

CAPITAL FLOW DYNAMICS 2025:

NAVIGATING TRADITIONAL AND
EMERGING MARKETS

—Aureus Advisors



Research Background and Objectives

Amid a macro environment characterized by persistently high interest rates, sticky inflation, and tightening global monetary policies, the world's capital markets are undergoing profound structural realignment. Liquidity pressure and sluggish growth in traditional equity markets are driving

institutional investors to explore new allocation frontiers. At the same time, as regulatory

frameworks mature and infrastructure strengthens, digital assets are evolving from speculative instruments on the periphery to a core component of diversified multi-asset portfolios.

This report, developed by the Aureus Advisors Research Division, leverages the QuantSight AI

system's big data analytics to comprehensively examine capital flow dynamics between

traditional equity markets and emerging digital asset markets in 2025, providing forward-looking asset allocation insights.

Research Dimensions:

- Global capital flow trend analysis
- Structural comparison between equities and digital assets
- Institutionalization progress and corporate adoption pathways
- Emerging investment themes and key risk factors



AUREUS
ADVISORS

Key Findings

Equity Market Liquidity Tightening, Returns Compressing

In a global high-interest rate environment, U.S. equities remain under pressure. Market stability is increasingly dependent on mega-cap tech and a handful of blue-chip stocks. Sector rotation has accelerated, but overall liquidity and earnings elasticity are declining. Institutional appetite for traditional equities is notably weakening.

Crypto Market Benefiting from Institutionalization, Accelerating Capital Inflows

With the approval of spot Bitcoin and Ethereum ETFs, alongside strategic allocations by global corporates such as Deutsche Bank, JPMorgan, and MicroStrategy, digital assets are entering a phase of structural adoption. Capital flows show significantly improved liquidity and stability in core crypto assets, providing investors with a clearer hedge and growth channel.

QuantSight AI System Highlighting Advantages

In today's volatile market, AI-driven strategies are becoming critical for capturing alpha. TQuantSight AI leverages big data modeling and deep learning to capture 24/7 high-frequency volatility across global markets, translating into high-probability trading signals. Unlike equities, where delayed settlement and limited trading hours constrain strategies, crypto's always-on market amplifies AI's edge.



Capital Flow Highlights: Equities vs. Crypto



Equities: - Institutional capital remains concentrated in mega-cap tech (NVDA, MSFT, AAPL), but net inflows are slowing. - Retail liquidity has weakened, constrained by macro uncertainty (rates, inflation, geopolitics). - Market positioning has shifted toward defensive allocations rather than high-growth opportunities.

Crypto: - Capital is flowing into BTC, ETH, and emerging themes such as Layer-2 scaling and AI+Crypto sectors. - ETFs and corporate treasury allocations provide sustained long-term support, while DeFi and stablecoins deliver flexible liquidity. - Market depth and breadth are expanding; despite volatility, risks can be hedged with intelligent trading signals.

Investor Insights - Structural Capital Shift: A portion of capital will inevitably reallocate from lower- return equities into higher-growth digital assets. - AI-Driven Edge: In highly volatile markets, AI-driven trading models enhance trend recognition, risk management, and alpha capture. - First-Mover Advantage: The current institutionalization of digital assets is still in its infancy. Early positioning can deliver not only outsized returns but also long-term “capital and influence dividends” over the next 5– 10 years.

INTRODUCTION

Background

In an environment of ongoing global market turbulence, central bank rate policies and persistent inflation have become dominant variables, exerting pressure on equity valuations and liquidity. At the same time, geopolitical uncertainty and cyclical volatility have driven investors to seek assets with stronger downside protection and higher growth potential.

Rise of Digital Assets

Digital assets—especially Bitcoin and Ethereum—are evolving from speculative instruments into core components of global asset allocation. Institutional adoption, the maturation of stablecoin frameworks, and improvements in crypto-financial infrastructure are embedding digital assets deeper into the traditional financial system.

Objective

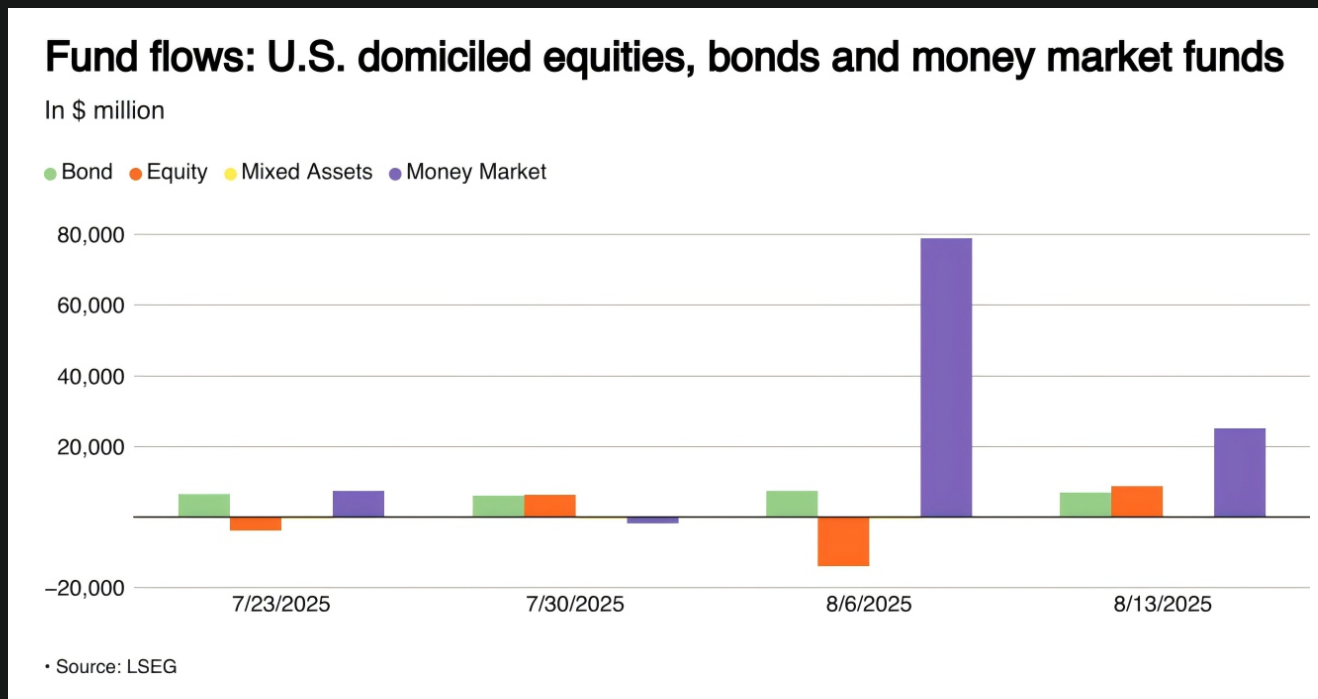
This report systematically compares equities vs. digital assets across:

1. Capital flows - migration patterns between asset classes.
2. Return drivers - cyclical characteristics of returns.
3. Trading rules - market structure, liquidity, and regulation.
4. Future trends - digital asset growth trajectory in a macro and institutional context.



3. CAPITAL FLOWS IN EQUITY MARKETS

1) Recent Equity Market Trends - Capital Outflows Rising: Reuters reports U.S. equity funds saw three consecutive weeks of net outflows as trade policy concerns and macro uncertainty intensified



Policy Expectations Attracting Hedge Funds: With rising expectations of a Fed rate cut in September, hedge funds increased allocations to financials while reducing exposure to defensive sectors

(healthcare, staples, utilities)

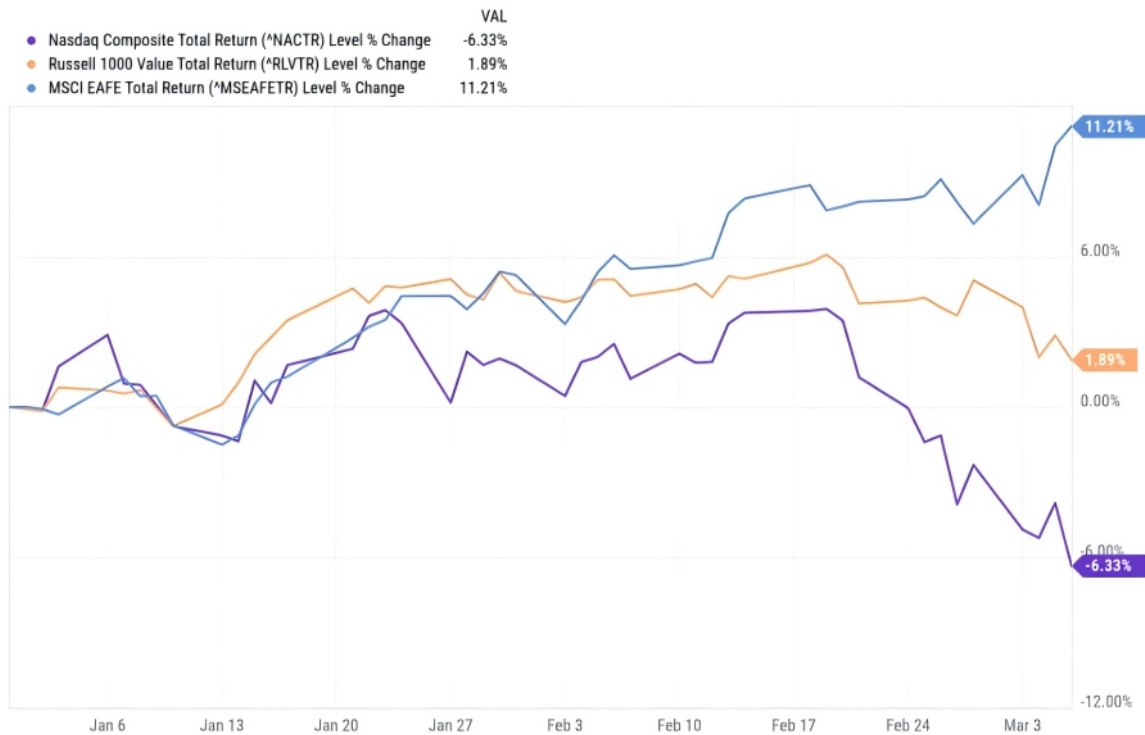
Retail Flows Driving Summer Rally: In mid-2025, retail flows into low-priced stocks and options pushed the S&P 500 up ~8%. Institutional investors remained cautious

Structural Concentration Risk: Tech's weight in the S&P 500 has surged to a record 34.5% (broader definition incl. AMZN, TSLA ~45%). This concentration risk is pushing investors toward energy, financials, and healthcare

2) Sector Rotation - Value Sectors More Active: Wells Fargo projects financials, defense, energy, and healthcare to outperform cyclical consumer sectors into year-end 2025

2025 Rotation Trends Emerging: Shift from high-growth tech to cyclical sectors (financials, energy, industrials)

2025 Growth vs. Value Stocks / International Stocks



3) Institutional Allocation Trends - Fund Outflows: ICI data shows U.S. domestic equity funds saw ~ \$16.74B outflows in June 2025. Global equity funds also recorded modest outflows

Estimated Flows* to Long-Term Mutual Funds

Millions of dollars

	8/6/2025	7/30/2025	7/23/2025	7/16/2025	7/9/2025
Total equity	-17,607	-21,901	-14,470	-304,307	-7,610
Domestic	-16,738	-17,967	-13,514	-302,849	-7,533
World	-869	-3,934	-956	-1,458	-77
Hybrid	-1,668	-1,177	-1,425	-1,315	-694
Total bond	2,916	8,324	7,040	5,735	7,645
Taxable	2,799	7,317	6,110	5,061	6,284
Municipal	117	1,006	931	674	1,361
Total	-16,359	-14,755	-8,855	-299,887	-659

* Note: Flow estimates are derived from data covering 98 percent of industry assets. Components may not add to the total because of rounding.

Diversification Abroad: Pension funds and asset managers are rebalancing toward European markets amid global uncertainty and perceived regional opportunities



Figure 1: Inflows Have Lifted European Stocks in 2025 (Source: FT)

4) Risk Factors - Policy Uncertainty: If inflation surprises or Fed rate cuts are delayed, a new selloff may occur.

Systemic Concentration: Heavy tech exposure elevates systemic risk, reinforcing diversification as a necessity.

4. CAPITAL FLOWS IN CRYPTO MARKETS

Market Scale

- New Highs: By August 2025, global crypto market cap reached \$4.18-4.2T, up from ~\$3.46T at the start of the year (+45.5% YoY).

Capital Inflows

- ETF Allocations: Spot BTC and ETH ETFs are drawing significant institutional flows
- Corporate Treasury: Firms like MicroStrategy, Tesla, and Square are building crypto reserves
- DeFi and Stablecoins: TVL in DeFi has rebounded to ~\$25.4B, with Aave comprising ~45%. Global stablecoin market capitalization reached ~\$255B (~7-8% of crypto market cap).

DIMENSION	TRADITIONAL ASSETS	CRYPTO ASSET
Regulatory Environment	Mature and stable regulatory frameworks; limited room for innovation	U.S. policy turning accommodative (e.g., spot Bitcoin ETFs, stablecoin legislation); global rules becoming clearer, attracting institutional participation
Capital Flows	Institutional capital is concentrated, with limited growth potential	Accelerating inflows from pensions, hedge funds, and asset managers, driving deeper liquidity
Volatility	Relatively low, with manageable risk but limited upside	Volatility moderating as institutional capital deepens liquidity; risks gradually converging
Return Potential	Moderate to low returns; limited long-term growth opportunities	High growth potential, with adoption and innovation creating opportunities for outsized returns
Diversification	Strongly correlated with global macroeconomic cycles	Increasingly uncorrelated with traditional assets, offering effective diversification and hedging
Market Access	Requires brokerage accounts and strict entry requirements	Accessible through exchanges, funds, and regulated ETFs; barriers to entry are gradually lowering

CEX vs. DEX Liquidity

- CEX: Centralized exchanges (Coinbase, Binance) provide strong order books, fiat onramps, and regulatory frameworks.
- DEX: Decentralized exchanges (Uniswap) offer transparency and non-custodial trading, but liquidity is fragmented and less resilient to large flows.

Analyst Insights

- Policy-Driven Growth: Pro-crypto legislation (e.g., “Genius Act”) accelerating institutional adoption.
- Market Maturation: DeFi and stablecoin ecosystems growing rapidly; ETFs and corporate treasuries anchoring long-term expansion.
- Risk Hedging: In high-volatility markets, AI-driven strategies like QuantSight AI are key to balancing alpha capture with risk control.



AUREUS
ADVISORS

5. EQUITIES VS. CRYPTOCURRENCIES: COMPARATIVE ANALYSIS OF PROFIT MODELS AND TRADING MECHANISMS

Profit Models

Equities:

- Dividends: Derived from corporate earnings distributions, suitable for long-term value investors.
- Capital Gains: The primary source of returns, generated from stock price appreciation.
- IPO (Initial Public Offering): Early investors or institutions may realize substantial returns when companies go public.
- Buybacks: Corporate share repurchases enhance shareholder value and support price appreciation.

Cryptocurrencies:

- Contract Trading (Derivatives):

Enables leverage and bi-directional trading. Investors can profit in bull markets by going long and in bear markets by going short. Higher risk, appropriate for experienced investors with strong risk management discipline.

• Staking:

Locking tokens within blockchain networks to maintain consensus and security. Investors receive interest or rewards based on duration and quantity staked. Analogous to dividends in traditional markets, offering stable passive income for long-term holders.

• ICO (Initial Coin Offering):

Projects raise funds by issuing tokens directly to investors. Provides early-stage opportunities but carries very high risk due to limited regulation and frequent fraud or failure. Comparable to venture capital or pre-IPO financing.

- IEO (Initial Exchange Offering):

Token offerings conducted via exchanges, which provide preliminary due diligence and endorsement. Safer than ICOs, with improved liquidity as investors participate directly through exchanges.

- STO (Security Token Offering):

Digitization and tokenization of traditional assets (equities, bonds, real estate). Highly regulated under securities laws, suitable for institutional investors seeking compliance and stability. Seen as a future bridge between traditional capital markets and digital assets.

- Airdrops:

Tokens distributed free of charge to users as promotional or community incentives. Zero-cost upside for investors, though with higher uncertainty. Analogous to corporate marketing campaigns rewarding early adopters or loyal customers.

- Capital Gains:

Profits derived from token price volatility.

- Short-Term Trading: Driven by market sentiment and technical indicators; high volatility and risk.

- Swing and Long-Term Holding: Similar to equity value investing, betting on quality projects (e.g., BTC, ETH) for long-term appreciation.

An aerial photograph of a city skyline at sunset. The sky is a gradient of orange and red, transitioning into a dark blue at the top. The city below is densely packed with buildings, many of which are illuminated with warm lights. The water in the foreground is dark, reflecting the city lights. The Aureus Advisors logo is overlaid on the left side of the image, consisting of a white square frame containing the text "AUREUS" and "ADVISORS" in a serif font.

AUREUS
ADVISORS

Trading Mechanisms

Equities:

- Limited Trading Hours: U.S. markets open Monday–Friday, 9:30 a.m.–4:00 p.m. ET.
- Settlement Cycle: T+1 clearing system, creating a delay in capital mobility.
- Strict Regulatory Framework: Overseen by the SEC and exchanges; high cost of non-compliance.
- Market Participants: Predominantly institutional investors, leading to greater market stability.

Cryptocurrencies:

- 24/7 Trading: Global, round-the-clock trading with no downtime.
- Instant Settlement: Nearly real-time transfer of funds and trade execution, ensuring high liquidity.
- Decentralization: No unified regulatory authority; rules are governed by protocols and community governance.
- Accessibility: Low barriers to entry, with relatively equal participation opportunities for retail and institutional investors.

Risk & Return Profile

Equities:

- Lower Volatility: Broad indices generally exhibit annualized volatility of 10–20%.
- Mid-to-Long-Term Stability: Driven by corporate fundamentals and macroeconomic growth.
- Predictable Returns: Long-term historical average annualized returns of ~7–10%.

Cryptocurrencies:

- High Volatility: BTC and ETH annualized volatility ranges between 60–100%.
- Significant Upside Potential: In cyclical bull markets, asset values can increase several-fold or even by an order of magnitude.

Category	Equity Markets	Crypto Markets
Dividends / Passive Income	Dividends: Companies distribute profits to shareholders, providing stable cash flow	Staking: Locking tokens to participate in network consensus and earn interest rewards, similar to dividends
Capital Gains	Capital Gains: Price appreciation generates profit from buy-sell spreads	Capital Gains: Token price volatility offers arbitrage opportunities, both short-term and long-term
IPO / Fundraising	IPO (Initial Public Offering): Companies raise capital through listing, subject to strict regulation	ICO / IEO / STO: Innovative fundraising models. ICO is high risk, IEO has exchange endorsement, STO offers stronger compliance, comparable to IPO
Leverage Trading	Margin Trading: Limited leverage under strict regulatory oversight	Contract Trading: High leverage with long/short positions, high risk and high return
Extra Incentives	No direct equivalent, some companies may offer shareholder perks or stock bonuses.	Airdrops: Projects distribute free tokens as part of marketing campaigns and user rewards
Alternative Investments	REITs, ETFs, Structured Products: Expanding income sources beyond equities	DeFi Yield Farming / Liquidity Mining: High returns but associated with smart contract risks

Analyst Insights

In traditional equity markets, investors primarily rely on dividends and capital gains for returns. However, overall performance is often constrained by industry cycles and regulatory environments. Financing channels are relatively limited (mainly IPOs), with opportunities concentrated among a handful of large corporations. Leverage and derivatives trading are strictly regulated, leaving less room for innovation and flexibility.

In contrast, the cryptocurrency market offers far more diverse investment models and opportunities:

- Investors can generate returns not only through price appreciation but also via staking and DeFi yield farming, which provide passive income streams comparable to dividends.

- Financing mechanisms are more flexible (ICO, IEO, STO), enabling investors to participate earlier in potential “next-generation unicorn” projects.

- High-leverage contracts, airdrops, and liquidity mining introduce additional avenues for capital growth.

As an emerging market, the crypto industry is expanding at a much faster pace than traditional equities. Its applications are gradually extending to payments, cross-border settlement, and asset tokenization, offering exceptionally broad long-term growth potential

6. GLOBAL ECONOMIC AND POLICY TRENDS

Macroeconomic Landscape

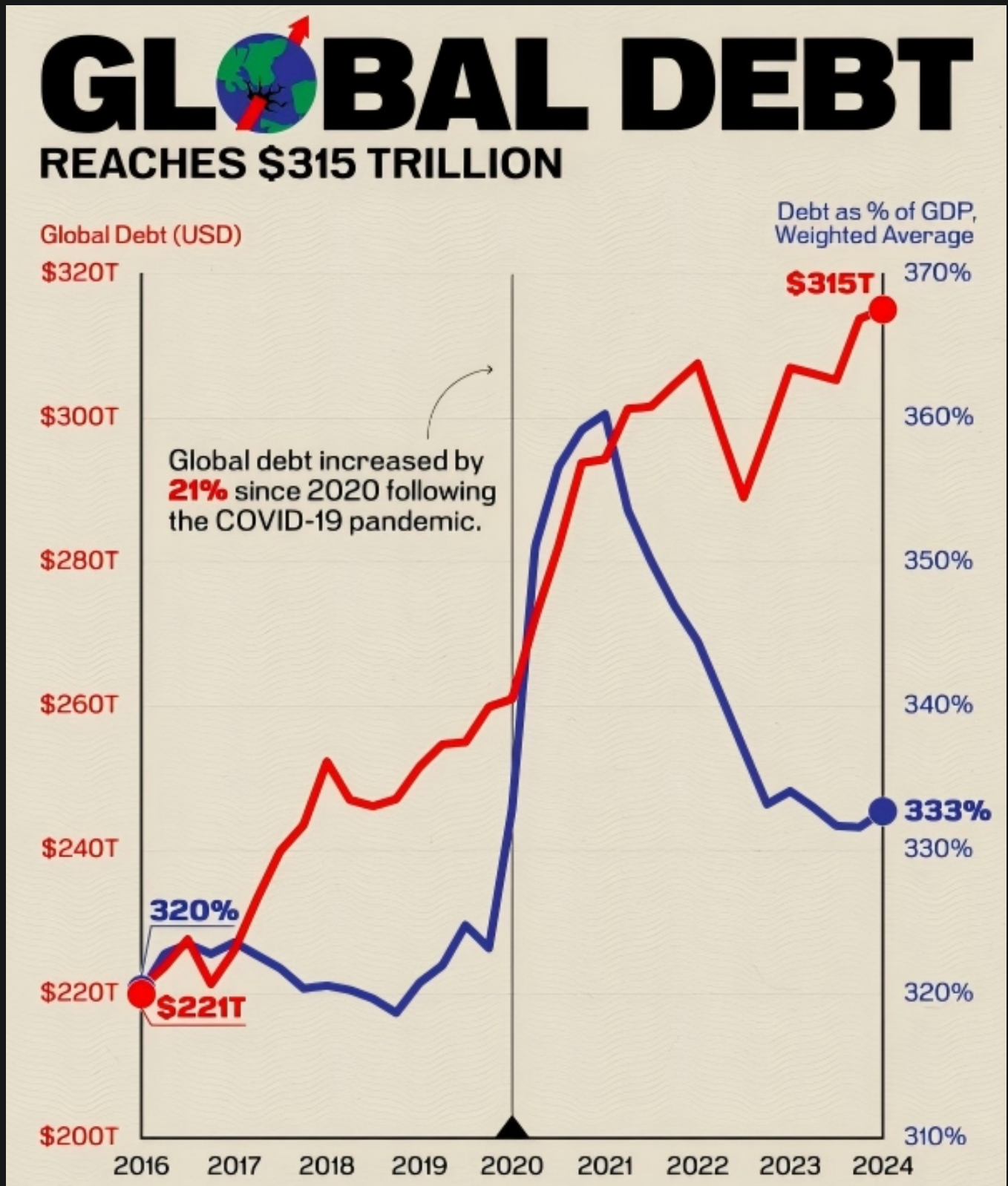
- Fed Rate Cycle: As the U.S. economy enters a new phase of disinflation, markets broadly expect the Federal Reserve to begin a rate-cutting cycle in 2025. Lower interest rates imply an improved global liquidity environment, likely driving stronger capital inflows into risk assets, including cryptocurrencies

50 years of US inflation vs interest rates

US monthly inflation (year-on-year % change) vs Fed funds interest rates since 1970



- Inflation & Global Debt Levels: Global debt has surpassed \$315 trillion (approximately 350% of GDP). Under mounting fiscal deficit pressures, governments are increasingly reliant on accommodative monetary policy. This dynamic has positioned digital assets as an important hedge against both inflation and sovereign debt risks.



Regulatory Environment

- United States:

- The regulatory stance of the SEC and CFTC is gradually softening.

- The GENIUS Act, passed in July 2025, established a federal framework for stablecoins, requiring 1:1 asset backing, audits, and transparency.

- The launch of spot Bitcoin and Ethereum ETFs has further accelerated institutional capital inflows.

• Europe:

• The Markets in Crypto-Assets Regulation (MiCA), implemented in 2024, became the world's first unified crypto regulatory framework.

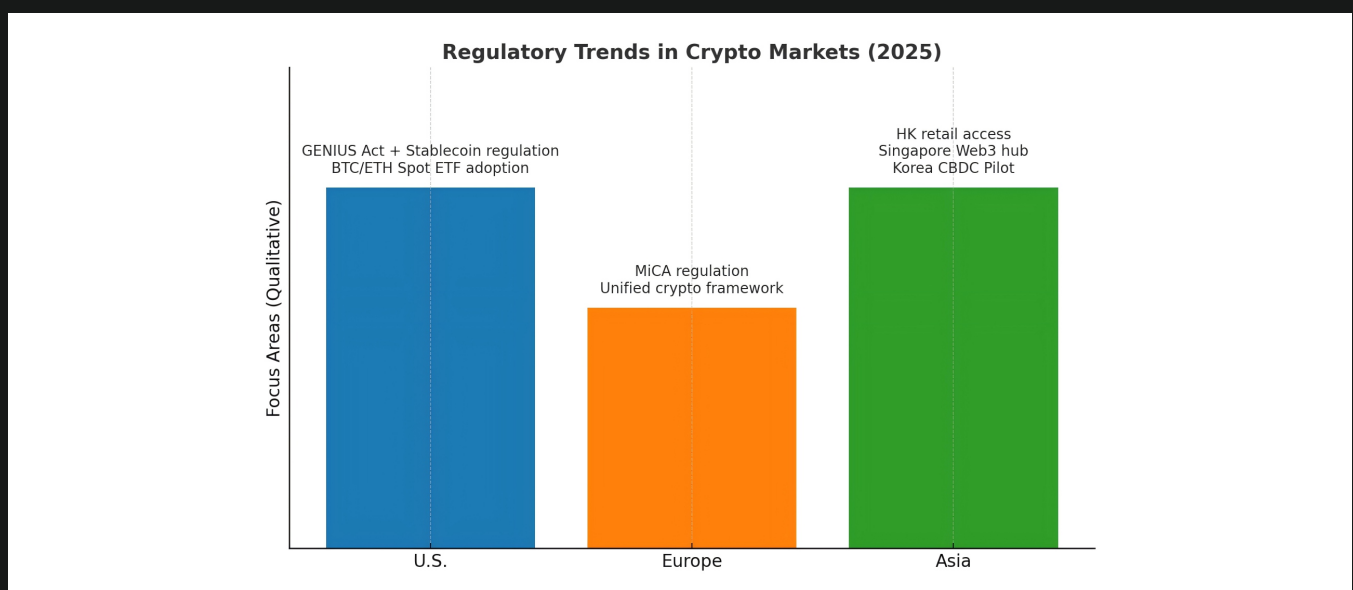
• European markets have shown significantly higher acceptance of compliant stablecoins and DeFi innovation.

• Asia:

• Hong Kong: Since 2024, retail investors have been allowed to legally trade Bitcoin and Ethereum, channeling substantial international capital into the Asian market.

• Singapore: Maintains a “pro-innovation yet strictly compliant” regulatory approach, attracting a large number of Web3 and on-chain finance enterprises.

• South Korea: Plans to launch a CBDC (Digital Won) pilot in 2025 while tightening exchange supervision to balance innovation and risk.



Global Monetary System Transformation

- Digital Dollar: The Federal Reserve is accelerating its exploration of a U.S. CBDC, which may coexist with stablecoins to form a dual-track payment system.
- Digital Renminbi (e-CNY): China's digital yuan has entered international pilot programs, gradually gaining traction in cross-border payments.
- CBDC Expansion: By 2025, over 110 countries have launched CBDC explorations or pilot projects, underscoring the structural transition of the global monetary system from traditional fiat to a digital currency architecture.



7. CORPORATE DIGITAL TRANSFORMATION AND CRYPTO ASSET ALLOCATION

Core Conclusion:

Between 2024–2025, the convergence of tokenization + stablecoins + on-chain settlement accelerated across traditional financial institutions and Big Tech. Custody, clearing, and payments have transitioned from “pilot/proof-of-concept” into a new stage of commercial deployment under regulatory frameworks.

7.1 Financial Institutions: Accelerating from Custody to Full-Scale Tokenization

- Deutsche Bank: Partnership with Taurus (Switzerland) to launch digital asset custody and tokenization services.
- Goldman Sachs & BNY Mellon: Tokenized money market funds integrated with BNY LiquidityDirect and GS DAP private chain.
- BlackRock: Issued BUIDL, a tokenized short-term debt and cash equivalent fund.
- JPMorgan: Expanded Onyx platform and JPM Coin for real-time intraday settlement and liquidity management.

Implication: Institutions moving from PoC to production-grade, regulatory-compliant deployments.

Tokenized assets demonstrate strongest efficiency gains in collateral, redemption, and high-frequency settlement.

7.2 Big Tech: Cloud and Payments Infrastructure Embracing Web3

- Google Cloud: Expanding Web3 infra (full nodes, indexing, multi-chain services).
- Stripe: Relaunched USDC settlement with multi-chain support.
- Visa: Piloting USDC clearing and merchant settlement.
- Shopify: Integrated crypto/stablecoin payment solutions for merchants.

Implication: Cloud providers and payment giants are standardizing on-chain money flows, enabling Web2 merchants to integrate Web3 with minimal cost.

7.3 Multinationals: Incorporating Crypto into Treasury and Settlement

- MicroStrategy: Increasing BTC reserves as a treasury play.
- Tesla / Block: Maintain BTC holdings for reserves/payments.
- PayPal: Issued and promoted PYUSD, integrating stablecoin into payment ecosystem.

Implication: Corporate balance sheets and settlement flows beginning to adopt stablecoins and mainstream crypto as institutionalized treasury management.

7.4 NFTs & Metaverse: From Marketing to Membership and Brand Assets

- Nike (.SWOOSH), Starbucks Odyssey, Reddit Avatars: NFTs leveraged as membership points, loyalty benefits, and digital collectibles, enhancing user engagement and liquidity.

Implication: NFTs evolving into long-term membership assets and brand digital property, integrated with CRM/loyalty systems.

7.5 Strategic Insights for Investors & Corporates

- Core Tracks: Custody, tokenization, stablecoin clearing = strongest institutional cash flow potential in 2025.
- Policy Tailwinds: U.S. GENIUS Act & EU MiCA create compliance clarity for stablecoins and tokenized assets.

Allocation Methodology:

- Institutions: Add “operational stablecoin cash + tokenized MMF/short-term debt” to liquidity pools and collateral.
- Trading: Use QuantSight AI with on-chain liquidity monitoring for ETF/redemption, stablecoin net flows, and tokenized asset strategies.

Risk Considerations:

Focus on reconciliation between on-chain/off-chain, custody compliance, smart contract audits, and legal KYC/KYB transparency.

STRATEGIC LANDSCAPE: TOKENIZATION, STABLECOINS & ON-CHAIN SETTLEMENT (2024–2025)

CATEGORY	KEY ACTIONS	IMPLICATIONS FOR INVESTORS / CORPORATES
Financial Institutions (Deutsche Bank, Goldman, BNY Mellon, BlackRock, JPMorgan)	•Launching institutional custody & tokenization
 •Tokenized money market funds (GS DAP, LiquidityDirect)
 •Tokenized T-bill fund (BlackRock BUIDL)
 •JPM Coin & Onyx for real-time intraday settlement	• Custody & tokenizationnow production-grade
 • Efficiency gains in collateral, redemption &clearing
 • Tokenized assets emerging as institutional-grade collateral
Big Tech (Google Cloud, Stripe, Visa,Shopify)	•Google expanding Web3 infra (nodes, indexing, multi-chain)
 •Stripe enabling USDC payments (multi-chain)
 •Visa piloting USDC clearing & settlement
 •Shopify integrating crypto/ stablecoin payments	•On-chain money flows productized
 •Merchants access Web3 rails with minimal integration costs
 •Lower cross-border fees, 24/7 settlement
Corporates (MicroStrategy, Tesla, Block, PayPal)	•MicroStrategy as “BTC Treasury Proxy”
 •Tesla/Block maintaining BTC reserves/payments
 •PayPal launching PYUSD stablecoin and integrating into ecosystem	•Balance sheets include crypto reserves
 •Stablecoins integrated in treasury & payments
 •Early adoption signaling institutional acceptance
NFTs & Metaverse (Nike, Starbucks, Reddit)	•NFTs as membership, loyalty,digital goods
 •Reported KPIs on user adoption & engagement	•NFTs evolving intomembership assets & brand IP
 •Integrated withCRM/loyalty systems
 •Long-term digital property rights for brands

Investor Takeaways:

1. Core Themes 2025: Custody, tokenization, stablecoin clearing = highest institutional cash-flow potential.
2. Policy Tailwinds: GENIUS Act (U.S.) + MiCA (EU) provide compliance clarity, enabling institutional scaling.
3. Actionable Allocation:
 - Corporates: “Stablecoin Opex + Tokenized MMF/short-term debt” for treasury/collateral.
 - Investors:Use QuantSight AI signals+on-chain liquidity metrics to capture ETF/stablecoin/tokeni zation flows.
4. Risk Watchpoints: On-/off-chain reconciliation, custody compliance, smart contract audits, KYC/KYB transparency.

8. FUTURE OUTLOOK

8.1 Capital-flow trajectory (12–24 months)

- Institutional penetration: We expect the share of institutional crypto AUM to rise toward 15–25% of total market cap (from low-teens today), driven by:
 - Ongoing spot ETF inflows and model-portfolio inclusion.
 - Tokenized funds and on-chain cash (stablecoins/T-bill wrappers) as treasury tools.
 - Improved prime brokerage rails (credit, custody, netting) lowering onboarding friction.
- Stablecoin base money: Net issuance likely grows 25–40% YoY under benign policy and higher on-chain payments, expanding the “dry powder” that feeds risk assets during risk-on windows.

Implication for QuantSight AI: Prioritize flow-aware models (ETF creations/redemptions, stablecoin net-mints, basis/ funding) to time trend continuation vs. mean-reversion regimes.

Crypto Market Capitalization (MC)

- In 2024, the crypto industry witnessed more impressive milestones than in 2023, including:
 - Launch of spot BTC and ETH ETFs in the US
 - Layer-2 development after Dencun
 - Surge of AI agents
- Total MC grew by **98%** from \$1.65T in Jan 2024 to **\$3.27T** in Dec 2024:
 - BTC MC: **+124%**
 - ETH MC: **+47%**
 - Stablecoin MC: **+54%**



Performance of Major Assets and Asset Classes

- **BTC or ETH led the** performance of major asset classes 8 out of the last 10 years
- BTC overtook the Australian Dollar (AUD) to become the world's **10th largest currency** after its price hit **\$100,000**, reaching a **\$2T MC**

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
BTC (32%)	ETH (214%)	ETH (457%)	NASDAQ 100 (-1%)	BTC (67%)	ETH (174%)	ETH (161%)	Commodity (19%)	BTC (94%)	BTC (119%)
NASDAQ 100 (8%)	BTC (83%)	BTC (265%)	Gold (-2%)	NASDAQ 100 (38%)	BTC (139%)	BTC (47%)	Gold (-1%)	ETH (64%)	ETH (47%)
S&P 500 (-1%)	Commodity (19%)	NASDAQ 100 (31%)	Core US Agg. (-3%)	S&P 500 (29%)	NASDAQ 100 (48%)	Commodity (41%)	Core US Agg. (-15%)	NASDAQ 100 (54%)	NASDAQ 100 (27%)
US REIT (-1%)	S&P 500 (10%)	ACWI (22%)	S&P 500 (-6%)	ACWI (24%)	Gold (25%)	US REIT (40%)	S&P 500 (-19%)	S&P 500 (24%)	Gold (27%)
Core US Agg. (-2%)	Gold (8%)	S&P 500 (19%)	US REIT (-7%)	US REIT (21%)	S&P 500 (16%)	S&P 500 (27%)	ACWI (-20%)	ACWI (20%)	S&P 500 (24%)
ACWI (-5%)	ACWI (6%)	Gold (13%)	ACWI (-11%)	Gold (18%)	ACWI (14%)	NASDAQ 100 (27%)	US REIT (-28%)	Gold (13%)	ACWI (16%)
Gold (-11%)	NASDAQ 100 (6%)	Commodity (5%)	Commodity (-13%)	Commodity (10%)	Core US Agg. (5%)	ACWI (17%)	NASDAQ 100 (-33%)	US REIT (9%)	US REIT (3%)
Commodity (-28%)	US REIT (4%)	Core US Agg. (1%)	BTC (-134%)	Core US Agg. (6%)	Commodity (-8%)	Core US Agg. (-3%)	BTC (-103%)	Core US Agg. (2%)	Commodity (-2%)
ETH (N/A)	Core US Agg. (0%)	US REIT (1%)	ETH (-178%)	ETH (-2%)	US REIT (-11%)	Gold (-4%)	ETH (-113%)	Commodity (-11%)	Core US Agg. (-2%)

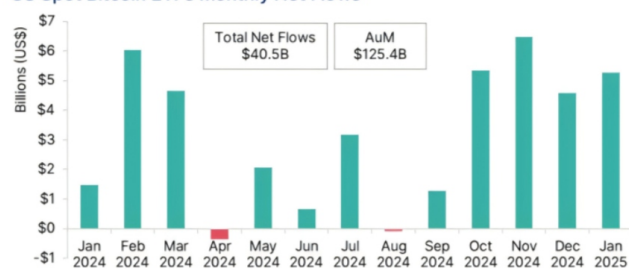
As of 31 Dec 2024 Source: Yahoo Finance

Note: Asset classes are represented by the following. BTC & ETH: BTC & ETH spot price. Gold: SPDR Gold Shares price. ACWI: iShares MSCI ACWI ETF. US REIT: First Trust S&P REIT Index Fund. Core US Agg.: iShares Core US Aggregate Bond ETF. Commodities: Invesco DB Commodity Index.

US Spot BTC and ETH ETFs

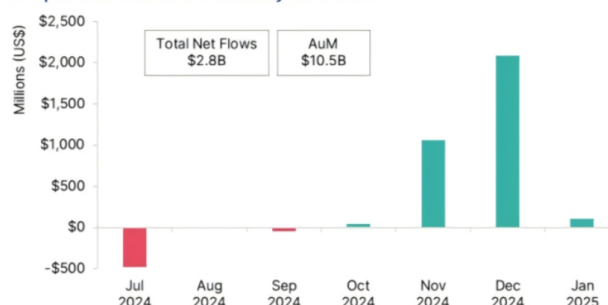
- Total net inflows of US spot BTC and ETH ETFs reached **\$40.5B** and **2.8B**, respectively, with a combined **\$135B** in AUM
- BlackRock's **IBIT** is now the world's **31st-largest ETF** by AUM

US Spot Bitcoin ETFs Monthly Net Flows



As of 31 Jan 2025

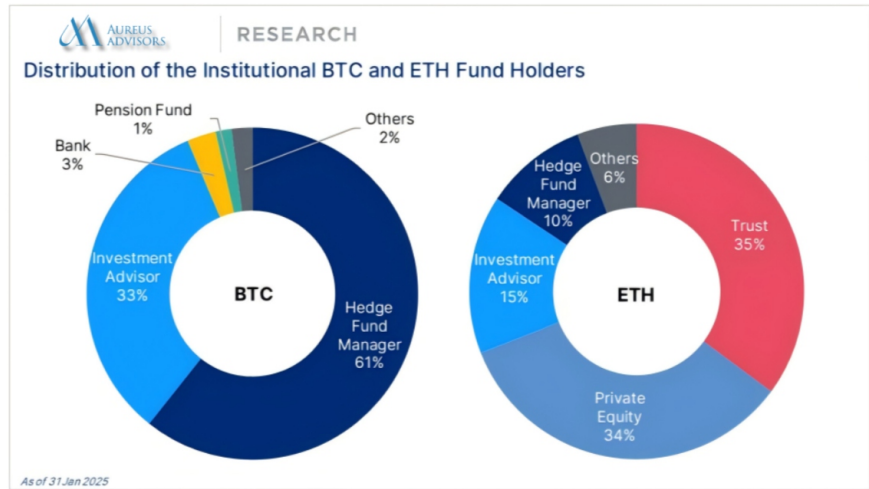
US Spot Ethereum ETFs Monthly Net Flows



As of 31 Jan 2025

Institutions Behind the ETFs

- **Hedge funds** and **investment advisors** were the leading investor types for spot BTC ETFs, while **trusts** and **private equity firms** were the largest holder types for ETH ETFs
- Looking ahead in 2025, the potential approval of ETFs for **SOL** and **XRP** is likely to further drive institutional interest and adoption



8.2 High-conviction opportunity set

- Layer-2 (scaling & data availability)

Catalysts: EIP-4844 adoption effects, L2 fee compression, L3/app-chain rollouts, modular DA (Eigen/Avail).

What to trade: L2 ecosystems (gas tokens, sequencer revenue plays), LST/LRT yield stacks that benefit from higher throughput.

- AI × Crypto (compute, data, agents)

Catalysts: Decentralized compute markets, verifiable inference, on-chain data marketplaces, agent payment rails (micropayments via stablecoins).

What to trade: Compute marketplaces, oracle/data tokens, infra enabling verifiable AI outputs.

- RWA (Real-World Assets) tokenization

Catalysts: On-chain T-bills/MMFs, private credit, real estate streams; corporate treasuries using tokenized cash.

What to trade: RWA rails (custody, compliance, issuance), yield-bearing stablecoin wrappers; basis/arbitrage between on-chain and off-chain yields.

- Payments & stablecoin rails

Catalysts: Wider merchant acceptance, payroll/settlement pilots, cross-border B2B corridors.

What to trade: Stablecoin ecosystems, fee-capture venues, gateways integrating card networks and e-commerce.

8.3 Risk dashboard (to monitor weekly)

- Policy/Regulatory: Jurisdictional divergence (licensing, KYC/AML, stablecoin reserve rules).

Binary headlines can trigger gap risk; maintain hedges (puts, corridor spreads) around key votes/ consultations.

- Market structure/Systemic: Exchange or prime-broker outages, rehypotheication loops, oracle/ lending liquidations. Watch funding spikes, open-interest concentration, top-holder flows.

- Liquidity/Manipulation: Thin weekend books, spoofing/wash trading on long-tail venues. Use QuantSight AI microstructure filters (order-book imbalance, toxicity, VPIN-style signals) and route to

high-quality venues.

8.4 Long-term trendline (3–5 years)

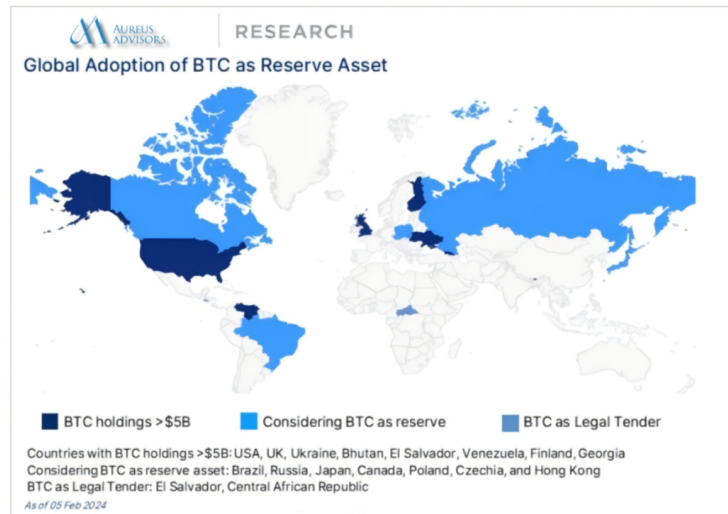
- Convergence with TradFi: Crypto becomes a standard satellite sleeve in multi-asset allocations (5-10% for risk-tolerant mandates), while tokenized securities and on-chain cash sit in the core.

- Programmable money at scale: Stablecoins/CBDC-compatible rails handle payroll, B2B settlement, remittances; commerce runs on low-cost L2.

- Alpha migration: As beta returns normalize, edge shifts to flow-aware, latency-adaptive, cross-venue execution—the exact strengths QuantSight AI is built for.

Global Adoption — Potential Bitcoin Reserve Plan

- More countries are exploring the establishment of a BTC reserve, with Brazil, Russia, Japan, Czechia, Hong Kong, and Poland among them besides the US
- This is likely to stabilize BTC's price and drive it higher



Institutional Adoption



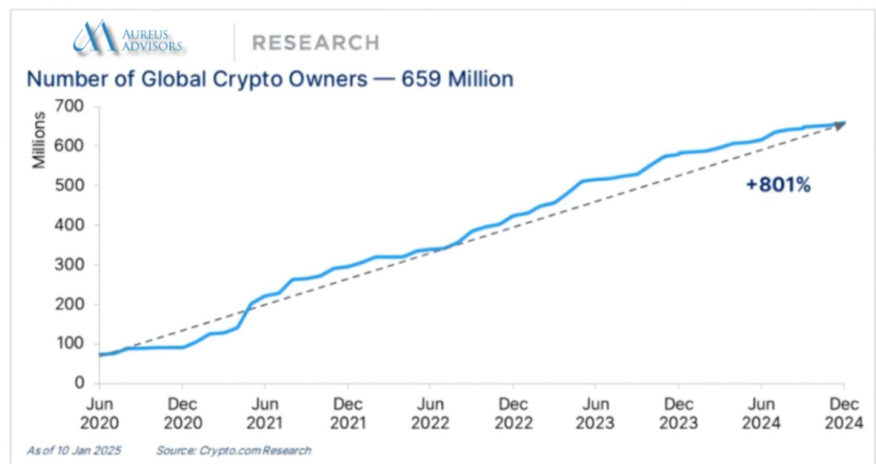
Institutions	Crypto Trading & Custody*	Private Crypto Funds	Crypto ETPs	Crypto-Enabled Payments	Tokenization
Bank of America	●		●		
BlackRock	●	●	●		●
BNY Mellon	●		●		●
CBOE	●				
Charles Schwab	●		●		
Citi					●
CME	●				
Deutsche Bank	●		●	●	●
Deutsche Börse	●		●		
Fidelity	●	●	●		●
Franklin Templeton	●	●	●		●
Goldman Sachs	●		●		●
HSBC	●				●
Interactive Brokers	●		●		
JPMorgan Chase	●	●	●	●	●
London Stock Exchange	●		●		
Mastercard				●	
Morgan Stanley		●	●		
PayPal	●			●	
Société Générale	●				●
UBS	●		●		●
Visa				●	●
Wells Fargo			●		●

As of 31 December 2024 Source: Bitwise Asset Management, Crypto.com

Note: * "Crypto Trading and Custody" includes the trading of crypto spot, futures, and derivatives products.

Retail Adoption

- Global crypto owners increased by **8x** from 73M in Jun 2020 to 659M in Dec 2024, representing 8.2% of the world's population
- We expect this number to reach **750–900M in 2025**, depending on market conditions



8.5 Strategic Execution Framework: Client Implementation Roadmap

1. Core–satellite: Core in BTC/ETH & major RWAs; satellites in L2, AI-crypto, selective DeFi.
2. Signal-driven timing: Enter on QuantSight AI confirmations (trend + momentum + flow), exit on regime-switch triggers (vol-of-vol, basis inversion, liquidity fractures).
3. Risk budgeting: Vol-targeting, dynamic notional, and options overlays around policy and ETF rebalancing dates.
4. Compliance first: Venue whitelists, asset allow-lists, and on-chain analytics to satisfy AML/market-abuse standards.

Aureus Advisors Investment Outlook 2025–2027

I. Strategic Perspective

At Aureus Advisors, our analyst team—supported by the advanced data analytics of QuantSight AI—has conducted an extensive review of the current macroeconomic and market environment. Based on our findings, we recommend a greater allocation toward the digital asset market, which offers

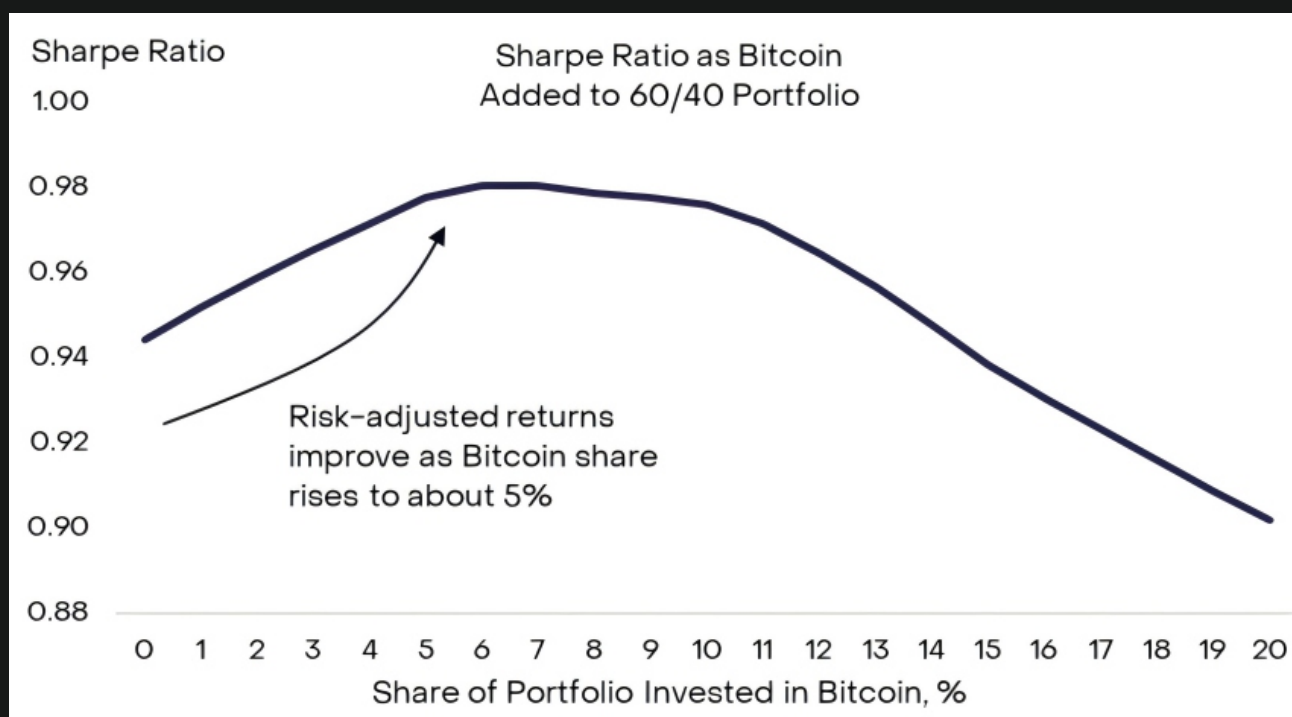
superior growth potential and diversification benefits compared to traditional equities.

1. Allocation Logic

We recommend a diversified portfolio framework that blends traditional and digital assets to optimize risk-adjusted returns. The current baseline allocation is 40% equities / 40% digital assets / 20% cash and liquidity instruments, with dynamic rebalancing based on macroeconomic cycles and volatility

shifts.

- Equities provide core exposure and stable cash flow.
- Digital assets serve as growth engines, capturing structural and emerging opportunities.
- Liquidity assets offer flexibility for tactical re-entry and risk management during volatility.



Short-Term Opportunities: Crypto-related ETFs, DeFi protocols, and the upcoming Bitcoin halving event serve as key short-term catalysts expected to drive capital inflows and trading opportunities.

Mid-to-Long-Term Outlook: We maintain a constructive view on the Ethereum ecosystem, Web3 infrastructure projects, and regulated stablecoin growth—sectors likely to define the next phase of digital finance.

Risk Management: Through AI-driven analytics, we emphasize diversification, hedging strategies, and regulatory compliance. By allocating across multiple crypto segments and integrating automated risk

controls, investors can mitigate downside risk while pursuing asymmetric returns.

2. Strategic Framework

- **Timing Mechanism:** Utilize QuantSight AI signals (volatility, basis spreads, capital flows) to guide entry timing.
- **Diversification:** Deploy multi-chain, multi-strategy, and multi-asset structures to reduce systemic risk.
- **Compliance Priority:** Maintain approved exchange lists, asset whitelisting, and audit trail mechanisms to ensure operational integrity.

3. Investor Profiles and Recommendations

- **Family Offices:** Integrate RWA and stablecoin yield pools into core holdings to balance income and hedging.
- **Institutional Investors:** Treat BTC/ETH as alternative asset exposure, building 24/7 trading coverage.
- **High-Frequency Traders:** Focus on Layer-2 and AI+Crypto sectors, leveraging QuantSight AI to anticipate trends and liquidity flows.

Conclusion: As global liquidity improves and regulatory frameworks solidify, we believe digital assets will outperform traditional equities in risk-adjusted terms. For forward-looking investors, allocating more capital toward digital assets represents not just an opportunity—but a strategic imperative.

II. The Dual-Engine Paradigm: Rebalancing Capital Allocation in a New Market Cycle

In today's investment landscape, traditional equities and digital assets are no longer substitutes but complementary engines within a global diversified portfolio. The year 2025 marks a turning point in this convergence. Equities remain the backbone of global capital allocation—anchored by earnings growth, dividends, and governance stability—yet their single-dimensional structure limits long-term wealth creation.



Digital assets are emerging as a powerful enhancer of returns, efficiency, and structural growth potential. For forward-looking investors, embracing this “dual-engine” model is not optional—it is the gateway to the next decade of capital leadership.

Aureus Advisors, through QuantSight AI, continues to deliver signal intelligence, strategic guidance,

and risk management solutions that empower clients to build adaptive, AI-driven allocation frameworks. The core insight is clear: Capital allocation must adapt to a dual-market paradigm. Across Wall

Street, pension funds, hedge funds, and corporate treasuries are expanding mandates to include both equities and on-chain assets—not out of speculation, but in recognition that the digital economy is now a structural driver of long-term alpha.

Long-Term Wealth Creation lies in integrating both markets:

1. Equities – Provide resilience through compounding and macro exposure.
2. Digital Assets – Enable asymmetric returns via AI-driven execution systems, tokenization of real-world assets (RWA), and 24/7 liquidity.

Together, these pillars form portfolios capable of resisting macro shocks while capturing exponential growth in the decade ahead.

III. QuantSight AI Development and Optimization Completed / In Progress:

- Model Layer: Multi-timeframe trend detection, momentum-drawdown filtering, integration of order

book and on-chain flow data; adaptive risk controls during extreme volatility (leverage, position sizing, stop-loss/take-profit curves).

- Execution Layer: Signal-to-execution latency under 80ms (target), multi-exchange routing, and slippage/fragmentation control.
- Compliance Module: KYC/KYB verification, behavioral monitoring, and AML rule engine.
- Usability: VIP-tier signal segmentation (VIP1–VIP3+), 24-hour runtime monitoring, gray rollback capabilities.

Optimization Pipeline:

- V4.1: “Pause–Resume” scheduler for abnormal volatility, portfolio exposure and correlation constraints.
- V4.2: RWA/ETF/perpetual cross-asset hedging and capital efficiency engine.
- Audit & Security: Strategy change traceability, third-party model/code audits, SOC 2 Type II readiness.

Aureus Advisors — The Dual Engine of Modern Finance.

Blending human insight with AI precision to redefine capital leadership in the decade ahead.