

PORTAL

ASSET MANAGEMENT

Portal Market Commentary – January 2025

Market Update

January solidified a 3-month trading channel that was established in November by the rally after the elections. In this range bound market Bitcoin (BTC) has traded between \$92,000 and \$108,000 but the momentum remained strong as any dip was bought decisively. The volatility has continued into February with threats of trade wars and tariffs, but selloffs have been shallow and short-lived.



BTC has evolved over the past 5 years into a global asset with deep liquidity that is tradeable 24/7 , with investors able to express their macro-economic views at times when traditional markets are closed. The composition of investors in BTC is also changing, with a rise in more sophisticated institutional investor who trade more aggressively, which we will discuss further below.

The market as represented by the CCI30 Index was up +5.7 % whilst Bitcoin (BTC) was up +9.2 %. An initial soft estimate is The Portal Digital Fund was up +1% whilst the Radiance Multi- Strategy Fund was up +13.7% for January.

The (R)evolution of Bitcoin!¹

Since Bitcoin's inception in 2009, it has grown into a global asset with deep liquidity and it remains actively traded 24 hours a day. Given global events often occur outside of traditional market trading hours, this makes BTC one of the few assets where investors can express a view over weekends, which adds to its volatility and price discovery.

In addition, BTC is now an acceptable sovereign asset, with nation-states such as the Kingdom of Bhutan running large-scale Mining operations, El Salvador promoting the currency to legal tender, and the United States Government moving forward with approving BTC as a strategic reserve asset.

BTC has traded above the psychologically important \$100 k level repeatedly since 5th December. This was achieved 7 years on from its last logarithmic milestone of \$10k, achieved during the 2017 bull run. It must be noted that BTC is still the best performing asset globally on a 1, 3-, 5-, 7- and 10-year view.

From a technical perspective, BTC is still underbought and due to the limited supply vs increasing demand dynamics going forward, we can see that a \$250,000 price target by end 2025 is not unrealistic given past price performance.

Logarithmic Milestones



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¹ Glassnode On-Chain Newsletter: <https://insights.glassnode.com/the-week-onchain-week-05-2025/>

BTC has cemented its position as one of the largest assets in the world, sporting a market capitalization of \$2 trillion, and ranking as the 7th largest asset worldwide. Notably, this positions Bitcoin above Silver (\$1.8tn), Saudi Aramco (\$1.8tn) and Meta (\$1.7tn), making it increasingly difficult to ignore.

Rank	Name	Market Cap	Price	Today	Price (30 days)	Country
1	Gold GOLD	£15.390 T	£2,292	-0.36%		
2	Apple AAPL	£2.757 T	£183.57	-3.39%		USA
3	Microsoft MSFT	£2.459 T	£330.83	-1.00%		USA
4	NVIDIA NVDA	£2.300 T	£93.92	-2.84%		USA
5	Amazon AMZN	£2.009 T	£191.14	-0.11%		USA
6	Alphabet (Google) GOOG	£1.989 T	£163.14	-1.44%		USA
7	Bitcoin BTC	£1.586 T	£79,958	4.35%		
8	Silver SILVER	£1.466 T	£26.04	-0.54%		

As an asset grows in size, it requires significantly larger inflows of fresh capital to achieve continued growth in its market cap. According to research by Glassnode, they analyzed the "Realized Cap" metric which measures the cumulative netflow of capital into a digital asset.

Realized Cap



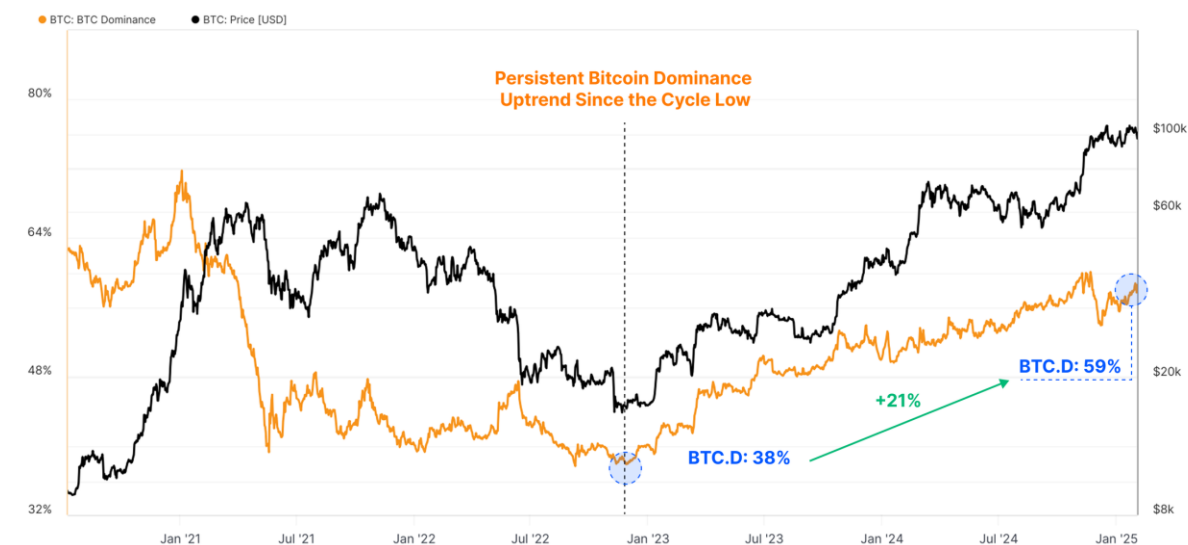
They begin at the cycle low set in Nov 2022, when the Realised Cap was \$400 bn, Bitcoin has since absorbed an additional capital inflow of just approximately +\$450bn, more than doubling the Realised Cap. This reflects the aggregate “value stored” in BTC at around \$850bn, with each coin priced at the time it last transacted on-chain.

Relative Dominance

After establishing BTC’s growing relevance as a macro asset, they analyzed its dominance relative to the wider Digital Asset ecosystem. Since the collapse of FTX in Nov 2022, Bitcoin Dominance has been in a persistent uptrend, rising from 38% to 59%. This suggests that there has been a net rotation and value accrual towards BTC preferentially over altcoins.

This may be in part explained by the wider access that the US spot ETFs offer for institutional capital. BTC also has a somewhat clearer core narrative as a scarce asset, held by many as a monetary hedge against the debasement of fiat currencies globally.

BTC Dominance



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When we compare the Market Cap of BTC and various altcoins we can see a growing divergence in valuation as per the chart above. Whilst there is a divergence in size of BTC and altcoin valuations, the correlation between the two remains significant. This suggests that the driver for this divergence is a substantial difference in capital entering BTC relative to the Altcoin sector. Whilst BTC continues to garner the majority of the capital from investors, it would be expected that BTC dominance would continue to climb for the foreseeable future.

Market: Major Asset Market Caps



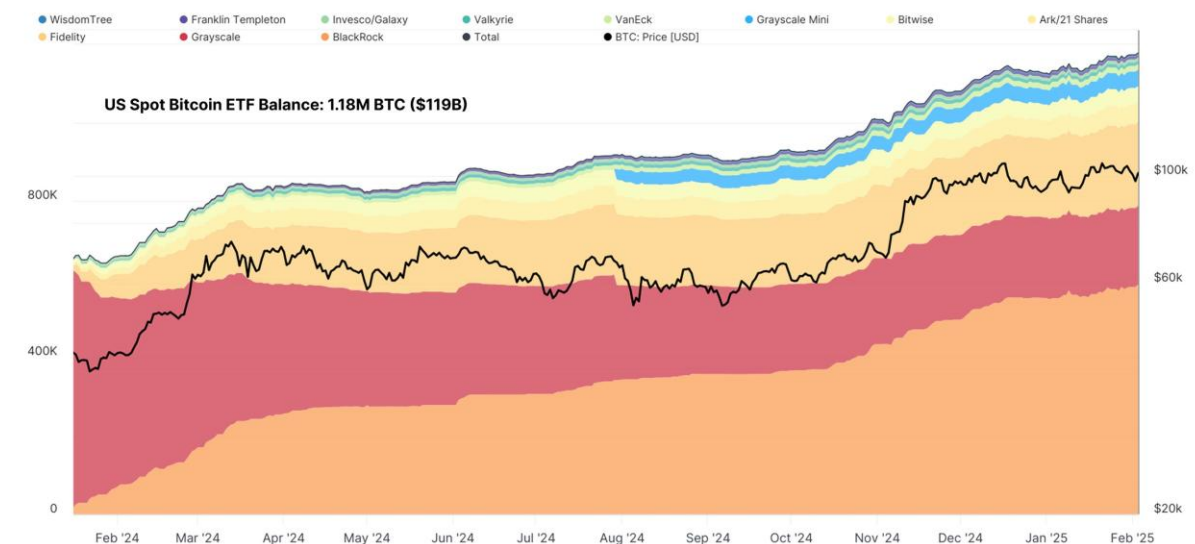
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An Evolving Investor Base

Whilst the BTC protocol is largely fixed in its structure and consensus code, the market response to it is an ever-evolving and dynamic process. The regulatory environment is in constant change, and new financial instruments such as derivatives and the ETF products continue to develop around it.

US Spot ETF Balances



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The introduction of the US Spot ETF Bitcoin instruments has also allowed new access for institutional investors, providing regulated exposure to BTC. This has enabled the flow of institutional capital, with the ETFs taking in over \$40bn in net inflows, and breaching \$120bn in combined AUM in the 12-months since launch.

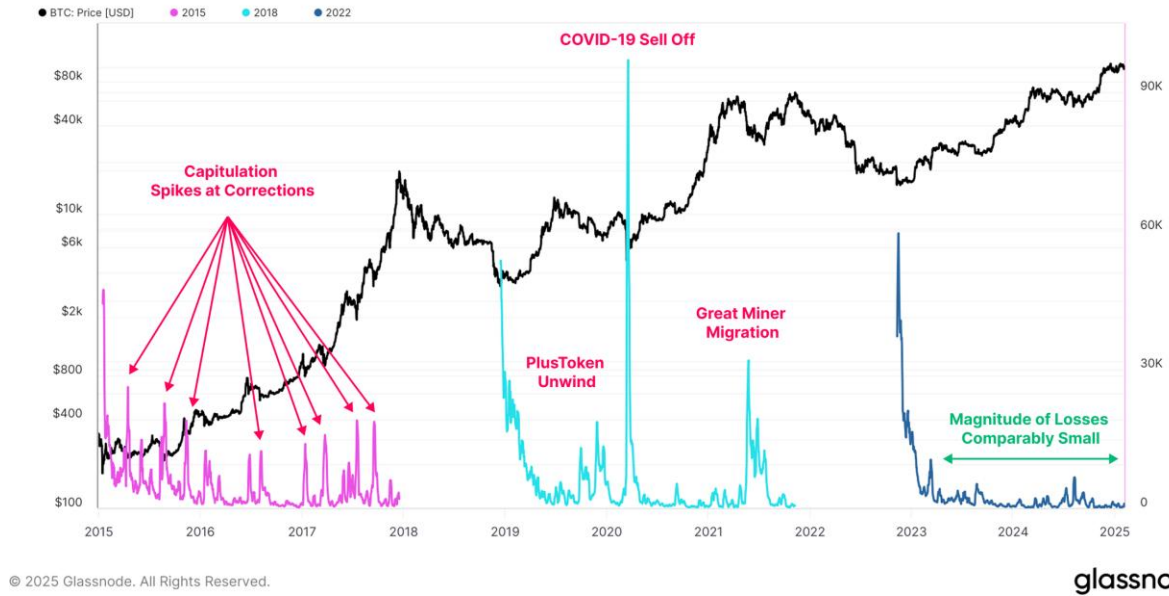
If we dive into the IBIT investor cap table (as noted by analyst TMC), we can see clear signs of heightened demand from institutional investors. This provides further evidence that BTC is attracting an increasingly sophisticated and deeper investor base.

Holder	Amount	Position Size (\$ in 1000's)	As of
<u>Millennium Management LLC</u>	23,498,001	\$848,983	09/30/2024
<u>Goldman Sachs Group Inc.</u>	12,769,510	\$461,362	09/30/2024
<u>Aristeia Capital LLC</u>	8,812,980	\$318,413	09/30/2024
<u>Capula Management Ltd</u>	8,524,956	\$308,007	09/30/2024
<u>Schonfeld Strategic Advisors LLC</u>	5,391,934	\$194,811	09/30/2024
<u>Sculptor Capital LP</u>	5,391,565	\$194,797	09/30/2024
<u>Morgan Stanley</u>	5,050,825	\$182,486	09/30/2024
☐ <u>IMC Chicago LLC</u>		\$164,747	12/31/2024
Call	3,727,000	\$197,717	12/31/2024
Put	2,054,500	\$108,991	12/31/2024
IBIT	1,433,002	\$76,021	12/31/2024
<u>Tudor Investment Corp Et Al</u>	4,428,230	\$159,992	09/30/2024
<u>Graham Capital Management L.P.</u>	3,827,189	\$138,276	09/30/2024
<u>Crcm LP</u>	3,486,955	\$125,984	09/30/2024
<u>State of Wisconsin Investment Board</u>	2,889,251	\$104,389	09/30/2024
☐ <u>Vinland Capital Management Gestora de Recursos LTDA.</u>		\$100,000	12/31/2024
Call	5,305,000	\$100,000	12/31/2024
<u>BlackRock Inc.</u>	2,554,553	\$92,296	09/30/2024
<u>Hound Partners LLC</u>	2,480,836	\$89,633	09/30/2024
<u>Maplelane Capital LLC</u>	2,276,000	\$82,232	09/30/2024
☐ <u>Exchange Traded Concepts LLC</u>		\$82,063	12/31/2024
Call	1,546,900	\$82,063	12/31/2024
<u>Susquehanna International Group LLP</u>	2,210,819	\$79,877	09/30/2024
<u>D. E. Shaw & Co. Inc.</u>	2,173,308	\$78,522	09/30/2024
<u>Pine Ridge Advisers LLC</u>	2,055,185	\$74,254	09/30/2024
<u>Anson Funds Management LP</u>	1,753,586	\$63,357	09/30/2024
<u>Pinpoint Asset Management Ltd</u>	1,551,505	\$56,056	09/30/2024
<u>Titan Global Capital Management USA LLC</u>	1,543,194	\$55,756	09/30/2024
<u>Farallon Capital Management LLC</u>	1,440,000	\$52,027	09/30/2024
<u>Fortress Investment Group LLC</u>	1,325,000	\$47,872	09/30/2024
<u>NINE MASTS CAPITAL Ltd</u>	1,171,282	\$42,318	09/30/2024

Controlled Downside

When we assess the magnitude of realized loss locked in during bull markets, our current cycle remains the most reserved. Loss magnitudes have remained comparatively small, portraying a more patient, resilient, and price insensitive investor base. This deviates meaningfully from previous cycle structures, where the 2015- 2018 cycle was characterized by multiple periods of local capitulation. The 2019 -2022 period was even more volatile, experiencing several deep and severe capitulation events, such as Plus Token unwind in mid-2019 , The COVID-19 sell off in March 2020 , and the great miner migration in mid 2021 .

Realized Loss [Bull Market]



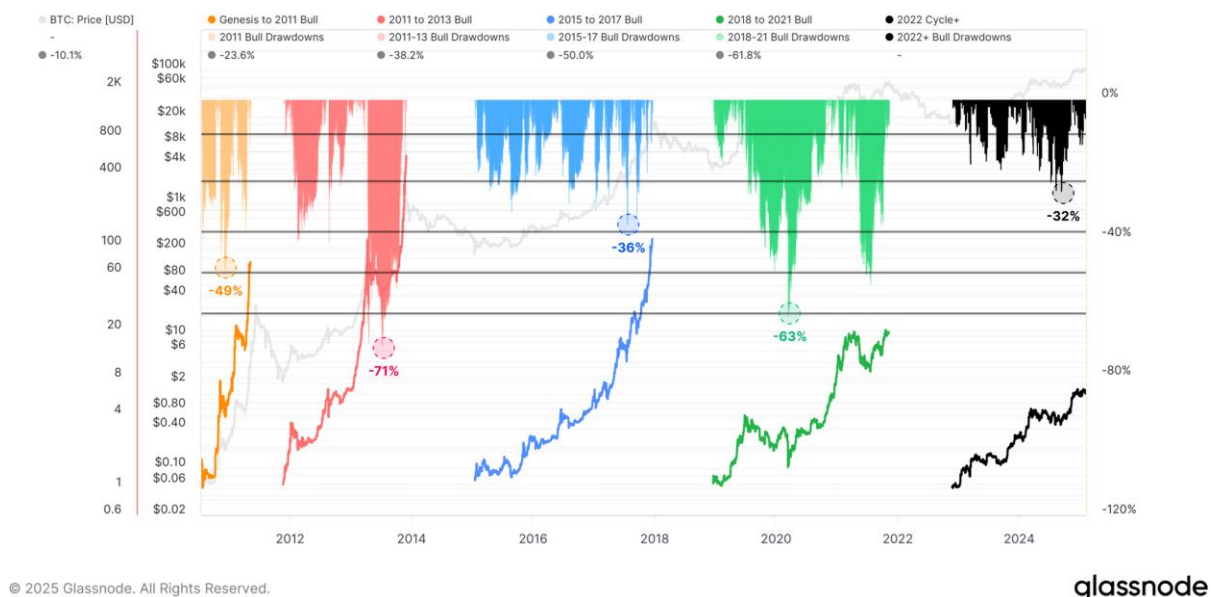
The volatility profile of BTC is also in a state of change, with realized volatility trading at historically low levels for a bull market. Realized volatility on a 3- month rolling window is typically below 50 % this cycle, whereas it regularly exceeded 80% to 100 % in the prior two bull runs.

Annualized Realized Volatility (3 Months)



This reduced volatility profile, alongside the relatively level-headed investor base, has manifested as a much more stable price structure. The 2023 -25 cycle thus far has been largely a sequence of stair-stepping price action - upwards rallies followed by periods of consolidation.

Bitcoin: Bull Market Correction Drawdowns



We have also seen a more controlled drawdown profile, with the current cycle experiencing the shallowest average drawdown from the local high of all cycles to date as per the chart above.

Summary and Conclusions

Bitcoin continues to establish itself as a global macro asset. Its constant availability for trading allows investors to express their market opinions at any time of the day, whilst its deep liquidity enables investors to execute trades at significant sizes.

Addressing the criticisms regarding BTC's role as a store of value and medium of exchange, the network has attracted over \$850 billion in net capital inflows, whilst processing nearly \$9 billion in economic volume daily.

Recent regulatory changes in the crypto ecosystem have spurred an evolution in the composition of investors, leading to a greater presence of sophisticated institutional investors in the BTC market. This more patient, resilient, and less price-sensitive investor base has contributed to a reduction in the magnitude of drawdowns and a decrease in volatility over time.

Feel free to contact me should you have any enquiries.

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