PORTAL
ASSET MANAGEMENT

Portal Market Commentary – March 2025

Crypto Market Update

March was a directionless and choppy month for the crypto markets as Bitcoin (BTC) rallied 13% from $84,300 to $94,400 in the first few days of the month before falling -11% to the intra-month low of $76,700 and then rebounding +8% to close the month at $82,400. The market, as measured by the CCi30 Index, closed down -8.6% as alts once again underperformed, whilst BTC finished down -2.2%.

Macroeconomic Outlook – Muddying Through

The main question that investors globally seem to be fixated on in Q1 2025 is whether the USA will fall into a recession, and what will be the impact on risk assets as the global tariffs begin taking effect. This then leads us to consider the hypothesis that either the markets have peaked and are due for a further correction, even though the "Magnificent 7" and Bitcoin are down 20%+ from their peaks, or we have seen a healthy reset of valuations, and the risk is now to the upside as liquidity increases and global confidence grows. I expect we could see some combination of the two as we will see further volatility but ultimately the path of least resistance is higher for risk assets.

The challenge we face with this scenario analyses, particularly with regards to Bitcoin, is that it presupposes that the BTC cycle is based on the same drivers in this evolution as past post-halving market cycles. This is no longer the case as the market regime has changed dramatically over the past 5 years.

This has largely been spurred by the incoming Trump Administration and SEC's regulatory support of crypto and the establishment of a US sovereign Strategic Bitcoin Reserve. The continued growth in ETF's reaching $120bn in combined AUM in the 12-months since launch and expected to double in the next 12 months has made Bitcoin available to a much wider audience.

This, along with institutional and corporate investment via Blackrock and the second order liquidity effect of previously uninvested institutions such as university endowments and the creation of state-level Treasury Reserves, has changed the demand dynamic from retail-driven to sovereign, institutional and corporate.

Furthermore, as much as the liquidity dynamics are improving from the demand side, the liquidity cycle has been mostly contractive in the past few years compared to the massive surge in liquidity we witnessed in 2020. According to Jamie Coutts' latest Pro Crypto Deep Dives report, "...we're in the midst of the longest and deepest contraction in the Global Liquidity Index in Bitcoin's history — three years in, with a 10% drawdown."

Source: Bitformance, Helios Analytics, Bloomberg

Liquidity Conundrum

Central Banks led by the Fed are in a bind. They want to fight inflation, but doing so risks tipping economies into stagnation or recession. They have also been behind the curve in both preemptively raising rates in 2021 and then cutting them in 2022. Now, they have to contend with an unpredictable foreign and trade policy. Tariffs, global trade, manufacturing, and liquidity point to a sharp slowdown, with inflation falling rapidly. The Fed may have to cut rates faster than signaled in H2 this year.

They are being hurdled by the Trump Administration 2.0, which is steaming ahead at a breakneck pace to increase US liquidity. Trump is aggressively cutting government spending to boost revenue while hoping to eliminate waste, fraud, and abuse, with an ambitious target of $1 trillion in annual reductions through the DOGE program.

This is intended to be complemented by generating revenue through strategic tariffs resulting in reordering international trade, and encouraging domestic manufacturing. Finally, the administration hopes to streamline regulations to boost domestic energy production, which could improve their Balance of Payments and free up cash to pay down further debt.

Either way, we believe that liquidity conditions will improve into H2 2025, and BTC and the broader crypto market are well placed to benefit from this.

BTC as Digital Gold: A review

Last week's decision by the Fed to downsize quantitative tightening (QT) to a nominal policy underscores that global central banks are gearing up to launch new liquidity programs. Although such a strategy would place the U.S. on a more sustainable financial trajectory, there is considerable execution risk. Whatever happens, we can assume there will be more volatility in cross-border capital flows and currency valuations.

While we focus on BTC as a risk-on asset — making it highly susceptible to liquidity fluctuations — BlackRock has positioned it differently for its clientele, which primarily includes insurers, pension funds, and sovereign entities. Blackrock regards Bitcoin as a safe-haven asset, not a risk-on asset as per the table below.

S&P 500, gold, and bitcoin through major geopolitical events

		10D Return[2]			60D Return[2]		
Event	Date[1]	SPX	Gold	BTC	SPX	Gold	BTC
U.S.-Iran Escalation	Jan. 3, 2020	2%	0%	12%	-7%	6%	20%
COVID Outbreak	Mar. 11, 2020	-20%	-9%	-25%	2%	3%	21%
2020 U.S. Election Challenges	Nov. 3, 2020	7%	-1%	19%	12%	-1%	131%
Russia Invasion of Ukraine	Feb. 24, 2022	1%	2%	-6%	3%	9%	15%
U.S. Regional Banking Crisis	Mar. 9, 2023	-2%	10%	25%	4%	11%	32%
Yen Carry Trade Unwinding[3]	Aug. 5, 2024	2%	0%	0%	--	--	--

Portal: An Evolving Investment Strategy

We reiterate that we believe that BTC will surpass its base case expectations in both growth and duration due to the following:

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.[1]

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

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.[2]
3. Government Investment via Nation-State Treasury acceptance of BTC with Trump signing an Executive Order establishing a Strategic Bitcoin Reserve.[3]
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 its $150 billion model-portfolio ecosystem for the first time. This is a very big deal.[4]
5. The realisation 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.[5]
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.[6]
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.

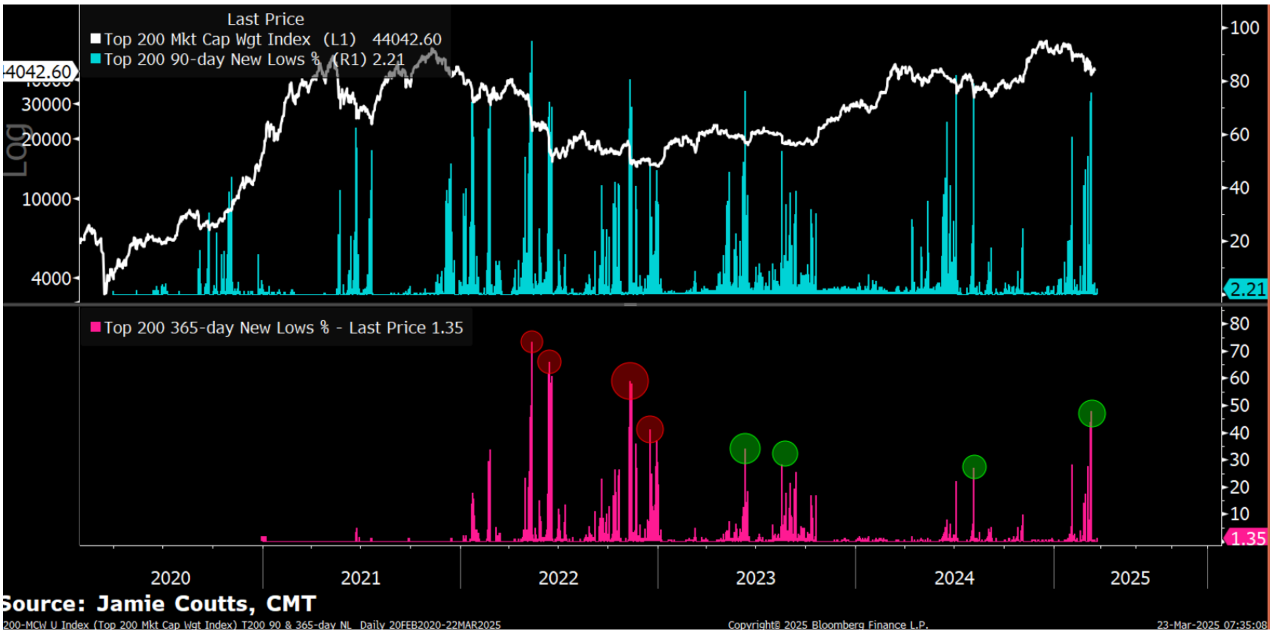
The above factors are all positive and gathering momentum, and we expect could reach a tipping point in 2025.

Buy When Others are Fearful

The final breadth chart from Jamie Coutts' report to highlight is the New Lows indicator. The chart below features the 90-day new lows and when this metric spikes above 70%, it often signals short-term capitulation within an ongoing trend. He zooms out and assesses the bigger picture, overlaying the 365-day new lows (pink subchart). This is better suited for identifying major intermediate bottoms — like the one we saw in Q3 2023 (green) — and even full-cycle inflection points, such as the 2022 market bottom (red cycle).

On March 11, the 365-day new lows hit 48% — the highest reading in this entire bull cycle. We have had a further large correction in line with global markets, and we believe this is a major capitulation event. A deep flush that clears out weak hands, resets expectations, and sets the stage for a new phase of accumulation.

[2] https://www.pymnts.com/cryptocurrency/2025/foundations-and-endowments-line-up-to-invest-in-crypto/
[3] 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/
[4] 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/
[5] https://www.blackrock.com/institutions/en-zz/insights/portfolio-design/sizing-bitcoin-in-portfolios
[6] https://www.corporatesecuritieslawblog.com/2025/02/sec-withdraws-from-prominent-crypto-enforcement-amid-regulatory-shift/



Summary and Conclusions

As we discussed in our previous 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 **rapidly increasing demand.** BTC continues to establish itself as a global macro asset with full legitimisation 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 holders 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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