

BITCOIN (BTC/USD)

12-Month Price Target: \$91,300

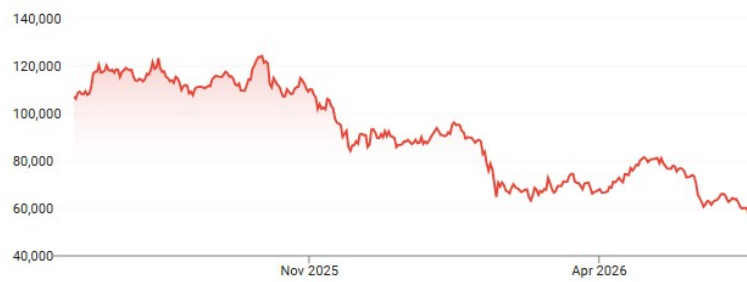
Current Price: \$59,678 (as of 2-July-2026, 1:00 am)

STATUS	12M TARGET	CURRENT PRICE	PRIOR 52-WEEK RANGE	VOLATILITY
ACCUMULATE	\$91,300	\$59,568	\$124,300 to \$58,300	HIGH

OVERVIEW

This report presents a twelve-month price target for Bitcoin (BTC/USD) of \$91,300, with a trading range of \$76,000 to \$102,000, based on Salomon Brothers macro-economic research together with a modified version of the Daniels and Hileman BTC Valuation Model (the "Model"), a monetary-dilution framework linking Bitcoin's price to growth in the U.S. dollar money supply (USD M2). The target reflects our expectation that U.S. federal deficit spending — driven by a proposed historic increase in defense appropriations and a rapidly rising interest burden on \$40 trillion in outstanding federal debt — will require a meaningful expansion of USD M2 over the next two to four quarters, providing a renewed monetary tailwind for Bitcoin following a 12-month period in which monetary conditions were comparatively restrictive.

Chart: BTC Price
One Year



Source: Goggle

PURCHASER RATIONALE

- **Renewed fiscal-driven monetary expansion after a two-year contraction.** Following roughly two years in which elevated tariff and tax collection unwound the Biden Administration’s COVID-era monetary over-stimulus — pulling USD M2 growth below nominal GDP growth for the first sustained period in this cycle — a proposed 42% increase in defense appropriations (\$350 billion incremental) and federal interest expense now exceeding \$1.0 trillion annually are positioned to push excess M2 growth back toward, and potentially above, its long-run historical average, restoring the primary monetary tailwind behind Bitcoin’s prior cycles.
- **Shared scarcity thesis with gold, plus structural advantages gold lacks.** Like gold, Bitcoin derives monetary value in part from a hard supply constraint; unlike gold, whose above-ground stock still grows by roughly 1.5–2% annually via continued mining, Bitcoin’s 21 million coin cap is fixed and independently verifiable on a public ledger, with issuance that decreases on a known schedule rather than responding to price incentives. Bitcoin also offers superior portability and custody economics relative to physical gold: Deutsche Bank Research notes that the storage cost of a Bitcoin position is effectively zero regardless of size, whereas the cost to store and move gold is high (Laboure & Siazon, “Bitcoin vs. Gold: The Future of Central Bank Reserves by 2030,” Deutsche Bank Research Institute, September 22, 2025). The same report frames Bitcoin and gold

as increasingly complementary, rather than competing, monetary hedges, with room for both to coexist on central bank balance sheets by 2030 as regulatory clarity develops. We note both assets showed low correlation to traditional risk assets individually — consistent with treating Bitcoin as a parallel instrument vs a gold substitute.

- **Statistically oversold following a prolonged, high-magnitude decline.** Bitcoin has declined more than 38.9% over approximately eight months, a duration and magnitude consistent with prior cyclical troughs that preceded strong mean-reversion rallies. Drawdowns of this length are a well-documented pattern in which sentiment- and liquidity-driven selling overshoots any deterioration in underlying fundamentals; our Model treats this as a volatility-driven overreaction rather than a re-rating of Bitcoin's monetary fundamentals, which per Key Assumption 1 are set to improve, not deteriorate, over the forecast horizon.
- **A substantial, latent monetary catalyst that has not yet been unlocked.** USD M2 is currently running approximately 7.9% below its own 10-year trend (approximately 9.1% on a GDP-adjusted basis), reflecting the multi-year unwind of 2020–2021 pandemic-era excess monetary growth. The fiscal measures modeled in this report close only a fraction of that gap; a full return to trend would require roughly 4.9 times the incremental deficit spending we currently model. We view the remaining gap as a longer-duration source of potential upside beyond our published target, contingent on either larger deficit spending than currently proposed or a slower economic backdrop.
- **Expand Bitcoin's buyer base.** A small portion of the global population currently holds any form of cryptocurrency and Bitcoin-specific ownership among institutional and retail investors is narrower still (Datareportal / DemandSage, 2026). A key barrier to broader participation is the absence of a widely accepted economic basis for Bitcoin's value, which has historically left allocators unable to distinguish fair value from speculation. To the extent the Daniels-Hileman Bitcoin Model, and the Salomon Brothers extension of the model, or other extensions, gain traction as a shared, testable valuation framework, we believe a more coherent market consensus around Bitcoin's price will emerge. A framework that resolves uncertainty about whether Bitcoin has a defensible fundamental value, rather than being purely momentum-driven, widens the pool of allocators willing to buy, particularly among institutions with fiduciary mandates that require an articulable valuation basis. Even a modest expansion in participation would be economically significant: increasing the buyer base and its market liquidity.

Regulatory clarity is also likely to be a near-term accelerant to expanded adoption of Bitcoin. The Digital Asset Market Clarity Act ("CLARITY Act"), which passed the House in July 2025 and was reported out of the Senate Banking Committee on June 1, 2026, would establish the CFTC as the primary regulator of Bitcoin and other digital commodities, replacing the current enforcement-driven approach with defined statutory rules. Passage would remove a key structural barrier cited by fiduciary-constrained institutional allocators — the absence of a settled jurisdictional and disclosure framework — independent of any valuation question. We view CLARITY's enactment and the broader adoption of a credible valuation framework as complementary catalysts: the former addresses the regulatory basis for institutional participation, while the latter addresses the analytical basis, and together they would remove two of the most frequently cited obstacles to expanding Bitcoin's buyer base.

RISK FACTORS TO THE THESIS

- **Frequent, severe drawdowns and a reduced statistical link to gold.** Deutsche Bank Research documents 19 separate Bitcoin drawdowns exceeding 20% since the 2010s, averaging 44% in magnitude and 123 days in duration — a pattern our target range and volatility disclosures (see Volatility and Target Range Considerations) are designed to anticipate, but which could still exceed our modeled bounds in a sufficiently sharp risk-off episode. Separately, Bitcoin's correlation to gold has weakened during recent selloffs — Bitcoin fell even as gold posted strong 2025 gains. If Bitcoin continues to trade primarily as a high-beta risk asset rather than a monetary hedge, improving M2 conditions may not translate into price support as directly, or as quickly, as our Model assumes.
- **Regulatory and legislative delay.** Continued stalling of U.S. digital asset market structure legislation could delay institutional inflows and prolong elevated realized volatility. This risk is not hypothetical: the Swiss, German, and European central banks have each rejected the idea of holding Bitcoin reserves, and Federal Reserve Chair Jerome Powell stated in December 2024 that the Federal Reserve Act does not permit the Fed to own Bitcoin. Sovereign and institutional adoption is proceeding at the U.S. Treasury, state, and corporate level rather than through central banks directly, which is a materially different, and potentially slower, adoption path than the one gold itself followed.
- **Model risk and parameter sensitivity.** The SB Extension remains under active revision and its price target is sensitive to assumptions — the forward inflation path, the M2-to-GDP pass-through ratio, and forward nominal GDP growth chief among them — that could shift materially with new data, independent of whether the model's underlying monetary-dilution thesis remains sound. Changes in interest rates could add or relieve pressure on the Treasury to increase M2 to fund the deficit.

EXECUTIVE SUMMARY

We initiate our twelve-month outlook on Bitcoin with a price target of \$91,300, implying approximately 53% upside from the current price of \$59,678, within a projected trading range of \$76,000 to \$102,000. Our target is derived from the Daniels-Hileman BTC Valuation Model, a monetary-dilution framework that prices Bitcoin as a function of growth in the U.S. dollar money supply (USD M2) relative to the economy's capacity to absorb that growth, adjusted for realized inflation.

The central thesis is straightforward: Bitcoin's fixed supply of 21 million coins makes it structurally sensitive to the rate at which new dollars are created relative to real economic output. When the U.S. monetary base expands faster than nominal economic growth can absorb — what we term "excess" or "unabsorbed" M2 growth — that excess dilutes the purchasing power of the dollar, and a portion of that diluted value has historically flowed into scarce, fixed-supply assets including Bitcoin.

Over the trailing twelve months, this dynamic has worked against Bitcoin: aggressive tariff collection and elevated tax receipts pulled dollars out of circulation faster than the economy's nominal growth, producing negative excess M2 growth and contributing to Bitcoin's decline of more than 38% from its October 2025 all-time high of \$125,166. We expect this dynamic to reverse over the coming two to four quarters as a proposed 42% increase in the federal defense budget and a rapidly escalating federal interest expense — now exceeding \$1.0 trillion annually for the first time — require the Treasury and Federal Reserve to expand the money supply at a pace that outstrips nominal GDP growth.

In summary: BTC should be accumulated now and over the twelve-month horizon. Our base case assumes a moderate reacceleration in excess USD M2 growth driven by fiscal expansion, producing a median price path toward the upper-middle of our target range. We see the current monetary backdrop — negative excess M2 growth, the most restrictive in this expansion cycle — as a transitory trough rather than a structural reversal, with fiscal dynamics now positioned to push the dilution mechanism back toward, and potentially above, its long-run historical average.

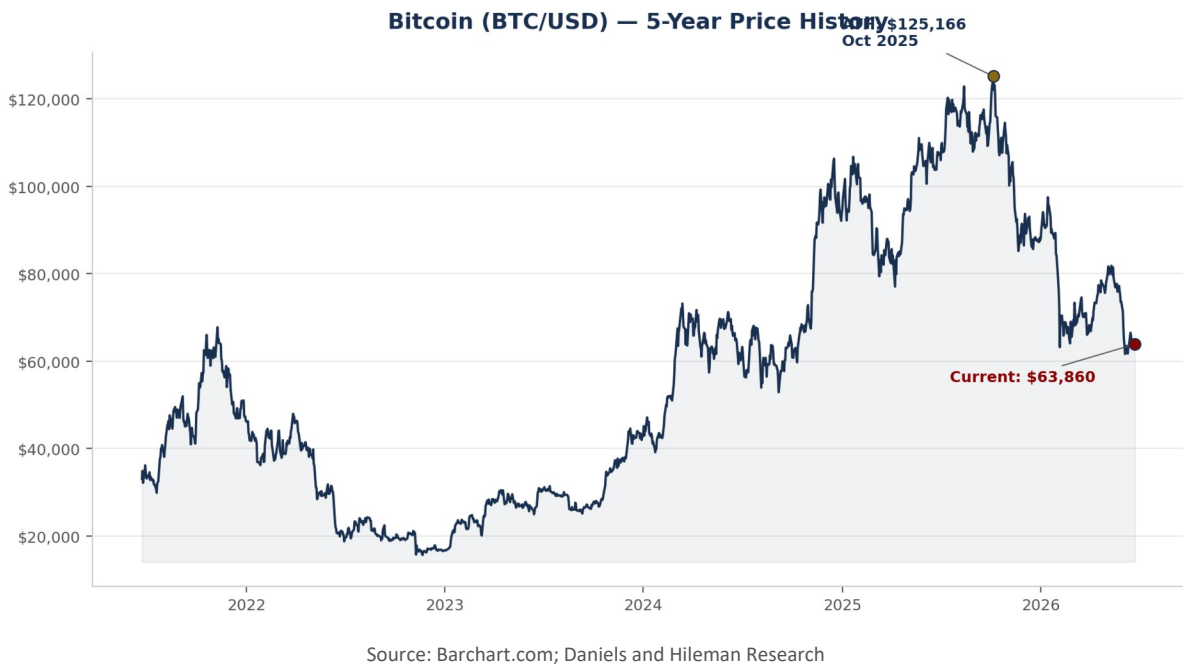
BITCOIN: A BRIEF HISTORY

Bitcoin was introduced in a 2008 white paper authored under the pseudonym Satoshi Nakamoto, describing a peer-to-peer electronic cash system that would operate without reliance on a central financial institution. The network launched in January 2009 with the mining of the genesis block, and the first known commercial transaction — the purchase of two pizzas for 10,000 BTC — occurred in May 2010, at a time when Bitcoin had no established market price.

Bitcoin's defining economic feature is its fixed and known supply schedule: a hard cap of 21 million coins, enforced by the network's open-source software and decreasing issuance rate (the "halving" mechanism, which cuts new coin issuance in half approximately every four years). This stands in direct contrast to fiat currencies including the U.S. dollar, whose supply is expanded at the discretion of the Federal Reserve and the U.S. Treasury without a comparable fixed ceiling.

Bitcoin has experienced several multi-year boom-and-bust cycles since inception, each reaching a new all-time high followed by a substantial drawdown: a rise to roughly \$1,100 in late 2013 followed by an 80%+ decline; a rise to roughly \$19,700 in late 2017 followed by a similar decline; a rise to roughly \$69,000 in late 2021 followed by the 2022 "crypto winter"; and a rise to its most recent all-time high of \$125,166 in October 2025. Each cycle has coincided with periods of significant monetary expansion, a pattern that forms the empirical foundation for the valuation framework presented in this report.

Chart 1: BTC / USD



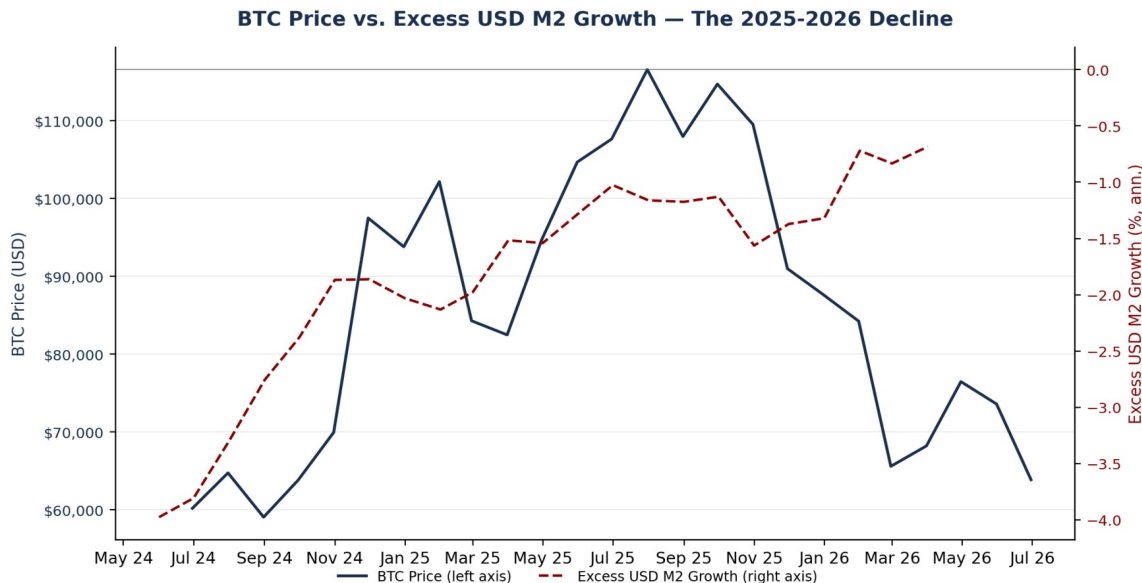
THE DECLINE FROM ALL-TIME HIGHS

Bitcoin reached an all-time high of \$125,166 on October 6, 2025. As of this report, BTC trades at approximately \$59,678 — a decline of roughly 55% from that peak, occurring over approximately nine months.

We attribute the majority of this decline to a sustained period of unusually restrictive U.S. dollar monetary conditions, as measured by our Model's core driver: excess USD M2 growth, defined as the rate of M2 money supply growth in excess of nominal GDP growth. Notably, this decline occurred even as the headline level of USD M2 continued to rise modestly throughout the period (M2 grew by approximately \$718 billion, or 3.25%, between August 2025 and April 2026) — the relevant deterioration was not in the absolute level of the money supply but in its growth rate relative to the economy's ability to absorb it.

Two factors drove this relative tightening. First, the U.S. Treasury collected substantially elevated tariff revenue beginning in 2025 following the implementation of new trade policy, with tariffs projected to comprise approximately 7.5% of federal receipts in FY2026 — a multiple of their modern historical average of 1.4%. Second, federal tax receipts have continued to grow alongside nominal economic activity. Both effects withdraw dollars from circulation (tariffs and taxes are a transfer from the private sector to the Treasury, and to the extent they are not immediately re-spent, they reduce the effective growth rate of money in active circulation) at a pace that outstripped the underlying growth rate of the M2 money supply itself, producing the negative excess M2 readings shown below.

Chart 2: BTC vs Excess USD M2 2024 to 2026



Source: FRED (M2SL); Barchart.com; Daniels and Hileman Research. Excess M2 Growth = trailing 12-month USD M2 growth rate minus same-period nominal GDP growth rate.

As shown above in Chart 2, excess USD M2 growth turned negative beginning in mid-2025 and has remained negative through the most recent reading (-0.69% as of April 2026), corresponding closely with the period of Bitcoin's decline. We view this as the primary monetary driver of the recent drawdown, operating alongside the ordinary volatility and sentiment-driven price action that characterizes the asset class generally.

THE DANIELS & HILEMAN BTC VALUATION MODEL

The price target in this report is derived from the Daniels & Hileman BTC Valuation Model (the "Model"), a structural framework that prices Bitcoin as a function of (i) the rate of growth in the U.S. dollar money supply that exceeds what the real economy can absorb, and (ii) realized U.S. consumer price inflation, with both factors compounding on a fixed-per-coin basis rather than as a percentage of Bitcoin's existing market value. The model is in the process of a private peer-review.

Core Mechanics

The Model's central equation adds a dollar amount to Bitcoin's price each period, calculated as a dilution coefficient multiplied by the dollar change in USD M2 that period, divided by Bitcoin's fixed 21 million coin supply. That dollar amount is then grossed up by realized monthly inflation, with the inflation adjustment itself scaled by the same dilution coefficient — so that periods of excess monetary growth produce an amplified inflation pass-through, and periods of monetary restraint produce a dampened, or even inverted, inflation effect.

The dilution coefficient itself is not fixed. It varies month to month with the ratio of current excess M2 growth to its long-run historical average (approximately 1.29% per year over the available sample period), such that the coefficient returns to its calibrated average value when monetary conditions are typical, rises well above average during periods of pronounced monetary expansion (as in 2020-2021), and falls below average — including into negative territory — during periods of monetary restraint (as in 2022-2023 and again in late 2025 through early 2026).

Historical Validation

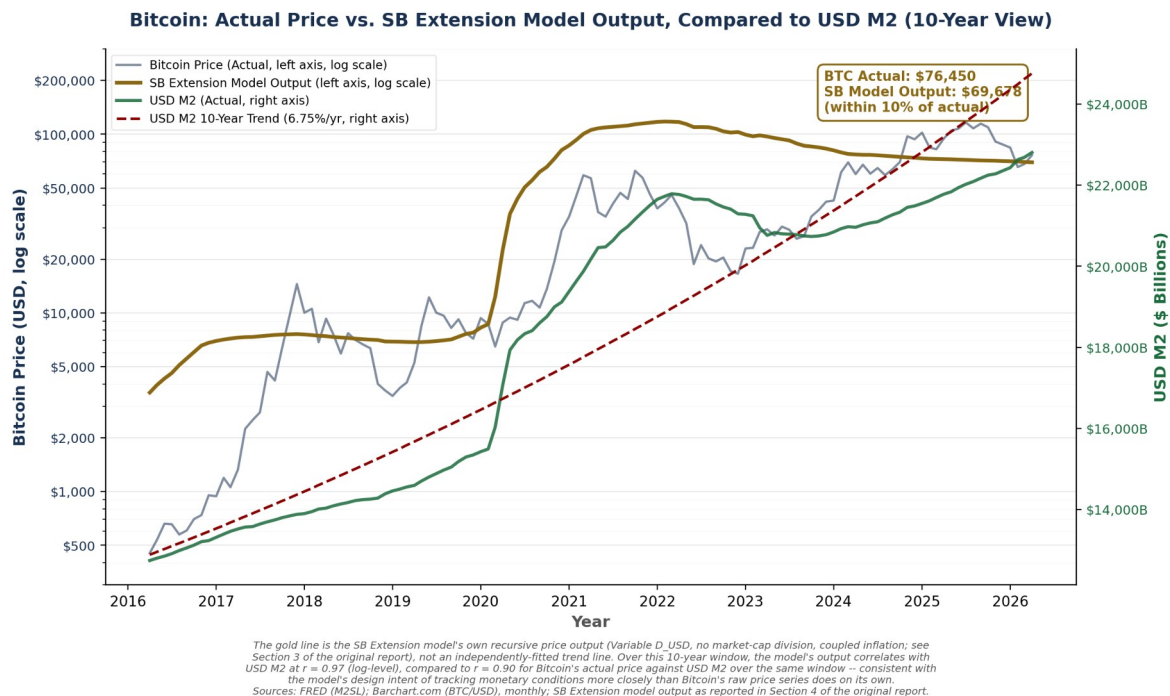
Applied retrospectively to the full available monthly history (December 2012 through April 2026, 160 monthly observations), the Model produces a log-price correlation to actual Bitcoin prices of approximately 0.94 (R-squared of approximately 0.89), and — critically — a current Model-implied price level within approximately 25% of Bitcoin's actual traded price, a substantial improvement over earlier iterations of the framework that, while directionally correlated, implied price levels one to two orders of magnitude below actual market prices.

The Model has been validated to correctly increase its dilution sensitivity during periods of extreme monetary expansion (the COVID-19 stimulus period of 2020-2021, when the Model's dilution coefficient reached its historical maximum of approximately 0.37, nearly 20 times its long-run average) and to correctly decrease — and in the most recent data, invert — that sensitivity during periods of monetary restraint, including the current environment.

Extended Validation: SB Extension Model Output vs. USD M2 (10-Year View)

The chart below extends the Model's historical validation to a full 10-year monthly view, plotting Bitcoin's actual traded price against the Model's own recursive price output (the SB Extension specification: variable D_USD, no market-cap division, coupled inflation) alongside USD M2 and its 10-year log-linear trend. Over this window, the Model's output correlates with USD M2 at $r = 0.97$ (log-level), compared to $r = 0.90$ for Bitcoin's actual price against USD M2 over the same period — consistent with the Model's design intent of tracking underlying monetary conditions more closely than Bitcoin's raw, sentiment-influenced price series does on its own.

Chart 3: BTC Price v. Model



Sources: FRED (M2SL); Barchart.com (BTC/USD), monthly; SB Extension model output as reported in Section 4 of the SB Extension Paper. The gold line is the Model's own recursive price output, not an independently fitted trend line.

A related but analytically distinct finding, developed in the SB Extension Errata (Exhibit E.4), is that USD M2 itself is currently running below its own 10-year trend — by approximately \$1,949 billion, or 7.9%, as of the most recent reading (approximately 9.1% on a GDP-adjusted basis, which isolates the portion of M2 growth not attributable to real economic output growth; see Errata Exhibit E.7). This is not a new contraction: it reflects a multi-year unwinding of the extraordinary, pandemic-era monetary expansion of 2020–2021, which pushed M2 well above trend before growth slowed, and in places contracted, from 2022 onward.

The practical implication, as the Errata makes explicit, is that the fiscal pressures described in Key Assumption 1 below are presently working against this unwind rather than adding to an already-on-trend monetary base: the estimated \$700–750 billion in incremental fiscal pressure we model closes only a fraction of the current shortfall, and a full return of USD M2 to its 10-year trend would require approximately \$3,450 billion in additional deficit-financed spending — roughly 4.9 times the fiscal pressure modeled in this report's scenarios. We view this as a latent, longer-duration catalyst rather than a near-term one: it argues that the Model's dilution mechanism has substantially more room to run than current fiscal plans alone would trigger, but that unlocking it would likely require either materially larger deficit spending than currently proposed, or a slower economic backdrop that reduces the nominal GDP growth against which M2 growth is measured.

A methodological note on the chart above: because Bitcoin's price (USD per coin) and USD M2 (USD billions, economy-wide) are different units, the chart plots them on independent left and right axes selected for visual legibility, not for level equivalence — the point at which the lines appear to converge in 2026 reflects the axis scaling chosen for this chart and should not be read as Bitcoin's price literally equaling, or falling below, an implied dollar level derived from USD M2. The economically meaningful, same-unit comparison is between Bitcoin's actual price and

the Model's own price output (the navy and gold lines), which is the comparison presented in the annotation box on the chart and discussed throughout this report.

The Model remains under active review, and we expect continued refinement to its structure as additional data becomes available and as its component mechanisms are stress-tested against a wider range of historical and forward-looking scenarios. Specific elements currently under review include: the appropriate calibration of the forward-looking inflation assumption; the treatment of the inflation pass-through mechanism at extreme values of the dilution coefficient; and the appropriate forecast for nominal GDP growth, currently held at its most recently available annual reading in the absence of more granular forward data.

We emphasize that while specific parameters, functional forms, and calibration choices within the Model are expected to evolve, we have high conviction in its core economic thesis: that Bitcoin's fixed supply causes it to function as a structural offset to unabsorbed growth in the U.S. dollar money supply, and that this relationship is both theoretically sound and empirically well-supported across a thirteen-year sample spanning multiple monetary policy regimes.

PRICE TARGET AND KEY ASSUMPTIONS

Our twelve-month price target of \$91,300 is derived from a Monte Carlo simulation of the Model under a central-case scenario for forward USD M2 growth, incorporating the fiscal dynamics described below. The target range of \$76,000 to \$102,000 is constructed by applying a band equal to approximately one-third of the distance between the upper and lower bounds of the Model's full simulated 90% confidence interval, providing a narrower, higher-conviction range around the central target for the purposes of this report. This trading range is provided to show the expected volatility around our projected fair value in 12 months.

Key Assumption 1 — Deficit-Driven M2 Expansion

Our central scenario assumes that U.S. federal deficit spending will require a meaningful expansion of USD M2 over the next two to four quarters, driven by two specific and identifiable fiscal developments:

1. **Defense Budget Expansion.** The Administration's FY2027 budget request proposes a 42% increase in defense appropriations to \$1.5 trillion, including approximately \$350 billion in genuinely incremental new reconciliation-based defense spending beyond the existing baseline. We estimate, using an empirically derived pass-through ratio between federal deficit spending and M2 growth (averaging approximately 0.57x in non-emergency policy years over the past decade), that this alone contributes a modest but positive increment to forward M2 growth.
2. **Rising Interest Expense.** Net interest payments on the federal debt — now standing at approximately \$40 trillion — surpassed \$1.0 trillion annually for the first time in FY2026, with the Congressional Budget Office's baseline already projecting continued growth toward \$2.1 trillion by FY2036. We further assume that average effective borrowing costs run moderately above the CBO's baseline assumption as the debt stock continues to reprice at currently elevated interest rates (effective rates of approximately 4%, more than double pre-2022 levels), adding an estimated incremental \$100 billion to \$400 billion in annual interest expense beyond what is already embedded in current monetary and economic data.

Combined, we estimate these two factors are sufficient to move the Model's dilution coefficient from its current, deeply negative reading back toward, and modestly above, its long-run historical average — a meaningful reversal from the restrictive conditions of the past twelve months, though still well short of the extreme readings observed during the 2020-2021 stimulus period.

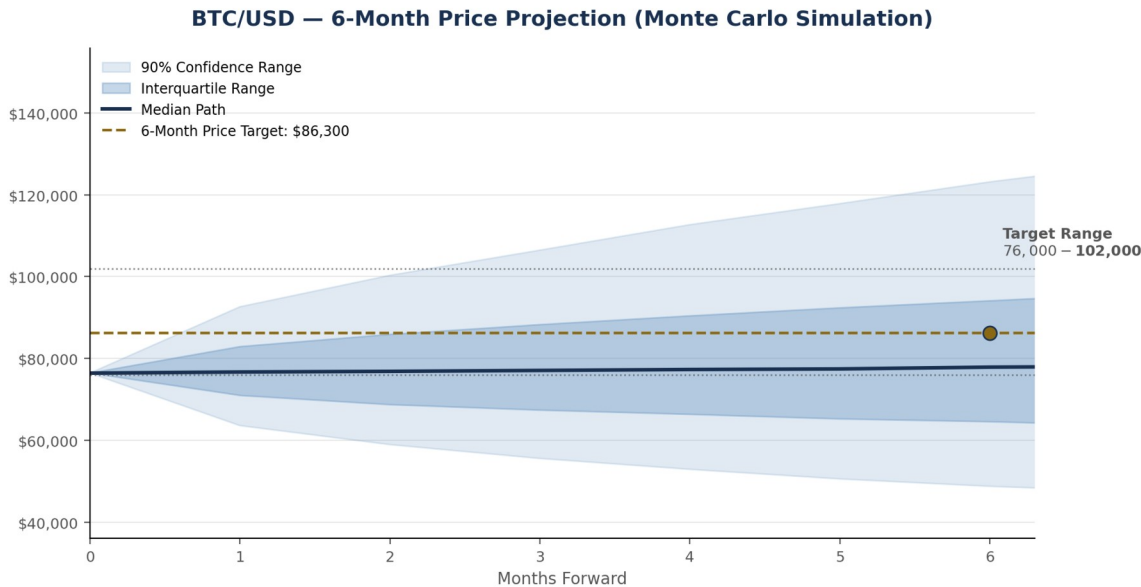
Key Assumption 2 — Realized Inflation Path

We hold forward realized CPI inflation at 4.17% annualized, consistent with the trailing twelve-month average as of the most recent available data, and allow this assumption to scale with the Model's dilution coefficient per its design, such that the assumed monetary reacceleration described above also amplifies the effective inflation pass-through embedded in the price target.

Key Assumption 3 — Forward Volatility

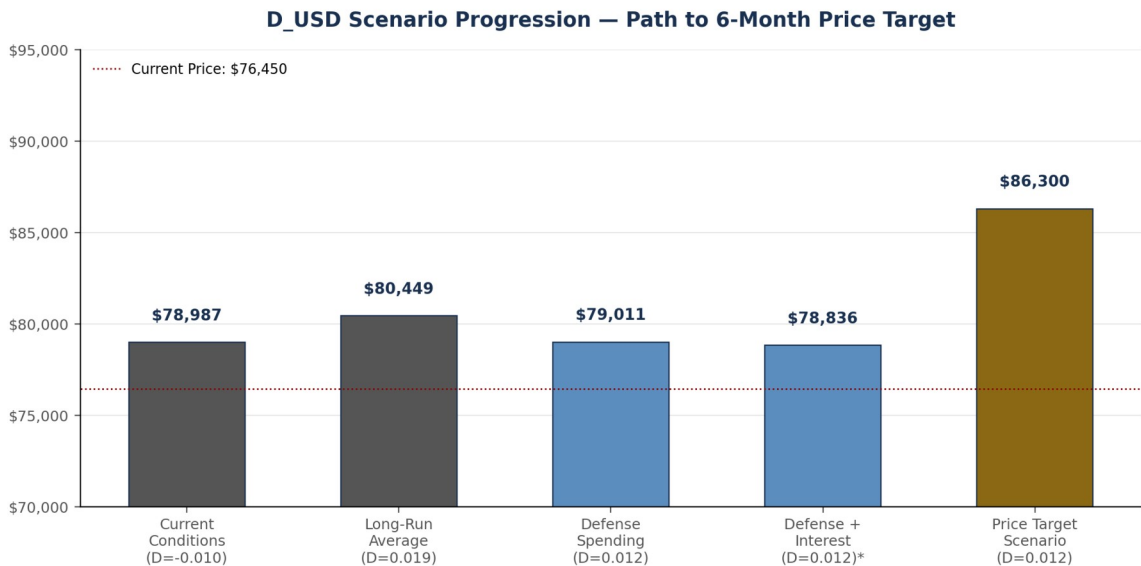
Consistent with our standing house view that Bitcoin's realized volatility should moderate as the asset matures and as monetary-driven price discovery becomes more broadly recognized (see following section), we model forward volatility at 40% annualized — below Bitcoin's full-history realized volatility of approximately 88%, and closer to its trailing four-year realized volatility of approximately 49% — with simulated outcomes truncated to exclude extreme tail events inconsistent with this lower-volatility assumption.

Chart 4: BTC / USD – Monte-Carlo Projection



Source: Daniels and Hileman Research. Monte Carlo simulation, 20,000 iterations.

Chart 5: BTC / D_USD Scenario



Source: Daniels and Hileman Research. *Reflects defense spending and incremental interest expense scenario described in Key Assumption 1.

Volatility and Target Range Considerations

Our published target range of \$76,000–\$102,000 is a narrowed, higher-conviction range — approximately one-third of the distance between the upper and lower bounds of the Model’s full simulated 90% confidence interval — and should not be read as the outer bound of statistically plausible outcomes. The SB Extension Errata (Exhibit E.5) reports the full Monte Carlo distribution underlying this analysis: at the 90% confidence level (5th–95th percentile of 20,000 simulated paths), the 6-month price band is approximately \$49,600 to \$123,800, and the 12-month band widens to approximately \$42,200 to \$153,900. In practical terms, this means Bitcoin’s price could plausibly trade as much as

\$37,500 above, or \$36,700 below, our \$91,300 twelve-month point target — and by an even wider margin at 12 months — purely as a function of Bitcoin’s embedded volatility, before accounting for any change in the underlying monetary or fiscal inputs to the Model.

A tighter, more probable band — the 30% confidence interval (35th–65th percentile) — implies a 6-month range of approximately \$70,400 to \$87,500 and a 12-month range of approximately \$69,100 to \$93,400, both of which sit close to our published target range. We emphasize this distinction because the two scenarios modeled in Key Assumption 1 (elevated M2 growth from defense and interest-expense pressure, versus flat M2 growth) converge to nearly identical medians once the Model’s Variable D_USD mechanism is applied correctly (see SB Extension Errata, Exhibit E.2); the dominant source of forward price uncertainty in this Model is therefore Bitcoin’s own embedded volatility, not the specific fiscal scenario assumed.

We further note that the 40% annualized volatility assumption underlying these ranges (Key Assumption 3) is itself below Bitcoin’s full-history realized volatility of approximately 88% annualized. Should realized volatility revert toward that higher historical level — as has occurred during prior drawdown periods, including the current one — actual price dispersion around our target could exceed even the wider figures presented above. Investors should size any position accordingly and treat the point target of \$91,300 as the center of a genuinely wide distribution of outcomes, not as a precise forecast.

THE CASE FOR AN ECONOMIC VALUATION FRAMEWORK

Bitcoin has historically traded with minimal reference to any widely-accepted fundamental valuation framework, a condition that has contributed materially to its persistently elevated volatility relative to traditional asset classes. We believe the emergence and broader adoption of a credible economic foundation for Bitcoin's price — of the kind the Model seeks to provide — carries several distinct and significant benefits for the asset's market structure.

Consensus Valuation and Price Transparency

Markets with a widely accepted fundamental valuation framework — equities with earnings multiples, fixed income with yield curves, real estate with capitalization rates — exhibit materially more efficient price discovery than markets lacking such anchors. A framework that ties Bitcoin's price to an observable, independently published macroeconomic variable (USD M2 growth) offers market participants a common reference point for assessing whether the asset is trading rich or cheap relative to its monetary fundamentals, which we believe would, over time, narrow the dispersion of investor expectations and reduce the magnitude of sentiment-driven price swings that are not anchored to any external benchmark.

The Volatility-Predictability Relationship

We believe greater price predictability, in turn, is likely to reduce Bitcoin's realized volatility — not because the underlying asset becomes less risky in an absolute sense, but because a meaningful share of historical Bitcoin volatility has reflected the absence of any shared framework for fair value, leaving price action more exposed to momentum, narrative, and liquidity-driven dislocation than would be the case for an asset with broadly accepted fundamentals. A lower-volatility, more fundamentally-anchored Bitcoin would likely attract a different and larger pool of capital than the asset has historically attracted, with several specific consequences:

1. **More Buyers.** Lower realized and expected volatility broadens Bitcoin's addressable investor base to include institutional allocators, pension and insurance capital, and other long-duration investors whose mandates limit or prohibit allocations to assets with Bitcoin's historical volatility profile, independent of their view on its long-term return potential.
2. **Lenders Willing to Accept BTC as Collateral.** Greater price predictability directly supports the development of a deeper and more liquid Bitcoin-backed lending market, as lenders are able to underwrite loan-to-value ratios and margin requirements with greater confidence, reducing the collateral haircuts and liquidation risk premia that have historically constrained the scale of Bitcoin-collateralized credit.
3. **Other Benefits.** Additional second-order benefits may include tighter bid-ask spreads in spot and derivatives markets, more efficient options pricing, expanded use of Bitcoin in structured financial products, and a reduced cost of capital for Bitcoin-adjacent businesses, among other effects.

We view the development and broader market adoption of a credible fundamental valuation framework for Bitcoin as a structurally positive development for the asset class over time, independent of the specific price level such a framework may indicate at any given moment.

Inquiries

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Data, Exhibits, appendices and annexes are available to clients upon request.

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