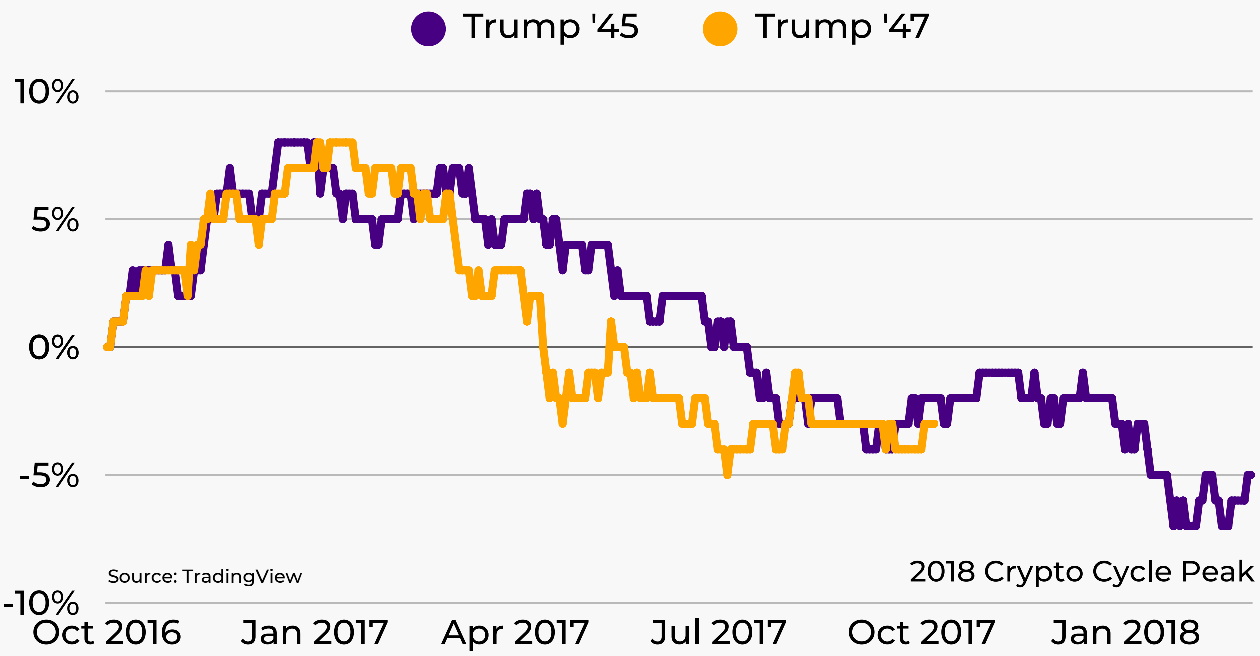


USD Weakness Fuels Risk Assets

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

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

DXY Index Comparison - 2017 vs Now



Global Easing Fuels Risk Assets

Easing Cycles Provide Increasing Liquidity

Easing cycles of this magnitude are typically seen during recessionary periods.

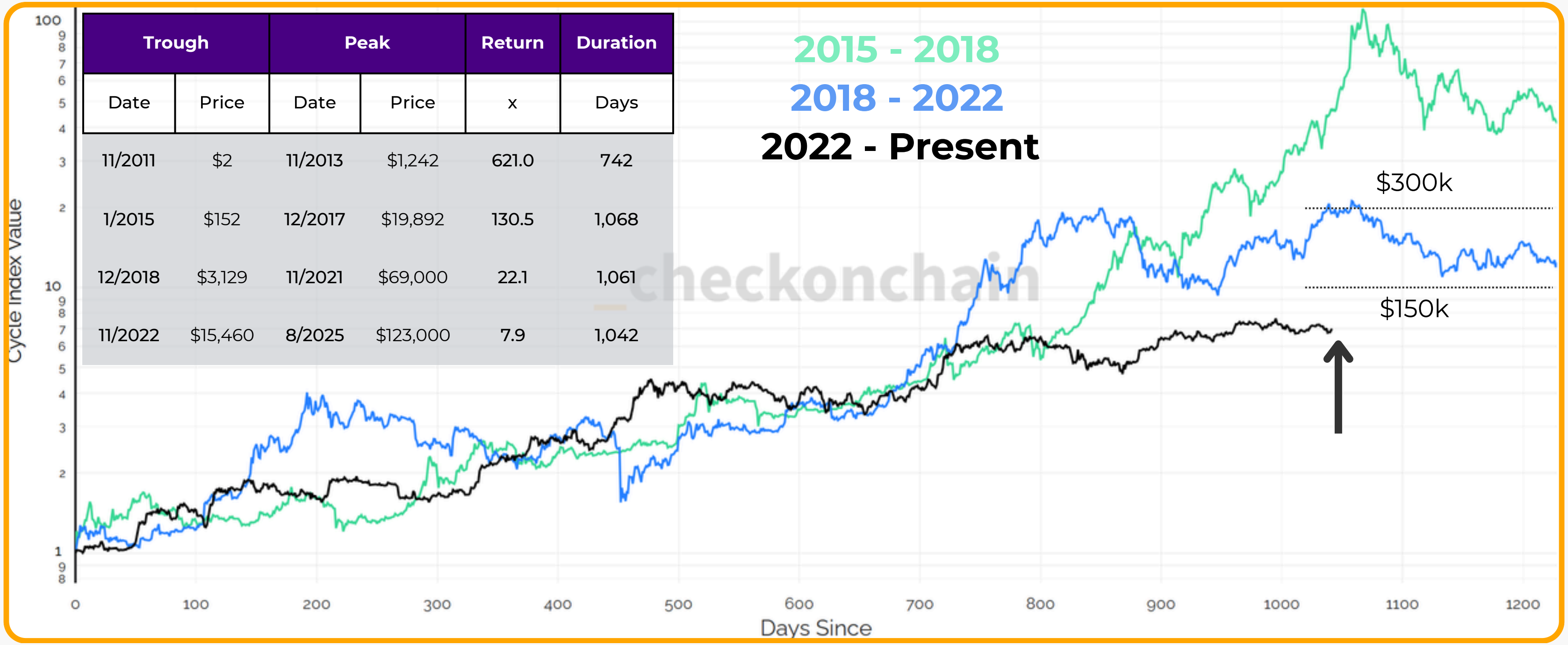
Easing should continue to fuel risk asset in Q4 and potentially into 2026.

Source: FactSet Larry Adam, CIO Raymond James

Cyclical Comparisons

Bitcoin Cycle Comparison From Cycle Low

Trough		Peak		Return	Duration
Date	Price	Date	Price	x	Days
11/2011	$2	11/2013	$1,242	621.0	742
1/2015	$152	12/2017	$19,892	130.5	1,068
12/2018	$3,129	11/2021	$69,000	22.1	1,061
11/2022	$15,460	8/2025	$123,000	7.9	1,042



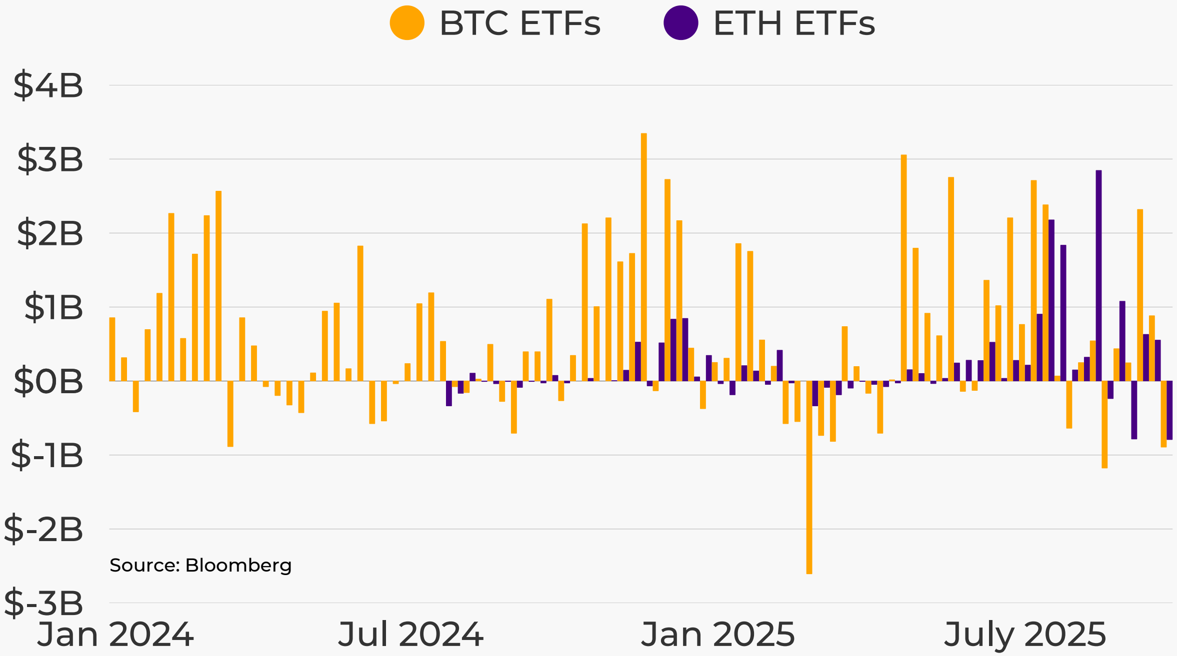
US Weekly ETF Net Flows

Flows for Both ETH and BTC Have Dipped Negative

Flows for US spot BTC and ETH ETFs have not maintained consistent positive momentum.

A price push higher will likely require sustained positive net inflows.

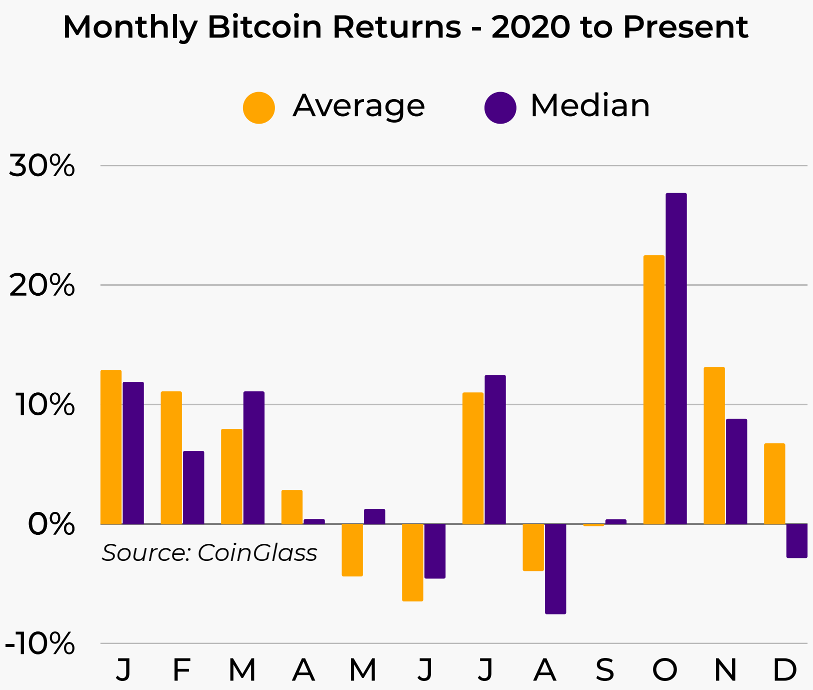
Basis trade arb does account for some flows.



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%	22%	

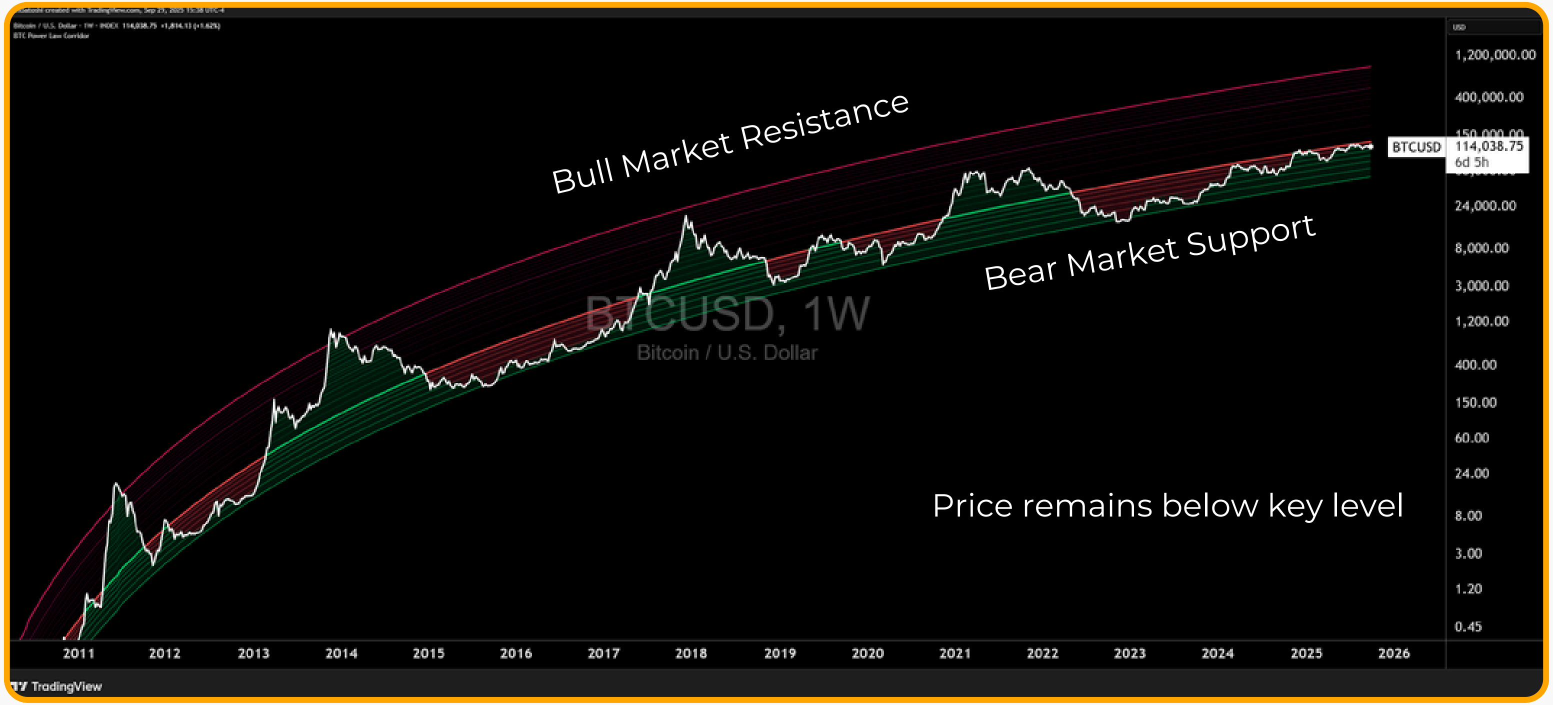


It’s All Relative

BTC Against XAU and SPX

Power Law Corridor Price Model

No Breakout Above Midpoint

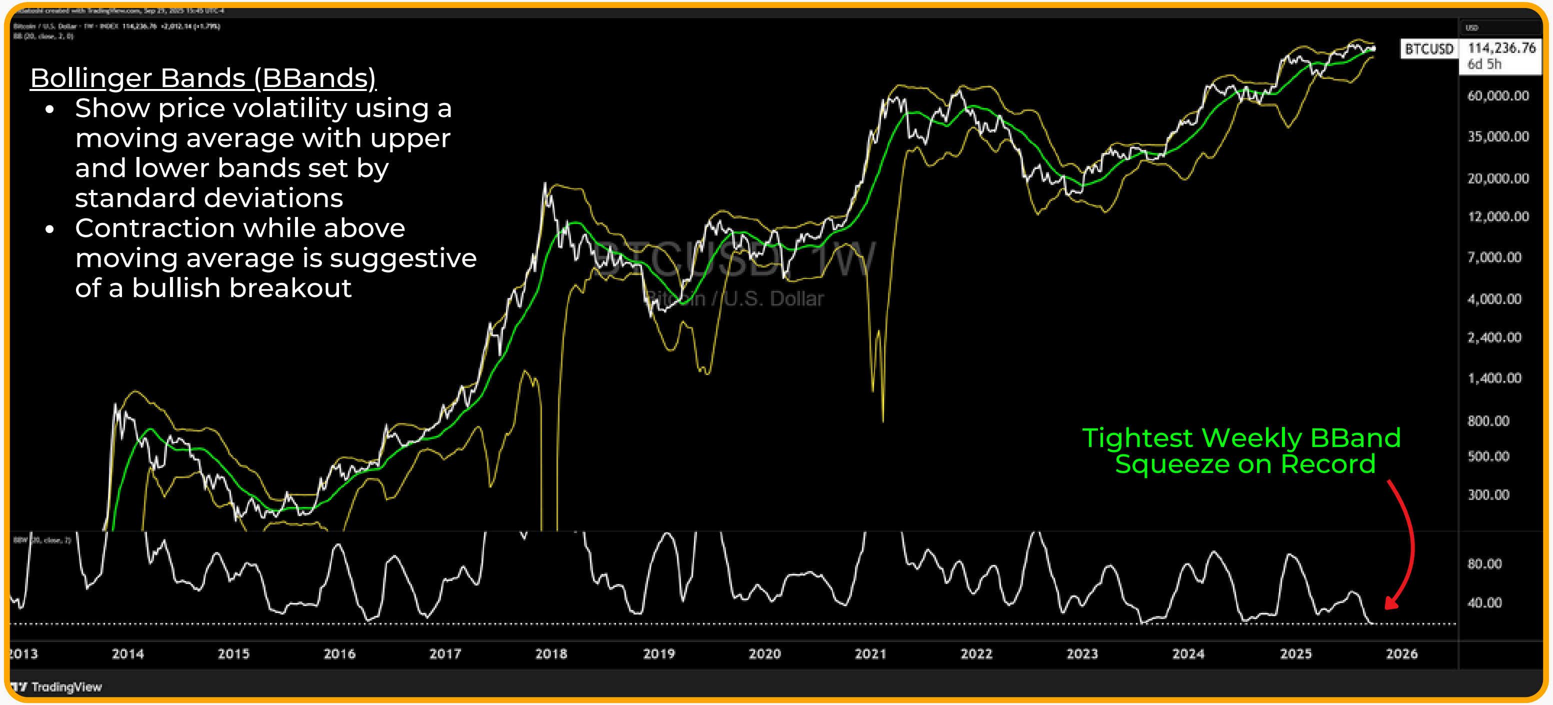


Bullish Reversal Chart Pattern

BTC Inverted Head-and-Shoulders (iHS)

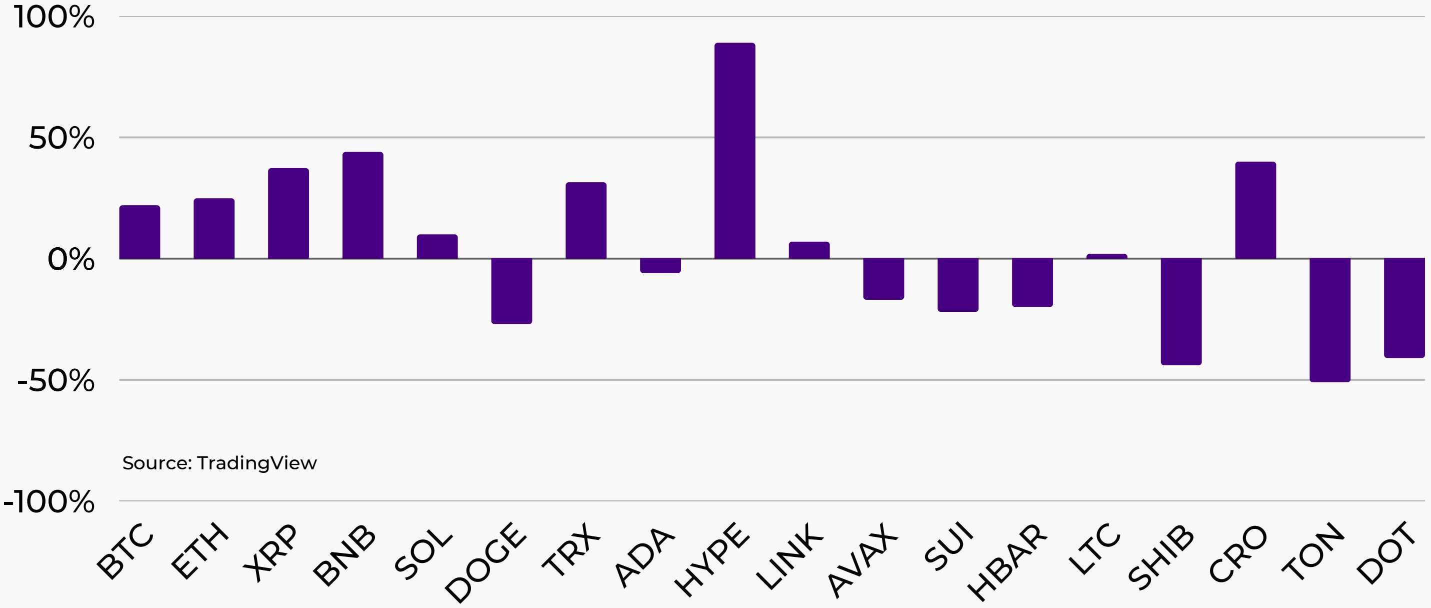
Volatility Compression

Tightest Weekly BBand Squeeze on Record



Alt Coins Have Had a Rough Ride

Year-to-Date Returns



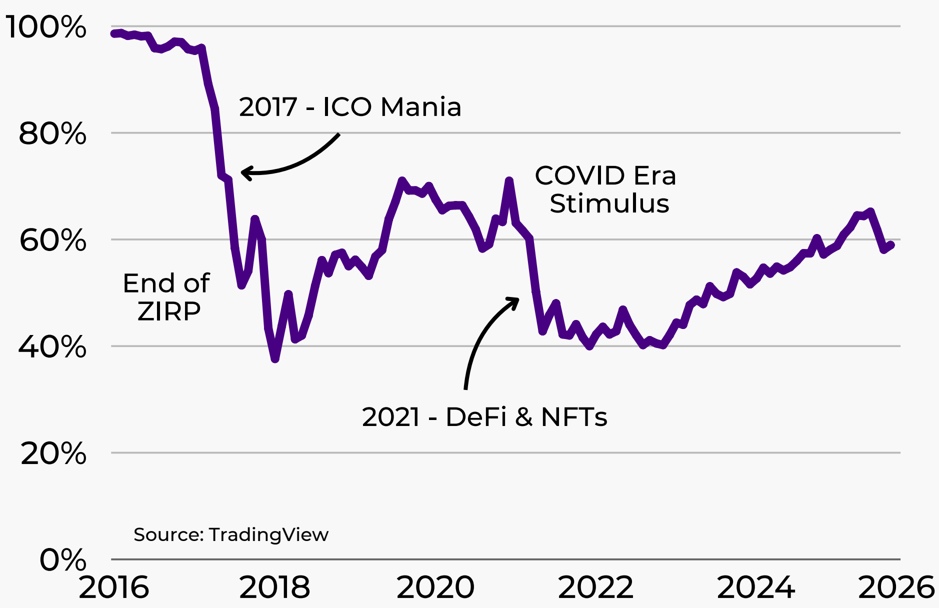
Alt Coins Thrive on Stimulus

Bitcoin Dominance, Monthly

$400 Inflation Refund Checks Now Being Mailed Out To 8.2 Million NY Households

Alaska plans to start distributing to residents the annual dividend payment derived from the state's $83 billion oil wealth fund

President Trump has also floated the idea of Tariff stimulus checks.



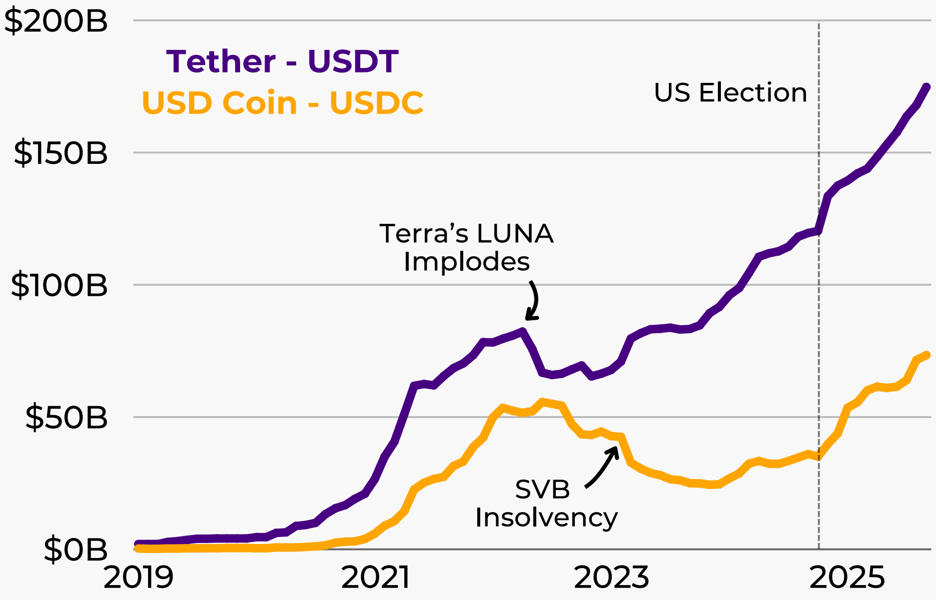
Stablecoins Can Also Stimulate Alts

Stablecoin Circulating Supply, Monthly

Stablecoins act as the “cash layer” for crypto traders:

1. Trading Pair Denominations
2. DeFi Applications
3. Reduce Volatility Risk
4. Capital Efficiency
5. On and Off Ramps

Stablecoins also act as a global US denominated checking and savings account, especially in emerging markets.



Source: TradingView

ETH Staking Exit Queue Jumps

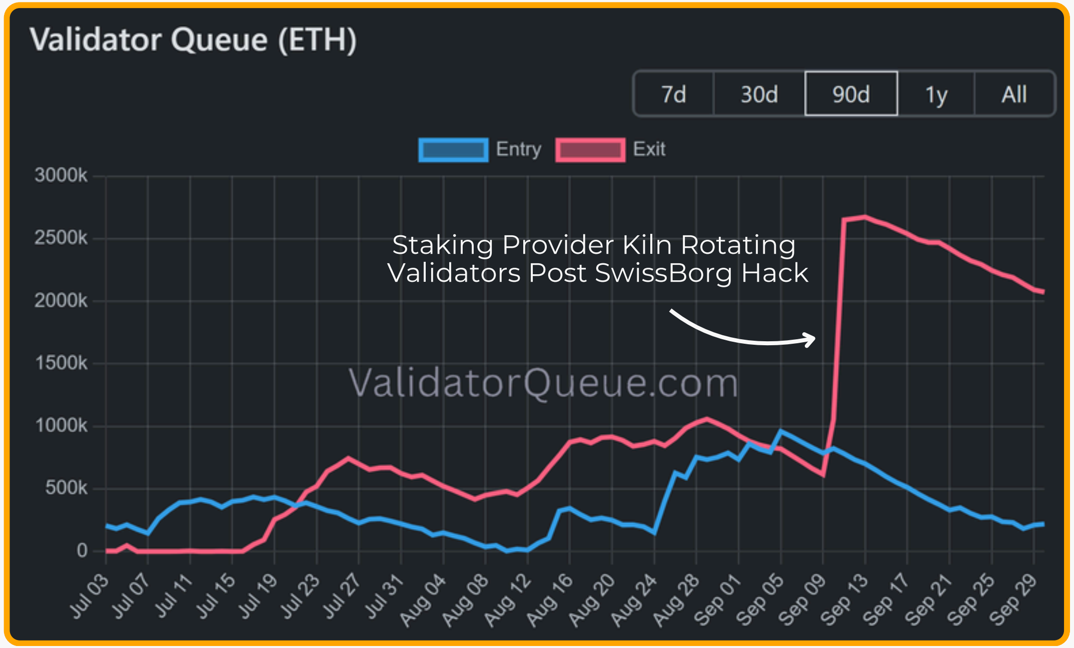
Potential Sentiment Gauge for Long-Term Holders

Staking outflows may signal price headwinds.

Validator exit queue may take another 35 days to clear.

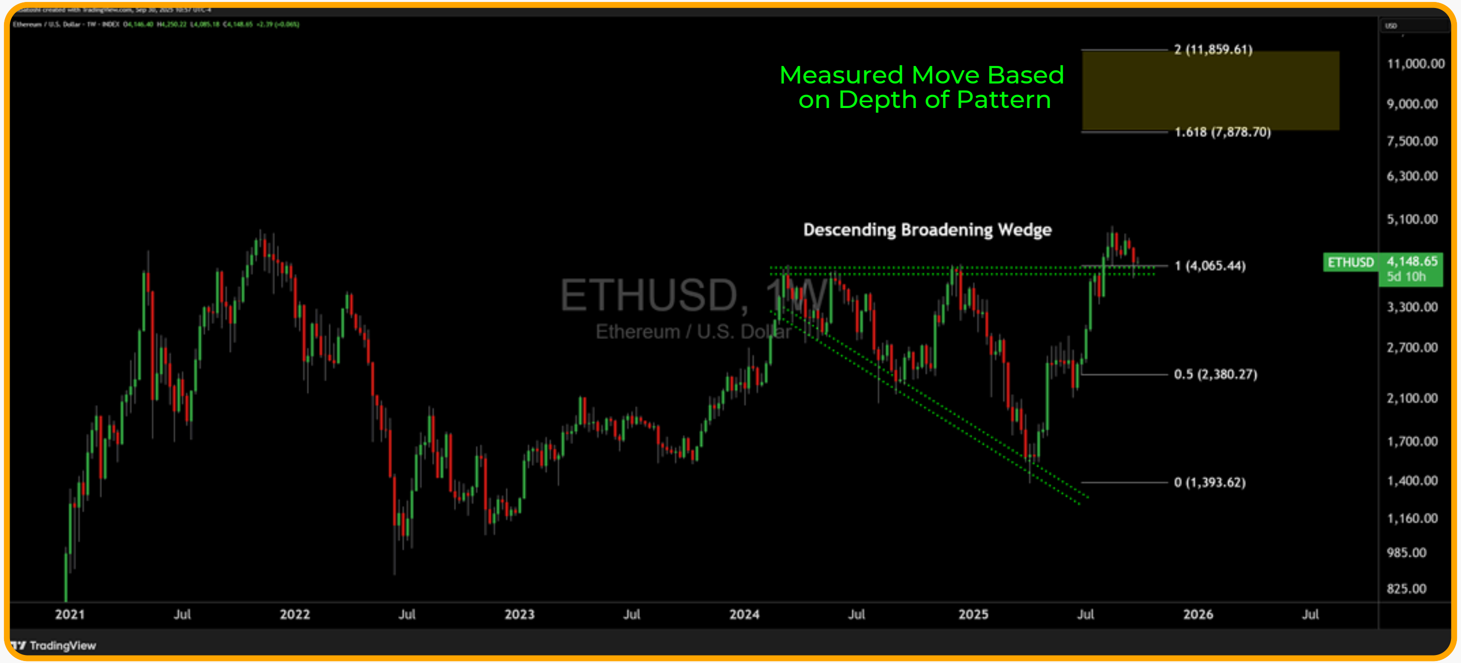
Queue clears faster if entry and exit queue both rising.

ETFs will soon have staking.



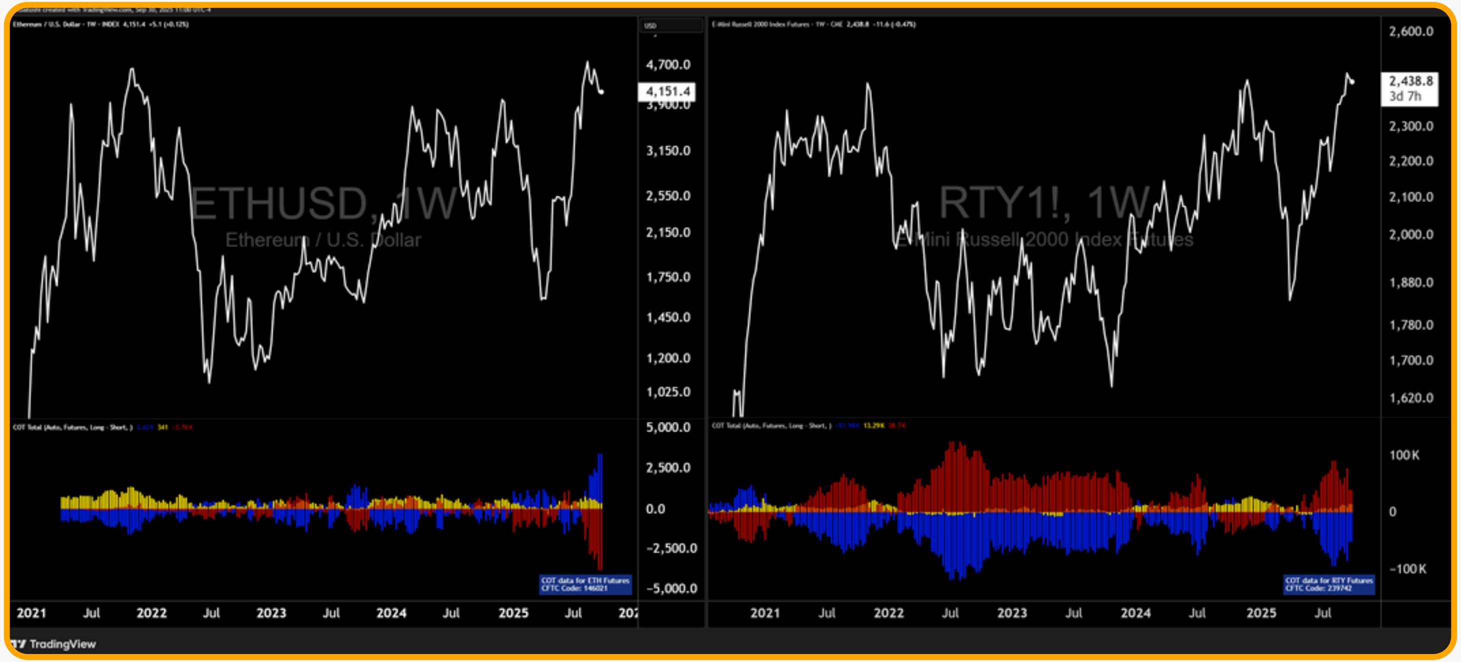
Bullish Breakout Chart Pattern

ETH Descending Broadening Wedge



Is ETH Just a Small Cap Equity?

ETH vs Russell 2000



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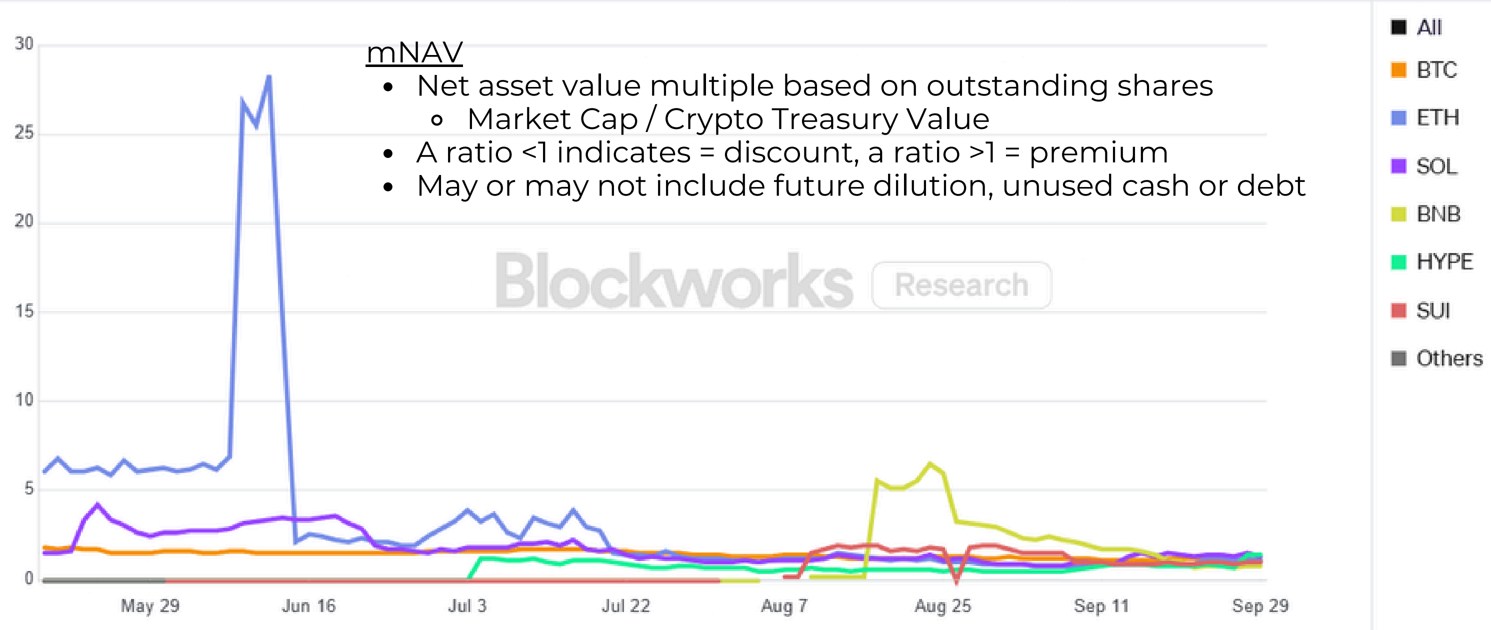
DAT Froth Subsiding

Aggregate Basic mNAV by Asset



mNAV

- Net asset value multiple based on outstanding shares
  - Market Cap / Crypto Treasury Value
- A ratio <1 indicates = discount, a ratio >1 = premium
- May or may not include future dilution, unused cash or debt

Contact Us

Jack Burke

Manager of Client Services

jack.burke@canary.capital

info@canary.capital canary.capital

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