SYGNUM

SYGNAL REPORT 2027



Sygnum's annual outlook for 2027: Eight Sygnals on market structure, digital asset adoption, regulation and the year's key trades

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CIO Introduction

2026 delivered a paradox; digital assets became more institutionalised while still following their traditional market cycle. Prices corrected sharply in the first half and partly recovered as dollar liquidity improved, yet beneath that round trip the infrastructure continued to mature. To date, the drawdown has been shallower than in previous Bitcoin bear markets, and no systemically important intermediary has failed, though it is too early to say whether the cycle has run its course. However, the asset class still looks to be entering 2027 with lower structural volatility, stronger fundamentals and clearer, if still incomplete, regulation.



Fabian Dori
Sygnum Chief Investment Officer

Our Outlook takes stock of where the market stands. It examines market structure and how volatility has migrated from the asset to its plumbing, and reviews regulatory progress in Europe and the US. It then turns to the three areas where adoption is most visible; Bitcoin as an alternative store of value and reserve collateral, stablecoins as next-generation payment and settlement infrastructure, and the decentralised applications economy, where usage is increasingly proven but the investment case less so.

The report then sets out our eight Sygnals for 2027. These are specific predictions across a diverse set of topics, each with defined tests to track through the year and a clear statement of what would prove us wrong. They range from the decoupling of tokens backed by real cash flows from broader market beta, to Bitcoin moving from policy into portfolios and competing with gold for strategic allocation capital. Others examine tokenization moving at two speeds, with Treasuries taking the yield and equities the leverage, and the AI demand flywheel and its implications for digital assets.

Market beta is likely to remain tethered to the dollar-liquidity cycle, and the principal risks, from renewed liquidity tightening to deleveraging and regulatory reversal, have not gone away. Within those guardrails, however, the market should increasingly reward projects that combine genuine usage, credible token economics, a clear regulatory pathway and access to institutional distribution. The era in which a rising tide lifted all digital assets appears to be drawing to a close. The next phase is likely to reward selection.

I hope you enjoy the read. Should you have any questions, please do not hesitate to get in touch.

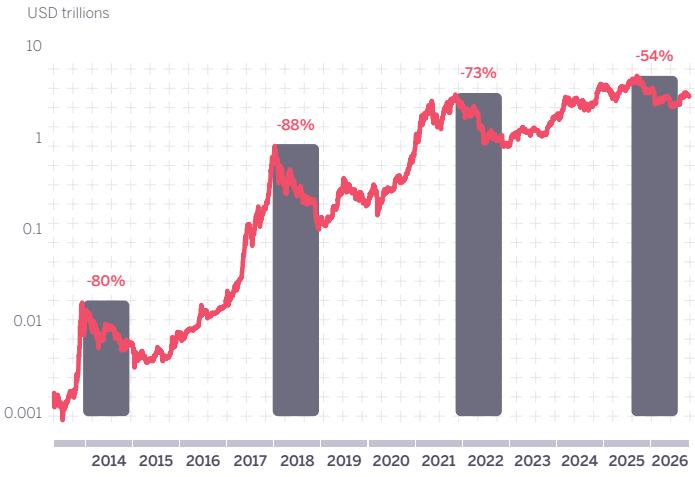
Outlook

Market structure as per end of October 2026

USD 2.7bn Top 125 crypto market cap[1]	-54% 2026 market cap drawdown[2]	USD 297.8bn Stablecoin supply[3]	USD 39.0bn Tokenized RWA market cap[4]	44% 2026 average BTC volatility[5]	59.7% BTC dominance[6]
-2.9% YtD	>-75% Prior cycles	-1.6% YtD	+53.1% YtD	58% 7 year average	+0.6pts YtD

2026 delivered a paradox; the asset class became more institutionalised while retaining its traditional market cycle. Prices corrected sharply on macro risk in the first half and partially recovered on improving dollar liquidity, yet beneath that round trip the infrastructure continued to institutionalise. Digital assets enter 2027 with lower structural volatility, stronger fundamentals and clearer, if still incomplete, regulation - but with no less dependence on dollar liquidity. The relevant distinction is increasingly between liquidity-driven market beta and selective exposure to the segments where adoption and value accrual are demonstrable.

DIGITAL ASSET MARKET CAPITALISATION



Source: CoinMarketCap, Sygnum analysis

Analysis based on largest 125 digital assets by market capitalisation.
Past performance is no guarantee for future performance.

A shallow bear market so far

After its all-time high in October 2025, Bitcoin, and the broader market, retraced to roughly USD 58k around mid-year. The selloff reflected a number of pressures coming together. The October 2025 liquidation cascade impaired market-making capacity just as the market entered the year that, under the four-year halving cycle, has historically followed a cycle peak. That turned a historical pattern into a partly self-fulfilling prophecy. Concerns over quantum-computing risk, repeated delays to the Clarity Act and an uncertain policy path under a new Fed Chair compounded the retreat in risk appetite.

The correction to date has been contained from a historical perspective, though it is premature to conclude that the cycle is complete. The historical drawdowns of every previous cycle exceeded 70%[7]. By contrast, the drawdown from the latest all-time high in October 2025 to the current bottom at the turn of June into July 2026 is roughly 54%. If Bitcoin does not fall below the June/July low in this cycle, it would be the shallowest of any BTC bear market to date. So far, it also passed without 2022-like defaults of systemically important intermediaries. Structural volatility continued to decline throughout the turbulence.

The recovery, in turn, was driven by liquidity and by debasement concerns. After the US Treasury signalled a greater willingness to intervene at the long end of the curve in August, ETF flows partially reversed their earlier outflows and Bitcoin returned to USD 77k per end of October, roughly 11% below its start to the year.

Volatility has migrated from the asset to its plumbing

Volatility has not disappeared, however, and has migrated from the asset to its plumbing. Structural volatility is falling as the market matures, but institutionalisation has changed how temporary shocks propagate. Shifts in liquidity and risk appetite now travel through ETF redemptions, the reversal of digital asset treasury companies' capital-raising, the unwinding of leveraged basis trades and margin calls on crypto-collateralised credit. These channels deepen liquidity in benign conditions but can synchronise forced selling under stress. Liquidity therefore remains one of the dominant forces in price discovery. Digital assets increasingly trade off the full dollar-liquidity stack; central bank policy rates, long-end yields and the term premium, US Treasury cash management, bank balance-sheet capacity, offshore dollar funding conditions and stablecoin supply.

Adoption increasingly separating signal from noise

Beyond liquidity, adoption increasingly separates signal from noise, with the evidence being concentrated in three areas. First, stablecoin supply has returned to around USD 298bn[8] after an ongoing consolidation. Second, tokenized real-world assets exceed USD 39bn, growing by 285% since their level at the start of 2025[9]. Third, Bitcoin continues to consolidate its role as an institutional macro asset. Elsewhere, many decentralised applications remain exploratory, and a large share of DeFi protocols still spend more on inflation than they earn in fees. The exceptions are instructive, as they typically combine sector leadership with real usage and fees and a meaningful share of revenue directed to token holders; Hyperliquid directs nearly all protocol fees to token buybacks[10], Uniswap has activated its long-debated fee switch,[11] and Aave ran a buyback programme for a year before pausing it after the KelpDAO exploit[12]. These are early signs of a market that is beginning to price tokens on cash flows rather than narratives.

Advancing regulative progress

Regulation in various jurisdictions continues to clarify different questions relevant to institutional investors, but its durability has in part become a question. Europe's MiCAR framework became fully operative on 1 July 2026, with around 320 authorised service providers across 26 EEA states[13]. In the US, the Clarity Act's narrow defeat in the Senate vote in September removes the prospect of comprehensive market-structure legislation for now. The more consequential development may be that the agencies rather than Congress are advancing the framework. Building on a joint SEC and CFTC token taxonomy, the SEC proposed Regulation Crypto Assets[14] in August and followed up in September, with a five-year Innovation Exemption[15] permitting on-chain trading of tokenized listed equities. The CFTC is advancing its own crypto-market rules, including a new venue category for leveraged crypto trading[16], and clarifying the use of crypto and tokenized assets as collateral[17]. The caveat is that agency-led frameworks are more exposed to legal challenge and political reversal than legislation.

2027 with a greater emphasis on selection

Against this backdrop, 2027 is set to be a year of differentiation, with structural winners pulling further away from the rest. With financial conditions tight and geopolitical risk elevated, market beta is likely to remain tethered to the dollar-liquidity cycle. Within those guardrails, the market should increasingly reward projects that combine genuine usage, credible token economics, a clear regulatory pathway and access to institutional distribution. Tokenization is moving from pilot to production[18], and licensed US stablecoin issuance under the Genius Act is about to begin[19]. The principal risks are a renewed tightening of dollar liquidity, deleveraging through basis and DAT channels, regulatory reversibility in the US and, over a longer horizon, the need for credible quantum-resistance upgrades. It increasingly looks like the era in which a rising tide lifted all digital assets is drawing to a close. The next phase is likely to reward selection.

Digital asset adoption

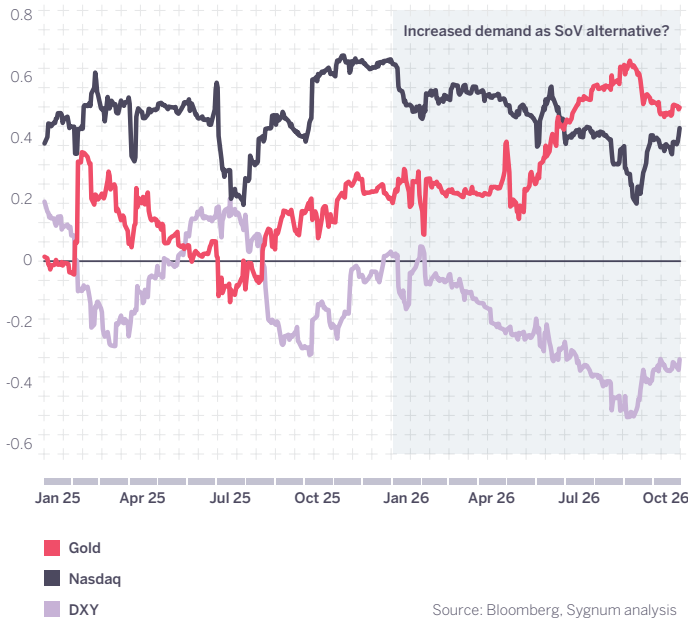
Bitcoin as an alternative store of value and reserve collateral

Bitcoin's case as a store of value remains the most mature investment thesis in digital assets, and 2026 made it even stronger. Volatility continues to trend down over the long term, both in absolute terms and relative to gold. Correlations moved in a direction that points to growing demand for Bitcoin as an alternative store of value. The market setup around also further matured, with ETFs, options markets, corporate treasuries and lenders all increasingly using Bitcoin as a core asset and, by continuation, as collateral.

Bitcoin: What changed in 2026

ETFs were one of the main drivers of the price this year. US spot Bitcoin ETFs now hold about 1.29mn BTC, worth roughly USD 100bn.[20] After net outflows in the first half,[21] Bitcoin ended the second quarter near USD 58k, even below the high of the previous cycle.[22] The strongest week of ETF inflows of the year, in late September,[23] supported the rebound to about USD 86k, before the October correction.[24] Correlations, meanwhile, moved in a direction consistent with rising store of value demand. Bitcoin's 60-day correlation with gold rose to about 0.5 over the year, while its correlation with the Nasdaq fell to about 0.4 from more than 0.66 in January 2026.[25] This is the evolution we have observed over the year so far, and we expect it to continue into 2027.

60D-ROLLING CORRELATION OF BTC VS OTHER ASSETS



Source: Bloomberg, Sygnum analysis

BTC LONG-TERM VOLATILITY



Source: Bloomberg, Sygnum analysis

Volatility continued its long-term decline. Bitcoin's 90d realised volatility was as low as 30% in the second quarter despite a very eventful macro environment, near multi-year lows,[26] compared with about 80% in 2021.[27] Implied volatility reached its lowest level of 2026 in August.[28] The latest cycle's largest drawdown, about 54% to date, was also smaller than the >70% to >80% falls of earlier cycles.[29] Relative to gold, Bitcoin's volatility has come down as well.[30] Lower volatility lowers the hurdle for institutions to hold Bitcoin and, in a portfolio optimisation, theoretically supports a larger allocation.

The derivatives market deepened alongside. Open interest in Bitcoin options reached about USD 74bn in January, above futures open interest for the first time, and options on BlackRock's Bitcoin ETF have overtaken Deribit, the largest crypto-native options venue.[31]

Treasury companies moved from buying at almost any price to actively managing their balance sheets. Strategy holds 848,517 BTC, more than 4% of all Bitcoin, and keeps a USD 4.8bn USD reserve for dividends and interest.[32] Its first Bitcoin sale since 2022, a mere 32 BTC disclosed in early June, was poorly received, and Bitcoin fell about 5%.[33] Later announcements however, including a plan for up to USD 1.25bn of Bitcoin sales alongside share buybacks, passed without a similar adverse reaction, and Strategy's shares rose.[34] The market now appears to accept and likely even appreciate that treasury companies will actively manage their holdings.

Bitcoin is also used increasingly as collateral. Crypto-backed lending reached USD 67bn, up 49% in a year, and Ledn issued the first investment-grade rated Bitcoin-backed securitisation, worth USD 188m.[35] Miners and treasury companies now increasingly borrow against their holdings. MARA raised USD 600m from Coinbase and Two Prime against 18,750 BTC,[36] and Metaplanet uses Bitcoin-backed credit lines capped at 10% of its holdings.[37] At the same time, incidents involving personal wallets and hardware devices kept self-custody risks visible and added to demand for institutional-grade custody.

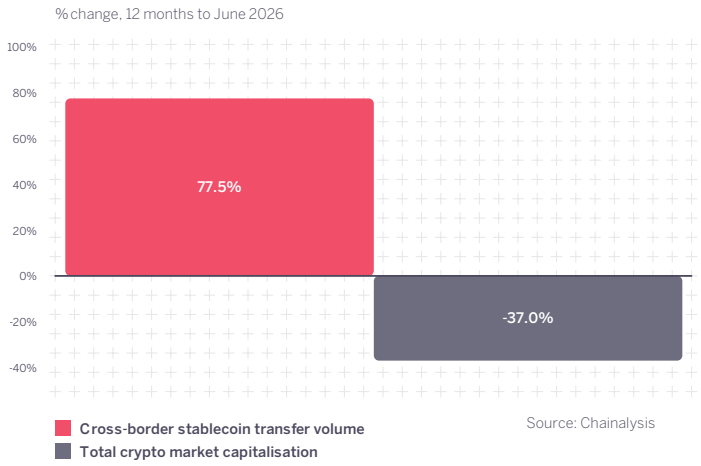
Bitcoin outlook for 2027

For 2027, we see Bitcoin's role in portfolios gaining in demand and importance on three functions: a store of value, a potential hedge against currency debasement and a collateral asset. Furthermore, the historically low correlation with both equities and bonds may help diversify traditional portfolios. As an illustrative example, take a simple two-asset portfolio of equities and Bitcoin, with equity volatility at 16% and a correlation of 0.3. If Bitcoin's volatility falls from 45% to 35%, its weight in the minimum-variance portfolio rises from about 2% to about 8%.[38] When assessing Bitcoin, institutional investors should therefore look beyond just price action. ETF flows, long-term holder accumulation, volatility, treasury company valuations and flows, and Bitcoin-backed credit all help explain where it is heading and the trends of 2026 point to an increasingly institutionalised asset that may offer significant diversification benefits to certain investment portfolios.

Stablecoins as next generation payment and settlement infrastructure

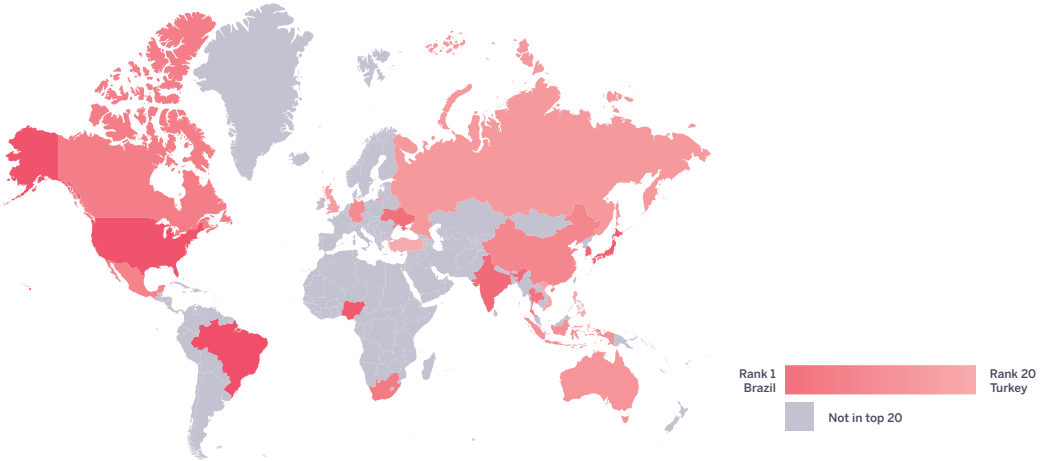
Stablecoins settled more on-chain volume in 2025 than Visa and Mastercard combined (around USD 33tn vs USD 25.5tn).[39] The numbers are not directly comparable as stablecoins settlement volume goes beyond payments but illustrate the scale of activity. Similarly not directly comparable but still instructive; in February 2026[40], Artemis's adjusted monthly settlement figure even surpassed the US Automated Clearing House network's for the first time (USD 7.2tn vs USD 6.8tn).[41] More tellingly, stablecoins now make up 96% of domestic peer-to-peer crypto transfers, itself up more than 300% to over USD 220bn. Cross-border transfer volume reached USD 220bn as well over the twelve months to June 2026, up 77.5% year on year,[42] even as total crypto market capitalisation fell 37% over the same period. This represents a genuine decoupling of payments usage from speculative activity, concentrated in the markets mapped below.

STABLECOIN PAYMENTS DECOUPLED FROM THE BROADER CRYPTO MARKET PER JUNE 2026[43]



Source: Chainalysis

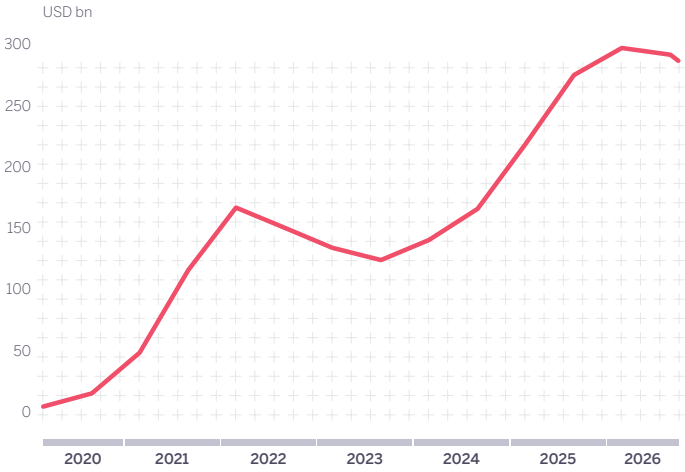
STABLECOIN ADOPTION BY COUNTRY, CHAINALYSIS 2026 GLOBAL CRYPTO ADOPTION INDEX, TOP 20[44]



Stablecoins: What changed in 2026

Supply hit an all-time high, then stalled, even as usage kept climbing. Market capitalisation peaked at around USD 310bn in May 2026,[45] pulled back, and has plateaued near 300bn since.[45]

STABLECOIN MARKET CAPITALISATION, 2020-2026 (USD BN)[46]



Source: RWA.xyz

Network competition intensified on three fronts. First, chain-level share fights: Tron continued taking share from Ethereum on cost and speed. Second, a new wave of purpose-built payment chains such as Arc, Plasma, Tempo and Stable emerged. Their combined supply still is under 1% of the total, but they enjoy strong backing from industry leaders such as Circle, Tether, and Stripe and Paradigm.[47] Third, the incentives are being challenged. Open USD is a prominent example. The consortium of more than 140 companies, including Visa, Mastercard, Stripe, Coinbase and BlackRock, launched a shared-governance, shared-economics stablecoin on 30 September 2026, a direct challenge to Circle and Tether's reserve-income model.[48] Visa's own settlement run rate rose from USD 3.5bn to USD 7bn to USD 20bn between November 2025 and September 2026,[49] while Mastercard moved via its USD 1.8bn acquisition of BVNK rather than disclosed organic volume.[50]

A key driver for these trends has been US regulation. The Office of the Comptroller of the Currency (OCC) has published its final Genius Act implementing rule in October, effective on 18 January 2027. It will announce separately when it begins accepting and processing applications from prospective issuers.[51]

The US administration is actively supporting this as a policy objective. Treasury Secretary Scott Bessent said the Genius Act gives the dollar an "internet-native payment rail" and called it a milestone for "dollar supremacy,"[52] and in September 2026 the administration was reported to be weighing a push to promote dollar-backed stablecoins overseas specifically to reinforce reserve-currency status and Treasury demand.[53] The mechanism is direct; Genius Act reserves must be held largely in cash and short-term Treasuries, and stablecoin issuers already hold close to USD 200bn of US government debt, making them one of the top 20 holders globally.

However, the Bank for International Settlements (BIS) and central banks pushed back on stablecoins more broadly. BIS General Manager Pablo Hernández de Cos argued at Jackson Hole that stablecoins fail key tests of money and that tokenized deposits, not stablecoins, should carry the bulk of everyday payments. The BIS is already testing tokenized deposits for wholesale cross-border payments through Project Agóra, which now counts eight central banks and more than 40 private institutions.[54] While the policy views are diverging, commercial banks are building on both tracks in parallel.

Stablecoin outlook for 2027

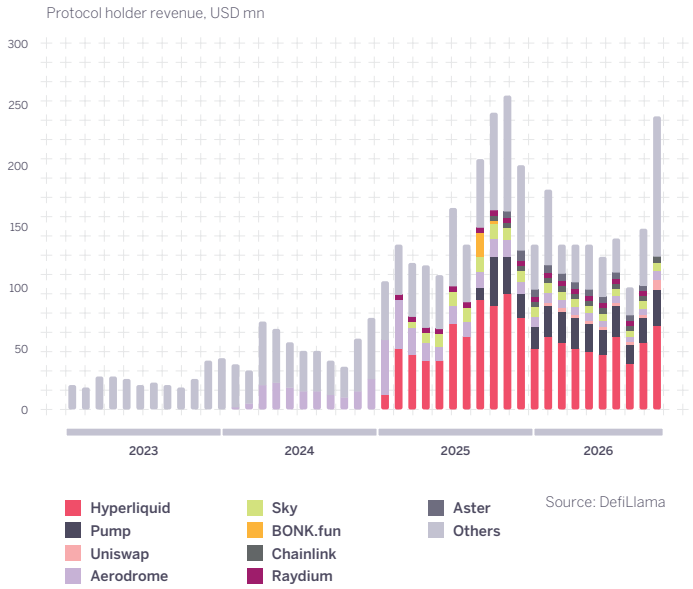
The winners of 2027 are likely to span the full value chain, not only issuers but distribution, custody, payment rails and settlement infrastructure, all worth watching for investors. From an investment point of view, the clearest direct exposure may however sit one layer down, in some of the blockchains settling this volume; Ethereum and Tron alone carry more than three-quarters of all stablecoin supply, and that settlement load is itself a demand driver for the underlying network, regardless of which issuer or card scheme ultimately wins the stablecoin layer above it. Growth continues to support tokenization, collateral mobility, DeFi settlement and global USD use. The key risks run the other way; reserve and liquidity rules once the OCC and FDIC finalise them, reserve transparency standards, the interest-sharing ban and its "rewards" workaround, and issuer concentration (Tether and Circle together still hold roughly 87% of supply).[55] That concentration is exactly what Open USD's consortium model is trying to break. Put together, the same pattern holds across this entire value chain; in our view, the strongest potential for durable value in 2027 may sit in the parts hardest to disintermediate, the settlement layer underneath and the distribution network wrapped around it, not in whichever stablecoin brand happens to sit in between.

The decentralised applications economy

The decentralised application (dApp) economy remains a high potential yet the least-proven use case. 2026 was the year its two halves pulled visibly apart. On one side, a handful of applications proved that they can run real, fee-generating businesses at scale, with usage, revenue and, increasingly, mechanisms that allocate revenue to token buybacks or distributions. On the other side, the foundations that would make the sector an institutional asset class, meaning durable DeFi liquidity, security, regulatory clarity and measurable as well as meaningful token value accrual, remain largely unresolved. The central investment question of the year was no longer whether dApps or blockchains get used, but whether the usage reaches the token holder. The use case is increasingly proven, the investment case less so. We consider a dApp to meet our fundamental investment criteria when its usage generates recurring fees and a meaningful share of that revenue reaches holders, consistently and through a downturn rather than only at the peak of a cycle.

That is the test we apply throughout this section, and by that standard very few qualify. The revenue returned to token holders is heavily concentrated, with a small group of protocols led by Hyperliquid capturing the largest share (29% in October 2026), while most tokens receive little or nothing. That core is where the opportunity sits.

MONTHLY PROTOCOL HOLDER REVENUE BY PROTOCOL[56]



dApp: What changed in 2026

On-chain trading

The clearest progress came in on-chain trading. Perpetual futures (perp) decentralised exchanges (DEX) were the breakout category, and Hyperliquid was the proof. Perpetual futures are derivatives with no expiry date, letting traders take leveraged long or short positions that track an asset's price indefinitely and around the clock. It generated roughly USD 554mn of protocol revenue between January and end of October, the most of any dApp, on cumulative perp volume approaching USD 5.6tn.[57] Much of that growth came from beyond crypto as underlying, as perpetuals on equities and commodities launched through its HIP-3 framework reached as much as 74% of its daily volume.[58] On-chain perps climbed to 12% of all perpetual futures volume by October, from a rounding error three years earlier, and Hyperliquid alone held close to a half of the on-chain market.[59]

Spot trading told a similar story. DEX volume reached a record share of 25% of centralized exchange (CEX) spot volume in July, helped by weak CEX activity but also by genuine migration, with Uniswap, PancakeSwap and newer venues all posting strong quarters.[60] These are not speculative narratives. They are businesses with customers, recurring fees and, in Hyperliquid's case, margins that rival established exchanges.

While DeFi more broadly remains the strongest-proven dApp category, it also exposed the sector's fragility. Total value locked fell from an October 2025 peak near USD 220bn to a low of USD 95bn in June 2026 to USD 114bn at the end of October.[61] That rebound was mostly price, not new money. Ethereum rose roughly 30% since, and dollar-denominated categories like stablecoins were flat. Lending was the exception, with both deposits and borrowing rising, which points to real demand rather than market-to-market.

Security

One of the most damaging event for dApps in 2026 was the KelpDAO bridge exploit in April, which drained roughly USD 292mn and triggered about USD 13bn of TVL flight in 48 hours.[62] More broadly and including the Bitget and Binance incidents, hacks across the market reached about USD 9bn over the first ten months of the year, with the beginning of the fourth quarter the worst, so the risk is structural rather than incidental.[63]

Real-world assets

Tokenization of real-world (RWA) assets was the quieter, more durable story, and increasingly a source of dApp usage and revenue, and ever more relevant to institutional adoption. The value of tokenized RWAs has grown to roughly USD 39bn, led by tokenized Treasuries and money-market funds from BlackRock, Franklin Templeton, Ondo, Circle, and most recently Fidelity International, with private credit adding several billion more.[64] These assets no longer just sit on-chain. They are being put to work as collateral in lending markets, as reserve assets backing stablecoins and as building blocks for yield products. The clearest sign of where this is heading came in October, when OKXICE, the joint venture between NYSE owner ICE and OKX, notified the SEC of plans for a 24/7 venue for 63 tokenized US stocks, including Nvidia, Apple and JPMorgan.[65] Within three weeks, however, more than 20 companies, among them Microsoft, Alphabet and Goldman Sachs, had objected to having their shares tokenized on the platform.[66] Rather than build its own matching engine, the venture chose Uniswap v4, using permissioned pools where a custom hook restricts trading and liquidity provision to verified wallets, with every stock priced against stablecoins.[67] It is a striking reversal when one of the world's largest exchange operators is treating a DeFi protocol as market infrastructure. If it launches at scale, it would bring traditional equity volume onto Uniswap's rails, though whether any of that reaches UNI holders depends on governance extending the protocol fee to these pools.

AI

Finally, AI agents are emerging as the dApp economy's most important new class of user, though the category remains firmly exploratory. The fit is structural. dApps are open, programmable and available around the clock, which makes them the one part of the financial system an autonomous agent can use directly. An agent can hold a wallet, swap on a DEX, supply collateral to a lending market or rebalance a portfolio simply by calling a smart contract, much as it would call any other API.

The activity is already visible, but mostly at the simple end. In April, Research estimated that autonomous agents drive more than 19% of on-chain activity, yet most of that is narrow automation such as MEV capture and stablecoin routing, and capital in agent-managed DeFi positions had only just passed USD 39mn.[68] Payments are the other half of the picture. Agents need to transact autonomously, something card networks and bank accounts are poorly suited to, and Coinbase's x402 protocol turns the dormant HTTP "payment required" response into a live stablecoin payment step, letting agents pay for data, compute and services in USDC without a human in the loop.[69] Adoption is real in transaction count but still negligible in value, so it is best read as infrastructure for an agent economy that does not yet exist at scale.[70]

By our test, the question is again whether this usage reaches the token. Agent activity is landing on existing applications, adding volume to DEXs, lending markets and stablecoin rails. Whether that creates value for investors depends on the same thing as human activity, namely whether those applications route a share of their fees to token holders. For now, much of the agent volume is low-value automation, so it adds transactions faster than it adds revenue. If agents become a major class of on-chain user, the likelier beneficiaries are the dApps with the deepest liquidity and clearest fee models.

dApp outlook for 2027

For 2027, this means selectivity matters more than sector exposure. Owning the dApp economy as a basket makes less sense when usage no longer lifts all tokens together. We favour infrastructure and applications that combine real usage and fees with credible usage, a visible regulatory path, and that route a meaningful share of revenue to token holders. We expect underperformance of protocols where token value is sustained only by future narrative and emission-driven incentives, and where no current or likely mechanism, such as fee capture, revenue sharing or buy-and-burn, links protocol activity to token value. The two newest sources of demand point the same way; tokenized assets and AI agents are both bringing new usage on-chain. The upside is real, but it is likely to concentrate in the few protocols where usage reaches the token. That split between tokens backed by cash flows and tokens carried by market beta is where the broader decoupling begins.

Sygnal One: The decoupling has begun

The decoupling of cash flows from market beta widens through 2027, as category leaders that route real revenue back to their tokens continue to outperform a market-cap-weighted index of the top 20 digital assets index in rising and falling quarters alike.

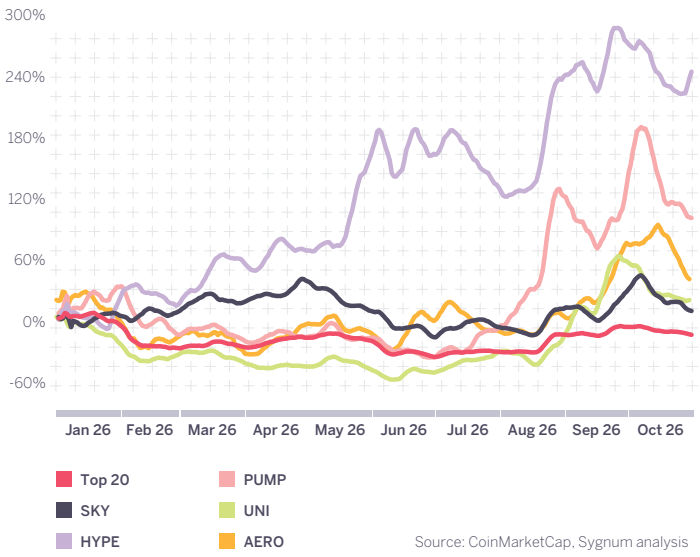
The four-year cycle has not died, but in this cycle to date it looks to have flattened. Bitcoin peaked in October 2025 and fell to a June 2026 low that, if sustained, marked the shallowest bear market in its history, roughly on the schedule a cycle would predict but at a fraction of the usual depth.[71] What has become much less evident is the Alt-season, a late-cycle phase when capital rotated out of Bitcoin and lifted nearly all altcoins together. With Bitcoin dominance anchored near 60%[72] and ETF flows concentrating capital at the top of the cap curve, there is no longer a window when all altcoins rally together. Outperformance has become idiosyncratic.

The clearest empirical evidence of altcoin season dying is which token outperformed, and when. The winners were applications with genuine product-market fit, generating real revenue and routing it back to the token. Hyperliquid, the dominant on-chain perpetuals venue, generated USD 486mn of protocol revenue in the year to Q3 2026 and routes 99% of its fees into buying back HYPE, repurchasing almost 5% of total supply to date.[73] Pump.fun, the leading decentralised exchange and launchpad on Solana, generated roughly USD 359mn and commits half of it to buy-and-burn, retiring around 17% of its token supply so far.[74] Sky, the largest decentralized stablecoin issuer, earned USD 137mn but throttled buybacks to build a solvency reserve and strengthen its balance sheet.[75]

While Bitcoin sat roughly a third below its all-time high through late September 2026, all three rallied several multiples off their bear-market lows in the same window.[76] HYPE ran from its late-2025 low to a fresh all-time high in September. PUMP rose four to five times off its June low. SKY recovered to within a few percent of its own high. All mainly repricing on cash flow rather than market beta.

Our 2027 call: Bitcoin and Ethereum make new highs while the market stays narrow. A basket screened on fundamentals, meaning market-share leadership in a category plus proven value accrual to tokenholders, outperforms a market-cap-weighted index of the top 20 digital assets, in rising and falling quarters alike. Based on this simplified selection criteria, our stylised, equal-weighted and quarterly rebalanced basket consists of HYPE (leading on-chain perpetuals venue), PUMP (leading DEX on Solana), UNI (leading DEX on Ethereum), AERO (leading DEX on Base) and SKY (leading decentralised stablecoin issuer). Conversely, sectors without proportional token value capture, Layer 2s among them, lag.

TOP 20 INDEX PRICE VS FUNDAMENTAL DIGITAL ASSETS (7D AVERAGE)[77]



Source: CoinMarketCap, Sygnum analysis

Two tests to track through 2027:

- **Primary:** The fundamentals basket versus a market-cap weighted index of the top 20 digital assets, excluding stablecoins, measured in both up and down quarters. Outperformance should reflect product market fit and value accrual rather than Size.
- **Secondary:** The Layer 2 sector continues to lag the fundamental basket on a 12-month view.

What would prove us wrong: If fundamentals are breaking from beta, tokens backed by cash flows should fall less than the market when it sells off, because their holders are supported by revenue and buybacks rather than by sentiment alone. We would consider the thesis wrong if a basket of tokens that return a meaningful share of revenue to holders underperforms a market-cap weighted index of the top 20 digital assets in two consecutive down quarters. A single weak quarter could reflect one protocol or one event, such as an exploit. Two in a row would suggest that cash flows have not translated into relative downside resilience when it matters most, and that these tokens continue to trade as high-beta crypto rather than as businesses.

Sygnal Two: Bitcoin goes from policy to portfolio

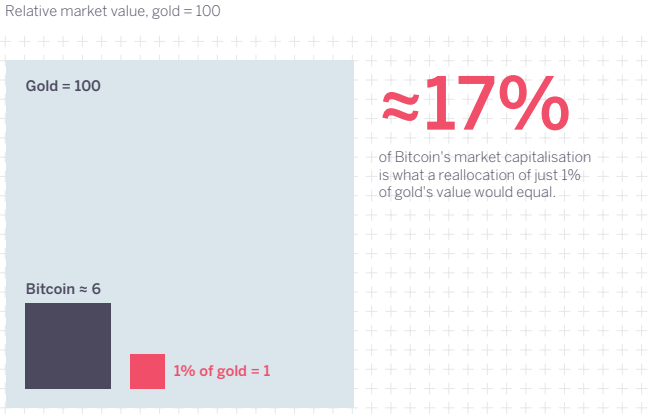
Bitcoin starts competing with gold for strategic allocation capital, as Bitcoin moves from the tactical sleeve into the strategic reserve-bucket in 2027, competing with gold for the same pool of capital.

Bitcoin has already scored first empirical evidence of sovereign legitimacy emerging. The US Strategic Bitcoin Reserve, created by executive order on 6 March 2025[78], declared Bitcoin a reserve asset of the US government. In September 2026, the House Financial Services Committee proposed a bill[79] to give that reserve a permanent legal basis. Yet the reserve consists of forfeited coins, not purchased ones. The question for 2027 is no longer whether BTC is a legitimate reserve asset, but who will pay for it, and out of which part of their portfolio.

The answer is starting to emerge from the private sector. The gatekeepers of global wealth have opened the door. BlackRock has long argued for a 1–2% allocation[80], Morgan Stanley recommends 2–4% for opportunistic portfolios[81], and Bank of America formally recommends 1–4% to its wealth clients[82]. Vanguard, the most prominent Bitcoin holdout, has reversed course and opened its platform to crypto ETFs[83].

Sovereign and public capital is following, though still at pilot scale. Luxembourg's sovereign wealth fund has allocated 1% of its portfolio to Bitcoin[84], and the Michigan state retirement system has disclosed Bitcoin ETF holdings[85]. Most revealingly, a Japanese corporate pension fund is allocating 1% explicitly as a dollar hedge[86], placing Bitcoin beside gold in its diversification sleeve. Bitwise's Institutional Crypto Adoption Report points the same way: typical allocations of 1–2%, Bitcoin increasingly held alongside gold, and no reductions through the drawdown to that point[87].

FIGURE: 1% OF GOLD'S VALUE WOULD EQUAL AROUND 17% OF BITCOIN



Our 2027 call: Bitcoin moves out of the tactical sleeve and into the strategic reserve-asset bucket. There it competes with gold, inflation-linked bonds and real assets for the same pool of capital that seeks protection against currency debasement and fiscal risk. The arithmetic is what makes this consequential. At roughly 6% of gold's market value, a reallocation of just 1% of gold's value would equal around 17% of Bitcoin's market capitalisation[88].

Two tests to track through 2027:

- **Primary:** The Bitcoin vs. gold market-cap ratio, which we expect to increase over time.
- **Secondary:** The rolling correlation of Bitcoin to gold vs. the rolling correlation of Bitcoin to the Nasdaq during risk-off episodes. We expect the former to be more stable during risk -off episodes.

What would prove us wrong: If Bitcoin's market-cap relative to gold remains stable or declines in 2027, the proxy evidence that Bitcoin is competing strategically with gold is weak. And if Bitcoin keeps trading with the Nasdaq rather than with gold during risk-off episodes, its store of value narrative is impaired.

Sygnal Three: Bank's back offices will go first

Correspondent and transaction banks will see their wire business share decline as stablecoins scale, while card networks and leading smart-contract platforms capture the infrastructure value and machines increasingly transact through their own wallets.

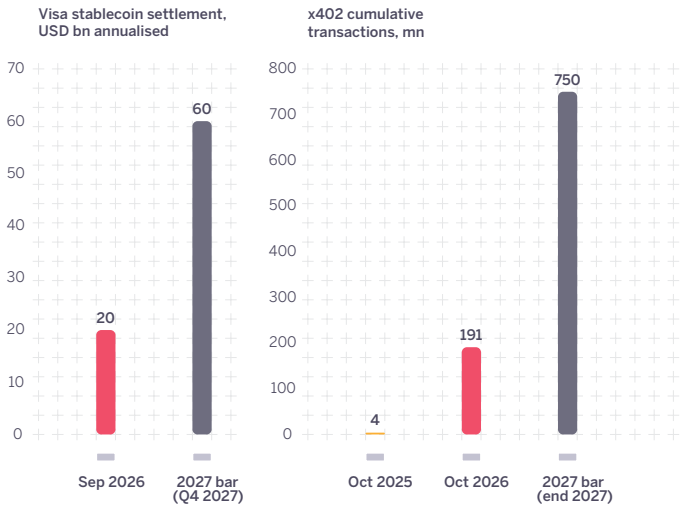
The first incumbents stablecoins disrupt will likely not be retail banks. They will be the correspondent and transaction-banking layer; the chain of intermediaries that moves money across borders, currencies and time zones, outside local banking hours. A second, earlier-stage front is opening on the same rails; payments initiated by software rather than humans. Neither fits a bank's hours or its organisational chart, and both settle on the same rails, with card networks, tokenized-deposit banks and the smart-contract platforms beneath them capturing the economics rather than losing out.

Cross-border B2B is the clearest and most imminent use case, even allowing for scale. A joint McKinsey and Artemis Analytics study puts real-economy stablecoin payments at about USD 390bn in 2025, with B2B accounting for roughly USD 226bn of that, up 733% year on year.[89] Card networks are integrating and capturing value without giving up the customer relationship. Visa's stablecoin settlement passed a USD 20bn annualised run rate by September 2026, more than 15 times higher year on year.[90] Tellingly, Visa's own filings carry no separate revenue line for this activity, as settlement is back-office optimisation, while the roughly 29-basis-point take rate on card volume remains where the money is made.[91] Mastercard made the equivalent move in June 2026, enabling issuers to settle directly in USDC, PYUSD and RLUSD. The same logic applies; own the plumbing, keep the toll booth.[92] Meanwhile, banks are responding defensively, which can be read as a signal. Swift launched a shared blockchain ledger with 17 banks in July,[93] and JPMorgan, Citi, Bank of America and Wells Fargo are building a shared tokenized deposit network through The Clearing House, targeting H1 2027, the banking system's own attempt to keep these deposits, and this value, from migrating to stablecoins.[94]

A second, smaller but telling front; agentic payments. The x402 protocol has processed almost 191mn cumulative transactions as of October 2026, up from 4mn a year earlier, settling around USD 42mn, an average ticket near USD 0.22.[95] Interestingly, that is not a weak number, it is the proof point: very small, high-frequency payments are exactly what card networks and the Automated Clearing House (ACH) are not designed for to serve economically, and exactly what blockchain rails are built for. BlackRock makes the structural case directly: card networks and ACH rely on human-centred onboarding and fee minimums ill-suited to always-on machine payments, leaving stablecoin rails as the natural settlement layer as agents transact on their own.[96]

The forecast of the market research and advisory firm IDC is the scale case; over 1bn actively deployed AI agents by 2029, performing more than 217bn actions a day. Most of these actions will be internal and never touch a payment rail. But if just 0.1% became on-chain payments, the conversion rate would dwarf today's volumes by orders of magnitude.[97]

FIGURE: THE 2027 BARS: VISA'S RUN RATE TRIPLES, X402 ALMOST QUADRUPLES



Source: Visa; x402 transaction dashboard; 2027 bars from this thesis.

Our 2027 call: Stablecoins begin taking visible share from correspondent banks, while card networks and the leading smart-contract platforms, where this settlement happens, capture the infrastructure value rather than losing out.

Two tests to track through 2027:

- **Primary:** Visa's disclosed stablecoin settlement run rate: crossing USD 60bn annualised by Q4 2027 (from USD 20bn today) is the bar.
- **Secondary:** x402 cumulative transactions: surpassing 750mn by end 2027 (from 191mn today) is the bar for agentic payments at scale.

What would prove us wrong: If Visa's run rate stalls well short of USD 60bn and if x402 protocol activity plateaus during 2027, card networks and programmable smart contract infrastructure may not be the primary benefiters.

Sygnal Four: Tokenization will move at two speeds

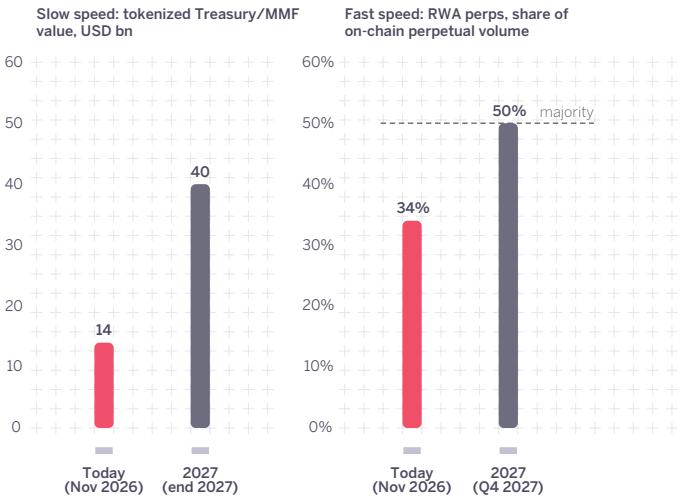
Treasuries take the yield and equities take the leverage, as tokenized Treasuries become the default yield-bearing digital dollar while equity and RWA perpetuals grow to account for most on-chain perpetual volume.

Tokenization's promise is simple: faster settlement, 24/7 access, and lower-friction global distribution. That promise is now splitting into two trades moving at different speeds. The slow one is the balance-sheet trade; yield-seeking dollars migrating from stablecoins into tokenized Treasuries and money-market funds. The fast one is the trading trade; equities and derivatives such as perpetuals moving on-chain. Both trades are the same underlying shift, worth tracking separately.

The Genius Act bars stablecoin issuers from paying yield directly, and issuers have been routing it back via affiliate "rewards" programmes instead,[98] a loophole the OCC is now moving to close.[99] Rates make that ban bite harder; the Fed hiked to a 3.75-4% target range on 16 September 2026,[100] its first hike since 2023, with Fed Funds futures prices currently implying at least one additional 25bps hike until end of 2027.[101] At a roughly USD 290-300bn stablecoin market cap,[102] holders are forgoing about USD 12bn a year[103] in yield to issuers like Circle and Tether. The result: tokenized Treasury and money-market fund value has grown to roughly 5% of the stablecoin universe,[104] with total distributed value, the on-chain equivalent of market capitalisation, at roughly USD 14bn today.

Wall Street's own infrastructure is now building toward the second trade directly. The SEC's Innovation Exemption, issued 17 September 2026, lets permissioned venues trade tokenized US stocks through AMM liquidity pools without registering as an exchange, and OKXICE, the joint venture between OKX and NYSE-parent Intercontinental Exchange, filed on 4 October 2026[105] to run a 24/7 venue for certain stocks, the clearest sign yet that incumbents, not just crypto-native platforms, are building this. The sandbox stays tight for now; each Tier 1 stock is capped at 0.25% of its prior-month average daily volume, though the SEC has already asked in its own comment file whether the caps should be raised. The leverage side is moving faster; Hyperliquid-led RWA perpetual markets now account for roughly 34%[106] of all on-chain perpetual volume,[106] per DefiLlama's RWA Perps dashboard, up from near-zero eighteen months ago.

FIGURE: TWO SPEEDS, TWO BARS: TOKENIZED TREASURIES MORE THAN DOUBLE, RWA PERPS TAKE THE MAJORITY



Source: rwa.xyz; DefiLlama RWA Perps; 2027 bars from this thesis.

Our 2027 call: Tokenized Treasuries and money-market funds become the default yield-bearing digital dollar as regulation and rates both push in the same direction, while equity and RWA perpetuals grow from roughly a third to the majority of on-chain perpetual volume, with incumbents like OKXICE now building the rails alongside crypto-native venues.

Two tests to track through 2027:

- **Primary:** Tokenized Treasuries and tokenized money market fund distributed value: surpassing USD 40bn by end 2027, from about USD 15bn today, is the bar.
- **Secondary:** RWA-perp share of on-chain perpetual volume: crossing 50% by Q4 2027, from about 34% today, is the bar.

What would prove us wrong: If tokenized Treasuries or tokenized money market funds value stalls even with policy rates at or above 4%, or if RWA perpetuals volume stay around a fifth of total on-chain perpetual volume, we would consider the thesis wrong.

Sygnal Five: Prediction markets give the signal, not the price

Prediction markets institutionalise as a macro expectations feed rather than a pricing tool, becoming an information layer that trading desks monitor alongside official data instead of the venue where macro assets are directly priced.

The question for 2027 is not whether prediction markets start setting macro prices. Rates and inflation likely stay priced where they always have been, in Fed funds futures, OIS and breakeven. The question is whether market-implied odds become a standard expectation feed that desks read alongside the official data. The evidence says they are getting there, one layer up the stack, as information rather than price.

The real value-add is a distribution, not an exact number. A futures price gives you a single implied path and a six-weekly survey gives you a snapshot without uncertainty bands. A prediction-market ladder on the other hand gives the whole probability distribution across outcomes, updated continuously. Fed staff made exactly this case in a February 2026 working paper, concluding that Kalshi provides a high-frequency, continuously updated and distributionally rich benchmark valuable to researchers and policymakers.[107] Notably, the same paper found accuracy broadly comparable to surveys and futures, with a statistically significant edge only on headline CPI and on the day before an FOMC decision.[108] The value is the real-time full distribution, not necessarily a better single number forecast. To keep in mind is the fact that these market-implied probabilities can be influenced by liquidity, participant concentration and contract design.

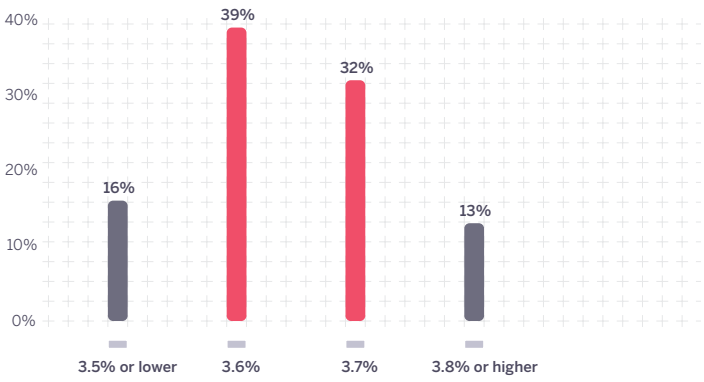
The clearest institutional signal is where the smart money went, and what it bought. ICE committed up to USD 2bn to Polymarket and had roughly USD 1.6bn invested by March 2026, structured around becoming the exclusive distributor of Polymarket's data.[109] Its Signals and Sentiment feed, live since February 2026, is explicitly designed to complement traditional pricing and sentiment inputs, not to replace them.[110] Dow Jones took the data into its titles in January, and Cantor opened institutional Kalshi trading in August.[111] The largest validators in the space are treating crowd-sourced probability as a sellable data product, which is a narrower and far more durable claim than "mainstream pricing tool."

The caveat is still size. Macro is a rounding error next to sports. On Kalshi, the Economics category traded about USD 134mn in the month to early October, roughly 0.2% of volume, even as it grew over 106% period on period.[112]

Going into the September CPI release, the prediction-market ladder priced the whole distribution, an 84% chance of inflation above 3.5%, 45% above 3.6%, 13% above 3.7%, a continuously updating picture no single futures contract gives a desk.[113] That is the role the thesis stakes out, supplying the distribution around a number the rates market still anchors. The bet for 2027 is on that trajectory deepening, not on today's volume.

FIGURE: THE DISTRIBUTION A FUTURES CONTRACT CAN'T SHOW

Market-implied probability of each September 2026 CPI print



Source: Kalshi

Our 2027 call: Prediction markets establish themselves as a macro information layer rather than a pricing venue. Desks read market-implied distributions alongside the official data, while rates and inflation stay priced in derivatives. The testable prediction is that the macro slice deepens. The Economics category grows materially as a share of volume and open interest. We do not expect prediction markets to start setting macro prices.

Two tests to track through 2027:

- **Primary:** The Economics category's share of volume and open interest, read off public dashboards each quarter, which tells us whether macro is genuinely deepening or staying a sideshow to sports.
- **Secondary:** The ICE and Dow Jones feeds scaling, and prediction-market odds moving from occasional citation in market commentary to a routine input in sell-side and central-bank research.

What would prove us wrong: The thesis weakens if the Economics share flatlines, or if institutions keep treating the data as a curiosity rather than an input, and it is wrong if, instead, rates genuinely begin to price off prediction markets rather than the futures curve.

Sygnal Six: The rotation strikes back

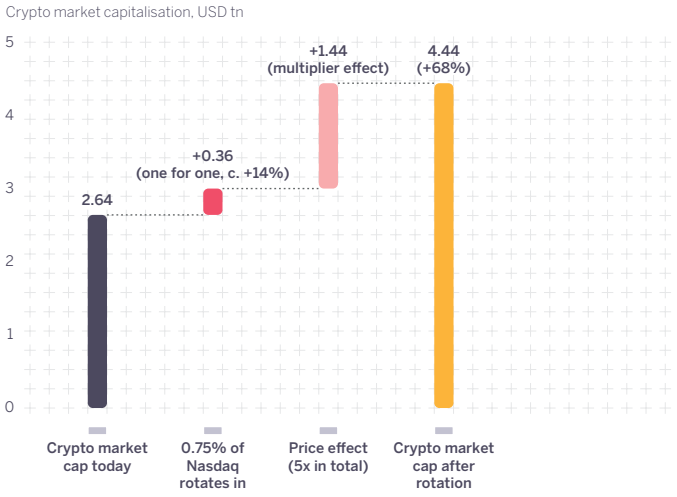
It does not take a mass rotation out of equities and into digital assets to shift the cycle. Ceteris paribus, a small rotation of AI equity gains in Nasdaq tech-stocks to digital assets would in essence already be enough to take Bitcoin and the wider crypto market to new highs.

Nasdaq-listed companies are worth about USD 48tn[114], the Magnificent 7 alone about USD 22.5tn[115], and the Nasdaq-100 trades at about 25x trailing earnings[116]. Investors still holding at these levels are comfortable with risk and potentially sit on large gains. Even if only a small share of them rotates part of those gains, it would move digital asset market cap significantly.

At the same time, digital assets market cap is still well below its highs. Bitcoin trades about 40% below its USD 126k peak, Ether about 55% and Solana about 70%, while major US equity indices, despite the recent tech sell-off, remain within reach of the records they set in October.[117] Thus for investors that consider a rotation of their tech equity gains, digital assets become a valid candidate, especially against the backdrop of an easy access. US spot Bitcoin ETFs hold about USD 97bn[118]. For an investor who owns QQQ, Bitcoin is one more ticker – unlike previous cycles, rotating from tech equities to Bitcoin or other digital assets is now as easy as rotating from MSFT to GOOGL.

And given the different market capitalisations, already small flows may have large price effects. The digital asset market carries a market capitalisation of about USD 2.6tn, roughly 5.5% of the Nasdaq. If 0.75% of Nasdaq market cap (about USD 360bn) rotated and simply added to market cap one for one, the digital asset market would rise about 14%. However, the actual effect may be larger. Most Bitcoin sits with long-term holders who rarely sell, so new buyers must push the price up to find sellers, and the higher price then applies to every coin. There is a small but growing literature trying to estimate the multiplier, with a range covering a wide area between 4x to 100x.[119] Accordingly, applying a cautious approach and using a multiplier of 5x, the stylised USD 360bn market cap rotation from above would lift total crypto market capitalisation by about 68% and assuming a constant market cap proportion, Bitcoin to roughly USD 128k, a new all-time high.

FIGURE: A 0.75% ROTATION OUT OF THE NASDAQ LIFTS CRYPTO BY ABOUT TWO-THIRDS



Source: CoinGecko, CEIC, Nasdaq; Sygnum calculations. Data as of 5 November 2026.

Our 2027 call: A small rotation of AI equity gains into crypto is enough to take Bitcoin to a new all-time high in 2027.

Two tests to track through 2027:

- **Primary:** Total 2027 net inflows into US spot crypto ETFs: above USD 60bn by end of 2027.
- **Secondary:** Crypto market cap relative to the Nasdaq: from about 5.5% today to above 8% by end of 2027.

What would prove us wrong: If US spot crypto ETFs experience net outflows two quarters in a row of, while the Nasdaq-100 simultaneously gains more than 5%, we would consider the thesis to be wrong.

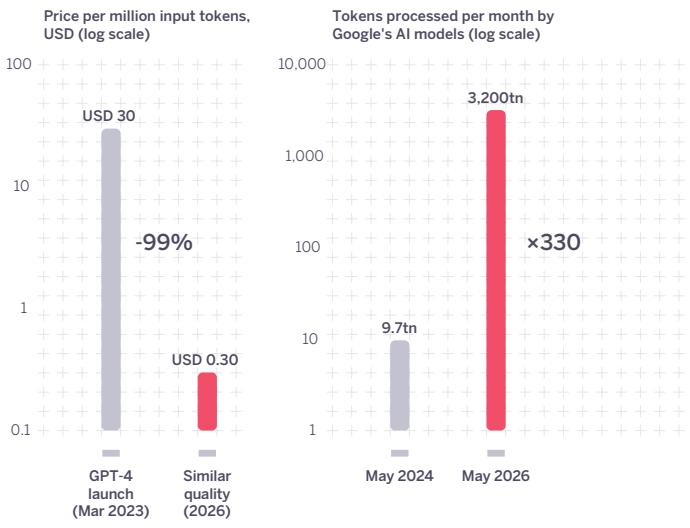
Sygnal Seven: The AI demand flywheel

As AI costs continue to fall, usage grows even faster, which keeps revenues rising across semiconductors, cloud infrastructure and leading AI platforms throughout 2027. This may free up gains for rotation into other megatrends, digital assets among them, or at least ease one of the market risks for crypto: an AI-driven correction.

In 1865, William Stanley Jevons observed that more efficient steam engines increased total coal use. We expect the same for AI in 2027; falling prices unlock more usage than they cost in revenue, resulting in a net positive effect on revenue.

AI usage is getting much cheaper. Usage is priced in tokens. That is units of text worth roughly three quarters of a word in English and typically quoted per million tokens. A million input tokens cost about USD 30 when GPT-4 launched in March 2023; a model of similar quality now costs about USD 0.30, and average token prices halved between May and August 2026 alone.[120] Meanwhile, usage grows faster. Across Google's products and cloud customers, its AI models processed 9.7tn tokens a month in May 2024 and more than 3.2 quadrillion in May 2026, about 330 times more.[121] And yet, adoption is still early. Only about 20% of US firms say they use AI in their business.[122]

FIGURE: CHEAPER TOKENS, BIGGER BILL



Source: OpenAI pricing; Google

As a result, the bill is going up. And one layer's bill is the next layer's revenue. Combined annualised revenue at OpenAI and Anthropic rose from about USD 30bn at the end of 2025 to more than USD 100bn by August 2026.[123] Similarly, Azure grew 43%, Google Cloud 82% and AWS 37%, and Nvidia's data centre revenue more than doubled.[124]

If the Jevons dynamic holds and leaving tighter financial conditions aside, stretched AI valuation multiples would start to normalise, potentially extending the AI-driven equity bull market into 2027. Since sharp tech sell-offs have tended to spill over into digital assets, a sturdier AI trade lowers that risk for crypto and supports the equity gains behind our rotation thesis.

The risk in 2027, however, is returns rather than revenue. Hyperscaler capex is heading from about USD 730bn in 2026 toward USD 935bn or more in 2027, with end-customer AI revenue covering only about a fifth of it, and the 10-year Treasury yield on elevated levels.[125] Chips and cloud are the clearest winners; leading AI platforms face price pressure from open-weight models.

Our 2027 call: An AI bust is a key risk for digital assets. But it isn't coming. Falling token prices keep driving usage faster than prices fall, so revenue across chips, cloud and leading AI platforms keeps compounding through 2027, and the wealth it creates looks for its next megatrend.

Two tests to track through 2027:

- **Primary:** Token spend (volume multiplied by usage-weighted price) rises in every quarter of 2027, even as prices keep falling.
- **Secondary:** Combined OpenAI and Anthropic annualised revenue: above USD 250bn by end of 2027.

What would prove us wrong: We consider the thesis wrong if token spend and leading AI platforms revenue is flat or falling for two quarters in a row while AI token prices keep declining.

Sygnal Eight: 2027 is a carry year for crypto trades

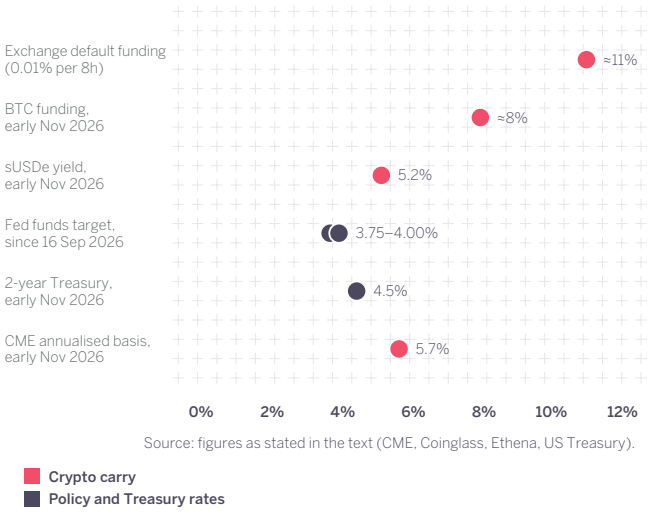
Higher policy rates raise the bar for crypto carry, but returning demand for leverage as digital asset adoption advances should keep crypto funding rates and futures basis mostly positive in 2027. This is especially good news for classic carry trades, which go long spot and short futures to capture the spread.

The market expects rates to stay higher. The Fed raised rates to 3.75-4% on 16 September, its first hike since 2023,[126] and Fed Funds futures prices currently imply at least one additional 25bps hike until end of 2027.[127] This matters, as the risk-free rate sets the anchor rate for carry. For a fully funded trader that borrows nothing, it's the opportunity cost of not holding T-Bills. For a leveraged trader, it's typically the floor of the funding costs, as they fund themselves at roughly the overnight rate plus a spread. When the basis exceeds the funding costs, basis traders add positions, and their futures selling compresses the basis until it reaches the break-even. Consequently, higher T-bill yields raise the level at which arbitrage stops compressing the basis.

2026 however showed that the anchor is not a floor. Bitcoin's 30-day average funding rate stayed negative for 67 days in a row into May, the longest stretch this decade.[128] By August, the annualised CME basis of about 3% was below the 2-year Treasury yield of 3.8%, and hedge funds on CME turned net long for the first time in years as the basis trade stopped paying.[129] BTC funding runs at about 8% a year per end of October[130] and sUSDe yields about 5.2%,[131] closer to T-bills.

With advancing digital asset adoption, Bitcoin going from policy to portfolio, Tokenization increasing blockchain infrastructure at two speeds, and the AI demand flywheel continuing, we expect demand for leverage to keep Bitcoin funding rates mostly positive through 2027. Higher policy rates set a higher hurdle, but a sustained spread over T-Bills would revive the ETF carry trade.

FIGURE: HIGHER RATES RAISE THE BAR AS WELL AS THE ANCHOR



Source: figures as stated in the text (CME, Coinglass, Ethena, US Treasury).

Our 2027 call: 2027 is a carry year. Crypto funding rates and futures basis stay mostly positive and for BTC on average pay more than T-bills.

Two tests to track through 2027:

- **Primary:** CME 3-month annualised BTC basis minus the 3-month T-bill above +2 percentage points on average over 2027.
- **Secondary:** average BTC funding, weighted by open interest, minus the 3-month T-bill above +2 percentage points on average over 2027.

What would prove us wrong: If average carry over T-bills or average BTC funding over T-bills stay negative for two consecutive quarters, we consider the thesis to be wrong.

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We believe that the future has heritage. Our crypto-native team of banking, investment and digital asset technology professionals are building a trusted gateway between the traditional and digital asset economies that we call Future Finance. To learn more about how Sygnum's mission and values are shaping this digital asset ecosystem, please visit **www.sygnum.com**

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