

# PORTAL

## ASSET MANAGEMENT

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### Portal Market Commentary – February 2025

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#### **Market Update**

February was a very volatile and difficult month for the crypto markets as Bitcoin (BTC) fell -23.5% from \$102,400 to an intra-month low of \$78,330 before rebounding +7.7% to close at \$84,380.

This was largely driven by the unwind of the BTC vs BTC Futures carry trade as the market moved from Contango into normal backwardation. BTC's contango term structure has historically been beneficial for extracting arbitrage yields from a carry trade but this unwound quite aggressively in February. We have continued to see large redemptions in ETF's at the same time.

There has also been a knee-jerk reaction to the proposed tariffs by Trump on Canada, China and Mexico, as well as the dismantling of foreign USAID and their withdrawal of support of NATO in the Ukrainian-Russian conflict.

#### **HedgeNews Africa 2025 Symposium**

Portal's CIO Mark Witten attended the annual HedgeNews Africa Symposium on the 6<sup>th</sup> March at the Vineyard Hotel in Cape Town. The event brings together over 250 Hedge Fund Managers, Investors and Capital Allocators in the South African Alternatives space.

The main topics of discussion were concerns around the global macroeconomic outlook and fears of a recession triggered by trade wars, the impact of AI on the alternative's investment landscape and the emergence of new technologies and investable assets like Cryptocurrency and Digital Assets.

We spoke on a panel discussing the outlook for Cryptocurrencies and the effects of positive support from both a regulatory and institutional perspective, the continued adoption by both retail and institutional investors and how Portal monetises these views with the Portal Digital Fund and Radiance Multi-Strategy Fund. We also discussed the vast improvements in service providers and custody

solutions, as well as the ability to transport more sophisticated traditional strategies such as option premium extraction into the space. We ended the discussion with some price predictions from various research houses such as Fidelity, Pantera and ARK Invest.

The appetite for BTC and sophisticated cryptocurrency trading and fund management strategies has grown tremendously in SA and other emerging markets and there is growing demand for institutional-grade structures and skilled fund managers who can deliver Alpha in this volatile and nascent asset class.

## An Evolving Investment Strategy

Portal has pivoted in its investment strategy as BTC dominance and growing investor adoption has driven the BTC price versus those of the other Altcoins. BTC has been the best performing asset in 9 out of the past 12 years and has delivered a 5-year compound annual growth rate (CAGR) of 67.8%, far surpassing Gold and traditional equities and bonds.

Portal's Radiance Multi-Strategy Hedge Fund is now 100% fully invested in BTC and has developed an options-premiums based BTC Extraction Strategy (BESt) that generates around 7% in additional BTC on a monthly basis. This generates an additional 100% BTC on an annual basis and delivers this yield regardless of the BTC price. It essentially profits on short-term trades on the implied volatility of BTC and compliments our view that we want to hold BTC as a long-term asset and not try and trade it or time the market.<sup>1</sup>

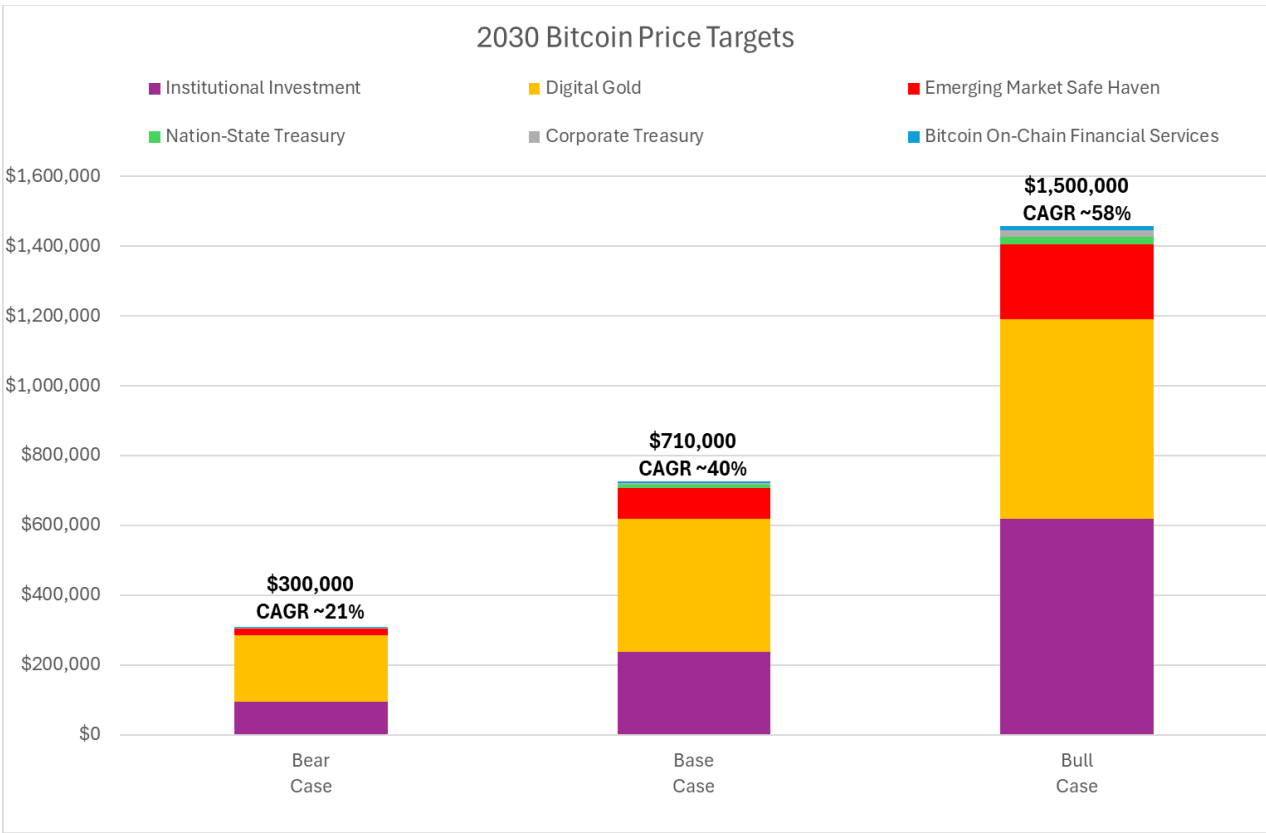
## BTC Return and Growing Investor Adoption

| Asset Class  | 2024<br>Return | 5-Year<br>CAGR | Price Target Assumptions |              |              |
|--|----------------|----------------|--------------------------|--------------|--------------|
|  |                |                | Bear<br>Case             | Base<br>Case | Bull<br>Case |
| Bitcoin  | 122.4%         | 67.8%          |                          |              |              |
| Gold   | 27.5%          | 11.3%          |                          |              |              |
| U.S. Equities  | 28.1%          | 12.7%          |                          |              |              |
| EM Equity  | 6.8%           | 3.1%           |                          |              |              |
| Real Estate  | 1.1%           | 1.6%           |                          |              |              |
| U.S. Bonds   | 1.3%           | -0.3%          |                          |              |              |
| <b>Institutional Investment</b><br>TAM: Global Market Portfolio Ex Gold                  |                |                | 1%                       | 2.50%        | 6.50%        |
| <b>Digital Gold</b><br>TAM: Gold Market Capitalisation                                   |                |                | 20%                      | 40%          | 60%          |
| <b>Emerging Market Safe Haven</b><br>TAM: EM M2 Monetary Base                            |                |                | 0.50%                    | 2.50%        | 6%           |
| <b>Nation-State Treasury</b><br>TAM: Global Treasury Reserves Ex Gold                    |                |                | 0.50%                    | 2.50%        | 7%           |
| <b>Corporate Treasury</b><br>TAM: Global Cash & Cash Equivalents                         |                |                | 1%                       | 2.50%        | 10%          |
| <b>Bitcoin On-Chain Financial Services</b><br>TAM: L2s, LN, Sidechains, Restaking & wBTC |                |                | 20%<br>CAGR              | 40%<br>CAGR  | 60%<br>CAGR  |

<sup>1</sup> Source: ARK Invest – Big Ideas 2025

# Exponential Adoption

As per the table below, the expected price targets of BTC range from \$300,000 to \$1,500,000 with a base case of \$710,000 with a CAGR of 40%, well below historical CAGR over the past 5 years of 68%.



We believe that BTC will surpass its base case expectations in both growth and duration, and the reasons for this are as follows:

1. 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.<sup>2</sup>
2. Institutional adoption and investment with major hedge funds such as Brevan Howard and large Endowments such as Yale University and The Rockefeller Foundation are now actively investing in BTC.<sup>3</sup>
3. Government Investment via Nation-State Treasury acceptance of BTC with Trump signing an Executive Order establishing a Strategic Bitcoin Reserve.<sup>4</sup>
4. Corporate adoption and investment with Blackrock advocating BTC as an acceptable balance sheet reserve and investable asset. The world's largest asset manager BlackRock has added BTC into

<sup>2</sup> Glassnode On-Chain Newsletter: <https://insights.glassnode.com/the-week-onchain-week-05-2025/>  
<sup>3</sup> <https://www.pymnts.com/cryptocurrency/2025/foundations-and-endowments-line-up-to-invest-in-crypto/>  
<sup>4</sup> <https://www.whitehouse.gov/fact-sheets/2025/03/fact-sheet-president-donald-j-trump-establishes-the-strategic-bitcoin-reserve-and-u-s-digital-asset-stockpile/>

its \$150 billion model-portfolio ecosystem for the first time. This is a very big deal.<sup>5</sup>

5. The realization by both Retail and Wholesale investors such as Family Offices and Private Wealth Managers that BTC has long-term investment merit and provides unique and additive sources of diversification to portfolios. Indeed, adding just 1% BTC to a traditional 60:40 Equity Fixed Income portfolio adds no additional volatility but results in an additional 2% of outperformance over the past 5 years.<sup>6</sup>
6. Regulatory approval by the SEC which has now shifted to being pro-crypto and is in the process of dropping most of its enforcement actions against crypto-related companies. This Operation Chokepoint 2.0 is now over, and the digital asset ecosystem now has full government support.<sup>7</sup>
7. The second order liquidity effect of previously uninvested institutions such as the creation of state-level Treasury Reserves, with Texas set to become the first state in the USA to have a Strategic BTC Reserve.<sup>8</sup>

These factors above are both all positive and gathering momentum, and we expect will reach a tipping point in 2025.

## Summary and Conclusions

As we discussed in our January Market Commentary, 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 with ever increasing demand. BTC continues to establish itself as a global macro asset with full legitimization by the US government.

Recent regulatory changes in the crypto ecosystem have further spurred an evolution in the composition of investors, leading to a greater presence of sophisticated institutional investors in the BTC market. This trend will continue.

We are long-term holder of BTC and aim to continue growing our BTC holdings via our new Bitcoin Extraction Strategy (BEST) which will grow and compound our holdings over the next 5 years.

Feel free to contact me should you have any enquiries.

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<sup>5</sup> <https://www.forbes.com/sites/digital-assets/2025/03/01/this-is-a-big-deal-bitcoin-price-braces-for-a-150-billion-blackrock-game-changer/>

<sup>6</sup> <https://www.blackrock.com/institutions/en-zz/insights/portfolio-design/sizing-bitcoin-in-portfolios>

<sup>7</sup> <https://www.corporatesecuritieslawblog.com/2025/02/sec-withdraws-from-prominent-crypto-enforcement-amid-regulatory-shift/>

<sup>8</sup> [https://cointelegraph.com/news/texas-senate-passes-bitcoin-reserve-bill-new-york-targets-memecoin-rug-pulls-law-decoded?utm\\_source=rss\\_feed&utm\\_medium=rss&utm\\_campaign=rss\\_partner\\_inbound](https://cointelegraph.com/news/texas-senate-passes-bitcoin-reserve-bill-new-york-targets-memecoin-rug-pulls-law-decoded?utm_source=rss_feed&utm_medium=rss&utm_campaign=rss_partner_inbound)

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