



RAFFLES
FAMILY OFFICE

2026 INVESTMENT OUTLOOK

*Conviction in a Time of
Dispersion*

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EXECUTIVE SUMMARY

As we enter 2026, the global investment environment is transitioning away from the broad, liquidity-driven recovery of recent years toward a more selective and differentiated landscape. Global growth is stabilising around trend levels, while major central banks approach neutral policy settings. In this environment, returns are less likely to be driven by market beta and more by disciplined allocation across regions, sectors, and asset classes.

The defining characteristic of this phase is dispersion. Economic outcomes, policy responses, and market performance are increasingly uneven, reinforcing the importance of quality, resilience, and long-term structural positioning in portfolio construction. Against this backdrop, we continue to anchor our strategy around a 4D approach — diversified, defensive, durable, and dynamic — to navigate uncertainty while capturing long-term opportunities.

Asset allocation

Markets are shifting toward neutral rates, a selective AI cycle, and reconfigured trade flows—requiring targeted, disciplined risk-taking. Broad beta is less reliable; focus on resilient cash flows, structural growth trends, and diversified multi-asset strategies to navigate volatility.

Fixed Income

Global growth should remain solid with tight labor markets and core inflation near 3%. US fiscal and policy risks persist, with yields likely to rise and curves steepen. Credit remains supported by strong fundamentals, with carry driving returns and issuer-specific risks emerging. EM credit looks stable, while China targets ~5% growth amid property sector stress and expected policy support.

Listed Equities

Global equities should benefit from moderate growth and supportive policies, with US strength driven by AI-led investment and selective opportunities in China/Hong Kong. Leadership will broaden, making earnings differentiation and valuation discipline key.

Structured Investments

Event-driven volatility and AI cycles keep option-linked strategies attractive. Focus on short-tenor FCNs, basket structures, and principal-protected solutions as rates stabilize, using volatility spikes for entry.

Private Equity

We expect a supportive regulatory backdrop for technology and AI in 2026, with geopolitical and valuation risks requiring selective positioning. In the US, we focus on early-stage, capital-efficient AI verticals with clear scale pathways, while in China we prefer late-stage and pre-IPO opportunities amid policy uncertainty. Taiwan remains attractive for semiconductor and supply chain plays with favorable exit routes. Risk mitigation centers on valuation discipline, stage selection, and liquidity management.

Digital Assets

2025 marked a pivotal shift toward institutional adoption of crypto, with record ETF inflows, rising digital asset reserves, and stablecoins emerging as the backbone of on-chain finance. In 2026, we expect rotation and enhanced allocation driven by AI integration, tokenisation of real-world assets, and growing demand for programmable, always-on financial infrastructure. Bitcoin remains central to this thesis, supported by liquidity trends, monetary debasement signals, and its role as the monetary layer of AI.

MACRO OUTLOOK

Interest Rates, Income, and Capital Preservation

Monetary policy remains influential, but its role is evolving. With policy rates peaking and the easing cycle maturing, reinvestment risk is becoming a more prominent consideration. High-quality fixed income once again plays a meaningful role in portfolios, offering both income and stability. Locking in yields across the intermediate part of the curve helps mitigate future rate volatility, while caution remains warranted toward lower-quality credit at this stage of the cycle.

United States: Economic Resilience with Market Concentration

The United States continues to demonstrate economic resilience, supported by innovation and domestic demand. However, equity market leadership has become unusually concentrated. While large technology companies remain fundamentally strong, concentration risk has increased. As financial conditions stabilise, we expect market leadership to broaden, creating opportunities. A more dynamic allocation approach favours companies with strong balance sheets, sustainable cash flows, and the ability to apply innovation to enhance productivity across the real economy.

China and Hong Kong: Valuation and Policy as Long-Term Drivers

China and Hong Kong enter 2026 from a position of low expectations. Valuations reflect significant pessimism, even as policymakers continue to focus on stabilisation and long-term strategic priorities. For investors with a medium- to long-term horizon, selective exposure to policy-aligned growth sectors and high-quality income-generating companies offers an attractive risk-reward profile and meaningful diversification within global portfolios. This combination of valuation support and policy alignment enhances portfolio durability, particularly in a world of uneven global growth.

Artificial Intelligence: The Next Phase of Value Creation

Artificial intelligence remains a powerful structural theme, but the nature of opportunity is evolving. The initial phase of infrastructure-led investment is maturing, with value creation increasingly shifting toward practical applications that improve efficiency and decision-making across industries. This transition supports a more selective approach, favouring businesses that integrate technology into established operations rather than those reliant on continued capital intensity.

Portfolio Construction in a High-Dispersion World

In a world defined by dispersion and geopolitical complexity, portfolio construction is as important as individual asset selection. Structural diversification — including exposure to real assets such as gold and selective digital assets — plays a strategic role in enhancing portfolio resilience. These exposures are best viewed as long-term complements, supporting capital preservation alongside selective growth.

Our investment approach remains grounded in long-term fundamentals and informed by evolving macro conditions. While near-term uncertainty will persist, we believe disciplined allocation to quality income, selective growth, and structural diversification provides a resilient foundation for navigating the years ahead.

MACRO OUTLOOK

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William CHOW

Deputy Group Chief Executive Officer

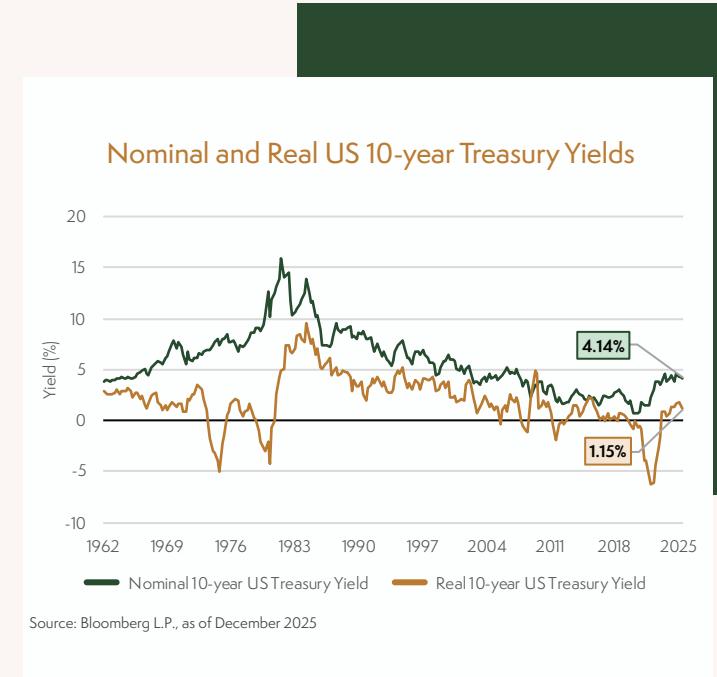
ASSET ALLOCATION

The path into 2026 is being shaped by shifting structural changes that are starting to have clearer market impact. Central banks are starting to ease off the rate cuts and guide interest rates toward a level that neither overheats nor stalls the economy. Artificial intelligence has moved from an intense buildup phase to making it commercially viable and practically useful across industries. At the same time, global trade is being reshaped by geopolitics and supply-chain resilience. These shifts are changing how assets behave, how they interact with one another, and how traditional portfolio construction really is. This is not a moment to abandon the playbook, but a time for greater discernment. A more deliberate approach to risk and a more thoughtful use of diversification are needed, guided by stewardship rather than excess, and conviction rather than complacency.

1. Easing to Neutral Rates

One of the most noticeable changes heading into 2026 is the shift toward a more neutral rate environment. Real yields may ease slightly, but a return to the ultra-low rates we saw before the pandemic does not seem likely. Interest rates are now high enough to matter for discounting and capital allocation, yet not restrictive enough to derail growth. At the same time, inflation trends and labour market strength remain key variables that could drive further volatility in rate expectations. That has made the old balance between stocks and bonds a little less consistent. Bonds still have a role to play as diversifiers, but investors should temper their return expectations and pay closer attention to factors like duration, credit quality, and liquidity.

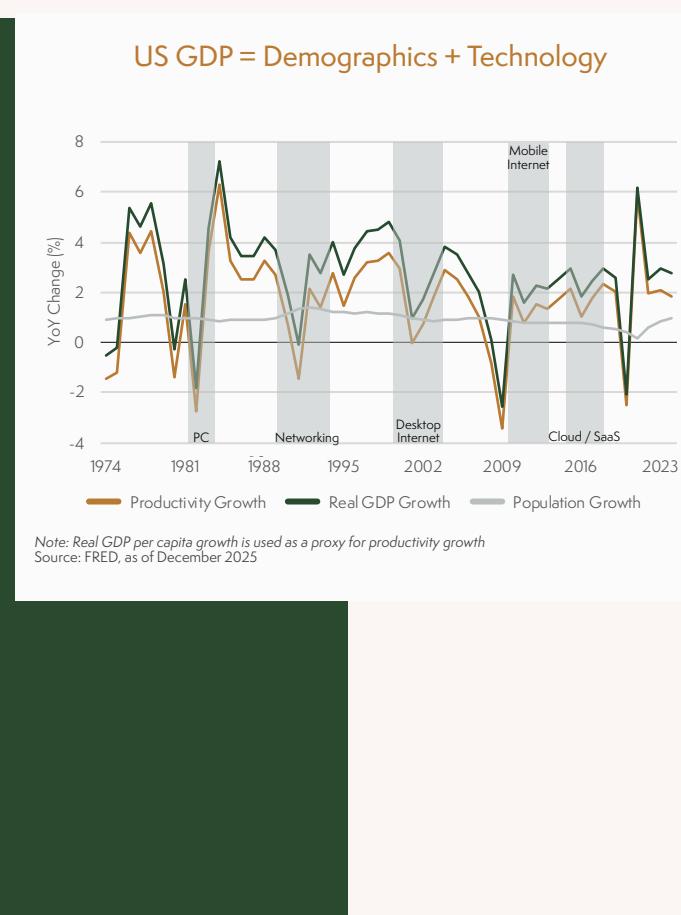
At the same time, rising government debt and the prospect of higher term premia suggest that yield curves may steepen gradually, which could make intermediate maturities a more attractive place to take duration risk. In private credit, dry powder remains abundant but deal flow has not kept pace. This imbalance has made quality deals harder to source, with some areas seeing looser underwriting as funds compete to deploy capital. While the opportunity set remains sound, it now comes with greater dispersion in deal quality. Deployment requires more patience, sharper selectivity, and stronger risk controls than in prior years.



ASSET ALLOCATION

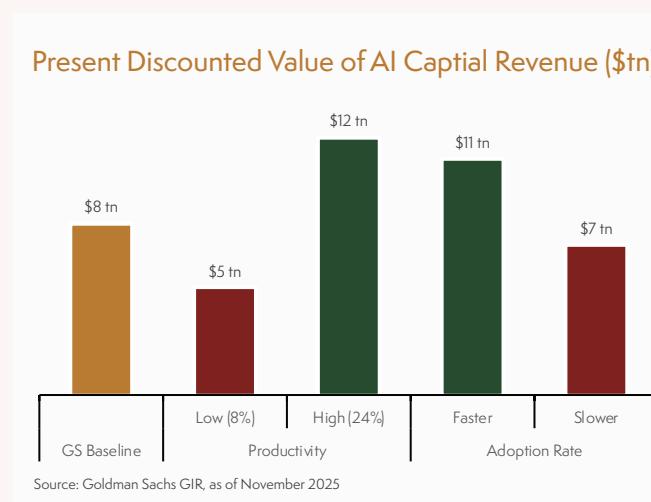
2. AI, Tech, and Beyond

US GDP growth can be broadly attributed to two structural drivers: demographics and technology-led productivity. Over the past decade, population growth has slowed, limiting support from labour-force expansion. Yet, despite this demographic headwind, the US economy has continued to grow at a relatively stable pace of around 2%.



Historically, productivity improvements have emerged in distinct technology cycles, rather than in a smooth progression from PCs, networking, to the internet, mobile, and cloud computing. Each wave was characterised by heavy upfront investment, initial scepticism over returns, and eventual broad-based productivity gains.

We view Generative AI as the next phase of this long-running cycle. While near-term discussions focus on valuation, capital expenditure, and labour displacement, the longer-term implication is consistent with past episodes: AI has the potential to lift productivity meaningfully, allowing growth to persist even amid unfavourable demographics. In this context, AI remains a key medium- to long-term driver of US growth.



AI-related investment remains substantial, with spending projected at approximately USD 360bn in 2025 and USD 420bn in 2026. The critical investment question is which companies can convert sustained capex into durable margins and cash flow. As gains are unlikely to be evenly distributed, market leadership remains concentrated among a small group of large technology firms raising execution risk and reinforcing the need for diversification beyond US equities.

ASSET ALLOCATION

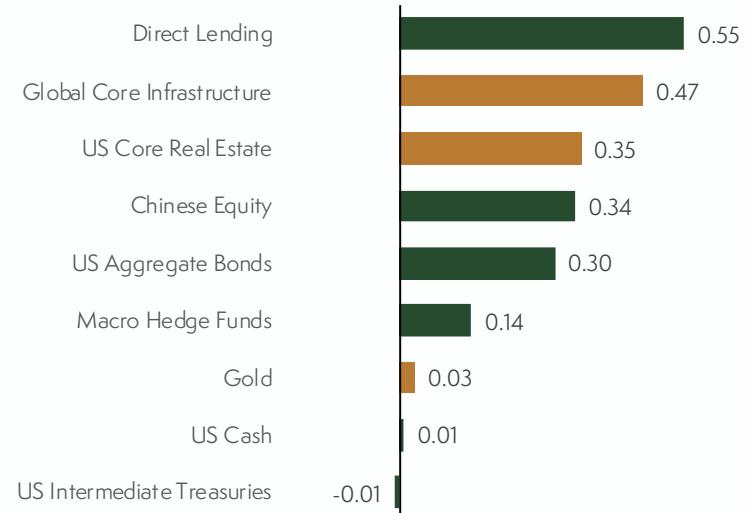
2. AI, Tech, and Beyond (Cont')

In this context, real assets continue to play an important role. They are among the least correlated asset classes relative to US equities and gain relevance as AI is now placing pressure on the physical infrastructure that supports it. Power grids, cooling systems, and network capacity are approaching structural limits and will require several years of additional investment. Gold remains a helpful diversifier as well. Softer real yields and continued reserve accumulation by central banks, partly driven by concerns about fiscal sustainability, provide ongoing support for gold demand.

Private equity is also well positioned for the next stage of the AI supercycle. Applications in fields such as robotics, manufacturing, logistics, and healthcare are capital intensive and develop over longer time horizons. These characteristics make private markets a natural avenue for participating in these opportunities.



Cross-Asset Correlation vs US Large Cap

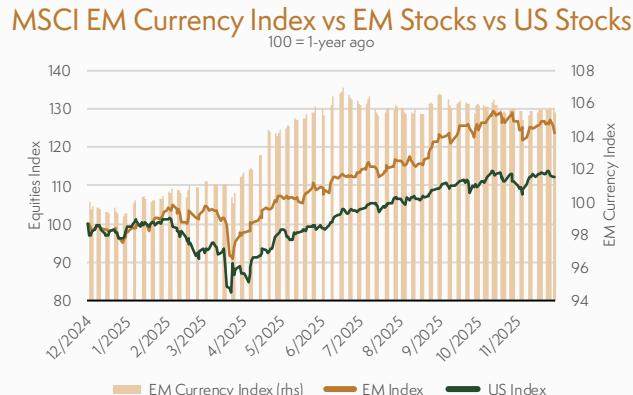


Note: ■ Real Assets

Source: JP Morgan Asset Management, as of November 2025

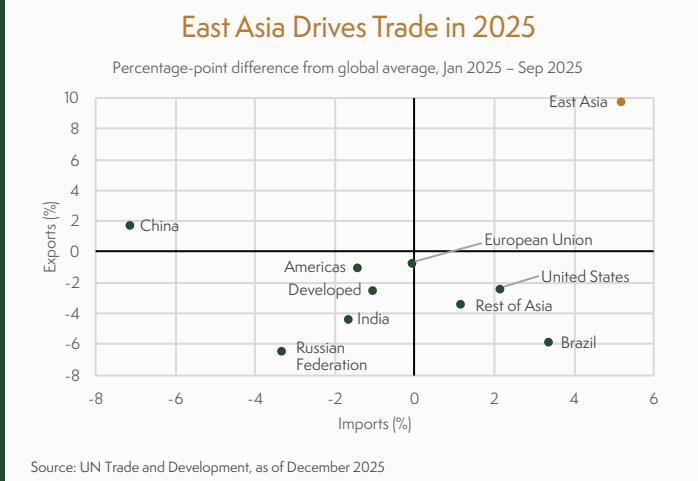
ASSET ALLOCATION

3. Trade Reconfiguration



The third theme is the ongoing reconfiguration of global trade. A mix of geopolitical tensions, policy shifts, and evolving risk preferences is accelerating structural changes in how and where goods are produced. US tariffs, along with broader moves toward decoupling, derisking, reshoring, and nearshoring, are prompting companies to rethink global supply chains. Many firms are diversifying production away from single-country reliance in search of resilience. While the economic rationale is easy to follow, the investment consequences are more uneven. Some regions may benefit from increased capacity and capital flows, while others could face margin pressure, rising costs, or prolonged uncertainty.

Importantly, recent market behaviour suggests that this theme is being expressed more through corporate fundamentals than just solely currency re-rating. As reflected in the chart, EM currencies experienced an initial rebound but have since stabilised, even as EM equities continued to perform. This divergence indicates that trade reconfiguration is being priced through earnings growth, order visibility, and investment cycles, rather than sustained FX appreciation. In other words, supply-chain realignment is showing up in who captures volumes and pricing power not in broad currency trends.



Against this backdrop, Japan stands out for its comparatively attractive risk adjusted opportunities. Its critical industrial input positions and key supplier of high precision machinery is positioned well to benefit from supply-chain diversification. In contrast, China, Hong Kong, and parts of emerging Asia may require more selective positioning given the continued volatility in both policy and sentiment. Within Asia, we tend to favour companies that have critical and non-substitutable roles in global supply chains. Businesses involved in semiconductors, precision components, industrial automation, and specialised manufacturing are generally better placed to benefit from long-term shifts in production, even if the broader macro backdrop remains uneven.

ASSET ALLOCATION

Overall, transition toward neutral structural rates, a more selective phase of the AI cycle, and the reconfiguration of global trade all point to the need for more deliberate and selective risk-taking. Broad Asia allocation may demonstrate dispersion across markets, given regional volatility and uneven capital flows. Broad beta exposure may be less reliable than in the past, but opportunities remain for investors who prioritise assets with resilient cash flows, lower correlation to US equities, and clear exposure to long-term structural trends. A disciplined, diversified multi-asset approach remains well suited to navigate the current environment, capturing both public and private opportunities while balancing risk. The US remains central to portfolios, but long-term growth increasingly depends on flexibility and selectivity. Diversification is not about owning more; it is about owning what matters.

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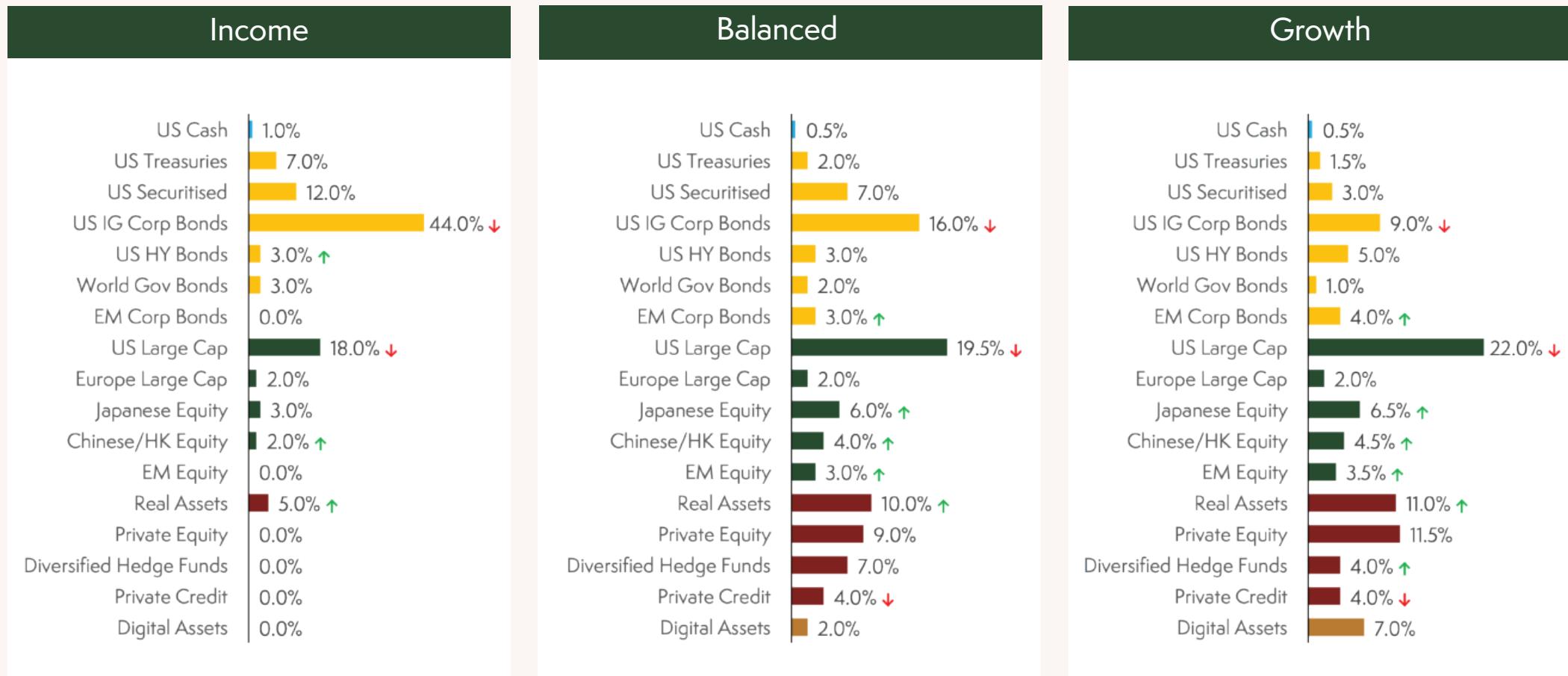
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Sky KWAH
Head of Investment Advisory



ASSET ALLOCATION

Strategic Asset Allocation 2026



Source: Raffles Family Office

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FIXED INCOME

Global growth is expected to be solid at close to potential next year. Labour markets are expected to remain tight and pressure on global goods price gains is expected to remain firm, most notably in the US. Expect global core inflation to remain around a 3% rate.

Whilst trade policy noise fades there is some uncertainty around US institutional independence and fiscal sustainability. In the event further shifts in the composition of the Fed board increases the probability of significantly larger than expected easing in rates, that raises the prospect of a policy mistake and de-anchoring of inflation expectations. The 6% US fiscal deficit is becoming entrenched amid the Treasury relying more on short-dated securities for borrowing and a shift in the composition of demand toward more price-sensitive investors. Treasury yields are likely to rise from current levels and the yield curve to resume steepening.

Credit is supported by the macro backdrop with fewer potential negative catalysts than the outgoing year. Spreads could stay at historically compressed levels and in a low dispersion regime due to reasonable economic growth globally, credit metrics near their best on record, and default rates to remain below historical averages. Expect the trend of corporate credit metrics improving across the board to persist, with net leverage decreasing for both investment grade and high yield issuers while interest coverage ratios continue improving. With risks of core government bond yields skewed to the upside, anticipate less tailwind for total return from lower interest rates. Expect carry to generate the bulk of returns, with idiosyncratic situations presenting opportunities for further gains. Downside risks will tend to be issuer-specific in the form of heavy AI-related financing and M&A-led leveraging.

FIXED INCOME

For emerging market credit, 2026 looks one of continuity and conducive to lower market volatility. The trade war is turning out to be more of a lingering than dominant risk, and EM fundamentals have generally not been dragged down in any meaningful way. The focus will shift towards more scrutiny of private credit. Although this is primarily a US rather than EM concern, the issues can have significant implications for EM credit, since the question is whether the issues will be contained within specific sectors or morph into a wider contagion.

China growth has faltered probably at least partly due to relatively less policy support in the latter half of the outgoing year rather than a new growth shock. Official measures to cultivate and boost consumption are likely to be rolled out in the coming months, helping pave the way to achieve the government's 2026 growth target of "around 5%". In the property sector, with both home prices and new property sales falling, developers are facing renewed liquidity pressures while banks are increasing foreclosures. This increases the probability of further property easing measures being introduced.

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William CHOW

Fixed Income



LISTED EQUITIES

A global environment of moderate but uneven growth and broadly accommodative monetary policies should provide a constructive backdrop for global equities in 2026. Yet policy divergence, geopolitical frictions, and differing sectoral dynamics across major markets will shape the return outlook. Against this dynamic landscape, we remain constructive on global equities, with a continued preference for the United States and selective opportunities in China/Hong Kong where policy alignment and innovation trends present pockets of strength.

Market leadership—initially concentrated in US megacap AI names—is expected to broaden across sectors and regions. Investors should anticipate a year defined by earnings differentiation, selective growth, and heightened sensitivity to valuations, particularly in markets where expectations have materially increased.

United States

The US equity outlook entering 2026 is anchored by resilient corporate earnings, robust capital expenditure tied to artificial intelligence (AI), and a supportive fiscal environment. The upcoming transition to a new Federal Reserve chair in May 2026 introduces policy uncertainty, though the broader direction remains toward gradual easing as inflation moderates. Additional fiscal impetus from the One Big Beautiful Bill Act (OBBBA) should reinforce investment activity, particularly in physical and digital infrastructure.

The AI-driven capex cycle remains the primary engine of earnings growth. Hyperscaler spending is projected to rise again in 2026, extending demand across semiconductors, data centres, power infrastructure, and industrial automation. While 2025 delivered a strong market rally led by a narrow group of megacap technology firms, we expect a broader set of beneficiaries to emerge across the AI value chain—including utilities, industrials, and financials—as infrastructure requirements and adoption accelerate.

Consumption dynamics remain a key swing factor. Middle-income households face pressure from inflation in essentials, while upper-income spending remains robust but intertwined with asset price performance. This bifurcation creates more subdued and uneven consumption growth, increasing the importance of earnings revisions and bottom-up stock selection.

LISTED EQUITIES

China / Hong Kong

China and Hong Kong equities enter 2026 navigating familiar structural headwinds—real estate weakness, subdued household confidence, and persistent deflationary pressures. Although authorities have intensified fiscal, monetary, and regulatory support, the economic trajectory remains uneven. A clear “two-tier” economy has emerged: traditional property-linked sectors remain sluggish, while emerging strategic industries—AI, high-end manufacturing, EVs, and consumer-tech platforms—continue to demonstrate robust growth.

China's policy direction, reaffirmed by its Fourth Plenum and the forthcoming 15th Five-Year Plan (2026–2030), emphasises technology self-sufficiency, innovation-driven productivity, and high-quality growth. Measures to curb excessive competition ("anti-involution") are designed to improve industry discipline, support upstream pricing power, and stabilise margins. At the same time, initiatives to boost domestic consumption—such as efforts to build trillion-yuan consumer sectors—may gradually support demand, though large-scale revival remains constrained by structural challenges.

Despite macro softness, China's digital economy and AI ecosystem continue to expand rapidly. Notably, earnings expectations in the technology sector have remained stable, and valuations are significantly more attractive versus global peers. This creates a favourable setup for selective value, especially as investors increasingly seek diversification away from US technology's elevated multiples.

Given ongoing economic uncertainty, a barbell strategy—balancing structural innovation with quality income—is prudent until more concrete signs of domestic stabilization emerge.

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Derek LOH
Head of Listed Equities



STRUCTURED INVESTMENTS

In 2025, volatility in both the US and Hong Kong markets was higher and more event driven than expected. In the US, tariff and geopolitical headlines in early April triggered a sharp volatility spike, with the VIX briefly moving above 50 before normalising as sentiment recovered. Hong Kong also saw a strong rebound, with the HSI at times retesting the 27,000 level. The VHSI rose to around 47 in April, more than doubling from the start of the year, before stabilising as conditions improved.

The key message for 2026 is not the temporary peaks but the new patterns. Volatility is becoming more concentrated around key events, trade developments and AI-related investment cycles. This has kept implied volatilities above the levels seen in 2023 and 2024 and continues to support demand for option-linked strategies.

US equity leadership remains highly concentrated, with the Magnificent 7 accounting for roughly 60 percent of the Nasdaq-100's market capitalisation. Their earnings cycles continue to influence broader index direction, which reinforces concentration risk for investors heavily allocated to these names. A more balanced approach in 2026 that includes selective profit-taking and redeploying into structures that retain upside potential while improving downside protection is therefore advisable.

Fixed Coupon Notes (FCNs) may be a tool for investors who want equity exposure with added resilience. Implied volatility is still elevated due to macro uncertainty and shifting sector leadership, supporting attractive coupon levels, especially for liquid underlying in US technology, semiconductors and selected Asian technology or EV themes. We continue to favour two to six-month tenors, which help capture volatility upticks and allow investors to adjust positions more frequently. Lower knock-out levels also remain appropriate given the rapid reversals experienced in 2025. Using lower-barrier basket structures instead of single stocks helps reduce reliance on any one company's performance, which is important given the wide dispersion within technology and AI sectors.

STRUCTURED INVESTMENTS

For investors holding less favourable positions who still want to participate in further upside while managing downside risk, Bonus Enhanced Notes (BENs) and Digital Coupon Notes (DCNs) provide possible alternatives. DCNs offer a simple fixed coupon, whereas BENs deliver the higher of a fixed return or the positive performance of the underlying basket. These structures can be effective when investors have continued conviction in the theme but prefer not to re-enter through direct equity exposure.

For principal-protected and other non-flow structures, 2026 reflects the later stage of the rate-cutting cycle. Most forecasts anticipate only limited further reductions before policy rates stabilise near the low-three-percent range. As deposit rates fall, demand for principal-protected solutions has risen, with clients seeking stable and attractive ways to deploy cash. Early 2026 presents a meaningful opportunity to secure long-term yields before lower interest rates are fully embedded in product terms. Capital-protected structures remain well positioned, offering defined-horizon income while real rates are still positive. We view the three to five-year tenor range as the most efficient, with selective use of longer maturities for investors seeking extended duration.

Overall, structured investments in 2026 should continue to benefit from periodic volatility, concentrated leadership in US technology and a rate environment that still offers reasonable carry. Staying flexible on tenor, diversifying underlying exposures and using volatility spikes as entry points will remain an effective strategy for both yield-focused and participation-oriented solutions.

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2026 is about capturing upside with discipline - using volatility to generate income while improving risk buffers on the downside.

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Julien GRUNEBAUM
Head of Structured Investments

PRIVATE EQUITY

A Recap of 2025

Raffles Family Office private investment portfolio delivered robust performance in 2025, driven primarily by strong gain in our technology and Artificial Intelligence ("AI") focused holdings. Our position in Anthropic (U\$350bn, per share price increased by 4.8x YTD), xAI (U\$230bn, 2.7x YTD), Apptronik (U\$5bn, 2.8x YTD), and SpaceX (~U\$800bn, 2.5x YTD) continued to outperform.

In addition to 4 follow-on investments, we diversified our exposure into US robotics **Apptronik**, defence technology through **Anduril Industries** and participated in an investment in a US based **AI data-centre**.

Within the broader portfolio, Taiwan Semiconductor portfolio Whalechip and global Insurtech Bolttech reported strong YTD revenue growth and are on track to progress towards listings in Taiwan and the US, respectively.

Outlook of 2026

We anticipate a continued favourable regulatory environment for our focused sectors in **technology** and **Artificial Intelligence** across both the US and China. However, ongoing geopolitical tension and economic decoupling will remain key considerations in our investment.

In the **US**, we favour **early-stage opportunities** to avoid high entry valuation amid elevated private market pricing. AI adoption continues to show strong momentum, reducing demand-side uncertainty, though we remain cautious of the aggressive capex plan of the US techs that might lead to "high valuation or high capex bubble". Our preferred verticals include **high barrier to entry** segments such as **data, compute, semiconductor, and healthcare AI applications**. We place emphasis on companies with **capital efficient** business models that demonstrate clear pathways to scale. In terms of exits, the US exit environment remain constructive, supported by healthy momentum in M&A and IPO with US tech. We will continue to actively monitor our US portfolio and watch out for special situation opportunities.

In **China**, we adopt an opposite approach to focus on **late-stage and pre-IPO** opportunities due to China's top-down approach, which introduces policy uncertainties and early-stage funding risks. While AI monetisation and profitability lags US peers due to intense domestic competitions, we expect **AI applications, compute, and infrastructure** to benefit from growing demands and the IPO window. We may selectively expand pre-IPO exposure into consumer and healthcare sectors when valuations and return potential are attractive.

In **Taiwan**, although private opportunities remain limited, Taiwan semiconductor and supply chain continues to benefit from strong US AI demands and ongoing supply chain diversification, such as robotics and defence technology. Taiwan's attractive entry valuation and liquid public market provide favourable exit pathways.

PRIVATE EQUITY

Risks and Mitigation

In the US, high valuation is a key risk factor, and we mitigate by being prudent on valuation and focusing on early-stage opportunities. In China, we mitigate policy and liquidity risks by focusing on late and pre-IPO stages where visibility is clearer.

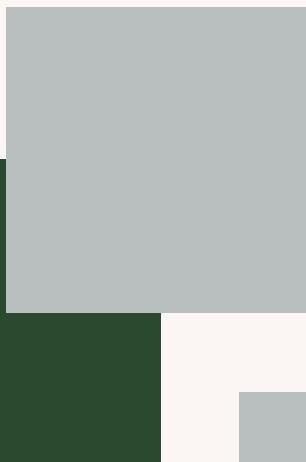
Geopolitical risks remain a key risk factor in technology investment, for private investment we remain cautiously optimistic on the current technology cycle, including AI.

Liquidity continues to be the key risk for the private equity asset class, and we address this by focusing on exits (including partial exits), deal structure, and maintaining strong DPI.

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Jo HUANG, CFA
Head of Private Equity



DIGITAL ASSET

Arrival of the Avengers: Cryptocurrencies and Digital Assets

Cryptocurrency enters 2026 not as a speculative fringe, but as a maturing financial asset class and system at the intersection of liquidity expansion, monetary debasement, increasing regulatory clarity, and the rise of artificial intelligence.

While 2025 tested conviction through volatility and leverage unwinds, it also laid the foundations for the next leg of adoption: robust institutional inflows via ETFs and digital asset treasuries, accelerating stablecoin usage, mounting evidence of fiat debasement, and the emergence of agentic finance.

For wealth holders, the question is **how much higher crypto exposure is adequate to capture the repricing of a new financial paradigm?**

Crypto is not just an asset reallocation for a stake in the future – it is the infrastructure of it.

Market Volatility: From Euphoria to Reset

In early October 2025, the market celebrated Bitcoin's 15% surge over two weeks to a new **all-time high of US\$126,000**.

Then came the "10/10 event." On October 10, Bitcoin fell 12% overnight, triggered by **US\$19 billion of forced liquidations across major exchanges** — the largest liquidation event in crypto history. This deleveraging marked the beginning of a broader **Q4 2025 sell-off**.

The Crypto Fear and Greed Index subsequently entered its longest sustained "fear zone" in nearly three years, lasting close to three months, before stabilising into "neutral zone" on January 4, 2026.



Source: CoinMarketCap, CMC Crypto Fear & Greed Index, as at 12 January 2026

Looking at the past 2.5 years on the Fear and Greed Index chart above, three inflection points stood out —days when prolonged fear transitioned into neutrality:

1. October 12, 2024
2. April 23, 2025
3. January 4, 2026

Each prior transition was followed by significant upside. After (1), Bitcoin rallied 70% in two months. After (2), it rose 30% in two months. If history repeats, a 40% move in Q1 2026 would return Bitcoin to its prior all-time high — a level reached just three months ago.

DIGITAL ASSET

Reviewing 2025 to Look Ahead in 2026

1. Go with the Flow: Liquidity Is Pouring In

In 2025, over **US\$32 billion** of fiat capital flowed into Bitcoin, Ethereum, and Solana ETFs. By mid-year, Bitcoin briefly became the **fifth largest asset**¹ globally by market capitalisation, trailing only Gold, Nvidia, Microsoft, and Apple.

Today, Bitcoin ranks 8th, marginally surpassed by Silver, Alphabet, and Amazon. We maintain our conviction that Bitcoin will ultimately become the **second-largest asset after Gold**. To overtake Nvidia at current valuations, Bitcoin would need to reach approximately **US\$235,000** — a **2.5x increase** that we consider **plausible within 2026**.

This conviction is rooted in a deeper structural shift. The existing financial system — burdened by legacy infrastructure, regulatory inertia, and batch settlement — is increasingly incompatible with the demands of an AI-driven and real-time economy. Finance requires a technological revamp, and crypto represents not simple just a collaboration, but a **replacement infrastructure layer**.

Once secluded from traditional finance, cryptocurrency has now entered a phase of institutional embrace. Since 2023, **regulatory momentum** — catalysed by a pro-crypto stance from the Trump administration — has accelerated access, reduced market manipulation, and encouraged the establishment of digital asset reserves across institutions and, increasingly, sovereigns.

Digital asset reserves are now estimated at **US\$150 billion**, largely in Bitcoin, excluding sovereign holdings. We expect this figure to continue rising in 2026.

2. Follow the History: Money Supply as a Signal

Over the past decade, global M2 money supply and Bitcoin prices have exhibited a positive correlation with **a persistent lead-lag** relationship.

January 2016: Global M2 supply at US\$63 trillion, Bitcoin at US\$400²

January 2026: Global M2 at US\$115 trillion, Bitcoin at ~US\$90,000³

Within 2025, temporary divergences resolved predictably. From January to February, M2 supply expanded by **3%** while Bitcoin fell **15%** from US\$104,000 to US\$88,000 only to rebound 26% to US\$111,000 three months later in May.

A similar pattern emerged in October 2025, M2 supply increased marginally while bitcoin shed 18% of its market value. Based on this decade-long relationship, a **25% Bitcoin recovery in Q1 2026** is statistically achievable.

Sources:

1. Cointelegraph,
<https://cointelegraph.com/explained/bitcoin-is-now-bigger-than-amazon-heres-how-it-became-a-top-5-asset>
- 2 & 3. BGeometrics,
https://charts.bgeometrics.com/m2_global.html

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3. Debasement & Dedollarisation: Precious Metals Are Leading

In 2025, the US dollar depreciated **9.4%**, while Bitcoin declined **5.9%** — seemingly weakening the debasement narrative, with gold and silver surging **60%** and **140%** in the year, respectively.

We interpret this not as a rejection of crypto, but as **a sequence**.

Gold and silver historically move first as confidence in fiat erodes. Bitcoin follows — with leverage. The price of Bitcoin measured in gold fell from **40 ounces** in December 2024 to **20 ounces** by January 2026, creating one of the most compelling relative-value entry points in years.

With gold supply expanding **1–3% annually**, and Bitcoin approaching terminal supply, a rotation from **physical gold to digital gold** appears increasingly attractive.

Institutional behaviour supports this thesis. In Q3 2025, **Harvard's endowment allocated US\$443 million to BlackRock's IBIT**, more than doubling its gold exposure.

4. The New Plumbing: Stablecoins Flexing

Stablecoins have quietly become the **settlement layer of digital finance**.

In 2025, stablecoin market capitalisation grew nearly 50% to US\$300 billion. Transaction volumes surpassed **Visa and Mastercard combined**, underscoring their role as the backbone of on-chain payments and value transfer.

The GENIUS Act in the US accelerated institutional adoption and legitimised stablecoins as regulated financial instruments. Beyond payments, stablecoins represent **deployable liquidity** — “dry powder” waiting to rotate into crypto assets as conviction returns.

5. The Inevitable: Agentic Finance Forthcoming

Unquestionably, the future of finance is **agentic**.

As AI evolves from information gathering and decision-support tools into autonomous economic agents, the legacy financial system — relatively slow, centralised, and fragmented — becomes increasingly obsolete. AI agents require programmable, global interoperability and always-on (24/7/365) capital. The current traditional finance structure cannot meet these requirements. **Crypto is the only system designed for this role**.

To allocate to crypto is to invest in:

- The monetary layer of AI
- The settlement rails of AI-driven economies
- The infrastructure of autonomous value creation

A critical pillar of agentic finance will be the exponential tokenisation of real world assets (RWAs) - including equities, bonds, funds, real estate, commodities and private credit. Tokenisation is not an incremental efficiency gain, it is a foundational infrastructure replacement. Once assets are tokenised, they cannot rely on legacy fiat systems for transfer and settlement. Again, this is when cryptocurrency becomes indispensable.

Fiat is the film camera - physical, slow and dependent on legacy infrastructure.

Cryptocurrency is the phone camera - instant, programmable, scalable and native to the modern system.

2025 was the year of volatility, consolidation, and preparation.

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2026 is the year of rotation and enhanced allocation.

Crypto is no longer an experiment — it is becoming the financial substrate of the new AI era. Investors who wait for full certainty will arrive after the repricing. Those who allocate now position themselves ahead of it.

The future of finance is agentic.

The rails are being laid.

Invest accordingly.

Be with the Avengers.

“

The future of finance is agentic. Crypto is not just an asset allocation for a stake in the future - It is the infrastructure of it.

2026 is the year of rotation and enhanced allocation.

”

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