INVESTING IN CRYPTO 2025

VIRA
VENTURES

Content

Introduction

In the rapidly evolving world of finance, the rise of blockchain technology and cryptocurrencies stands as a pivotal development, reshaping not just investment strategies but the very fabric of economic interactions. As we step into 2025, it is crucial to understand the global economic landscape and how it interplays with the expanding world of digital assets.

This report should help investors understanding what is going on in the whole crypto economy by reflecting the past year and especially figuring out what the future brings. The goal is to help shaping a mental model & investment thesis for this exponential age already happening at an unbelievable speed under the surface.

Reflection of 2024

ECONOMY

In 2024, the global economy grew by 3.2%, with easing inflation, allowing central banks to relax monetary policies.
The U.S. economy grew with relatively stable unemployment rates, driven by fiscal stimulus, while China maintained a $1 trillion trade surplus amid slowing growth. The EU saw lagging recovery and faced energy concerns together with geopolitical tensions.

Geopolitical risks, including U.S.-China trade disputes and conflicts, posed challenges. Stable inflation and easing policies set the stage for cautious growth in 2025.

CRYPTO

In 2024, the cryptocurrency market broke records, with Bitcoin surpassing $100,000 in December and boosting other digital assets. The launch of Bitcoin and Ethereum ETFs provided institutional investors with regulated access, with U.S. Bitcoin ETF inflows outpacing gold ETFs in the most successful ETP launch ever. Traditional financial institutions shifted to a neutral or accepting stance, entering or planning acquisitions in the crypto space.
Stablecoins strengthened their role as a bridge between traditional and digital finance, surging in transaction volumes and exposing legacy banking limitations.

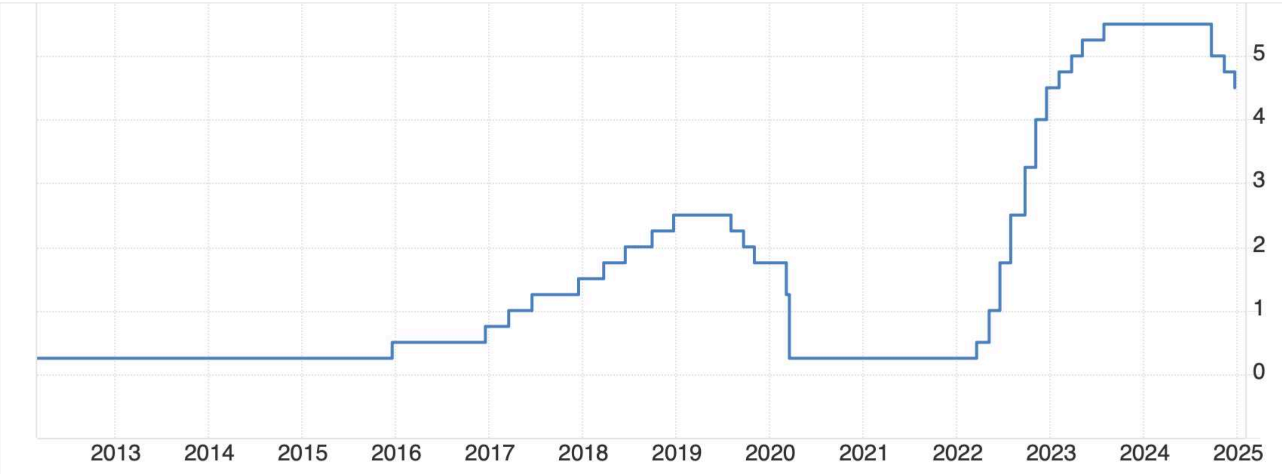
Macro Economy in 2024

Reflecting on the macroeconomic landscape of 2024, several key aspects emerge, shaping our current economic environment.

As anticipated, inflation started declining again over the year, as can be seen in the following charts. The most volatile factor concerning inflation were the sectors of food and energy. Contrary to prevailing notions of a successfully contained inflation we saw an effective decline until end of Q3 of bottoming out and starting to rise again until the end of the year to Q1 highs.

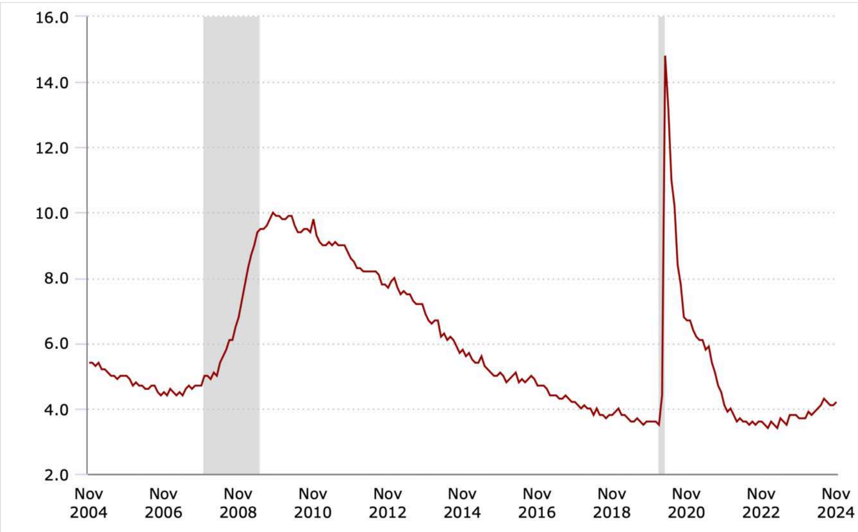
US Inflation Data (Source: Truflation)

While the FED started to lower interest rates due to recession fear also other major central banks like the SNB and ECB started lowering rates in order to stimulate their economy alongside lower inflation expectations.



Federal Reserve Interest Rates (Source: Trading Economics)

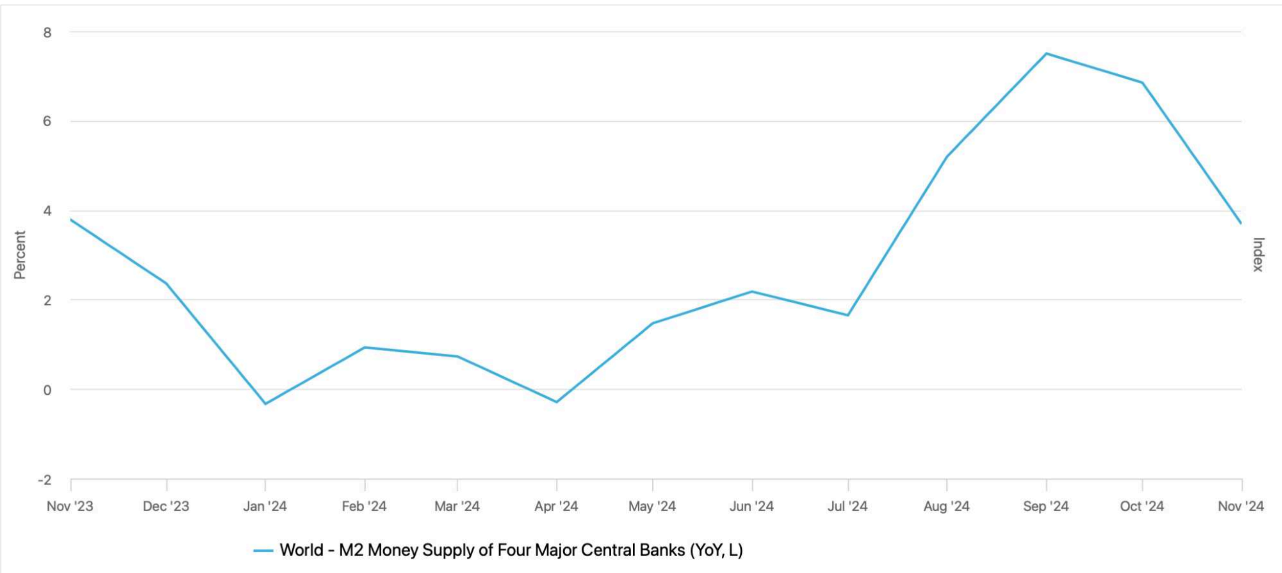
In this case especially the EU was struggling to fuel economic growth again, which they did not manage in 2024 as forecasted.
Regarding further interest rate cuts the US can rely on relatively stable unemployment rates demonstrating a resilient economy. This aspect could lead to a slower pace of further FED rate cuts going into 2025.



Since the beginning of interest rate hikes at the end of 2022 there has been an increase in unemployment rates - overall it looks like the numbers have stabilized during 2024.

Percentage of US Civilian Unemployment Rate, Seasonally Adjusted (Source: National Bureau of Economic Research)

When looking at the money supply side of this equation we saw relatively neutral actions of the major central banks until August, when an increase in M2 money supply took place again and was maybe one of the key factors for inflation starting to slightly rise again.



M2 Money Supply Change of Major Central Banks (USA, EU, Japan, China) (Source: MacroMicro)

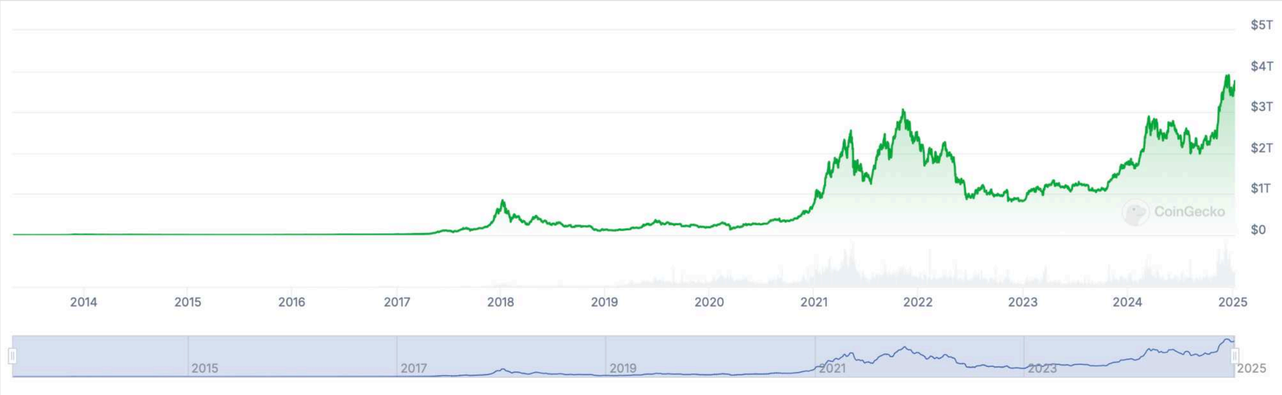
Crypto Markets in 2024

Taking a look at the crypto industry of 2024, the year marked a record-breaking period for the cryptocurrency market.
In December, Bitcoin surged past the $100,000 threshold, setting new all-time highs. These record-breaking milestones fueled significant momentum also for other digital assets. The launch of Bitcoin and Ethereum exchange-traded funds (ETFs) provided institutional investors with regulated access to the crypto market. Remarkably, U.S. Bitcoin ETF inflows outpaced those of gold ETFs, marking the most successful exchange-traded product (ETP) launch in history.
Traditional financial leaders began shifting their perspectives from skepticism to neutrality or even acceptance as the industry matured. Many institutions either entered the crypto market or planned strategic acquisitions to establish a stake in digital assets.

The year witnessed two significant waves of upward movement in market capitalization: the first from early February to mid-March, and the second from early November to mid-December.

Crypto Market Capitalization 2024 (Source: CoinGecko)

This two waves of market capitalization rises are also clearly visible in the long-term chart in relation to the previous bull markets.



Crypto Market Capitalization (Source: CoinGecko)

Noteworthy, the second run up directly started after the US election with Donald Trump as clear winner. His pro-crypto stance and advocacy for a stronger US economy immediately fueled interest for cryptocurrencies and generally risk-on assets.
While comprehensive regulatory clarity remains elusive, the pro-crypto stance of the Trump administration played a pivotal role in driving Q4 crypto spot trading to 2024 highs.

Stablecoins further cemented their dominance as a crucial bridge between traditional and digital finance. Their transaction volumes even surpassed those of Visa („*Tether, USDC and DAI transaction volume surpasses Visa's 2023 monthly average*" *(*Source: The Block)), highlighting their growing utility in the fast-paced global economy.

The advancements in 2024 have set the stage for accelerated growth in 2025, with institutional adoption expected to intensify as economic and political environments increasingly favor cryptocurrency.

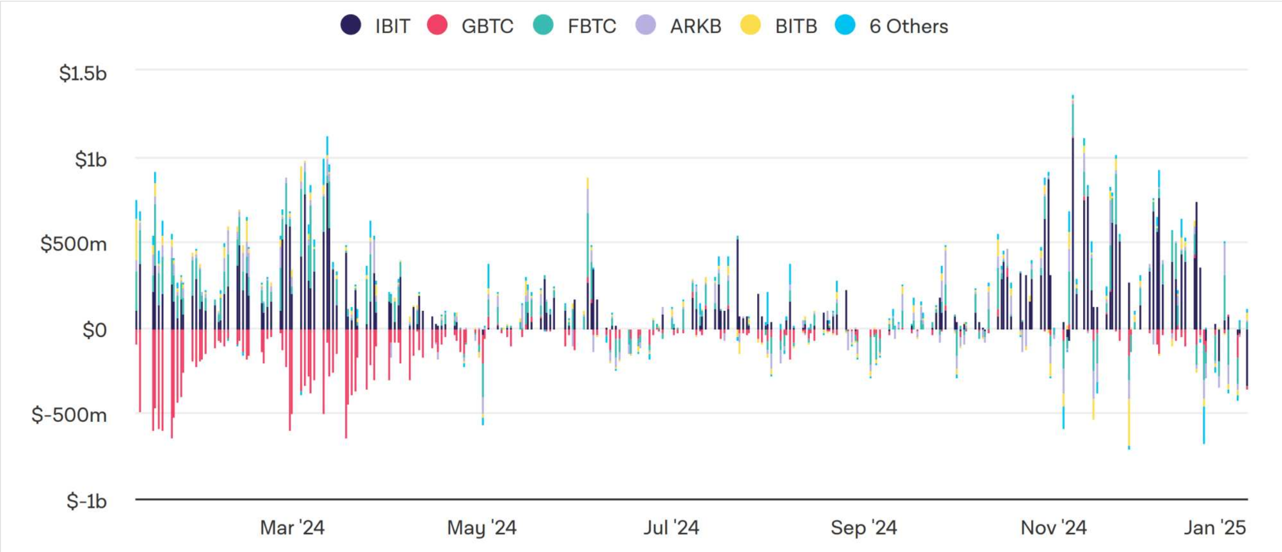
Comparing the following charts of Bitcoin, Ethereum, Solana, and S&P 500 we can see a clear outperformance of crypto assets against the traditional stock market. Bitcoin leading the other major crypto assets with a performance of approx. +112% in 2024 while S&P 500 rises about +24% in the same time. Once again, we saw a year where Bitcoins outperforms the S&P 500 even in terms of risk adjusted returns: Bitcoin: 0.55 S&P 500: 0.26

Blockchain Assets vs SPX 2024 (Source: VIRA Ventures)

Taking a view on the distribution of market cap in the crypto market we still see a strong Bitcoin dominance. Bitcoin rising in dominance throughout the year from around 47% up to 58% in November.

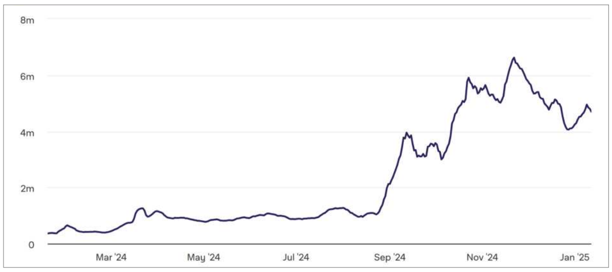
Bitcoin Dominance (Source: cryptorank)

This was also partly caused by the Bitcoin ETF inflows providing easy entry into this asset class for traditional finance institutions.

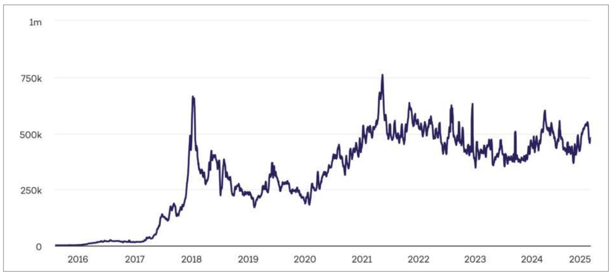


Bitcoin ETF Flows (Source: The Block)

The last major shift we saw in 2024 was the rise of Solana as one of the most used Layer-1 blockchains. With more real world use cases and companies using blockchain protocols, we see transactions and number of active wallets strongly rising from end of Q3. Comparing it to Ethereum which is in the same range of active wallets since 2021 (not counting for L2 wallets) we will have to connect the dots looking backward - but it gives some indication for possible future value aggregation.



Weekly Numbers of Active Addresses on Solana (Source: Dune Analytics)



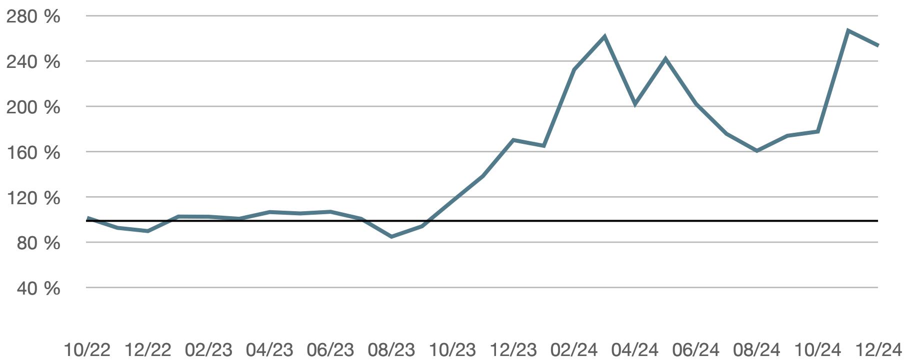
Weekly Numbers of Active Addresses on Ethereum (Source: Dune Analytics)

We now see generally more segregation and uptake in transaction volumes across „used“ Layer-1 chains, separating the shiny objects from the real major players.

These advancements in 2024 have set the stage for accelerated growth in 2025, with institutional adoption expected to intensify as economic and political environments increasingly favor cryptocurrency.

Blockchain Select AMC

We are aiming to deliver long-term capital growth by investing in a diversified portfolio of blockchain protocols through a mix of listed coins and tokens. The strategy focuses on identifying both established and emerging blockchain technologies that capture future network value.



Portfolio Metrics	Strategy
Since inception	153,93 %
Year to date 2024	48,7 %
Low to top	251,90 %
Max drawdown	-25,53 %
Average monthly return	4,73 %*

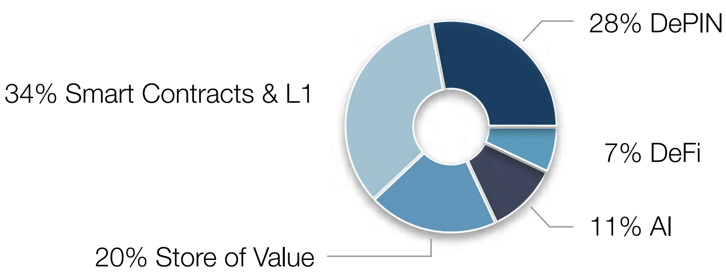
The calculation of the Strategy performance is based on the NAV determined as of the first business day following the end of each month.
* Average monthly returns = sum(*monthly returns*) / n(*monthly returns*)

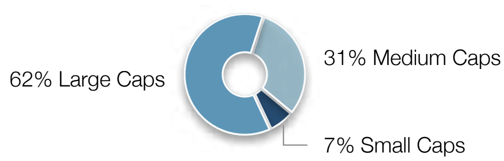
Strategy

Our strategy is built on a dynamic approach to asset allocation, balancing exposure across different market sectors and blockchain capitalizations — diversifying between established infrastructure protocols, decentralized applications, and niche projects.
We daily monitor market trends to adjust our allocations on a regular basis, ensuring optimal positioning.

Focus Sectors

DePIN | Smart Contracts & L1 | Store of Value | DeFi | AI





- 20% Store of Value
- 28% DePIN
- 11% AI
- 34% Smart Contracts & L1
- 7% DeFi

- 62% Large Caps
- 7% Small Caps
- 31% Medium Caps

Our Investment Strategy in 2024

In 2024, the investment strategy of VIRA Ventures focused on navigating the shifting macroeconomic environment and the maturing cryptocurrency market. The approach combined flexibility, risk management, and strategic positioning to capture emerging opportunities while effectively managing volatility.

The year began with a focus on stability amid early-year market turbulence. Investments were directed toward less volatile assets, with reinvested staking yields bolstering returns. As global monetary policies shifted toward easing and liquidity conditions improved, the strategy evolved to take advantage of mid-year developments. Key among these was the approval of Bitcoin and Ethereum Spot ETFs, a milestone that significantly increased institutional adoption and integration of digital assets into mainstream financial systems.

Thematic investments centered on Layer-1 blockchains which form the foundation for decentralized applications and tokenized assets.

This approach was closely aligned with macroeconomic trends. Central bank interest rate cuts and increased liquidity provided a supportive environment for risk assets, including cryptocurrencies.

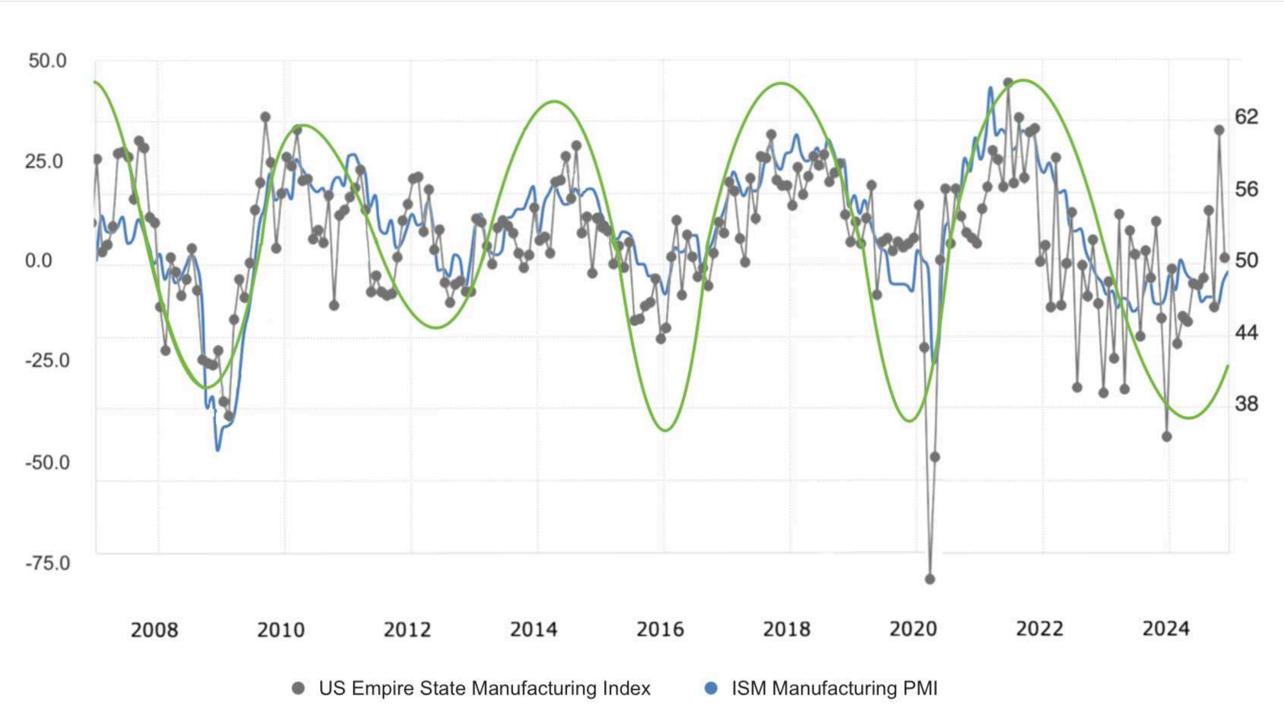
By dynamically adjusting to these conditions, VIRA Ventures maintained a balanced portfolio that could adapt to both short-term market corrections and long-term growth opportunities.

With a forward-looking vision we positioned ourself to thrive in the rapidly evolving blockchain ecosystem, delivering sustainable growth and value to our investors.

Outlook 2025

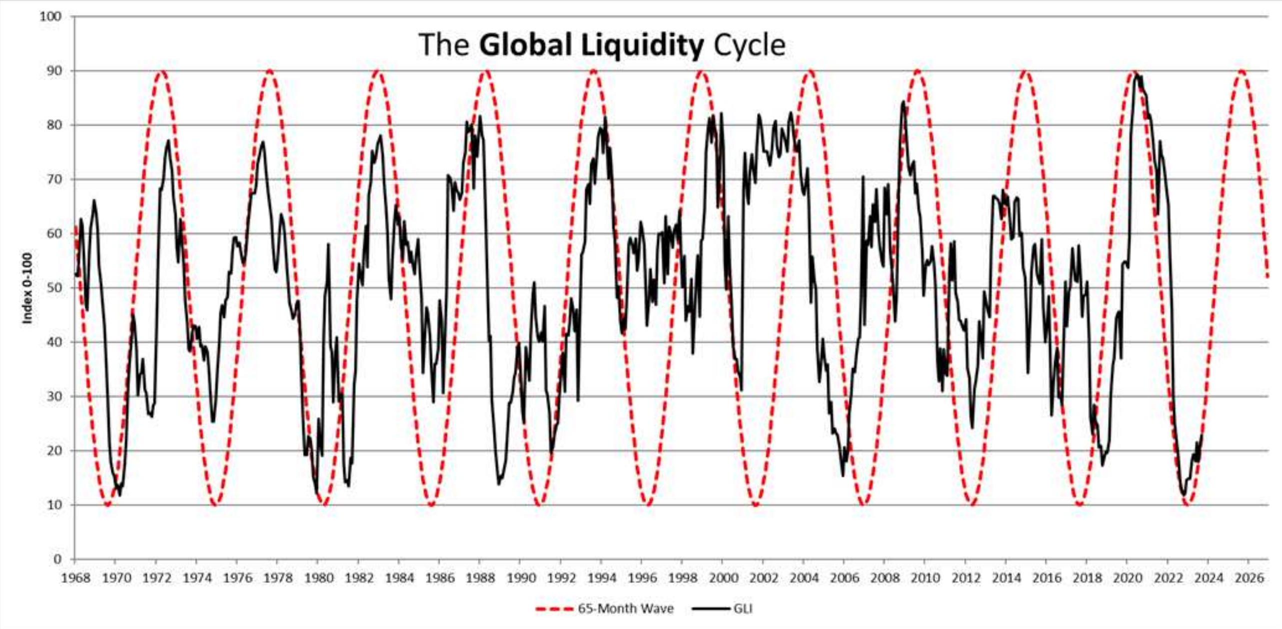
Economic Outlook

In the coming year, we think we will observe a positive shift in economic indicators, signaling a revival in economic growth. Both the Empire State and ISM indicators, averaging to indicate an upturn, are crossing the zero level, suggesting a resurgence in growth. This indication is pivotal, showing recession concerns as increasingly irrelevant for the US as we move forward.



US Empire State Manufacturing & ISM Manufacturing PMI (Source: VIRA Ventures)

Acknowledging the challenges of the last 12 months, characterized by the fight between inflation, interest rates, and recession we now see a transition towards slower interest rate cuts combined with more liquidity in the markets. From the long term macro perspective of global liquidity cycles we should now be entering the phase of macro summer (rising global M2 liquidity).
Historical indicators, offering a view on the reoccurring cycles, foresee rising liquidity during 2025, paving the way for a robustly growing economy (at least in the US) later this year.



Global Liquidity Cycles (Source: CrossBorderCapital)

On the contrary, we are seeing no major changes in US Bond Yields showing that in the long end the interest rate cuts have not yet made significant impacts. This is caused by the fear of inflation of many market participants.

US 10 Year Note Bond Yield Data (Source: Trading Economics)

Overall, the broader macroeconomic landscape reveals a promising year ahead, in line with the typical historical trends observed for liquidity and business cycles.

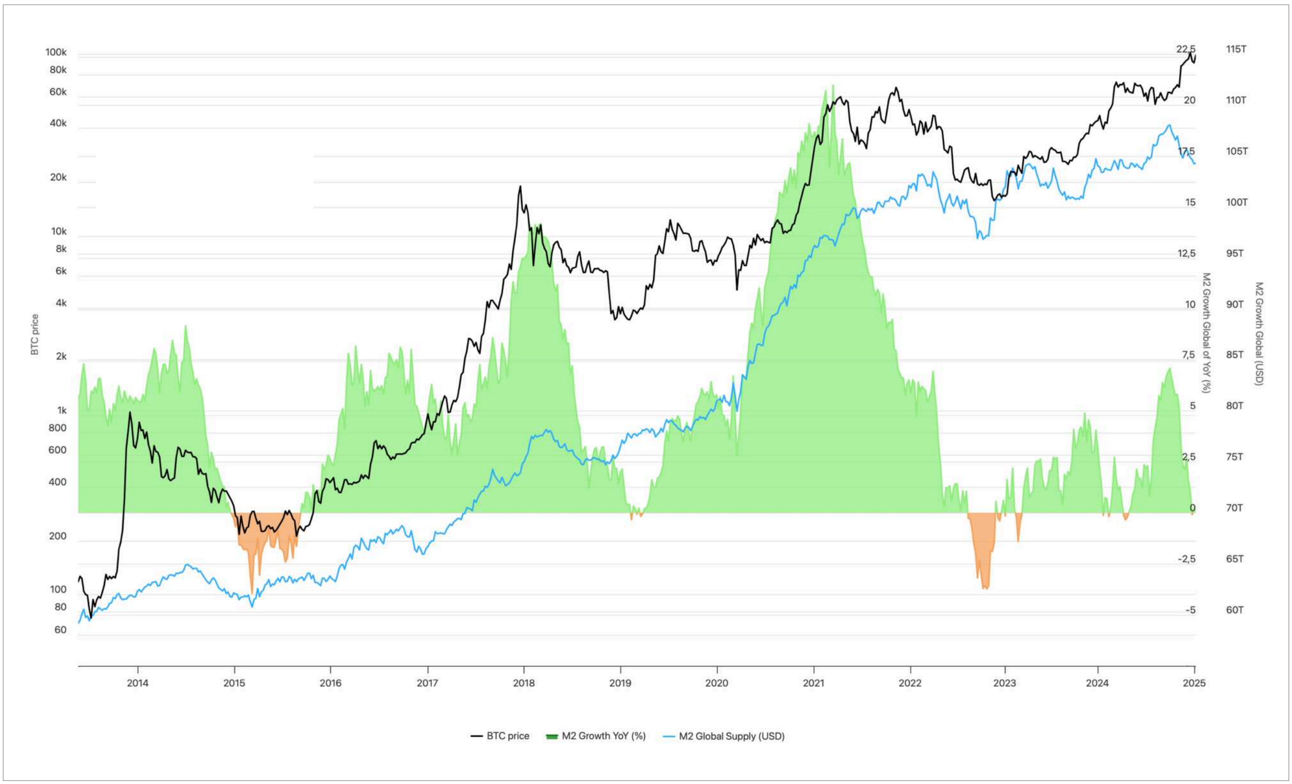
While concerns about unemployment and inflation persist, continuing further stabilization of the economy and a continued business cycle suggest a potential relief of these challenges.

Transitioning to the crucial theme of liquidity, we emphasize its role as a key variable in understanding market dynamics. Our analysis of Global M2 demonstrates a positive trajectory, suggesting a full cycle is in play.
Federal Reserve actions, notably the injection of net liquidity, further contribute to a favorable environment for assets.

M2 US vs SPX 1985-2025 (Source: VIRA Ventures)

The long-term trajectory of the S&P 500 exhibits a strong correlation with U.S. M2 liquidity trends, as highlighted in the chart. Therefore, we expect with growing liquidity also rising prices of the major asset classes.

The same phenomenon we can observe with the Bitcoin price correlating to M2 money growth. As the following chart indicates the BTC cycles always peaked when the year-over-year M2 liquidity growth peaked.



BTC vs M2 Growth & M2 Global Supply (Source: BGeometrics)

Hence, the detrended liquidity cycle, acting as a lead indicator, reinforces the positive outlook by indicating sustained liquidity growth in 2025. This optimism is expected to especially serve asset classes well that are further on the risk curve, presenting exciting opportunities for investors in digital assets.

Crypto Outlook

Pro-crypto sentiment within U.S. politics and the economy presents an opportunity to revive a more supportive climate for the digital assets sector. In 2025, this environment could lay the groundwork for rapid mass adoption, fueled by growing demand leading from U.S.-based institutional players.

Compact 2025 Predictions:

1. **The success of BTC and ETH ETFs may encourage institutions** to introduce more crypto ETPs and crypto-backed loan offerings, creating additional pathways to channel investments into the cryptocurrency market.

2. **Tokenized versions of traditional assets** are poised to gain momentum. This innovation could transform global trading practices, enabling 24/7 market access, fractional ownership, and increased liquidity for assets previously considered illiquid.

3. **Implementing a BTC Reserve** could lead to global shifts as corporations and nations reevaluate their "zero exposure" policies, potentially embracing cryptocurrency as part of their strategic reserves.

4. **Tier 2 and Tier 3 CEXs may encounter growing liquidity pressures** in the EU as MiCA regulations reshape domestic markets. These exchanges could adapt by exploring innovative broker-dealer models or adopting advanced technological and liquidity solutions to maintain competitiveness.

5. **Solana is poised to further capture Ethereum’s market share**, potentially reaching a new all-time high in Total Value Locked.

1. The success of BTC and ETH ETFs may encourage institutions to introduce more crypto ETPs and crypto-backed loan offerings

In 2024 the SEC made a historic decision by approving Spot Bitcoin ETFs in the United States. Within months of their launch, these ETFs attracted over $20 billion in net new assets, making them the most successful ETF launch in financial history, even outperforming the early days of gold ETFs. Shortly afterward, Ethereum ETFs also received approval.

In the U.K., the FCA approved Bitcoin and Ethereum ETNs for professional investors, broadening institutional access. At the same time, Hong Kong introduced six spot ETFs for Bitcoin and Ethereum. By October global assets under management (AUM) for crypto ETPs had reached approximately $100 billion.

While retail investors currently drive nearly 80% of inflows, institutional interest is rapidly increasing. Investment advisors and hedge funds are among the fastest-growing groups showing strong interest. Looking ahead to 2025, institutional adoption is expected to accelerate as the one-year due diligence period concludes in January, lifting restrictions that have so far prevented registered investment advisors and wirehouses in the U.S. from recommending Bitcoin Spot ETFs to their clients. Additionally, the approval of options on Bitcoin ETFs is expected to enhance market liquidity, offering institutional investors more tools for risk management and attracting a broader range of traditional investors.

Considering these developments, global crypto ETPs could surpass $250 billion in AUM by the end of 2025, with at least one U.S.-based Bitcoin ETF likely to rank among the top 25 largest ETFs worldwide. Especially when keeping in mind that more ETFs for several alt coins are in the pipelines of major asset managers.

2. Tokenized versions of traditional assets are poised to gain momentum

In 2024, asset tokenization experienced a significant surge, with government securities growing by 155% amid elevated interest rates. As rates decline, attention is expected to shift toward private credit.
Tokenization offers solutions to three major challenges in private credit investment, as identified in a 2023 Coalition Greenwich survey: illiquidity, high management fees, and lack of transparency. By simplifying trading and broadening market access, tokenization enhances liquidity. Smart contracts streamline operations, reducing back-office expenses and consequently lowering management fees. Furthermore, public blockchains and real-time settlement improve transparency, building trust in a market projected to grow at a 17% compound annual growth rate (CAGR) over the next five years.

Furthermore other traditional assets like real estate or money market funds seek entrance into the tokenized asset market with BlackRock as leading asset manager tokenizing their first money market fund on Ethereum.

A critical development for the tokenized asset market will be the integration of established rating agencies such as Moody's. These agencies can provide detailed risk assessments for mid- to high-risk assets, boosting transparency around asset quality and helping the sector meet potential regulatory requirements. This is especially important for a market currently lacking standardized metrics for risk and clear benchmarks.

In summary, while other areas of tokenization are also set to expand in 2025, private credit is expected to stand out as a significant growth driver.

3. Implementing BTC Reserves by corporations and nations

In 2024, Bitcoin reached an unprecedented level of political significance, solidifying its role as a store of value that enables institutions and nations worldwide to engage with its decentralized monetary system. It has emerged as a hedge against economic instability and local currency devaluation. For instance, MicroStrategy continued to expand its Bitcoin holdings, reporting unrealized gains exceeding $8 billion. In 2025, other institutions may follow suit, such as Japan's investment firm Metaplanet, which has already accumulated 855 Bitcoin to safeguard against the weakening yen.

On the national stage, Bhutan leveraged its hydroelectric power for Bitcoin mining, generating $800 million in revenue. Russia also reversed its earlier stance by legalizing Bitcoin mining and international cryptocurrency payments. The trend toward Bitcoin adoption by nation-states is becoming increasingly evident. In 2025, Argentina is expected to adopt Bitcoin as a strategic reserve asset, aligning with its goal of achieving a zero-debt budget. President Javier Milei's collaboration with El Salvador's President Nayib Bukele further hints at a growing Bitcoin-friendly agenda in Argentina. In the U.S., Bitcoin's potential as a strategic reserve asset has entered political discussions during the presidential race.

While escalating geopolitical tensions could create short-term challenges for Bitcoin, the broader economic backdrop is driving adoption. With mounting concerns over the U.S. government's soaring debt and China's looming debt crisis, institutions and nations are increasingly turning to store-of-value assets like Bitcoin and gold to safeguard their financial stability.

4. Tier 2 and Tier 3 CEXs may encounter growing liquidity pressures

As of December 30th, the long-anticipated MiCAR regulation is fully in force. Uniform rules now apply across the EU, requiring stablecoin issuers and crypto service providers, such as custodians and exchanges, to comply in order to operate in the European market.

MiCAR is the most comprehensive regulatory framework for crypto assets globally and is significant for two key reasons:

Harmonization and Market Access: It standardizes national regulations, granting licensed companies instant access to a market of 450 million consumers, enhancing Europe’s appeal in global competition.

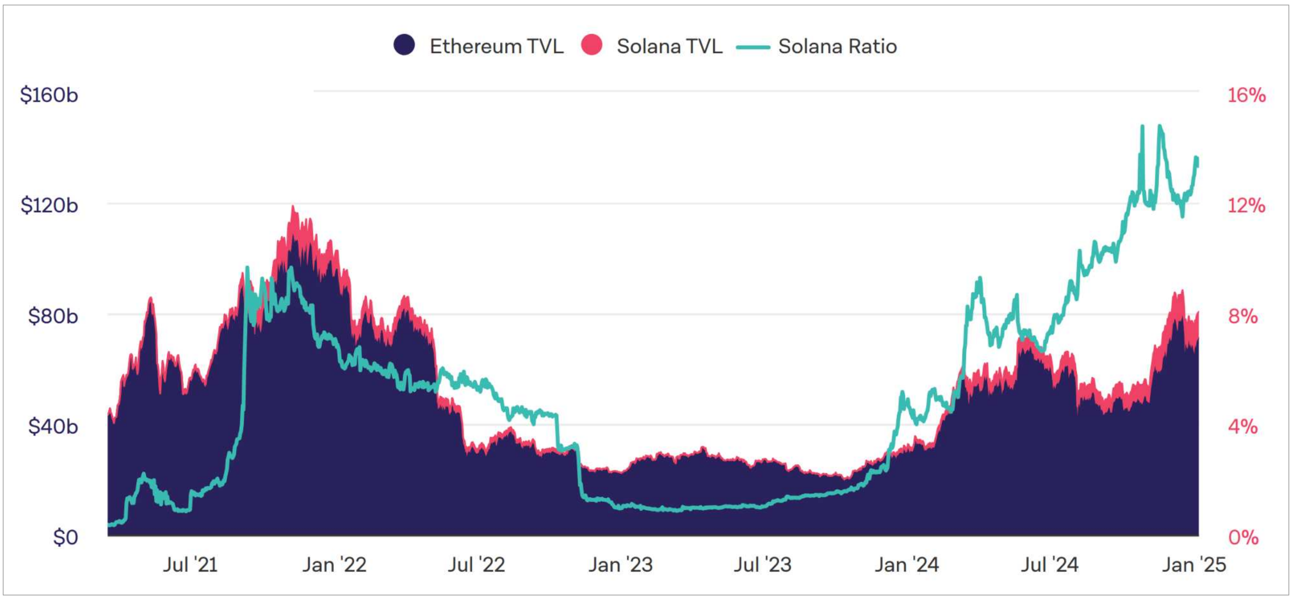
Legal Certainty for Financial Institutions: MiCAR provides the necessary legal foundation for financial institutions to safely offer products and services, accelerating institutional adoption of the technology and asset class.
In the first quarter of the new year, regulators and businesses will adapt to the framework, with discussions likely to intensify around further developments, particularly regarding stablecoin issuer requirements. A wave of consolidation is also expected, as smaller companies and exchanges struggling to meet MiCAR standards may find it difficult to compete.

The turn of the year also marks the beginning of a new U.S. congressional term, the most crypto-friendly in history, with support from numerous pro-crypto lawmakers.

While early initiatives such as the Stablecoin Act or a comprehensive crypto regulatory framework are unlikely to pass in Q1, the market will carefully analyze developments and temper high expectations with a reality check.

5. Solana is poised to further capture Ethereum's market share, potentially reaching a new all-time high in Total Value Locked.

In 2024, Solana made notable gains in capturing Ethereum's market share, with net inflows of $1.2 billion and over $2 billion transferred directly from Ethereum to Solana. Users were drawn to Solana's high speed and minimal fees, leading its decentralized exchanges (DEXs), such as Raydium, to surpass Uniswap in March 2024. Solana's integration with traditional finance (TradFi) also advanced rapidly in 2024. PayPal's PYUSD stablecoin processed $13 billion on the network, and partnerships with Visa, Shopify, and Stripe enabled seamless crypto payments. Looking ahead to 2025, some announcements signal continued growth:



Ethereum TVL vs Solana TVL (Source: DefiLlama)

Franklin Templeton will launch its OnChain U.S. Government Money Market Fund on Solana,.
Tokenization platform Securitize plans to introduce native support for Solana.
Société Générale is extending its EURCV stablecoin to Solana, citing scalability and cost efficiency.

Finally, Solana's growing role in TradFi may pave the way for traditional financial products like Solana futures on the CME or U.S.-based Solana ETFs.

Where are we in the cycle?

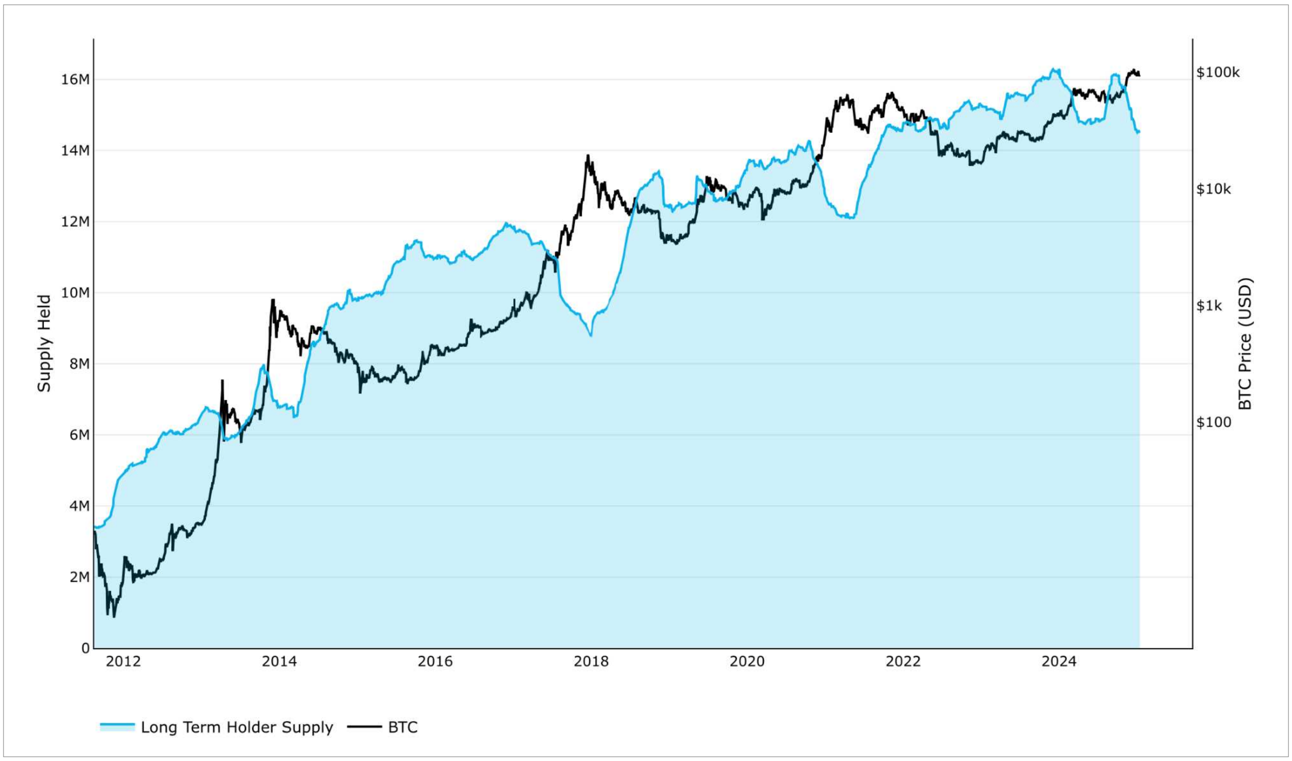
When exploring the crypto market, we always keep an eye on several indicators that can be utilized to provide deeper insights into the current phase of the crypto cycle.

A very general one is to set the 200 week moving average price in correlation to the percentage of the monthly increase in price. This chart highlights in any asset class when there is an unhealthy price increase taking place. In the BTC chart it highlighted reliably all the cycle tops of the previous crypto cycles.

Bitcoin 200 Week Moving Average Heatmap (Source: Bitcoin Magazine PRO)

In context of market sentiment we are heavily looking into miner flows and selling pressure from long term holders and bigger wallets. One way of doing that is by looking into on-chain data of the long term holder supply. This gives us an idea of how long term holders are acting in different phases of the market.

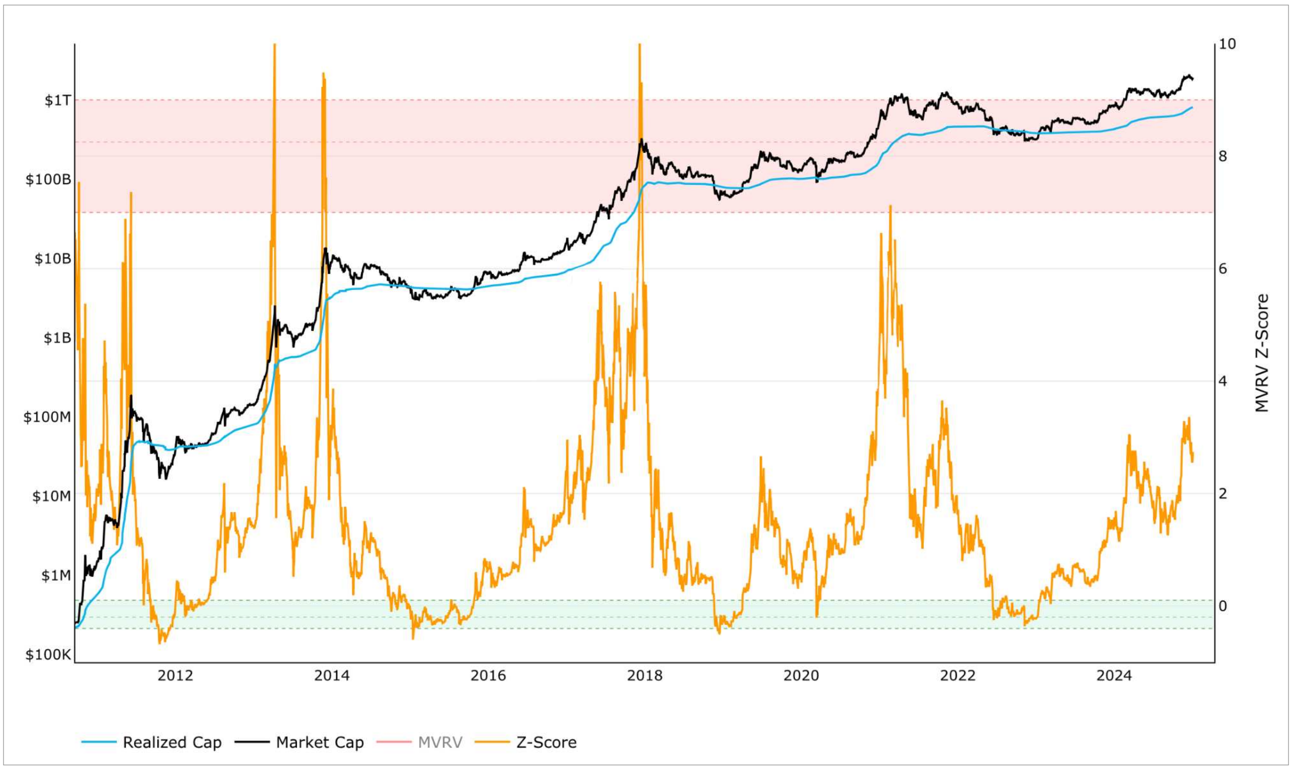
If one assumes that long term holders with bigger wallets are more likely market insiders or professionals looking at this kind of on-chain data gives insights into market tendencies and stronger selling pressures.



Bitcoin Long Term Holder Supply (Source: Bitcoin Magazine PRO)

Furthermore, a very reliable indicator is the MVRV Z-Score which helps to identify periods of extreme valuation (both over and under) in Bitcoin's market. It helps to gauge market sentiment and make informed decisions based on historical value trends.

The current chart shows an upward trend with a mid-term spike, which has already several times in the past indicated that there may be some lokal tops or sideway moves in the middle of an ongoing crypto cycle.



Bitcoin: MVRV Z-Score (Source: Bitcoin Magazine PRO)

When discussing the crypto market, the leading role of Bitcoin for the entire market should not be overlooked. Therefore, it is of particular importance for us to closely examine the inherent cycles of Bitcoin.

Post-Halving Dynamics Favoring Altcoin Growth

Since the launch of our Blockchain Select AMC in 2022, the crypto space has undergone significant shifts, both in public perception and technological advancements. While Bitcoin was the catalyst for the crypto revolution, we strongly believe blockchain technology offers far more than just decentralized money or digital gold. In our view, it's one of the most effective tools for coordinating human activity and resource allocation on a global scale.

That said, because these emerging systems are more complex than Bitcoin, they will take longer for broader adoption. However, we've often been ahead of the curve with our assumptions, and we believe 2025 could mark the year of altcoins—digital assets utilizing crypto primitives across diverse use cases. Several factors support this thesis.
Crypto markets tend to follow well-established four-year cycles, as we've detailed in prior reports. These cycles, which began in 2008, are closely tied to macroeconomic trends and liquidity dynamics.

Total Crypto Market Cap vs Altcoin Market Cap Percentage (Source: VIRA Ventures)

Historically, altcoins have outperformed 12–18 months after Bitcoin's halving, a pattern that aligns with the upcoming cycle in 2025.
While we don't base our strategy solely on historical data, this trend complements our macro thesis of a weakening USD and increasing global liquidity. Together, these factors create favorable conditions for altcoin performance.

However, crypto is not entirely detached from fundamentals, nor is it solely driven by external factors. For sustained price increases, we need to see tangible improvements, real-world usage, and clear product-market fit (PMF). We've observed a tendency for many to rely heavily on macro factors and cycle theories, often overlooking critical fundamentals such as on-chain revenue and active user growth. This approach is akin to suggesting that the stock market will rise regardless of whether companies are creating great products or generating significant profits. While market sentiment can dominate in the short term, fundamental drivers are ultimately what shape long-term success. That's why our research remains focused on these core metrics, as they provide the clearest insights into the durability and growth potential of crypto projects.

Shifting Focus: From Infrastructure to Applications
The evolution of new technologies follows a consistent pattern: an initial phase centered on building the infrastructure, which, once established, enables the creation of applications that drive real value. In the case of blockchains, their core business revolves around selling various types of blockspace—whether fast, secure, or cost-effective. During 2019 and 2020, the rise of decentralized finance (DeFi) applications significantly increased demand for blockspace. Ethereum, as the dominant smart contract platform at the time, was the primary beneficiary. This surge in demand from DeFi applications drove up the value of ETH, as its blockspace became a highly sought-after resource.

In recent years, the supply side of the blockchain ecosystem—specifically the buildout of blockspace—has grown rapidly with the emergence of numerous

Layer 1 blockchains. In our view, this has even led to an oversupply of blockspace. At the same time, there has been insufficient focus on the demand side: applications that create meaningful use cases for this blockspace, which is ultimately the more challenging part of the equation. Looking ahead, we anticipate two key trends:

1. **Consolidation of activity on high-quality Layer 1 blockchains** with strong network traction.

2. **Increased investment in application-layer projects** that leverage blockspace to deliver real-world value.

At present, many Layer 1 blockchains appear significantly overvalued, with earnings multiples in the hundreds—figures that are difficult to justify even with alternative valuation models. By contrast, we see considerable opportunity in application-layer projects that are generating tangible revenue but, in our view, remain undervalued. As institutional investors increasingly enter the market, we expect them to adopt traditional valuation approaches, which will likely shift attention toward these overlooked opportunities.

From a value capture standpoint, we believe that as blockchain technology continues to mature and gain wider adoption, the application layer will account for an increasing share of the overall value, much like what we have seen with the internet and probably will see with artificial intelligence. In light of this, we have adjusted our asset allocation strategy accordingly for 2025 and beyond.

Investment Thesis 2025

We believe 2025 will see crypto solidify its position as a legitimate asset class, attracting more institutional capital globally. At the same time, we remain cautious about the growing divergence between market expectations and reality, which could lead to surprises. We will continue to monitor our investments closely, focusing on product-market fit (PMF), revenue growth, and user adoption.

We remain highly enthusiastic about DePIN and are doubling down on our commitment to this space, having been vocal advocates and early investors in the narrative. Its popularity has surged, with thousands of DePIN networks now in operation, and we're currently tracking over 13 million active devices worldwide. DePIN represents a global movement that's both inevitable and transformative, with lots of fascinating experiments underway and many success stories that still go underappreciated. A growing number of networks are already showing strong demand and early signs of product-market fit (PMF). Notably, we're seeing a marked increase in institutional interest in DePIN, outpacing retail engagement. We firmly believe that 2025 will be a breakout year for DePIN, with the sector poised to exceed $200 million in total revenue.

We are cautiously optimistic about the intersection of crypto and AI. There's a great deal of hype around projects that, at their core, lack substantial technological innovation. That said, we have identified and invested in decentralized AI networks that address real challenges across the AI stack. These range from specialized compute networks to full-stack solutions that leverage crypto systems to outsource tasks globally to miners.

Stablecoin adoption stood out as one of the most successful use cases in 2024, and we expect this trend to accelerate further in 2025. Adoption is growing across merchants, nations, and retail users, while banks remain significantly behind the curve. Over time, we anticipate financial institutions will integrate stablecoin features into their systems, further driving adoption. US-denominated stablecoins, which currently dominate the market, are effectively exporting the USD globally, reinforcing the dollar's status as the world's reserve currency. This trend also boosts demand for US bonds, often used as collateral for stablecoins. We're strategically positioned to capitalize on this development, focusing on infrastructure investments that benefit directly from increasing stablecoin volumes.

We will maintain a strong allocation to Layer 1 blockchains, anticipating significant on-chain activity and the potential approval of more Altcoin ETFs in 2025. Such developments could drive substantial capital inflows, especially given the relatively low market capitalization of these assets. However, we are highly selective in our approach. Many new shiny Layer 1 chains are currently valued in the tens of billions, despite high inflation rates and significant token unlocks expected this year. Our investment decisions are guided by first principles, taking into account a wide range of economic factors that influence prices. Whenever possible, we plan to stake tokens to protect investor capital against network inflation while generating additional income. We believe that the staking component will have a huge positive impact in long-term portfolio performance.

Amid all the exciting developments, we are also vigilant about the risks emerging in the market. Ironically, risk tends to peak in overly optimistic environments, particularly during periods of euphoria, when participants are prone to making poor decisions. In 2024, we identified several increasing leverage-driven risk factors that we continue to monitor. Despite these concerns, we are firm believers—supported by empirical evidence—that time in the market beats attempts to time the market, particularly in long-term technological trends like crypto.
Over the years, we've observed that crypto is likely the most inefficient market in existence, offering enormous opportunities but equally significant risks. Investors often get swept up in excitement without fully understanding the value of what they're buying, or they panic and sell irrationally during downturns. Because access to crypto is global and permissionless, it attracts a large number of uninformed participants, particularly in bullish cycles. Our strategy has always been to stick to our principles, remaining disciplined, thesis-driven, and data-focused in our decision-making. Whether aligning with or going against market sentiment, this approach allows us to navigate the volatility and consistently deliver long-term results.

Conclusion

In conclusion, the crypto landscape in 2025 presents unprecedented opportunities fueled by macroeconomic stability and expanding institutional adoption. Following the successes of 2024, including the record-breaking launch of Bitcoin and Ethereum ETFs, the outlook for 2025 is underpinned by rising global liquidity and a supportive economic environment, signaling a shift towards broader acceptance of digital assets.

Key developments such as advancements in tokenization, the emergence of Bitcoin reserves by corporations and nations, and the continued evolution of Layer-1 blockchains set the stage for a transformative year. Moreover, the post-halving dynamics and increasing focus on application-layer projects highlight the sector's maturation and the growing emphasis on real-world utility.

As geopolitical landscapes evolve and regulatory clarity improves, the crypto market is positioned for sustainable growth. This year is anticipated to solidify cryptocurrency's role as a legitimate asset class, enabling investors to capture value in a rapidly evolving financial ecosystem. The confluence of innovation, adoption, and favorable economic trends underscores the transformative potential of blockchain technology in 2025.

If you are interested to learn more about our service & investment opportunities visit us at **www.vira.ventures**.

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