

Digital Asset Outlook 2025

5 price targets and trends to watch in 2025

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01 Foreword



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As we step into the new year, let's embrace the exciting opportunities ahead in the world of digital assets.

The landscape is evolving rapidly and we are witnessing breakthroughs in blockchain technology, regulation, Decentralized Finance (DeFi), Artificial Intelligence (AI) and tokenization of Real World Assets (RWA).

This year holds immense potential for growth, not only in terms of financial opportunities but also in how crypto can transform industries and drive global economic change.

We will see in 2025 many positive developments such as advancements in scalability and adoption within all sectors of the economy. We also remain very bullish on the asset class with ambitious - but achievable - higher price targets for 2025.

Happy New Year to all, let's make it happen in 2025!

02 Our 5 price targets for 2025



Bitcoin (BTC)

- ▶ Growing demand worldwide for store-of-value assets to hedge against currency devaluation.
- ▶ BTC will benefit from record inflows into BTC ETFs, with increased demand from corporations and governments (strategic reserve funds).
- ▶ Current valuation is attractive according to Stock-to-Flow model, other indicators are not showing overheated activity yet.

Target \$150,000



Source: TradingView, BAM

Ethereum (ETH)

- ▶ « Spectra » upgrade will drive further efficiencies in 2025 and financial giants will launch a growing number of institutional rollups on Ethereum.
- ▶ Growth in L2s (i.e. Base, Arbitrum, Optimism, etc.), DeFi sector and tokenization use case such as stablecoins will ultimately increase activity metrics, which will raise ETH's fee generation and push market valuation higher.
- ▶ Spot ETF inflows will accelerate in 2025, boosting investor demand for ETH and ETH's staking yield.

Target \$7,000



Source: TradingView, BAM

Solana (SOL)

- ▶ In 2024, Solana emerged as a strong competitor to Ethereum thanks to its speed and lower fees, attracting users and flows (e.g. for meme coin trading) and expanding into TradFi (partnerships: Paypal, Visa).
- ▶ Most anticipated upgrade for 2025 is « Firedancer », which will increase Solana's scalability with unmatched throughput and efficiency (1M TPS).
- ▶ New Spot ETF on Solana and further TradFi integration are expected to increase Solana's valuation in 2025.

Target \$400



Source: TradingView, BAM

Total Market Cap

- ▶ The asset class will benefit from the combination of two positive factors in 2025:
 - BTC asserting its status as the new digital gold; and
 - The broader market valuation expanding after a rise in its activity and fundamental metrics.
- ▶ We are expecting a major market expansion with Mid/Small caps and DeFi outperforming BTC.

Target \$5,5tn



Source: TradingView, BAM

DeFi market cap

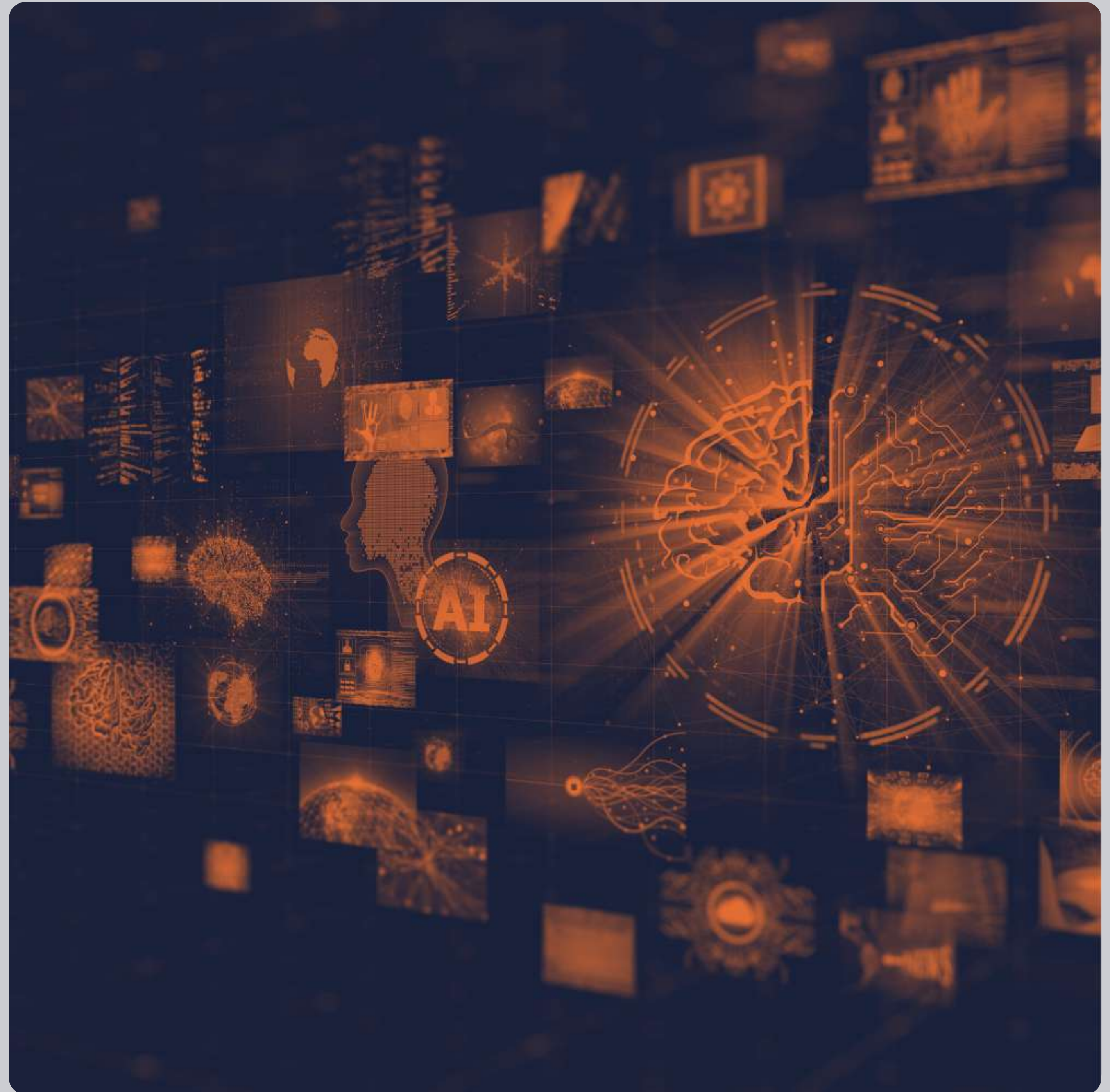
- ▶ Highest growth potential for a high beta sector.
- ▶ Cash generation is at all time highs and adoption is on the rise, with DeFi use cases gaining traction and the entire sector benefiting from massive regulatory tailwinds with pro crypto regulatory framework in the US.
- ▶ Fees/Market Cap ratio points to a significant re-rating of the sector. Currently DeFi dominance is only 3.7% of the total market cap. This is expected to greatly increase.

Target \$300bn



Source: TradingView, BAM

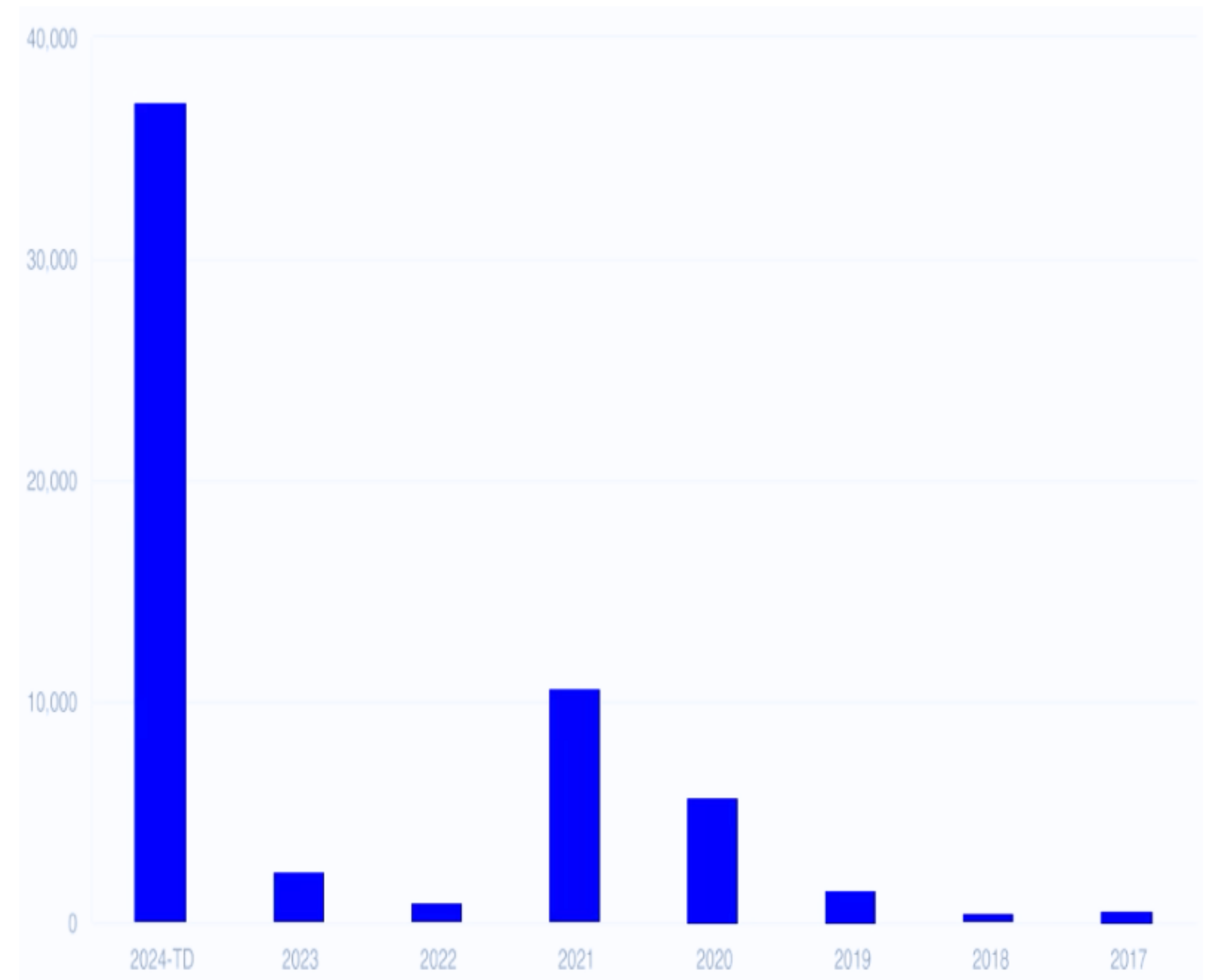
03 5 trends to watch in 2025



Institutional adoption on the rise

- ▶ Institutional interest in digital assets has been growing steadily, with 2024 marking a watershed moment.
- ▶ The approval of Bitcoin spot ETFs in the U.S. has spurred interest among sovereign wealth funds, endowments, pension funds, and insurers.
- ▶ BTC and ETH ETFs are expected to attract record-breaking inflows, exceeding the already impressive inflows achieved in 2024.

Total global digital asset fund flows (US\$m)



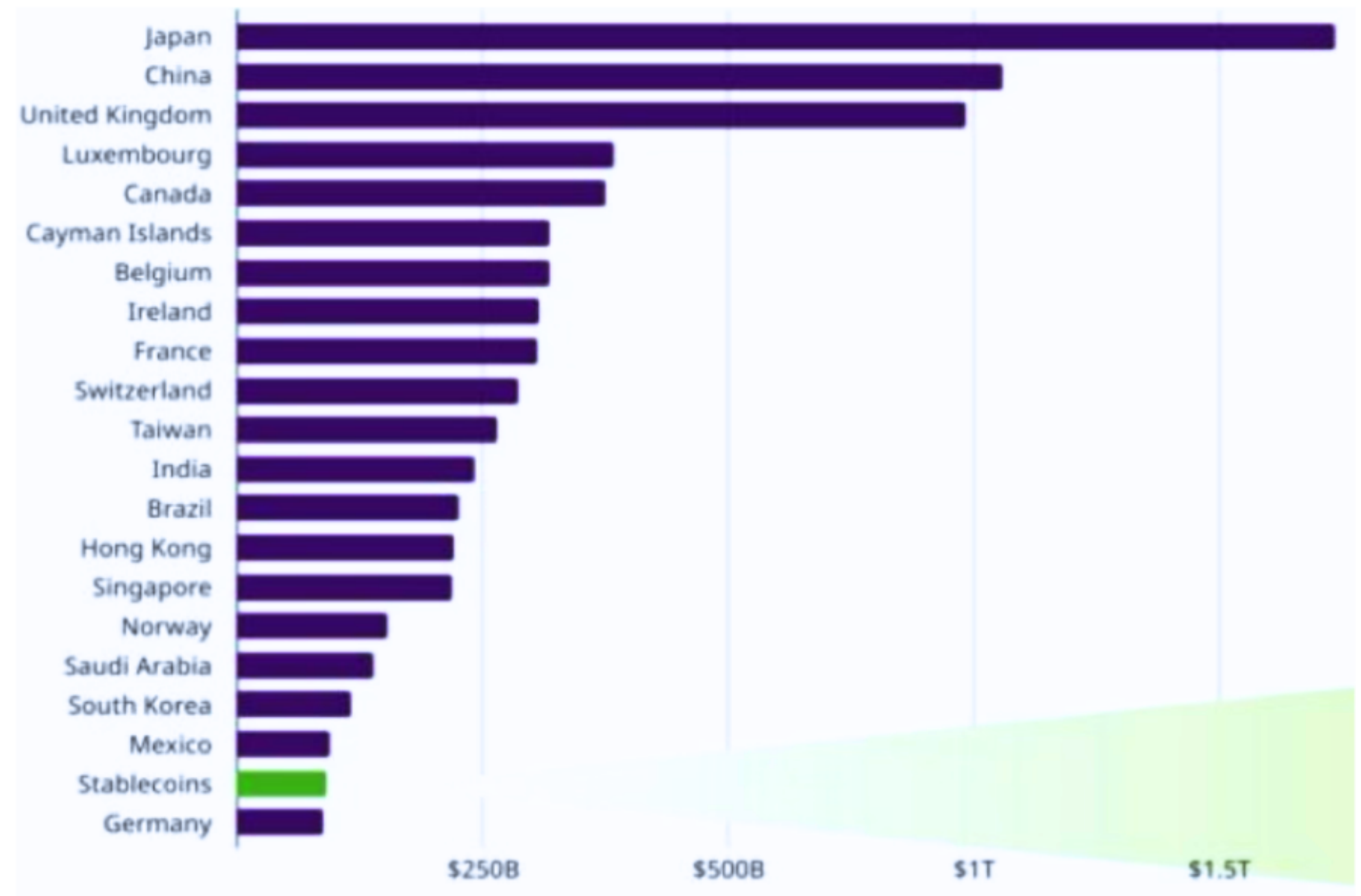
Source: CoinShares, data as of close 23 November 2024

More regulatory clarity favouring stablecoins

- ▶ New policies addressing stablecoins, decentralized exchanges and taxation of crypto assets will be implemented in 2025.
- ▶ Monthly Stablecoin Transfers (USD) were up 180% YoY in 2024 and Stablecoins are already a top 20 holder of US debt.
- ▶ Stablecoin-specific legislation in the U.S. is expected to double the market size of stablecoins to \$400 bn, offering a reliable medium for both institutional and retail transactions.

Source: Stateofcrypto

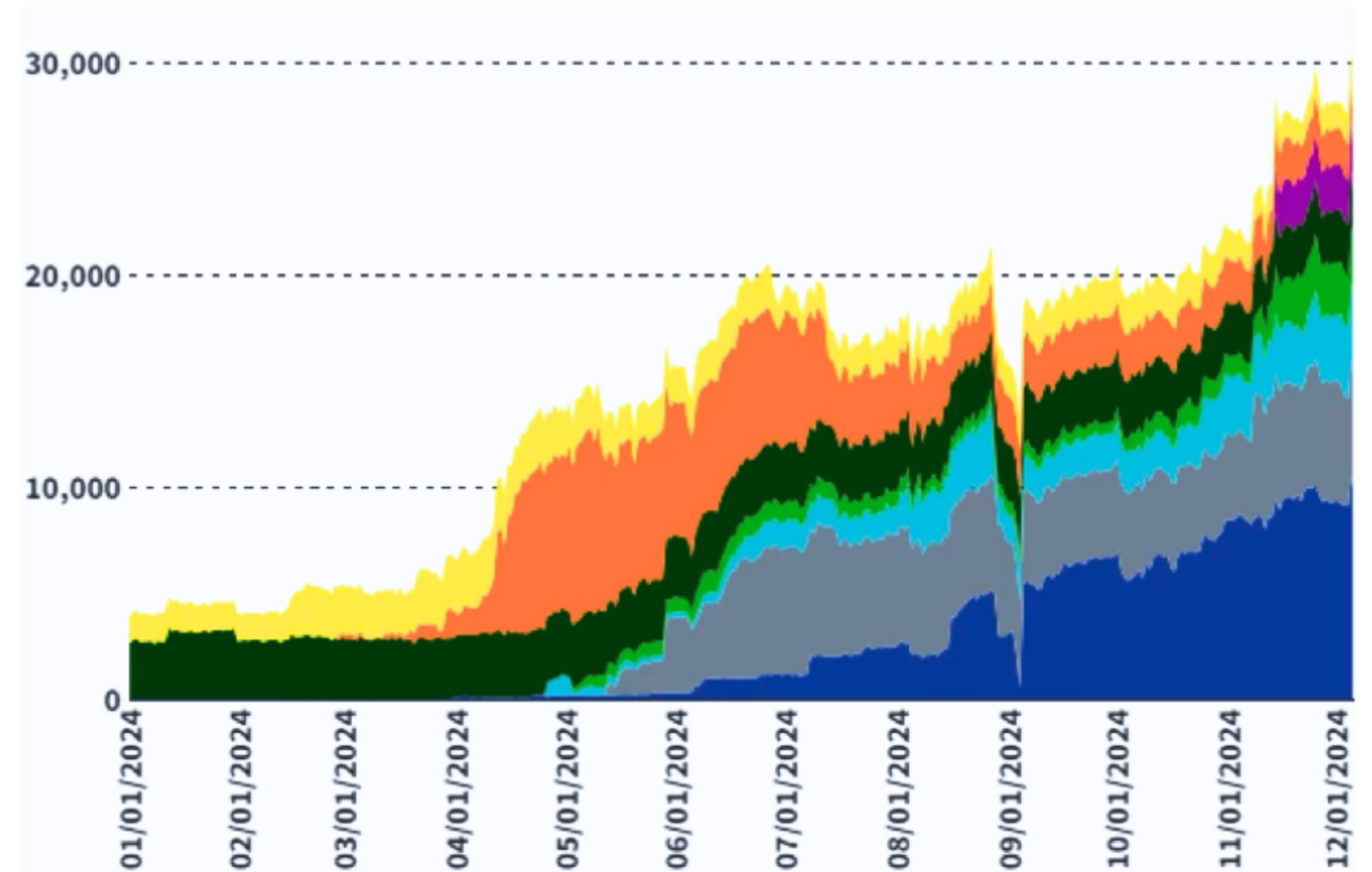
Stablecoins vs major foreign holders of US treasury securities



The rise of a new Bitcoin ecosystem

- ▶ The emergence of Bitcoin layer-2 (L2) blockchains is allowing Bitcoin to scale as L2s enable higher transaction throughput.
- ▶ Bitcoin L2s introduce smart contract functionalities which can power a robust decentralized finance (DeFi) ecosystem built around Bitcoin.
- ▶ Bitcoin L2s might transform Bitcoin into an active participant in decentralized ecosystems.

Bitcoin L2s TVLs Reach 30k BTC, 600% Increase YTD 2024

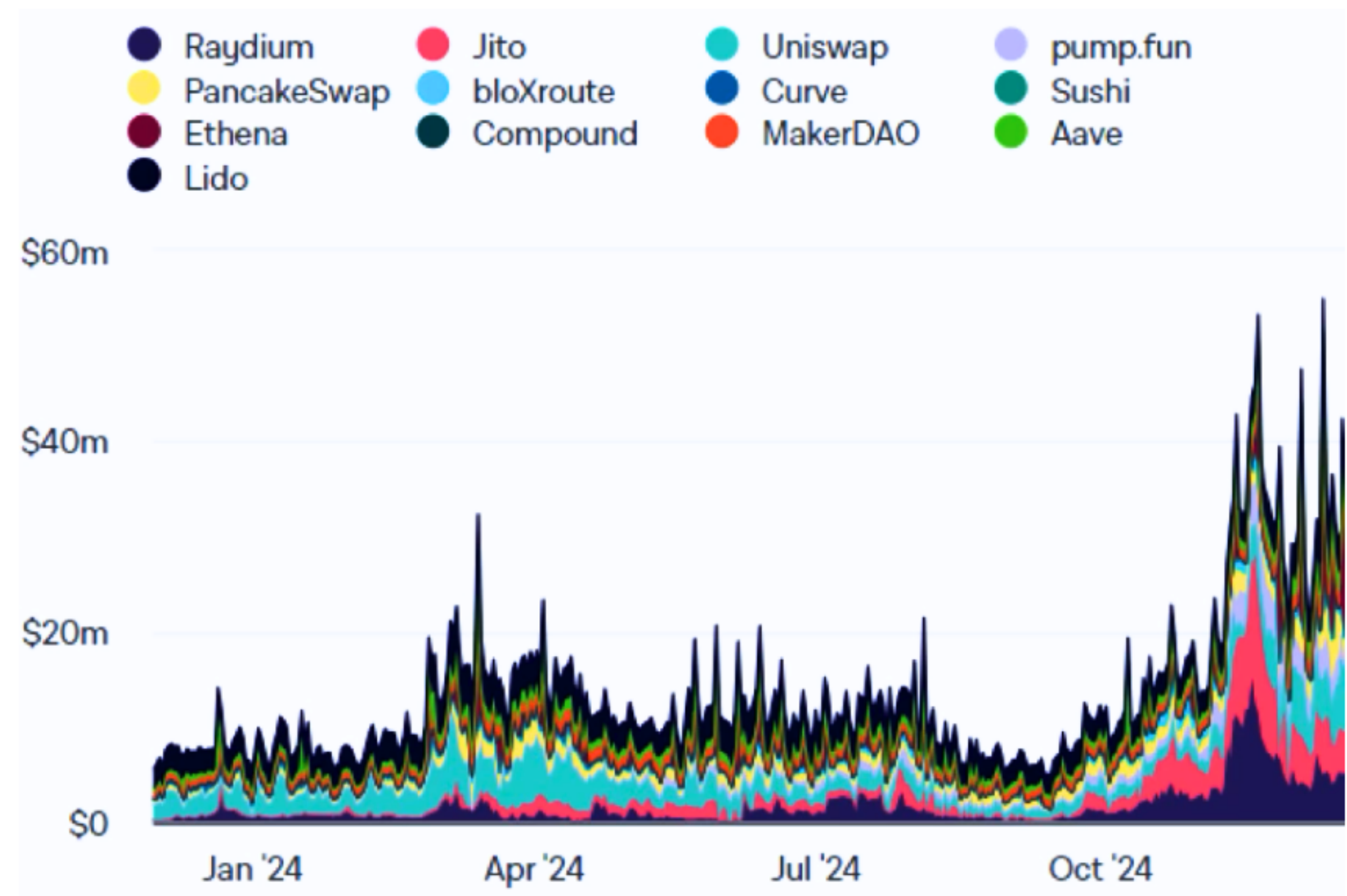


Source: Defilama, VanEck

DeFi benefiting from revenue sharing

- ▶ DeFi players like Uniswap, Maker, Aave and Lido have reached a strong product-market fit.
- ▶ Greater regulatory clarity will incentivize DeFi projects to adopt fee-sharing mechanisms and incentive structures, attracting more investors to DeFi in 2025.
- ▶ With activity metrics showing sustained growth (fees, TVL, DEX volumes), DeFi's dominance might significantly rise in the future.

Daily DeFi fees

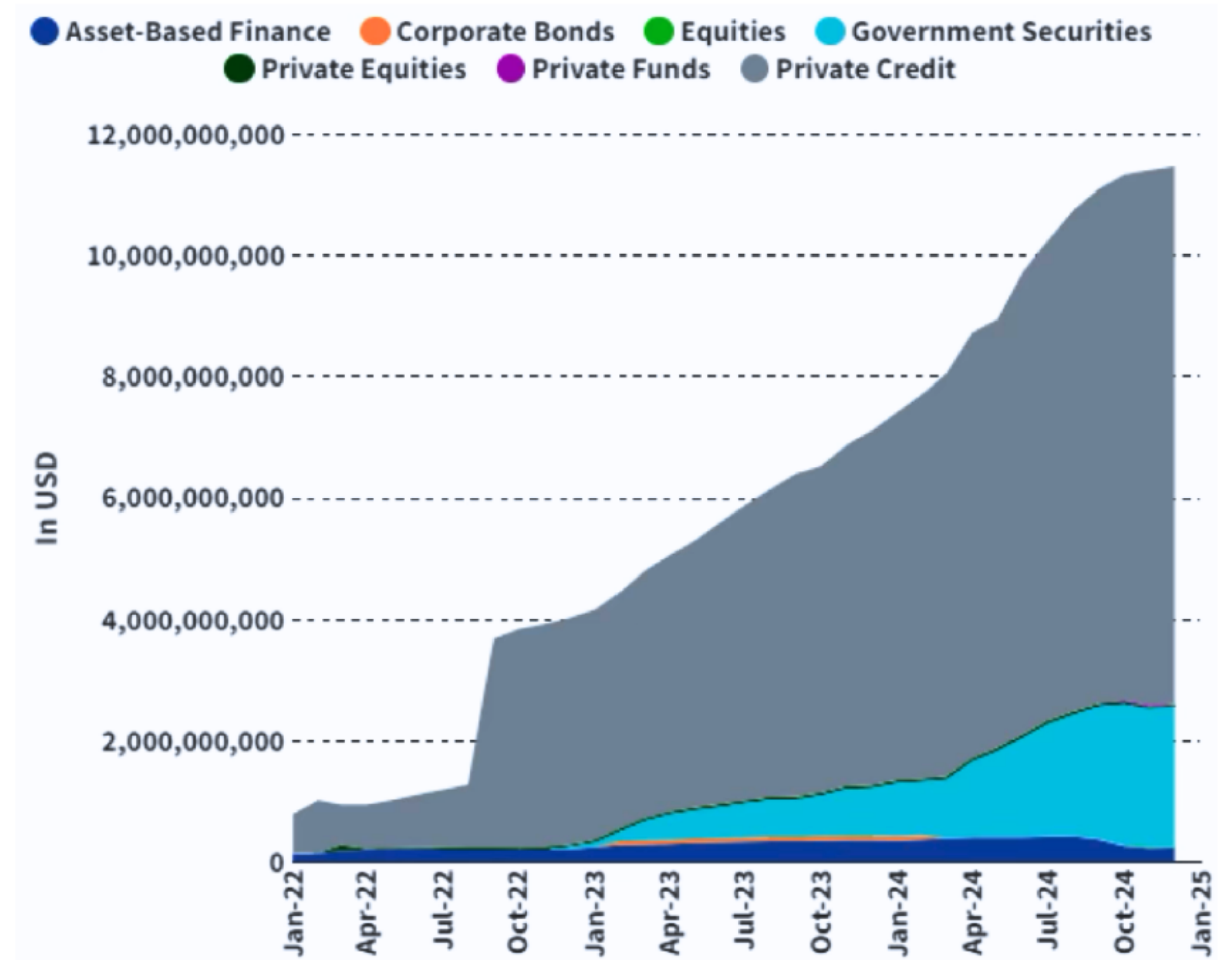


Source: theblock, data as of December 2024

Tokenized RWAs gaining traction

- ▶ The tokenization of real-world assets (RWA) represents a significant frontier for blockchain applications.
- ▶ RWAs, which include securities, real estate, intellectual property, and luxury goods, enable fractional ownership and liquidity for traditionally illiquid assets.
- ▶ Onchain securities grew 61% in 2024. By 2025, the sector is projected to exceed \$50 billion in value, supported by regulatory frameworks that ensure transparency and investor protection.

Tokenized securities (value)



Source: VanEck

04 Conclusion



A broader market expansion in 2025

While forecasts are rarely met and shall not be used as financial advice, it is nice to remember Stephen Hawking's quote:

'There is no way that we can predict the weather six months ahead beyond giving the seasonal average'.

Based on historical patterns and where we are in the cycle, we believe that the seasonal average will favour a bullish market environment in 2025 as the market enters price discovery and experiences a broader market expansion. In this context, investors focused on Mid/Small caps and DeFi will benefit most and greatly outperform Bitcoin, in our opinion.

The BAM team



Meet the team!



Manuel E. De Luque Muntaner

Founder & CEO

25+ years broad experience across investment management and banking industries. Early engagement with cryptocurrencies. Significant experience in manager selection and due diligence at a traditional fund of hedge funds. Held senior private banking positions at Citibank, Lloyds TSB and Credit Suisse. Master Degree in Banking and Finance and an MBA.



Kevin Ballard

Co-Founder & CCO

20+ years experience business development roles across traditional and alternative asset management sectors. Extensive fund operational and compliance experience. International Financial Advisor (CII FAIQ) in Latin America.



Juan Carlos Serrano

Partner & COO

25+ years experience in senior operational and control roles across leading financial institutions such as AXA and Credit Suisse. Degree in Business Administration and Executive Master of Corporate Finance from the Institute of Financial Services Zug.



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25+ years experience in Private Banking and business development. Entrepreneur and investor. Business Management Degree and Postgraduate in Private Banking. Master Degree in Marketing Digital.



Daniel Vegue Domínguez

Partner

25+ years experience across Private Banking and Wealth Management. Previously held leadership positions at Julius Baer, Credit Suisse and Lloyds TSB. Certified Wealth Management Advisor. BS, MIS and BBA from Saint Louis University, MO, USA. Oxford Said University Fintech Program.



Brendan Hayes

Research

With 20+ years of experience in investment fund operations, focusing on due diligence for alternative funds, including crypto. He has served as CFO, COO, and CCO at a hedge fund manager and is a CAIA charter holder, working on research and fractional CFO mandates.



Juan Bascones

Research

Experienced investment professional focused on fund selection, portfolio, and risk management in traditional and crypto hedge funds, private equity, and private credit. Former Partner and Portfolio Manager at ICR SGIIC, with prior roles at J.P. Morgan and Royal Bank of Canada. Since 2021, part of Block Asset Management's Research Team.

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