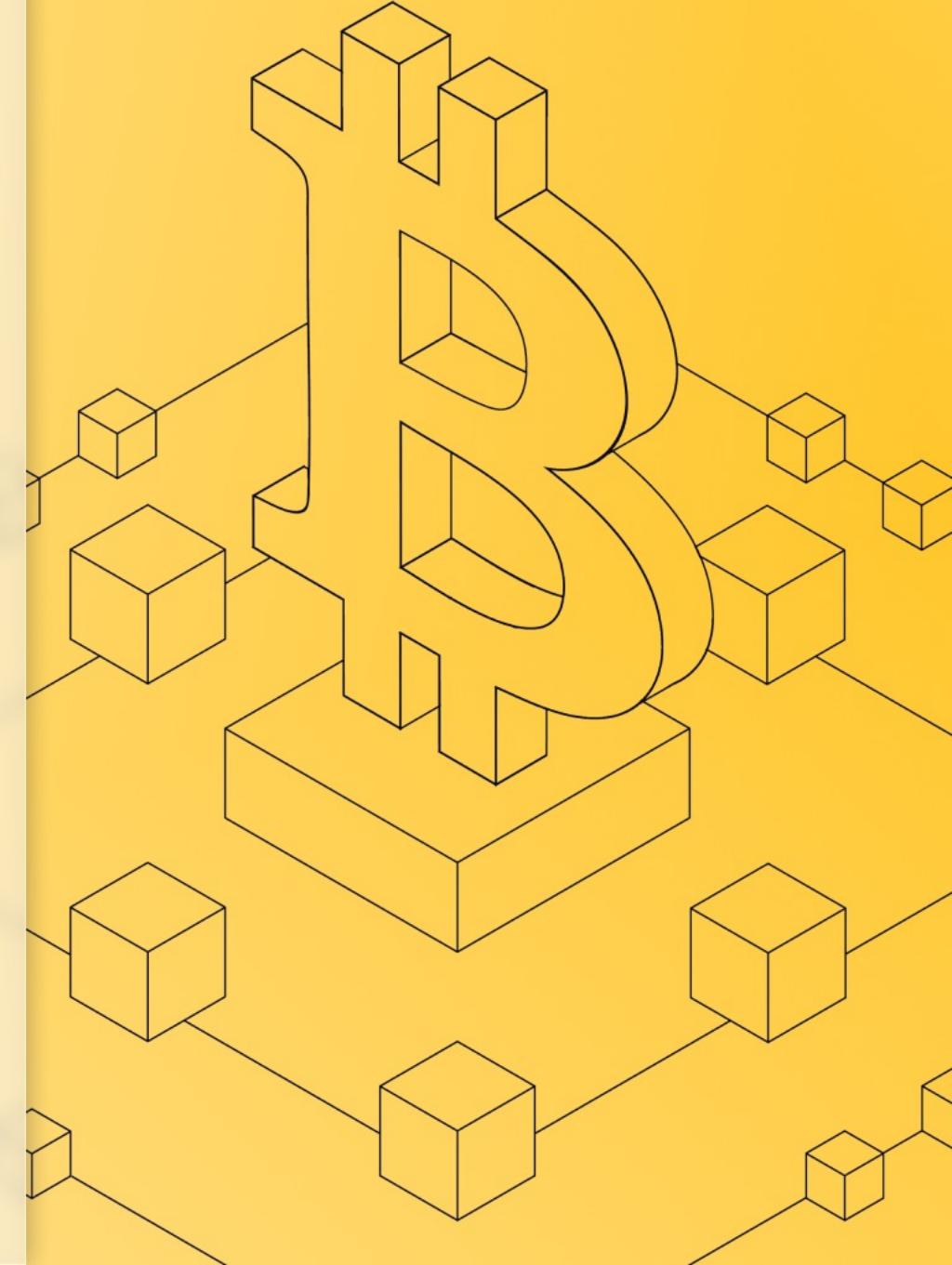




Data as of December 31, 2025

The Bitcoin Quarterly

Cautiously Optimistic





Important Information Regarding Bitcoin

Bitcoin is a relatively new asset class, and the market for bitcoin is subject to rapid changes and uncertainty. Bitcoin is largely unregulated and bitcoin investments may be more susceptible to fraud and manipulation than more regulated investments. Bitcoin is subject to unique and substantial risks, including significant price volatility and lack of liquidity, and theft.

Bitcoin is subject to rapid price swings, including as a result of actions and statements by influencers and the media, changes in the supply of and demand for bitcoin, and other factors. There is no assurance that bitcoin will maintain its value over the long term.

ARK strongly encourages any investor considering an investment in bitcoin or any other digital asset to consult with a financial professional before investing. All statements made regarding bitcoin are strictly beliefs and points of view held by ARK and are not recommendations by ARK to buy, sell or hold bitcoin. Historical results are not indications of future results



SECTIONS

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Market Summary

02

On-Chain Activity And Technicals

03

ETFs, DATs, Derivatives, Liquidity, And Others

04

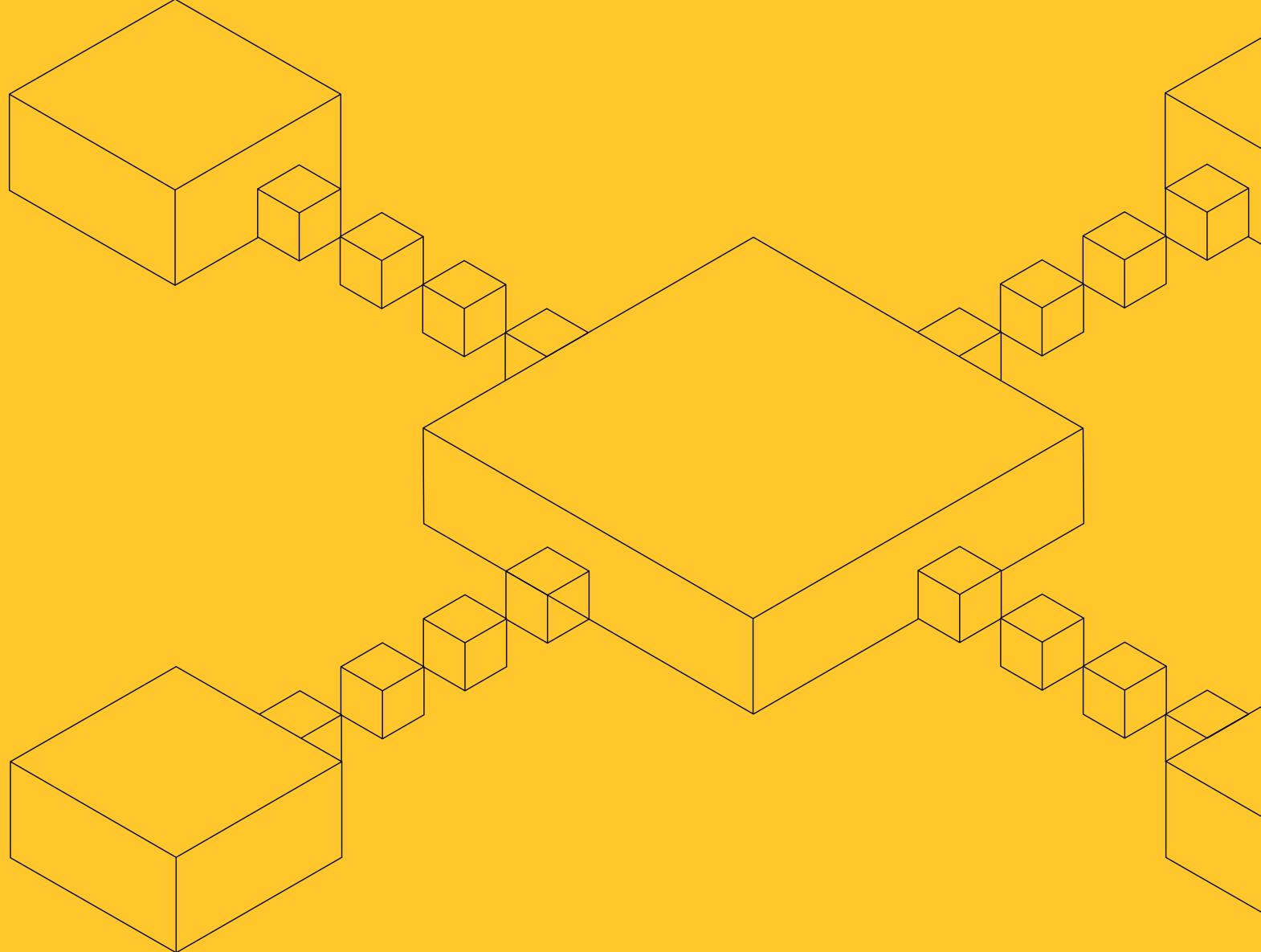
Macro

05

Appendix: Glossary Of Terms

Section 01

Market Summary





After A 36% Correction, Bitcoin Is Holding At Strong Support

On-Chain Activity And Technicals

- During the last quarter of 2025, bitcoin's price decreased 23.2% to \$87,497, recording a peak-to-trough correction of 36.1%.
- Simultaneously, bitcoin's price broke two important support lines: the short-term-holder (STH) cost basis at \$99,325 and the 200-day moving average at \$107,023. Its most important support was the on-chain mean at \$80,953.
- In late 2025, long-term holders realized losses as high as 64% of total losses. While not yet a confirmation, a continuation of that dynamic could signal that bitcoin's recent correction is the start of a more prolonged bearish environment.
- In 2025, volatility continued to decline. Indeed, it was the least volatile year in bitcoin's history when measured on a 6-month and yearly basis.

ETFs, DATs, Derivatives, Liquidity, And Others

- During the fourth quarter, bitcoin reverted to the cost basis of US spot ETFs—a good support line for the market.
- Bitcoin futures long liquidations as percentage of total liquidations hit a high of 58%, indicating “oversold” conditions.
- Digital asset treasury (DAT) profits relative to their cost bases compressed 93% during 2025.

Macro

- We believe easing inflationary pressures and supportive monetary and fiscal policies are aligning to reignite real economic growth and productivity, with housing, capital expenditures (capex), and labor conditions setting up for potential upside surprises.
- While gold's extreme levels suggest caution, past cycles have favored risk assets at this stage.

ARK'S KEY TAKEAWAYS

- Correcting 36.1%, bitcoin found support at its on-chain mean (\$80,953).
- 2025 was the least volatile year in bitcoin's history.
- After bitcoin's correction in the fourth quarter, ETF investors were trading at roughly breakeven costs.
- DAT profitability has compressed 93% in the last year.
- We believe inflation pressure and supportive government policies are aligning to reignite economic growth.
- Gold's historic rise signals that risk assets may be positioned well in 2026.



Bitcoin's News In The Fourth Quarter

[Bitcoin Hits Record High Above \\$125,000](#)

[“Largest Ever” Crypto Liquidation Event Wipes Out 6,300 Wallets on Hyperliquid](#)

[Texas Makes History: First U.S. State to Buy Bitcoin](#)

[\\$11 Trillion Vanguard Finally Enables Bitcoin And Crypto ETFs For Clients](#)

[Bitcoin, Ether Drop More Than 22% In Q4 As December “Santa Rally” Fizzles](#)



Despite Decline In Network Health, On-Chain Activity Remains Net Positive

	Bitcoin Metrics ¹	Unit	Value At End Of Q4	90d Change	365d Change	ARK's View	Upgrade/Downgrade ³
Network Security	<u>Mining Difficulty</u>	Exahash/SEC ¹ (Thousands)	636.7	-1.7%	+35%	Bullish	No Change
	<u>Miner Revenue</u> (Rolling 7-Day Average)	USD (Millions)	39.1	-25.9%	-11.8%	Bearish	
Network Usage	<u>Active Owners</u> ² (Active Entities, Rolling 7-Day Average)	Thousands	189.2	-18.1%	-6.6%	Bearish	
	<u>Transaction Volume</u> ² (Rolling 7-Day Moving Average)	BTC (Thousands)	85.8	-0.03%	+3%	Neutral	
Holder Behavior	<u>Long-Term-Holder Supply</u> ² (Coins Held For 155 Days+)	BTC (Millions)	14.2	-2.6%	+1.8%	Neutral	No Change
	<u>Locked Supply</u> ² (Illiquid Supply)	BTC (Millions)	13.8	+0.9%	+2.5%	Bullish	No Change
	<u>Time-Weighted Turnover</u> ² (Coindays Destroyed, Rolling 7-Day Median)	Coindays (Millions)	11.2	-7.4%	-20.3%	Bullish	

[1] For more information on these metrics and their units of account, please read the Appendix: Glossary of Terms in the Appendix of this report. [2] Data may be subject to change over time since they are entity-adjusted in real time via a machine-learning algorithm. [3] Arrows displayed in the "Upgrade/Downgrade" column convey the change in our view of that metric compared to last month. For instance, if our view changes from bearish to neutral, the arrow will be green, and so forth. One arrow denotes a 1-tier change, and two arrows denote a 2-tier change. Source: ARK Investment Management LLC, 2025. Data sourced from Glassnode. Some data may be subject to change over time since they are entity-adjusted in real time. Information as of December 31, 2025. For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security or cryptocurrency.



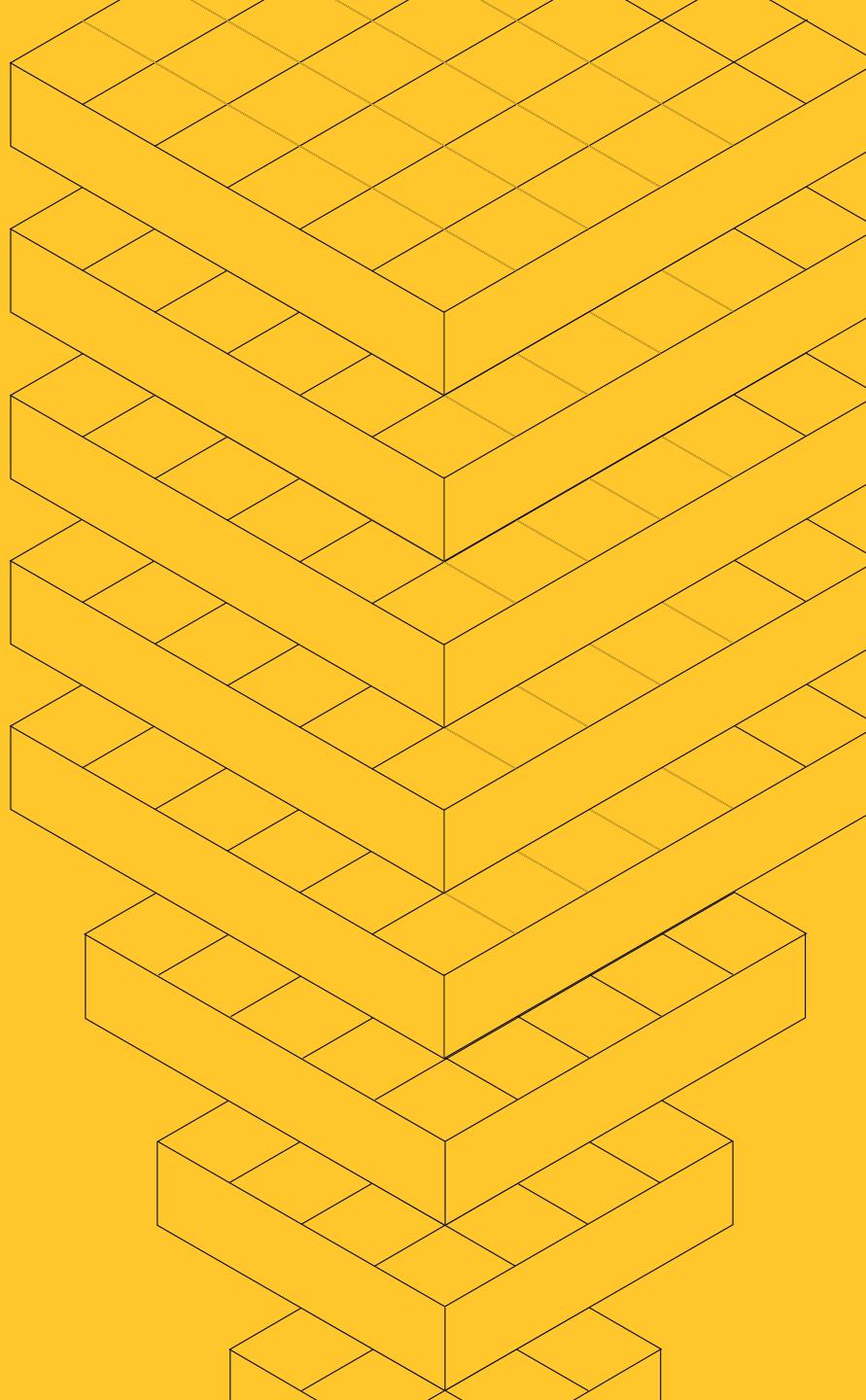
Although The Short-Term-Holder Cost Basis Declined, The Derivatives Market Had A Healthy Reset

	Bitcoin Metrics ¹	Unit	Value At End Of Q4	1M Change	1Y Change	ARK's View	Upgrade/Downgrade ³
Long-Term Valuation	<u>Market Cost Basis</u> (Realized Price)	USD	\$56,137	+3.5%	+36.9%	Bullish	No Change
	<u>Percent Supply In Profit</u>	pp ⁴	65.1	-34.5	-19.5	Bullish	
Short-Term Valuation	<u>Short-Term-Holder Cost Basis²</u> (STH Realized Price)	USD	\$111,933	-11.7%	+14.2%	Neutral	
	<u>Realized Market Returns²</u> (SOPR-1, Rolling 7-Day Average)	pp	-1.5	-9.8	-22.9	Neutral	
Market Sentiment	<u>Perpetual Futures Basis</u> (Binance, Estimated)	pp	-0.4	0	+0.02	Bullish	No Change
	<u>Expirational Futures Basis</u> (Quarterly, Binance, Annualized)	pp	4.1	-3.4	-9.8	Bullish	

[1] For more information on these metrics and their units of account, please read the Appendix: Glossary of Terms in the Appendix of this report. [2] Data may be subject to change over time since they are entity-adjusted in real time via a machine-learning algorithm. [3] Arrows displayed in the "Upgrade/Downgrade" column convey the change in our view of that metric compared to last month. For instance, if our view changes from bearish to neutral, the arrow will be green, and so forth. One arrow denotes a 1-tier change, and two arrows denote a 2-tier change. [4] "pp": percentage points. Source: ARK Investment Management LLC, 2025. Data sourced from Glassnode. The perpetual futures basis was estimated internally on the basis of data from TradingView, and it is subject to change. Information as of December 31, 2025. For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security or cryptocurrency.

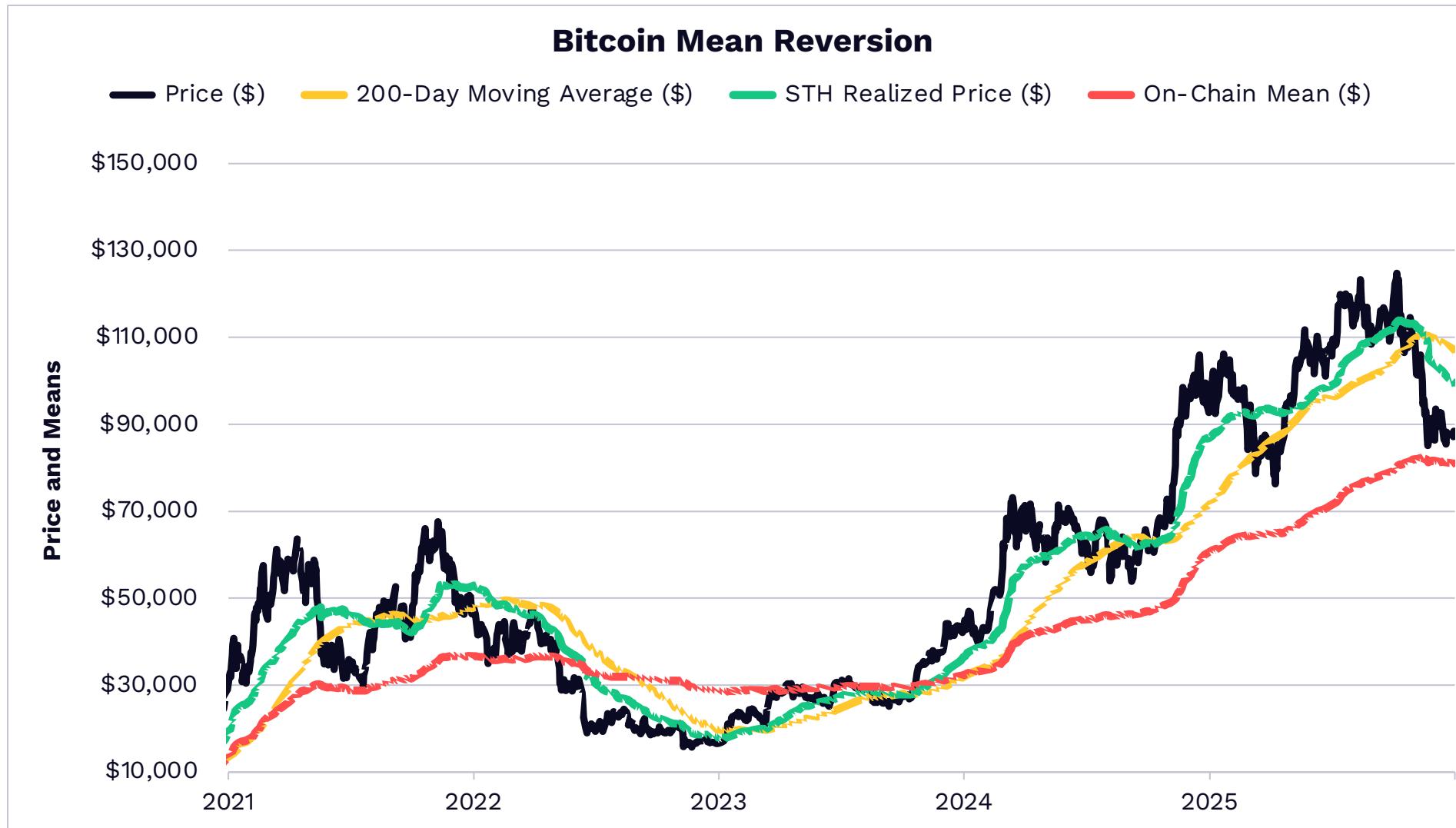
Section 02

On-Chain Activity And Technicals





Bitcoin Found Support At Its On-Chain Mean Near \$80,000



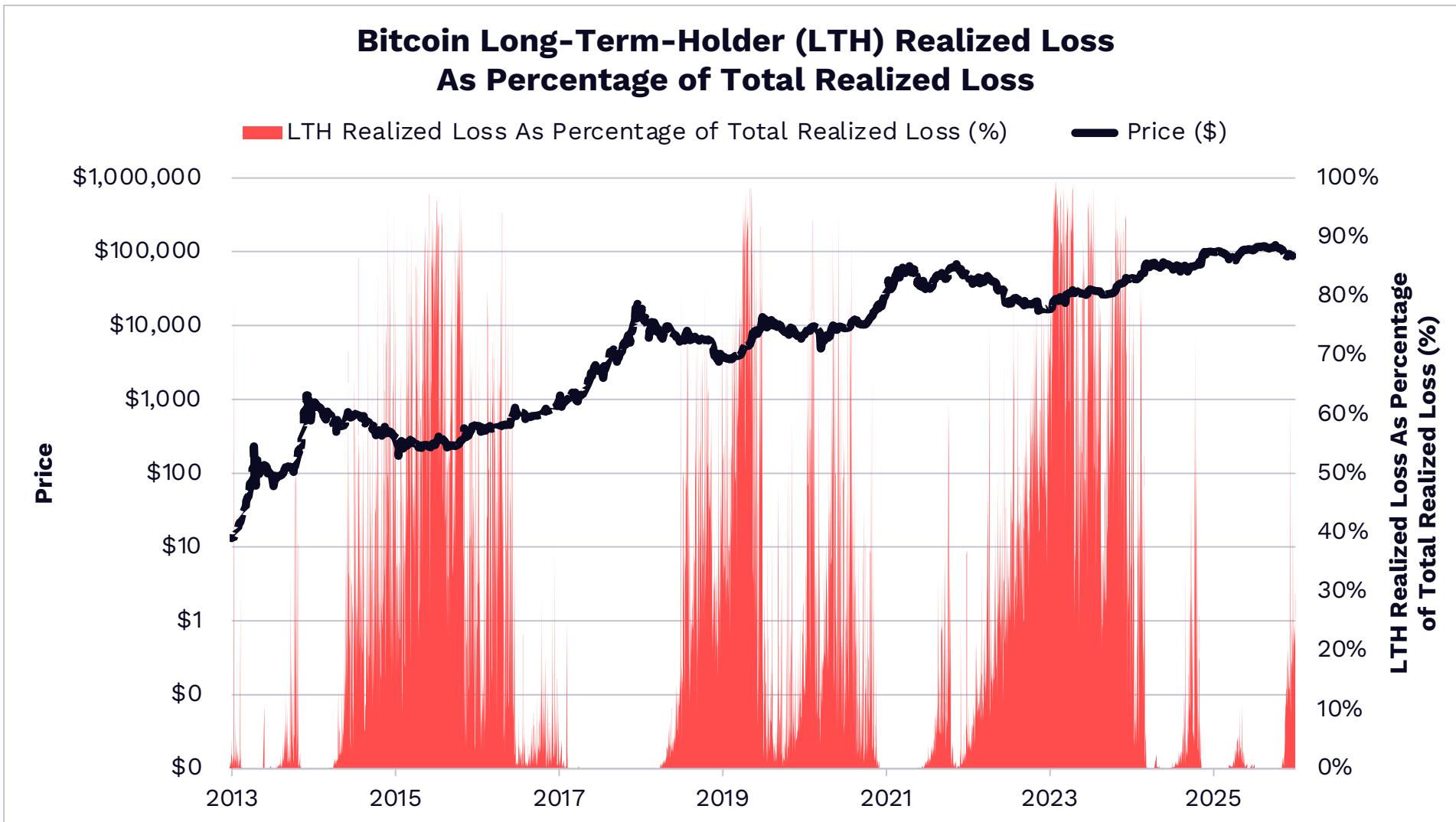
ARK'S VIEW: BULLISH

- During the fourth quarter, bitcoin's price decreased 23.2%, closing December at \$87,497, driving the peak-to-trough correction to 36.1%.
- Bitcoin's price broke two important support lines: the short-term-holder (STH) cost basis at \$99,325, and the 200-day moving average at \$107,023.
- That said, the bitcoin price seems to have found support above its on-chain mean, which closed the fourth quarter at \$80,953.

Source: ARK Investment Management LLC, 2025. Chart data from Glassnode. Information as of December 31, 2025. STH realized price data may be subject to change over time since they are entity-adjusted in real time via a machine-learning algorithm. For more information on certain terms, please read our Glossary Of Terms in the Appendix of this report. For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security or cryptocurrency. Forecasts are inherently limited and cannot be relied upon. Past performance is not indicative of future results.



Long-Term Holders Are Realizing Losses

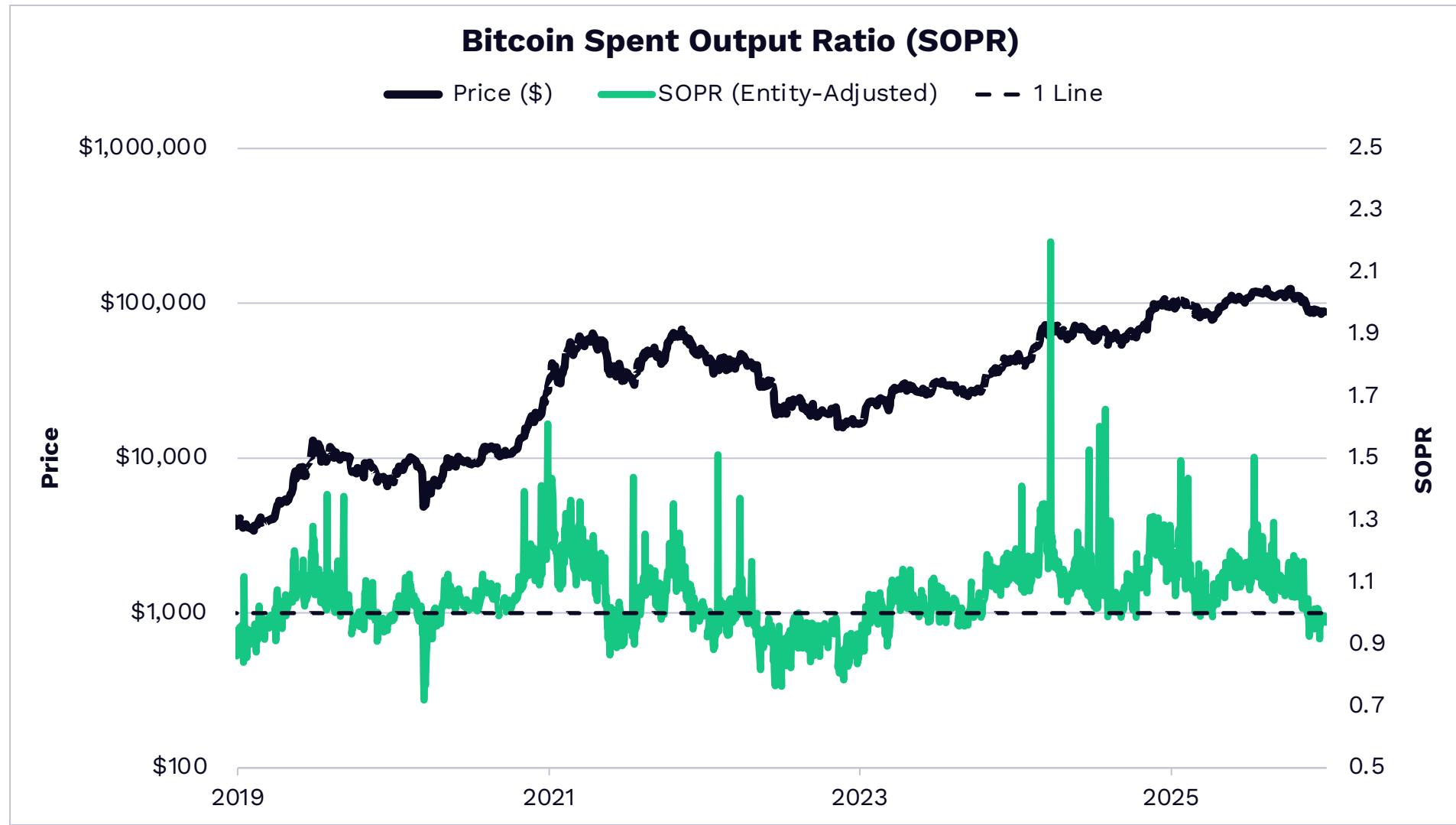


ARK'S VIEW: NEUTRAL

- During late 2025, long-term holders (LTHs) realized losses as a percent of total realized losses as high as 64% in a single day.
- While those LTH values do not confirm a bear market, prolonged levels of such losses could be pointing to a protracted correction.



According To Bitcoin's SOPR, The Market Is Trading Below Breakeven



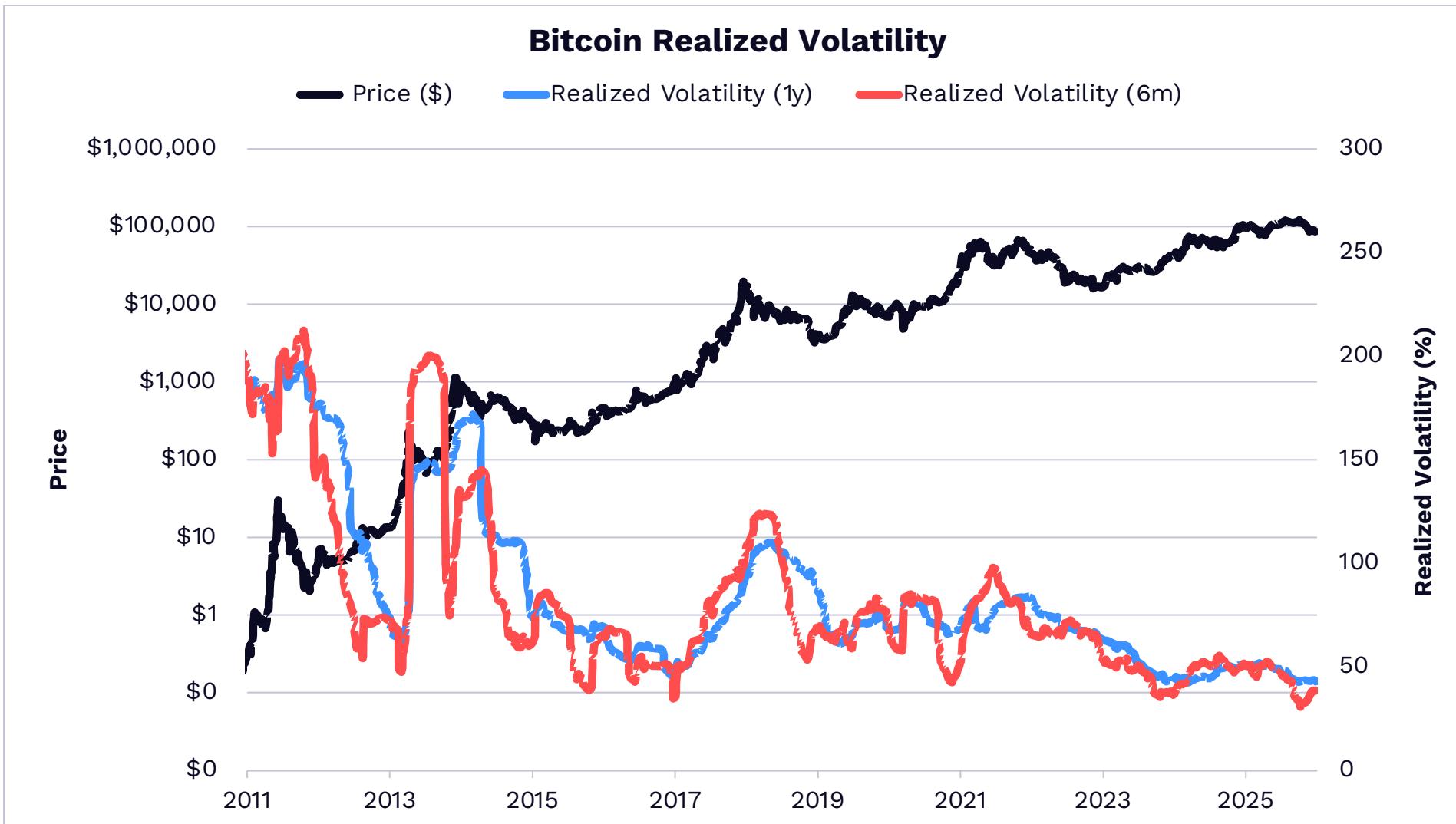
ARK'S VIEW: BEARISH

- Since mid-November bitcoin's spent output ratio (SOPR) has traded at or slightly below 1, as the market attempts to reclaim breakeven.
- Trading steadily above 1, SOPR would suggest that the bull market is returning to health.

Source: ARK Investment Management LLC, 2025. Chart data from Glassnode. Information as of December 31, 2025. Data may be subject to change over time since they are entity-adjusted in real time via a machine-learning algorithm. For more information on certain terms, please read our Glossary Of Terms in the Appendix of this report. For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security or cryptocurrency. Forecasts are inherently limited and cannot be relied upon. Past performance is not indicative of future results.



Bitcoin Volatility Hit Its Lowest Value in History

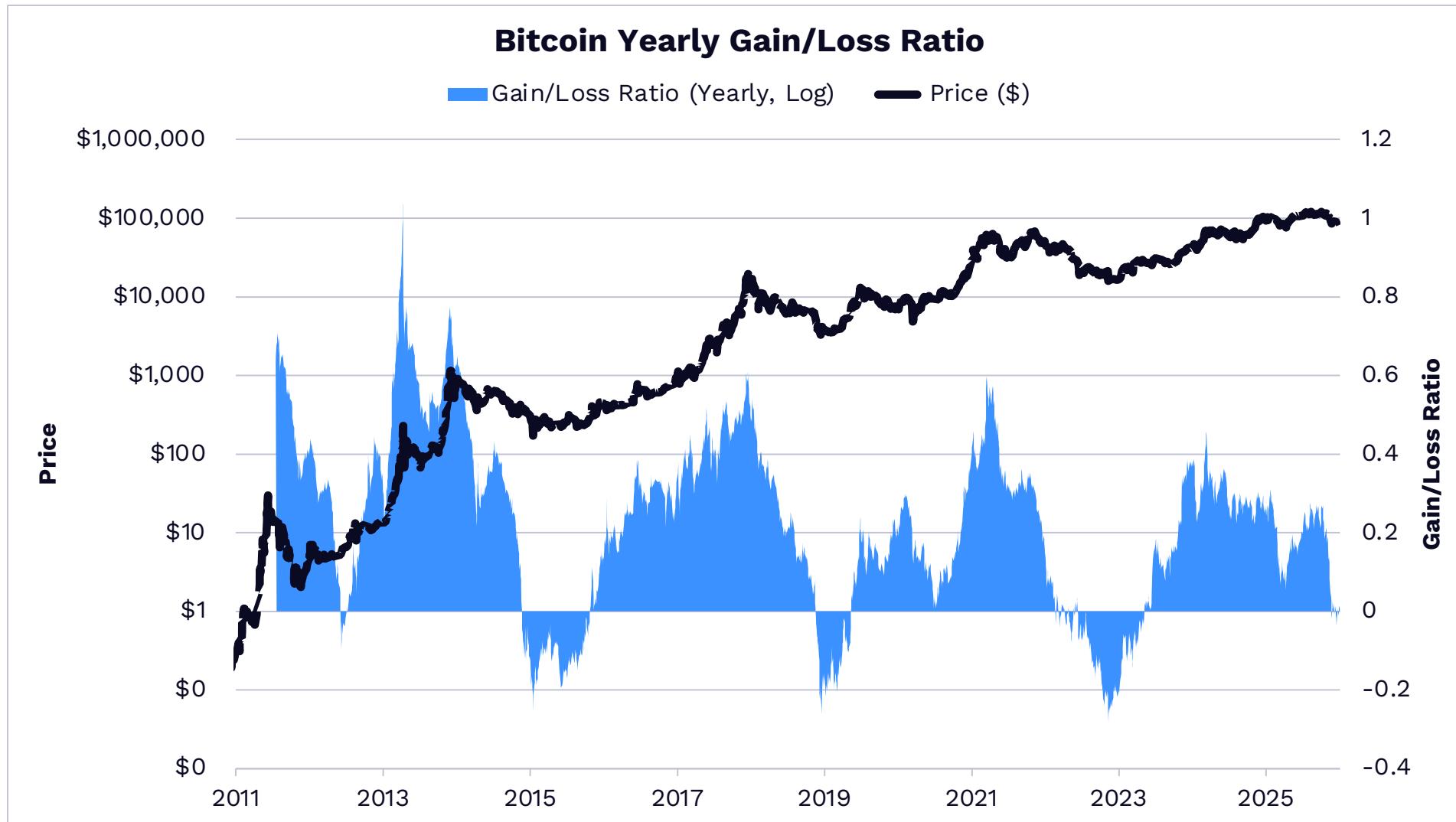


ARK'S VIEW: BULLISH

- In 2025, the volatility of bitcoin's price dropped to the lowest level in bitcoin's history when measured on a 6-month and yearly basis.
- In our view, its continued decline validates the case for bitcoin's higher risk-adjusted returns in the years to come.



Bitcoin's Yearly Losses Surpassed Its Gains For The First Time Since Early 2023



ARK'S VIEW: BEARISH

- During the fourth quarter, bitcoin's yearly gain/loss ratio slipped for the first time since early 2023.
- Ideally, a recovery to net gains would confirm a short-term as opposed to a deeper cyclical correction.

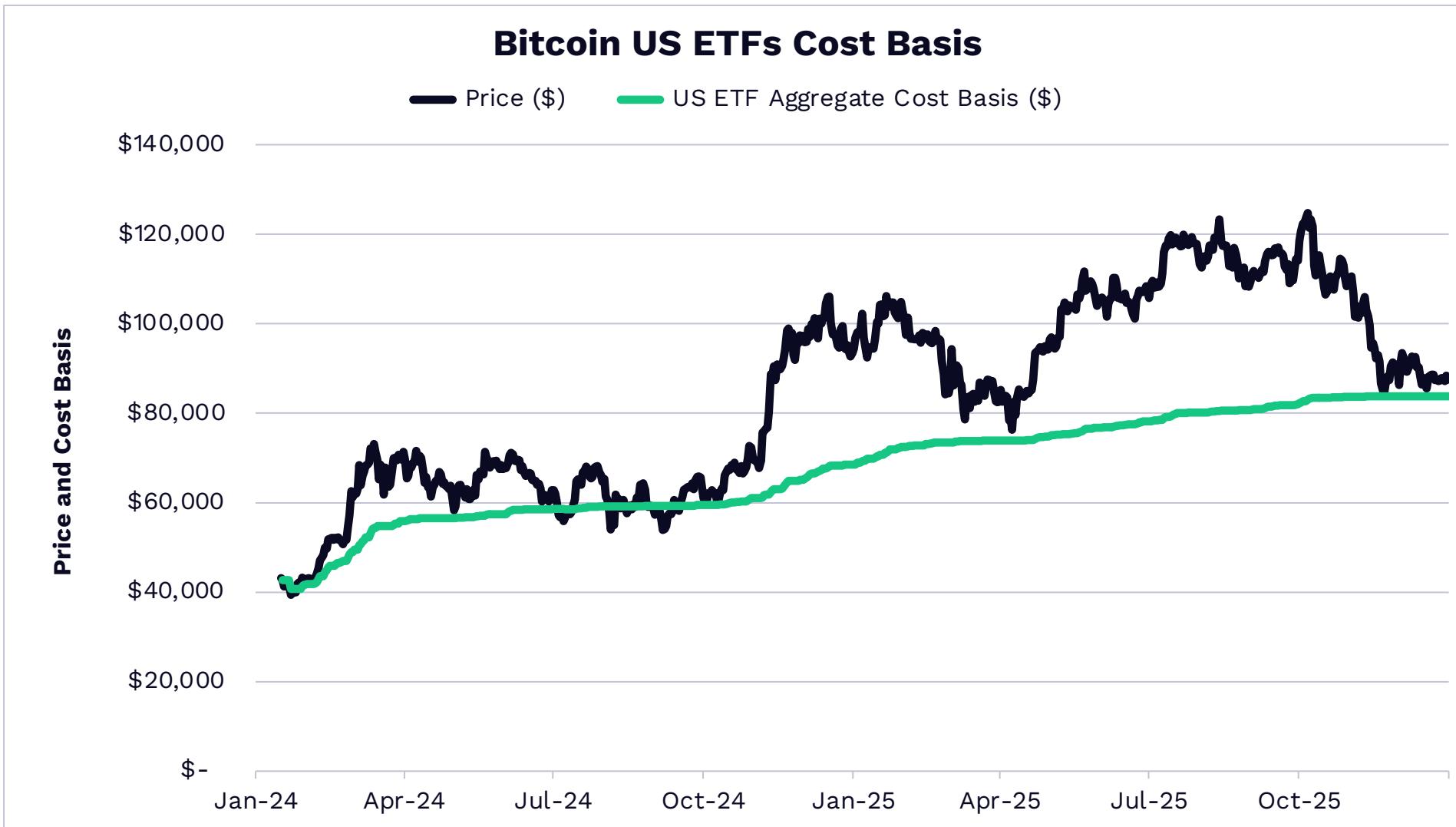
Section 03

DATs, ETFs, Derivatives, And Others





Bitcoin's Price Dropped To The Aggregate Cost Basis Of US ETFs



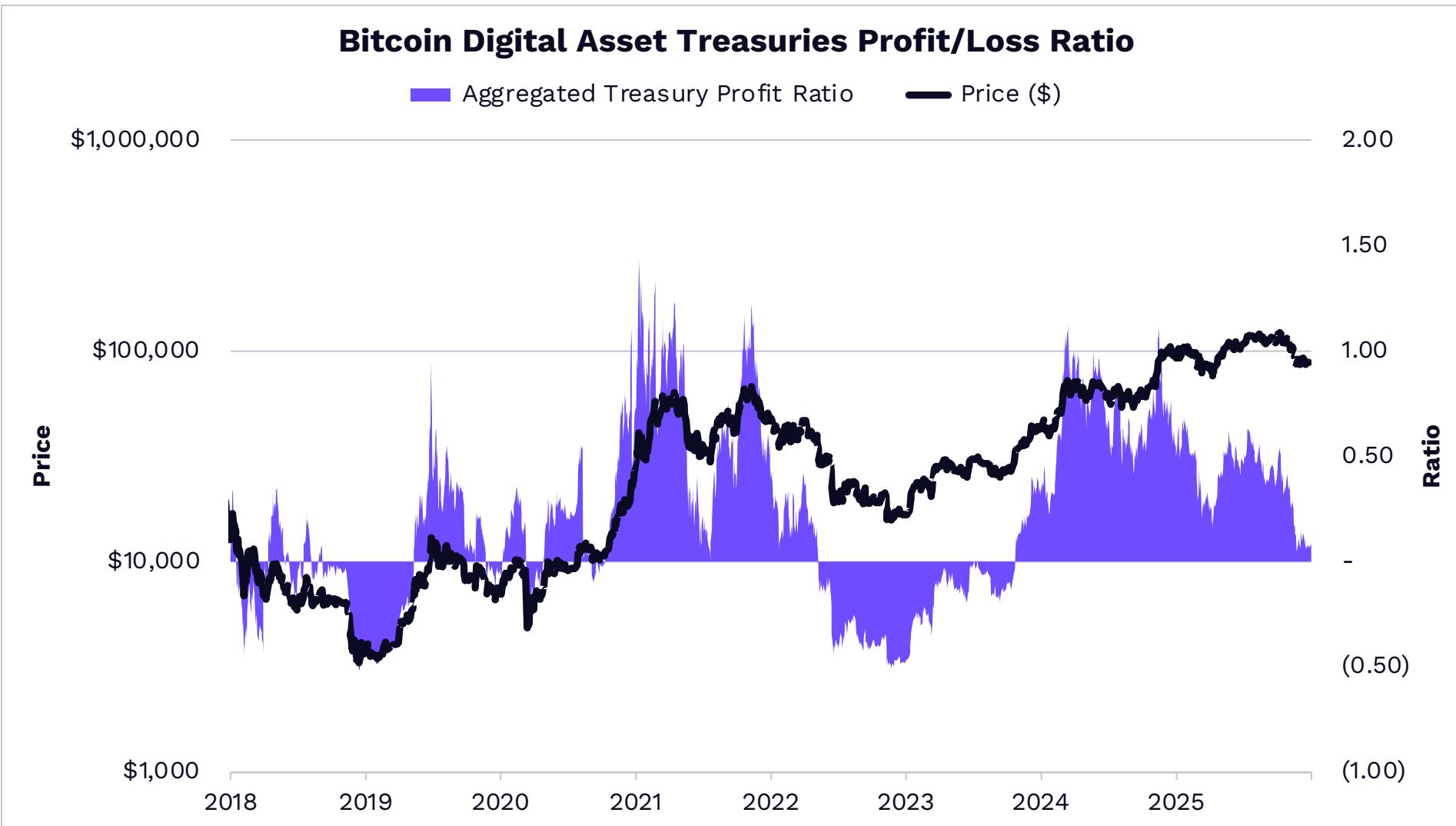
ARK'S VIEW: BULLISH

- Bitcoin reverted to the cost basis of US spot ETFs, potentially good support for the market.
- With ETF investors back at breakeven, new money could be attracted to bitcoin.

[1] Includes IBIT, GBTC, Grayscale Mini (BTC), FBTC, ARKB, BITB, HODL, BRRR, BTOC, EZBC, BTCW. Source: ARK Investment Management LLC, 2025. Chart data from Glassnode. Information as of December 31, 2025. For more information on certain terms, please read our Glossary Of Terms in the Appendix of this report. For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security or cryptocurrency. Forecasts are inherently limited and cannot be relied upon. Past performance is not indicative of future results.



DATs' Profits Relative To Costs Have Compressed 93% Over The Last Year

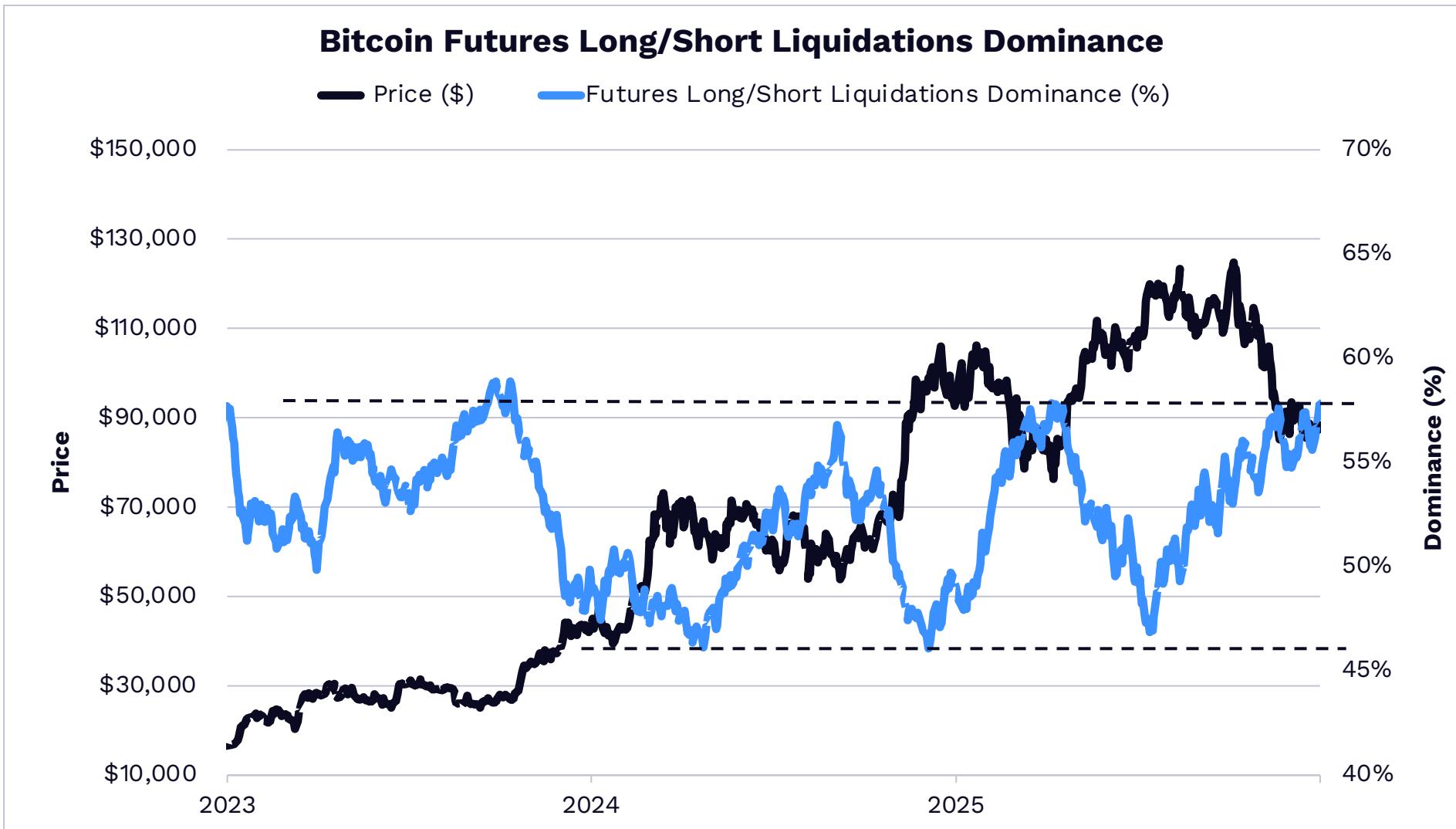


ARK'S VIEW: BEARISH

- The profits enjoyed by bitcoin digital asset treasuries (DATs) compressed to breakeven in 2025.
- In an extended correction, DATs with debt obligations that are selling below their net asset values (NAVs) could decide to sell their bitcoin to buy back their shares.



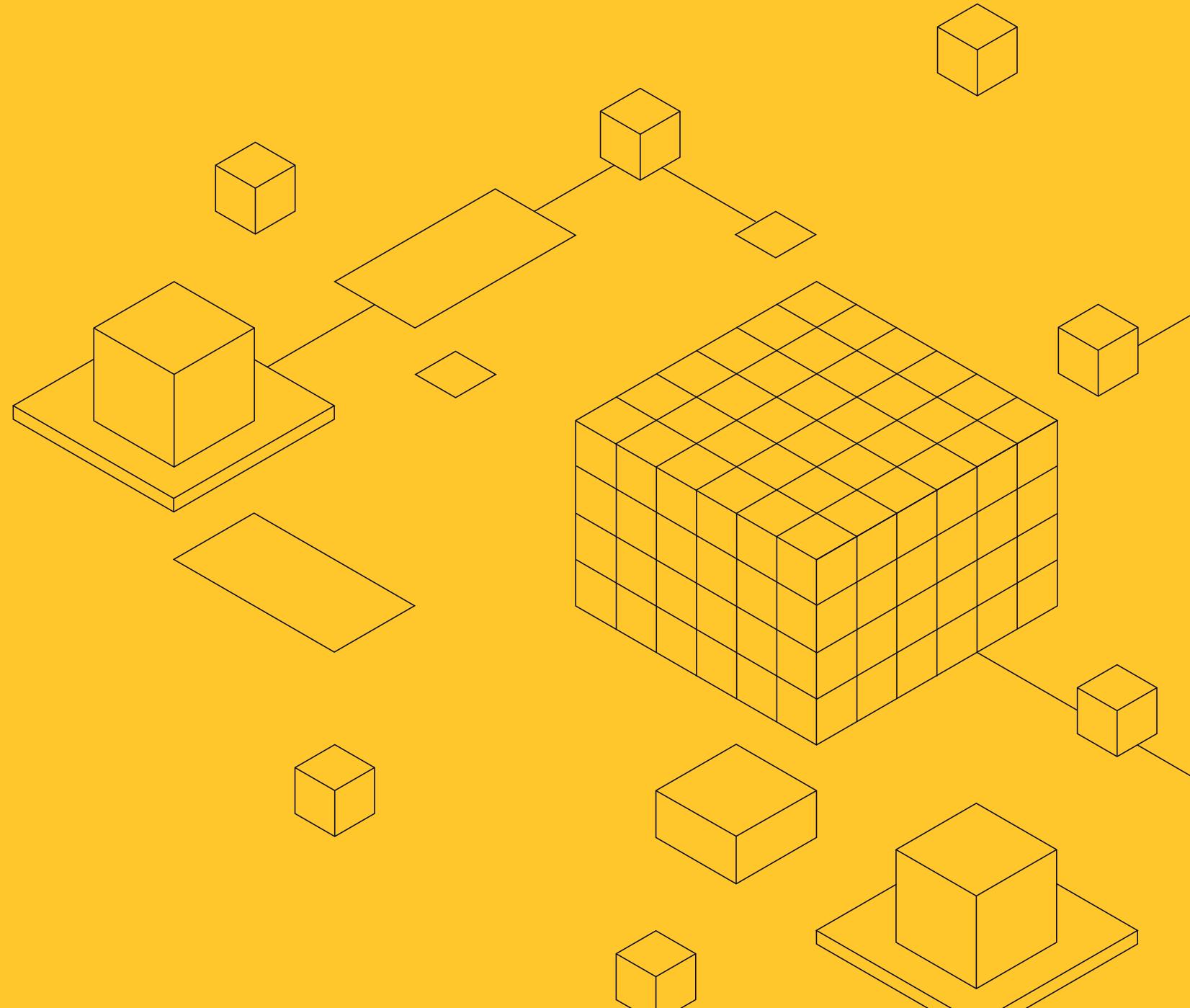
Long Liquidations In The Bitcoin Market Indicate Oversold Conditions



ARK'S VIEW: BULLISH

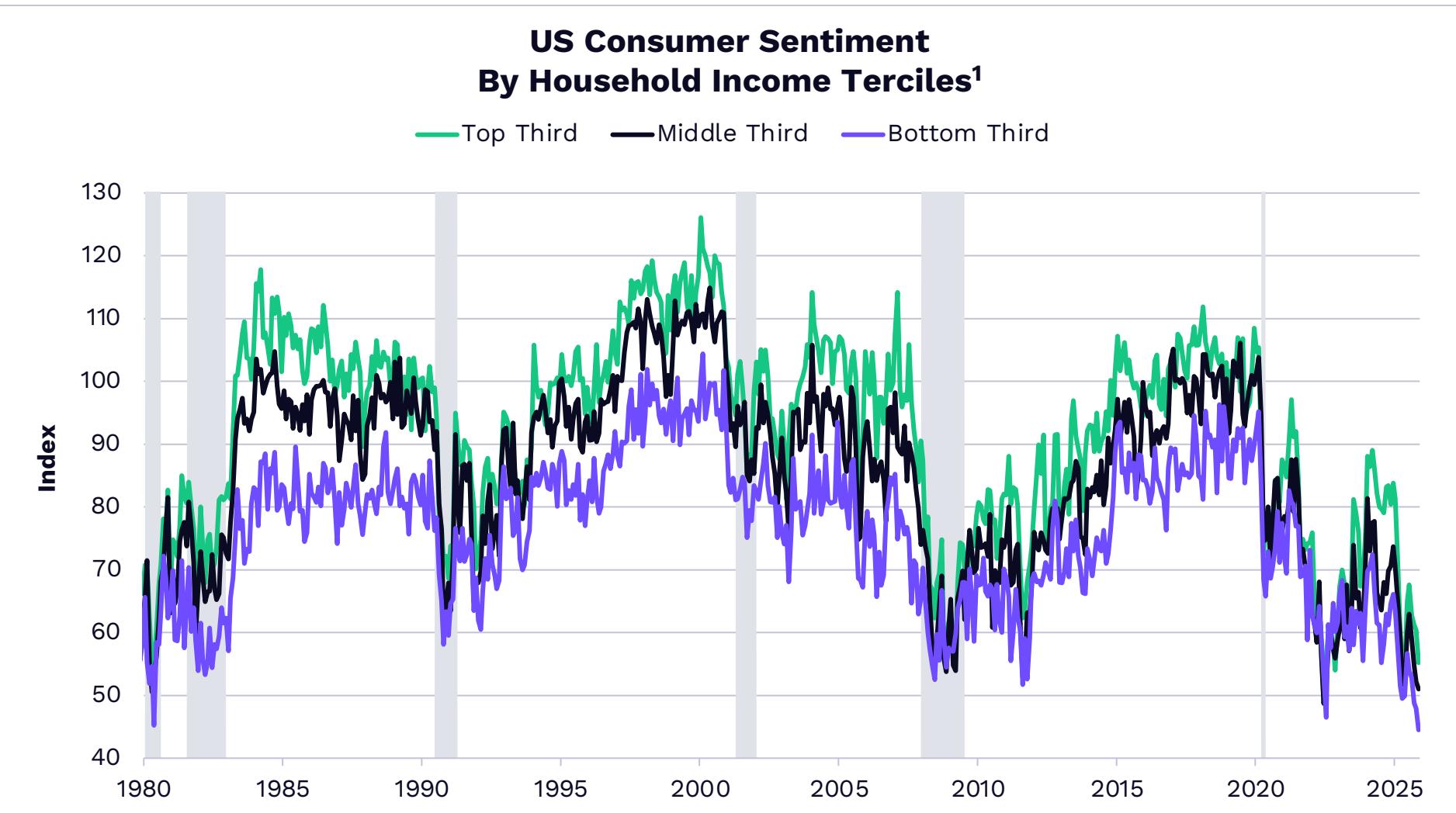
- Bitcoin's futures long liquidations as percentage of total liquidations hit a high of 58% in the fourth quarter.
- At the top end of the range established in 2023, longs have been oversold relative to normal over the last three years.

Section 04

Macro



The US Economy Is A Coiled Spring



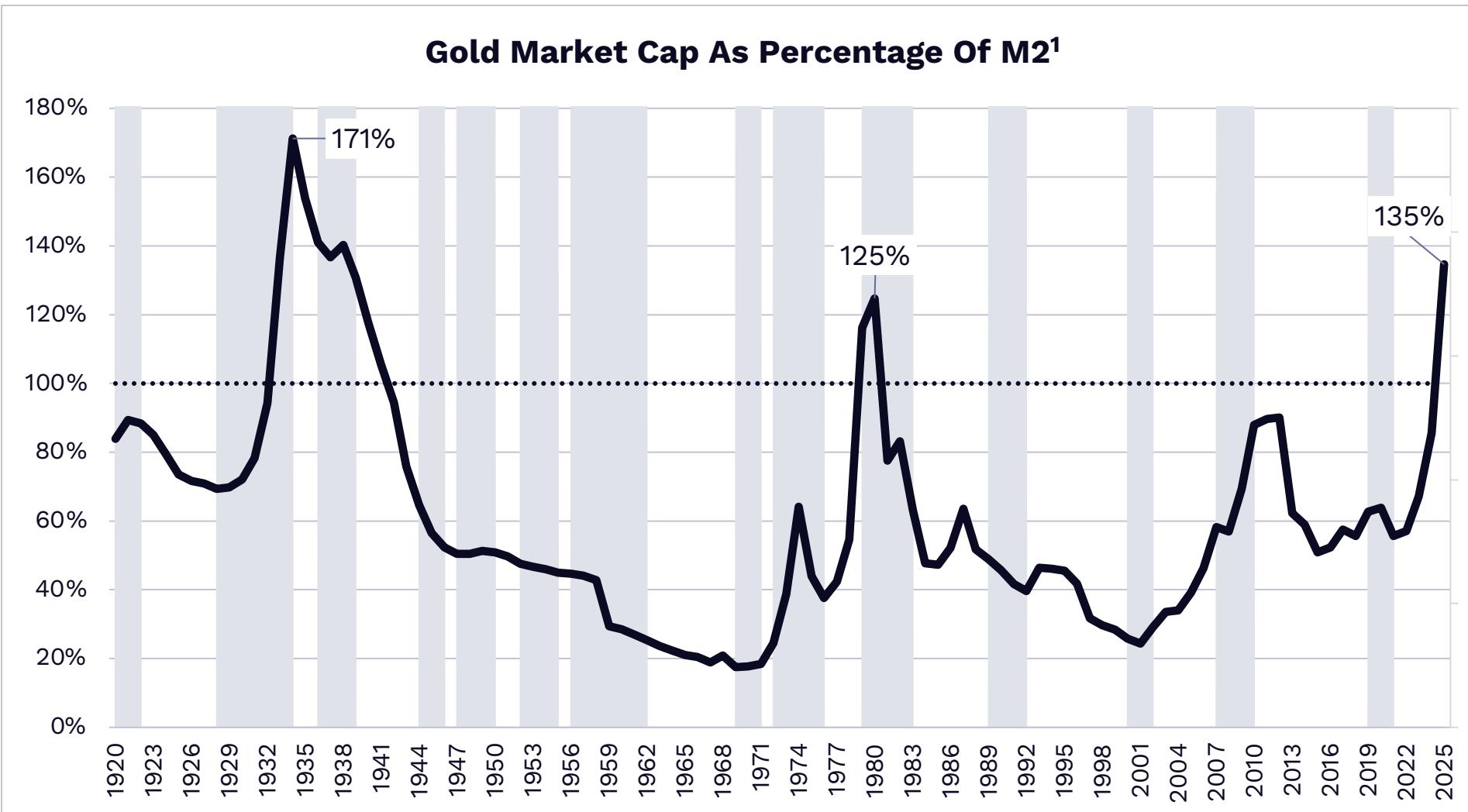
[1] Grey, shaded areas indicate US recessions. Source: ARK Investment Management LLC, 2025. Chart data from University of Michigan. Information as of December 31, 2025. For more information on certain terms, please read our Glossary Of Terms in the Appendix of this report. For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security or cryptocurrency. Forecasts are inherently limited and cannot be relied upon. Past performance is not indicative of future results.

ARK'S VIEW: BULLISH

- The consumer often represents the last leg of a rolling recession. As measured by the University of Michigan, the sentiment of low- and middle-income earners has not been this low since double-digit inflation and interest rates pushed the US economy into back-to-back recessions in the early eighties.
- At the same time, sentiment among high-income earners has capitulated, falling to levels not seen since the Global Financial Crisis (GFC).
- Below 50, the Purchasing Managers Index suggests that manufacturing has been contracting since November 2022, despite the AI spending boom in data centers and power plants that began in late 2022.
- New single-family home inventories rose to more than 500,000, approaching the August 2006 peak that preceded the housing collapse in 2008-2009. If the Federal Reserve (Fed) continues to lower rates, housing could rebound sharply.



Gold Has Had A Historic Rise



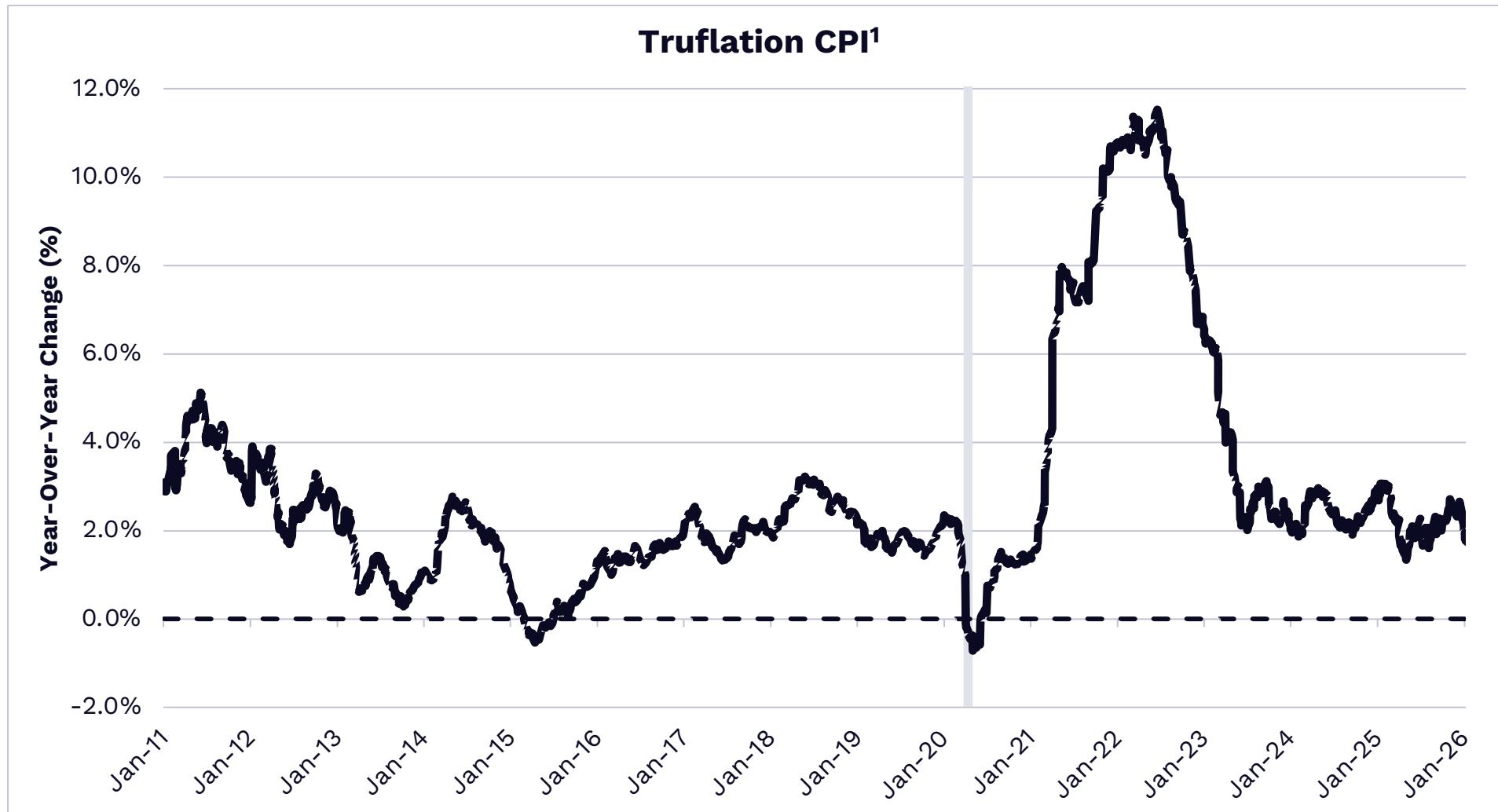
ARK'S VIEW: NEUTRAL

- As measured by the ratio of its market cap to M2, gold has been higher only once, during the 1930s Great Depression, when the gold price was fixed at \$20.67 per troy ounce and M2 imploded by ~30%.
- Recently, the Gold-M2 ratio surpassed its last peak in 1980, when inflation and interest rates hit double-digits.
- Notably, long-term declines in the Gold-M2 were associated with solid returns in the equity markets. From the two major secular peaks in 1934 and 1980, to their troughs in 1969 and 2001, respectively, equity prices* returned 670% and 1,015% (6% and 12% annualized).

*Note: As measured by the Dow Jones Industrial Average. [1] Grey, shaded areas indicate US recessions. Source: ARK Investment Management LLC, 2025. Chart data from the World Gold Council, US Geological Survey, and Federal Reserve. Information as of December 31, 2025. For more information on certain terms, please read our Glossary Of Terms in the Appendix of this report. For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security or cryptocurrency. Forecasts are inherently limited and cannot be relied upon. Past performance is not indicative of future results.



Inflation Risks Appear Contained



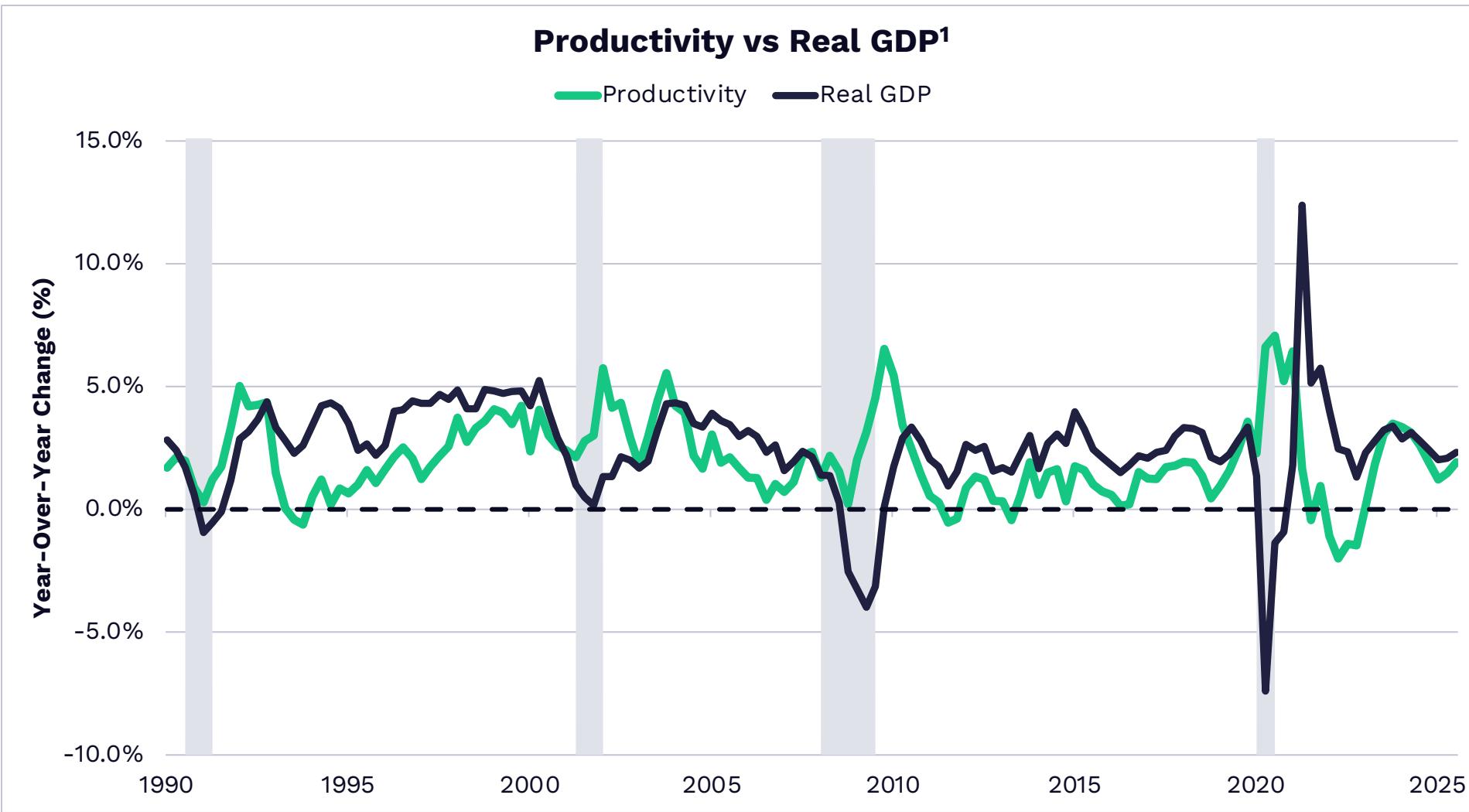
ARK'S VIEW: BULLISH

- Tariff-related inflation is abating, now that recent Truflation readings have surprised to the downside.
- With price pressures contained, the Fed is likely to focus on weakness in the labor market.

[1] Note: Truflation provides an alternative inflation index to the widely used Consumer Price Index (CPI), aiming to offer more real-time and accurate data. While the CPI is updated monthly, Truflation uses daily data from a vast number of sources, including decentralized oracles and foreign sources, to provide a more frequent and potentially more accurate reflection of inflation. The shaded area in the chart indicates US recessions. Source: ARK Investment Management LLC, 2025. Chart data from Truflation. Information as of January 6, 2026. For more information on certain terms, please read our Glossary Of Terms in the Appendix of this report. For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security or cryptocurrency. Forecasts are inherently limited and cannot be relied upon. Past performance is not indicative of future results.



Policy Tailwinds Could Fuel A Productivity Boom



ARK'S VIEW: BULLISH

- Deregulation and the depreciation relief associated with The One Big Beautiful Bill have been lowering costs of and encouraging investment.
- Corporate tax changes and permanent expensing for equipment, domestic research and development (R&D), and software should incentivize capital expenditure (capex) momentum beyond AI.
- Technology and manufacturing are likely to be major beneficiaries of this investment cycle.
- Real surges in productivity have often followed recessions, positioning the economy for stronger growth and lower inflation.
- Productivity gains can offset inflation pressures, supporting upside in real Gross Domestic Product (GDP).

[1] Grey, shaded areas indicate US recessions. Source: ARK Investment Management LLC, 2025. Chart data from Bureau of Economic Analysis. Information as of January 8, 2026. For more information on certain terms, please read our Glossary Of Terms in the Appendix of this report. For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security or cryptocurrency. Forecasts are inherently limited and cannot be relied upon. Past performance is not indicative of future results.

Section 05

Appendix: Glossary Of Terms





Glossary Of Terms

Accumulation Addresses: Defined as those addresses that have received two or more economically meaningful transactions (non-dust transactions) and have never spent funds. Exchange and miner addresses are discarded. “Accumulation balance” refers to coins held in these addresses.

Active Owners: An individual or organization managing the same set of addresses sending and receiving funds. Also known as active entities.

AVIV Ratio: The ratio of active capitalization (market cap adjusted for dormant coins) and investor capitalization (cost basis of the bitcoin secondary market, after a miner has sold their new coins to a counterparty).

Backwardation: Describes when futures trade at a price lower than spot, denoting bullish market sentiment.

BRC-20: A token standard that enables the minting and transaction of fungible tokens via the Ordinals protocol on the Bitcoin network.

Coinblocks Created: The number of coins in the Bitcoin network times the number of blocks at any given day.

Coinblocks Destroyed: The number of coins transacted at any given day times the number of blocks each coin remained dormant.

Contango: Describes when expirational futures contracts are trading at a price higher than spot, suggesting a bearish market environment.

Consumer Price Index (CPI): Measurement that tracks how the average price of a basket of consumer goods and services changes over time. It's often used to calculate inflation.

Delta Cost Basis: An adjusted version of the market cost basis. It is calculated by subtracting the life-to-date moving average of bitcoin's price from its realized price. The measure is used to gauge the downside risk of a bear market. Also known as delta price or delta cap.

Difficulty: Computational power required to validate transactions in the network. “Exa-” and “tera-” hashes per second refer to units of account to a factor of 10^{18} and 10^{12} , respectively. Higher difficulty implies higher network security.

Exchange Supply: The number of bitcoins held in addresses controlled by exchanges.

Expirational Futures Basis: The difference between the price of spot and the price of expirational futures contracts.

Federal Funds Policy Rate: This is the interest rate at which banks lend money to each other overnight. It's set by a country's central bank (like the Federal Reserve in the U.S.) and influences other interest rates throughout the economy.

Fiat Currency: Government-issued money that is not backed by a commodity like gold or silver, but rather by the government that issues it.

Futures Basis: The difference between the price of spot and the price of a perpetual or expirational contract.

Gross Domestic Income (GDI): This is the *nominal* total income earned by a country's residents and businesses, including wages, profits, and taxes minus subsidies. It's a way to measure the economic health of a country, much like GDP. The *real* GDI adjusts for price change by expressing values at base-year prices, not current market prices.

Gross Domestic Product (GDP): This is the *nominal* total value of all goods and services produced in a country over a certain period of time, usually a year. It's another way to measure a country's economic performance. The *real* GDP adjusts for price change by expressing values at base-year prices, not current market prices.

Hash Rate: The estimated computational power mining within and providing security to the Bitcoin network.

Investor Cost Basis: An adjusted version of the market cost basis. It is calculated by subtracting the life-to-date cumulative miner revenue in USD (thermo cap) from realized price. Also known as investor price or investor cap.

Liveliness: The ratio of the sum of coindays created to the sum of coindays destroyed. Liveliness rises when old coins move and decreases when participants hold on to their bitcoin. In essence, it's the ratio of coin movement to coin dormancy in the network.

Locked Supply: The supply held by entities that have <25% probability of spending, as per their historical behavior. Also known as illiquid supply.

Long-term Holding and Holders (LTH): Related to supply last moved 155 days ago or more, the threshold at which the possibility of a bitcoin remaining unmoved increases drastically.

M2: A measure of the US money stock that includes M1 (currency and coins held by the non-bank public, checkable deposits, and travelers' checks) plus savings deposits (including money market deposit accounts), small time deposits under \$100,000, and shares in retail money market mutual funds.

Market Cost Basis: The on-chain volume-weighted average price of the market, calculated by aggregating the value of all bitcoins in circulation at the time when they last moved. Also known as realized price or realized cap.

Miner Revenue: The number of bitcoins (in USD value) block miners obtain for securing the network.



Glossary Of Terms, Continued

MVRV Ratios: Market cap divided by different on-chain cost bases of the market, such as realized cap or short-term-holder realized cap.

MVRV Z-Score: Defined as the ratio of the difference of market cap and realized cap to the cumulative, inception-to-date standard deviation of market cap.

Natural Rate of Interest: Theoretical interest rate that at which the economy is neither expanding nor contracting.

Net Realized Profit/Loss (NRPL): The difference between realized profit and realized loss, normalized by market cap.

Net Unrealized Profit/Loss (NUPL): The difference between unrealized profit and unrealized loss, normalized by market cap. It measures current value relative to the aggregate cost basis (realized cap) of the market to determine how much the network is in profit or loss.

On-Chain: Refers to metrics or economic activity occurring on the blockchain ledger of most cryptocurrencies.

On-Chain Mean: Developed collaboratively by ARK Invest and Glassnode, on-chain mean is calculated by dividing the cost basis capitalization of investors—the secondary market of the Bitcoin network—by the number of active coins in the network based on their aggregate time of dormancy proportional to total supply. Also known as “active-investor price” or “true market mean.”

Ordinals: Refers to the creation of non-fungible tokens (NFTs) in the Bitcoin network by making Inscriptions, where metadata such as images or videos are attached to individual satoshis (the smallest unit of account).

Patoshi: Entity estimated to be Satoshi Nakamoto, the creator and first miner of bitcoin.

Perpetual Futures Basis: The difference between the price of spot and the price of non-expirational futures contracts.

Puell Multiple: Miner revenue (USD) divided by the 365-day moving average of miner revenue (USD). It measures miner earnings relative to their yearly average.

Realized Returns (SOPR): The ratio reached by dividing the average price of bitcoins spent that day by the average price when they last moved. In essence, it is the ratio of price sold to price bought for the coins that moved that day. Also known as spent output ratio, or SOPR.

Regional Cumulative Price Change: The sum of month-over-month (30-day) price action during the business hours of the major financial hubs worldwide: New York for the US, London for Europe, and Hong Kong for Asia.

PMI: The PMI is a survey-based indicator that measures business conditions in the manufacturing and services sectors.

Seller Exhaustion Constant: A metric created by ARK to measure the convergence of two market factors: high losses denoting capitulation and low volatility denoting market exhaustion.

Short-term Holding and Holders (STH): Related to supply that moved in the last 155 days, the threshold at which the potential for a bitcoin to move again increases drastically.

SOPR: The Spent Output Profit Ratio is calculated by dividing the realized value of a spent output (in USD) divided by the dollar value at the point of its creation. In other words, it divides the aggregate price of coins sold by the aggregate price where those coins were initially bought.

Supply in Profit (Percentage): The percentage of bitcoins currently at a higher price compared to the price at which they last moved.

S&P 500 Index: Short for “The Standard and Poor’s 500,” it is a stock market index tracking the performance of 500 of the largest public companies in the United States.

Time-weighted Turnover: The number of bitcoins traded that day, multiplied by the amount of time each coin had remained dormant. Also known as coindays destroyed.

Transaction Volume: The number of bitcoins that changed hands on any given day.

Velocity-Adjusted Cost Basis: It subtracts the cumulative dollar value of coins spent over time from the general cost basis of the market (realized price). Also known as balanced price is (the smallest unit of account).



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