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Quarterly Report

Q1 2026

January – March 2026

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Letter to Investors

Dear Investors,

HODL Ventures launched in February 2026 during what became Bitcoin's worst first quarter in eight years. While most of the market experienced significant drawdowns — Bitcoin fell 23% and Ethereum 32% — our fund delivered a positive return of +0.91% (30-day APY) since inception. This is exactly the kind of environment our strategy was designed for. Capital preservation is not just a tagline for us. It is the foundation of everything we build.

The quarter was defined by a violent institutional deleveraging event. Bitcoin crashed 20% in a single day to nearly $60,000 as hedge funds and institutional portfolio managers reduced risk across all assets. Record options activity, structured product triggers, and CME basis trade unwinds amplified the move. Importantly, this was not a failure of Bitcoin's fundamentals — it was a feature of Bitcoin's growing integration into institutional portfolios. The same forces that bring billions in ETF inflows also introduce correlated selling pressure during macro stress events.

Our multi-asset approach — combining Bitcoin exposure with yield-bearing stablecoins and DeFi protocols — provided the balance needed to navigate this volatility. Capital preservation remains our first priority. While we maintain strong conviction in Bitcoin's long-term trajectory, we believe the current environment rewards patience and disciplined risk management over aggressive positioning.

Looking ahead, we see significant catalysts on the horizon. The global liquidity cycle, institutional adoption momentum, and the approaching US debt refinancing wall all point to favorable conditions for Bitcoin in the medium term. We remain positioned to capture upside while continuing to protect capital.

Sincerely,

The HODL Ventures Team

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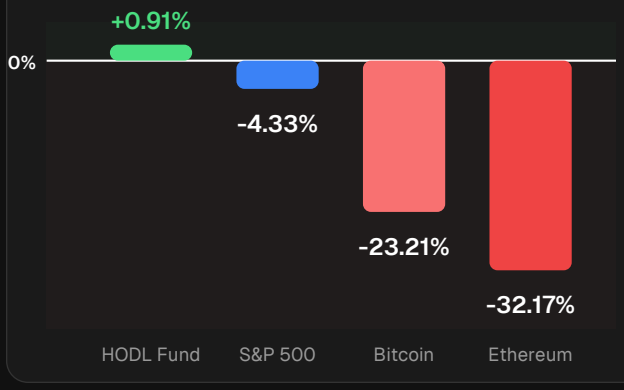
Fund Performance

KEY METRICS

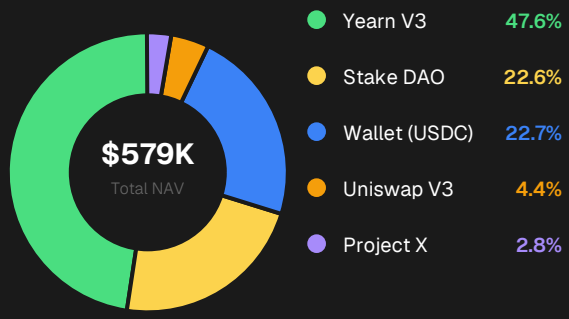
NAV	Share Price	Total Shares
$578,516	$1.0083	574,568

Fund Return (30d)	BTC Benchmark
+0.91%	-23.21%

Q1 2026 PERFORMANCE COMPARISON



FUND ALLOCATION



FUND STRATEGY & DETAILS

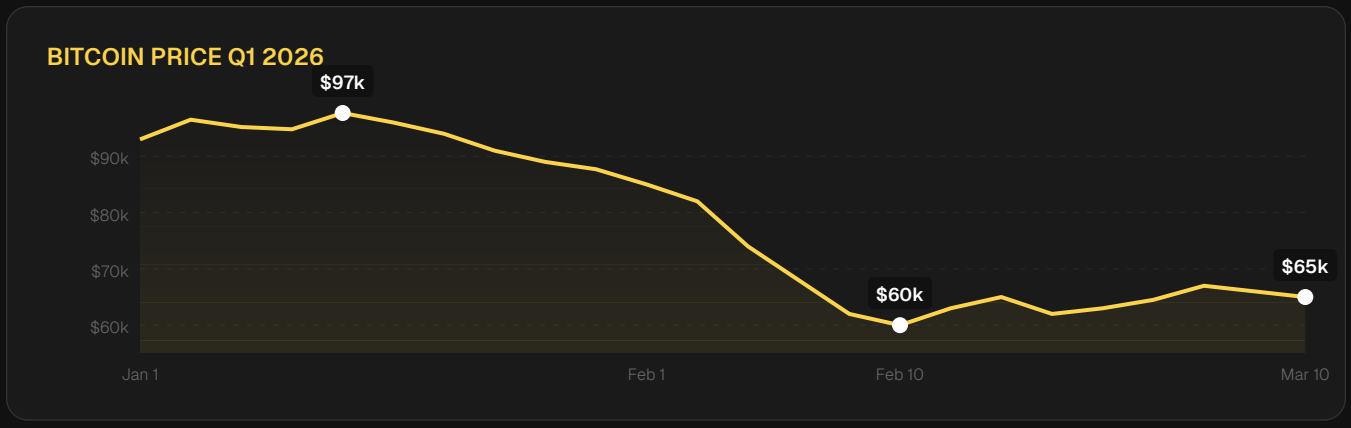
HODL Ventures is a low-risk, yield-focused fund built primarily around stablecoin farming and DeFi yield generation. The strategy combines Bitcoin as a long-term collateral asset with battle-tested stablecoin protocols to deliver consistent, sustainable returns while preserving capital through market cycles.

Strategy	Low-Risk Yield (Stablecoins + BTC Collateral)
Blockchain	Base
Platform	Enzyme Finance
Management Fee	0.50%
Performance Fee	20.00%
Exit Fee	5.00%
Status	Active
Inception	February 2026

All performance figures are preliminary and subject to final reconciliation. Past performance is not indicative of future results.

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Market Analysis: Q1 2026



Quarter in Review

Bitcoin recorded its worst first quarter in eight years, falling 23.21% — the third-worst Q1 since 2013. The asset opened January at approximately $87,700, briefly touched $97,689, then entered a sustained decline that culminated in a 20% single-day crash to nearly $60,000. Ethereum fared worse, dropping 32.17%.

The crash was not driven by a single event but by a cascade of institutional risk reduction. As River Intelligence documented, poor equity earnings and worsening macro outlooks triggered portfolio degrossing at major institutions. BlackRock's IBIT ETF saw options activity at 10 times its average volume. Structured products — including knock-in notes from JP Morgan — triggered automatic dealer hedging, creating a feedback loop that amplified selling pressure.

Notably, spot Bitcoin ETFs recorded $3.8 billion in net outflows over five consecutive weeks through late February. Yet the structural picture isn't entirely bearish: cumulative ETF inflows remain at approximately $56.5 billion, and total ETF AUM hovers near $135 billion.



Net outflow: -$3.8B over 5 weeks (Feb)
Cumulative inflows: ~$56.5B total

On-Chain Signals

On-chain metrics paint a picture of a market finding its floor. Bitcoin's Z-Score reached -3 sigma deviation at approximately $60,000 — the most extreme downside reading in history. A high-volume acceptance cluster has formed between $57,000 and $72,000, suggesting this range may serve as a foundation for the next phase.

The logarithmic risk model declined from 31% to 18%, consistent with the early stages of a bottoming phase that typically lasts 3 to 5 months. Currently, 55% of Bitcoin's circulating supply remains in profit, approaching the 40–50% capitulation zone that has marked cycle bottoms in 2015, 2018–2019, and 2022.

ON-CHAIN INDICATORS

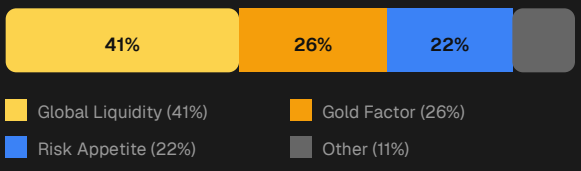
-3 sigma Z-Score Most extreme downside ever	**18%** Log Risk Bottoming phase (3-5 mo)	**55%** Supply in Profit Near 40-50% capitulation
~3% Leverage Ratio Post-deleveraging (healthy)	**59%** BTC Dominance Structural leadership	**$315B** Stablecoin Supply All-time high (dry powder)

The Liquidity Thesis

The macro picture supports our long-term conviction. CrossBorder Capital's Global Liquidity Index, tracking $187 trillion across 90+ economies, explains approximately 90% of Bitcoin's price movement. Global liquidity peaked in Q3 2025 and is now declining, consistent with the recurring 65-month cycle. Bitcoin felt the turn first — approximately 3 months after the peak. Equities are expected to follow between March and July 2026.

The divergence between gold (+64% in 2025) and Bitcoin (-8% in 2025, -20% in early 2026) is explained by the specific source of debasement: China's PBOC injected $1.5 trillion in 2025, and Chinese investors are restricted to gold. The critical catalyst ahead is the approaching debt wall: ~$9 trillion in US Treasuries mature in 2026, with $33–50 trillion globally in 2026–2027. Bitcoin will be the first to respond to the resulting liquidity expansion.

WHAT DRIVES BITCOIN PRICE (VAR MODEL)



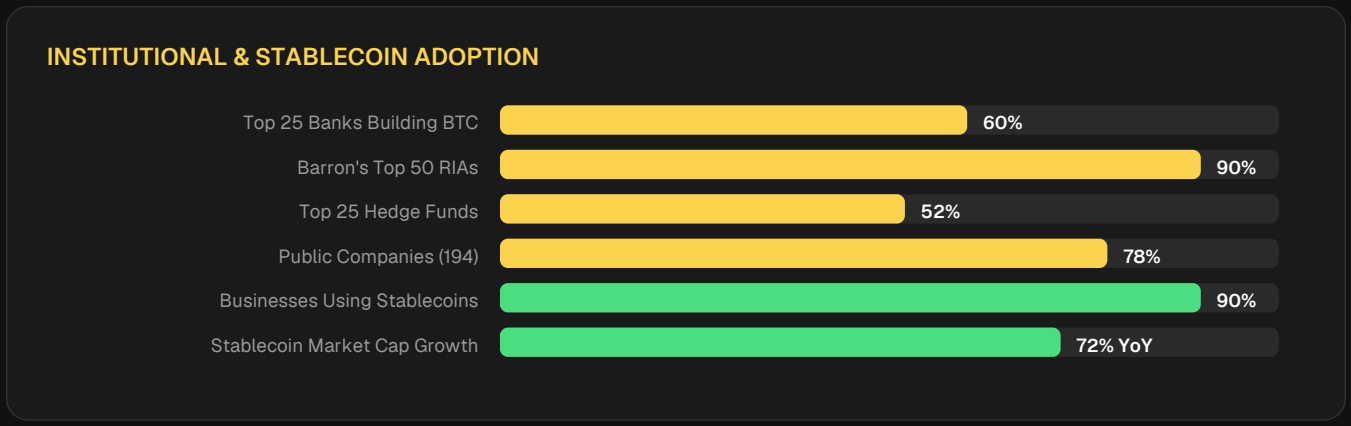
Source: CrossBorder Capital VAR model

GLOBAL LIQUIDITY CYCLE (65-MONTH)



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Adoption & Industry Update



Network Health

- 24,700 reachable nodes (+14% YoY)
- Hashrate surpassed 1 zetahash
- Mining decentralized across 34 countries
- Lightning Network monthly volume exceeded $1B (+300% in 2025)

Regulatory Clarity

- 80% of surveyed jurisdictions saw financial institutions announce digital asset initiatives in 2025
- 49 countries improved Bitcoin access since 2020 (vs only 4 restricted)
- 23 nation-states now own Bitcoin (+5 in 2025)
- Fed Chair transition in May 2026 creates both uncertainty and opportunity

Market Maturity

- Bitcoin represents 1.2% of global money
- BTC 30-day realized volatility declined to 20–30% range (historically associated with market troughs)
- Systemic risk indicators contained
- Businesses added $54B in BTC to balance sheets in 2025 (more than all prior years combined)

Stablecoin Ecosystem

- Stablecoin market cap hit $315B ATH in Q1 2026 (from ~$208B in early 2025)
- Annual stablecoin transaction volume reached $33T in 2025, surpassing Visa ($16.7T)
- 90% of businesses engaging in stablecoin use or testing
- Visa stablecoin settlement hit $4.5B annualized run rate (460% YoY growth)
- B2B stablecoin payments surged from <$100M/mo in 2023 to >$6B/mo by mid-2025

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Strategy & Outlook

Our Strategy

1. **Bitcoin as Core Collateral**
   Long-term store of value, not a trading instrument
2. **Stablecoin Quality Bias**
   Battle-tested, yield-bearing stablecoins for consistent returns
3. **Yield from Real Activity**
   No fragile token emissions or opaque counterparties
4. **Programmatic Risk Controls**
   Rules-based framework, not emotional decisions
5. **Compounding Discipline**
   Steady growth over time, not chasing peaks

Q2 2026 Outlook

The data points to a bottoming phase that could extend through Q2 2026. On-chain models suggest the $57,000–$72,000 range will serve as a consolidation zone before the next directional move. We expect continued volatility compression as the market digests the deleveraging of Q1.

The macro setup for the second half of 2026 and into 2027 is increasingly constructive for Bitcoin. The combination of forced Treasury refinancing, potential Fed policy accommodation under new leadership, and persistent institutional demand creates a favorable medium-term backdrop. We intend to maintain our current positioning while selectively increasing exposure should our risk models signal opportunity.

Our focus remains unchanged: preserve capital, generate sustainable yield, and compound returns through market cycles. The current environment validates our approach — and reinforces our conviction that disciplined, transparent fund management is what Bitcoin investors deserve.

KEY MACRO INDICATORS

Global Liquidity (CrossBorder Capital)	**$187T across 90+ economies**
BTC Price Variance Explained by Liquidity	**~90% (VAR model)**
US Treasuries Maturing in 2026	**~$9 trillion**
Global Debt Refinancing 2026–2027	**$33–50 trillion**
BTC Correlation to US Short-Term Debt	**93% since 2021**

Important Disclosures

- This report is for informational purposes only and does not constitute an offer to sell or solicitation to buy any securities.
- Past performance is not indicative of future results. All investments involve risk including the possible loss of principal.
- Performance figures are based on on-chain data and subject to final reconciliation and audit.
- The fund operates on Base blockchain via Enzyme Finance. Smart contract risk, market risk, and liquidity risk apply.
- Bitcoin and cryptocurrency investments are highly volatile and may not be suitable for all investors.
- HODL Ventures is a BVI-registered fund. Regulatory protections may differ from your home jurisdiction.
- For the most current information, visit hodlventures.xyz or contact the fund directly.

SOURCE CITATIONS

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