



24 CAPITAL PARTNERS LP

# Q4 2025 Quarterly Investment Letter



## To Our Limited Partners,

Bitcoin has done something this year that doesn't fit neatly into anyone's favorite narrative. After breaking above \$125,000 in early October, it slid back under \$90,000, effectively round-tripping most of its year-to-date gains and pushing the major Fear & Greed gauges into "Extreme Fear."

On paper, we got almost everything the industry said it wanted: spot Bitcoin ETFs with record inflows, a U.S. administration that brands itself "pro-crypto," and a stablecoin framework that gives banks and large fintechs clearer rules of engagement.

Yet the performance for the quarter was ugly.

On preliminary estimates, **the fund finished Q4 down approximately 36% net**, and finished 2025 down approximately 34.3% net (as reported by the administrator). This has been the most challenging stretch since launch, and we do not want to minimize it. The goal of this letter is to be clear about what drove the drawdown, why underlying usage has not broken, and why our structure is designed to survive dislocations that force other managers to liquidate at the worst possible time.

## Performance & Benchmarks

Performance and benchmark context is summarized below, with a full-year table in the Appendix.

### Q4 2025 Performance vs Benchmarks

	BTC	ETH	SOL	24 Capital LP
October 2025	(3.9%)	(7.2%)	(10.3%)	(9.12%)
November 2025	(17.4%)	(22.2%)	(28.3%)	(21.65%)
December 2025	(3.1%)	(0.8%)	(6.7%)	(11.06%)
Q4 Total	(23.08%)	(28.38%)	(39.99%)	(36.67%)

*\*Unaudited. Full 2025 monthly performance and benchmark comparisons are included in the Appendix.*

<b>Top Detractors:</b>	<b>4Q25 PnL Attribution (%)</b>
HYPE	-7.60%
AAVE	-6.10%
PYTH (exit)	-5.90%

*\*Unaudited*

There were no positive contributors in Q4. Relative to higher-beta exposures, BTC and ETH declined less sharply and served as liquidity anchors, but both were detractors in absolute terms.

## Market Mechanics: The Q4 Deleveraging

In November we sent a short note ahead of statements. The headline hasn't changed. This drawdown has been driven primarily by leverage and flow pressure, not by a sudden disappearance of crypto's real-world usage.

For most spot holders, October 10–11 looked like a sharp but familiar drawdown. For traders running leverage, it was a margin cascade. A macro shock hit a market that was crowded, heavily levered, and trading on thinner liquidity. Once Bitcoin lost key levels, mechanics took over: collateral values fell, liquidation engines sold into shallow order books, and ETF investors who had been comfortably in the green suddenly found themselves near breakeven and began redeeming.

Roughly \$19 billion in positions were forcibly liquidated over about 48 hours. The sellers were not necessarily bearish on crypto's future, they simply had no choice. Margin calls do not care about investment theses.

One of the more important takeaways from that event was the difference in how the plumbing behaved. Decentralized protocols like Aave and Hyperliquid processed heavy volume and liquidations without halting. The smart contracts did exactly what they were designed to do. Several centralized venues, by contrast, saw outages, cascading liquidations, and operational stress that felt uncomfortably familiar to anyone who lived through the 2022 era.

That divergence matters to our strategy. It does not make the quarter feel any better. It does validate a core premise: in periods of stress, the protocols that are transparent, over-collateralized, and designed to run continuously tend to gain share, not lose it.

## Price vs. Usage

If you look past the price charts and focus on what happened on-chain, you see a strange mismatch. User counts, stablecoin flows, and protocol revenue continued to grow even as asset prices sold off.

We frame this as an activation gap. Recent estimates suggest hundreds of millions of people globally own some form of crypto, but only a much smaller subset are regularly active on-chain. That gap, between “owners” and “users,” is the source of near-term frustration and the source of long-term opportunity.

Meanwhile, the financial rails are working at real scale. Stablecoins quietly pushed to new highs in aggregate supply above \$300 billion during the quarter, even while prices weakened. In other words, capital did not necessarily leave the ecosystem, it moved into a more defensive posture inside it. Recent analyses suggest stablecoins are already processing transactions in the trillions of dollars per day, placing them in the same conversation as the largest payment and settlement networks in the world.

Here is the part that matters most for how we invest: the direction of institutional adoption is not slowing down. Larry Fink recently compared tokenization today to the internet in 1996. For us, it reinforces that we are still early, but the direction is clear.

The incumbents are building. Tokenized deposits are moving from pilot to production (BNY Mellon, alongside similar efforts from JPMorgan and HSBC). Core market infrastructure is preparing tokenization services for traditional securities plumbing (DTCC). Asset managers are packaging cash-like yield products on-chain (BlackRock). Major wealth platforms continue to test regulated distribution, including new crypto ETF plans and a digital wallet roadmap (Morgan Stanley). The point is not that TradFi is “coming” someday. The point is that the integration work is already underway.

That infrastructure underpins the businesses we own.

Aave is increasingly the on-chain money market for sophisticated users. Hyperliquid has emerged as a dominant on-chain perps venue, with revenues that scale with activity. These are the kinds of businesses that can strengthen fundamentally even when token prices are weak.

That is the core paradox of late 2025: crypto prices were weak, while crypto infrastructure fundamentals kept getting stronger. We want to live in that gap as investors.

## Structural Positioning: Why We Don't Have to Sell

A lot of commentary defaults to the familiar story that “this is just the four-year cycle.” We think relying on historical charts in this macro environment is dangerous. Instead, we focus on market structure.

Most funds face existential pressure during 20–40% drawdowns because they are fighting multiple enemies at once: redemptions, margin calls, and high fixed operating expenses that demand constant activity. We built 24 Capital Partners to avoid those pressures. We carry no portfolio-level leverage, so we are not forced to sell into weakness to satisfy a lender. We run with lean operating costs and a meaningful runway, so we do not need performance fees just to keep the lights on. Our capital base is aligned with the mandate: we are pursuing asymmetric upside over a multi-year horizon, not smoothing month-to-month variance.

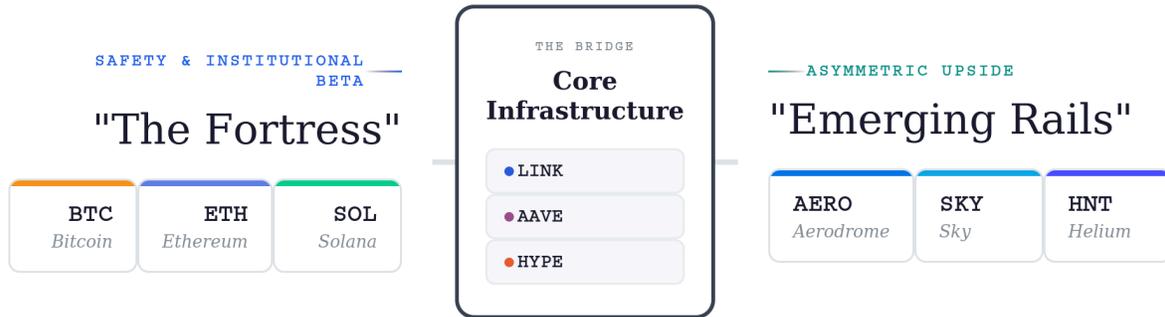
This is not about being smarter than the market. It's about being structured to survive when others cannot.

## The Fortress Pivot

Throughout Q4, we intentionally shifted into what we've called a “Fortress” posture. It's a simple set of principles: fewer moving parts, higher average quality, better liquidity, and less exposure to risks that are hard to price during stress.

In practice, that meant reducing exposure to names where the thesis picked up structural overhangs. Sometimes the overhang was legal complexity. Sometimes it was token supply dynamics. Sometimes it was an operational risk. Other times, it was simply that the asset started trading like illiquid beta in a leveraged unwind, which is not where we want to be oversized.

In parallel, we concentrated the portfolio into our highest-conviction, highest-liquidity infrastructure holdings: BTC, ETH, SOL, LINK, AAVE, and HYPE. The goal was not to time the bottom. The goal was to reduce the number of ways we can be wrong in an environment where market repair may take months, not days.



Portfolio framework: Fortress anchors, core infrastructure toll roads, and selective emerging rails.

## Portfolio Actions: Exits, Risk Reductions, and Upgrades

During Q4, we crystallized losses in several names where the risk profile shifted, and redeployed toward higher-liquidity, higher-conviction infrastructure. We exited Akash (AKT) and Livepeer (LPT). In both cases, the technology remains interesting, but fundamentals and adoption were not compounding the way we underwrote, and the risk/reward worsened materially during the unwind.

We also fully exited Pyth Network (PYTH), which is worth explaining in more detail. Pyth is a good product with a compromised token setup. Adoption is real, but value accrual has not been structured in a way that is clear or durable for token holders. The supply dynamics into 2026 introduce a large, known overhang. With a significant unlock scheduled for May 2026 relative to typical trading liquidity, the risk/reward becomes structurally impaired in a market that is already sensitive to forced selling. We are not relying on hope for a governance vote to fix the economics later.



PYTH May 2026 unlock vs trailing average daily volume (illustrative of supply overhang risk).

Several reductions followed the same principle: reduce risks that are harder to price in stress, upgrade liquidity, and preserve optionality. We trimmed SYRUP in response to litigation risk around syrupBTC. We reduced HNT due to tokenomics headwinds that remain a constraint until burn dynamics outweigh issuance. We right-sized AERO to reduce venue-specific and ecosystem concentration risk.

We rebalanced the portfolio in a way that strategically generated capital losses, which can be used to help shield capital gains for 2025 under the fund's pass-through structure. More importantly, these were portfolio upgrades that improved liquidity and reduced hard-to-price risks heading into 2026.

## Fund Updates & January Positioning

At the start of Q4, I increased my investment in the fund by roughly 22.5%, bringing my total exposure to the fund to nearly 18.0% of total fund capital.

As we enter January, markets have stabilized from late-December conditions and the tone has improved. We do not want to confuse a bounce with repair. The question is not whether Bitcoin can rally for a week. It can. The question is whether the market can rebuild a healthier positioning base and transition from forced selling to sustained demand. That process takes time.

We are currently holding approximately ~10% in cash and stablecoins as a defensive buffer and as dry powder. That buffer exists for one reason: optionality. In an environment where flows can dominate fundamentals in the short term, optionality is not a luxury; it's our strategy.

## Holding Two Ideas at Once

Crypto can be among the weakest-performing asset classes over a quarter, even as the underlying infrastructure posts some of the strongest usage and revenue growth in financial technology. A more supportive regulatory environment can unlock institutional participation, while broader macro policy continues to drive volatility through rates, trade, and risk-off shocks.

We do not need to resolve those contradictions today. We need to be on the right side of them when the market stabilizes.

That means owning protocols that generate real revenue, staying unlevered in a levered ecosystem, holding dry powder while others are forced sellers, and being willing to look wrong in the short term to be right over the full cycle.

We don't know whether Bitcoin bottomed at \$85,000 or has further to fall. We do know the risk/reward has improved dramatically from the Q3 peaks, and our structural advantages mean we can wait longer than most. This part of the cycle never feels good, even when it ends up being a gift. Our job is to make sure we are still standing, still liquid, and still positioned when the market turns. We are keeping the book simple: quality, liquidity, real revenues, and optionality.

Thank you for your trust and patience. This environment is exactly why we built the strategy the way we did.

Sincerely,



Daniel Wilpon

Managing Partner  
24 Capital Partners LP  
January 2026

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*This letter contains forward-looking statements and projections. Past performance does not guarantee future results. Digital assets involve substantial risk including potential total loss of invested capital. Please refer to our Private Placement Memorandum for complete risk disclosures.*

## Appendix: 2025 Performance vs Benchmarks (Unaudited)

The fund entered 2025 positioned for a cycle rotation into AI infrastructure and decentralized physical infrastructure (DePIN) tokens. By mid-Q3, it became clear this cycle's capital flows were structurally different — Bitcoin dominance remained elevated and attention concentrated in majors (BTC, ETH, SOL) rather than rotating to sector-specific tokens.

We adjusted positioning accordingly, reducing exposure to thematic altcoins and increasing allocation to large-cap assets. Q3 performance (+8.52%) reflected this recalibration. The Q4 drawdown was driven by broad market decline rather than idiosyncratic positioning.

### 2025 Performance vs Benchmarks

	BTC	ETH	SOL	24 Capital LP
June 2025	2.5%	(1.5%)	(1.1%)	(2.02%)
Q2 Total	2.50%	(1.50%)	(1.10%)	(2.02%)
July 2025	8.1%	48.8%	11.3%	5.31%
August 2025	(6.5%)	18.8%	16.7%	7.94%
September 2025	5.3%	(5.7%)	3.9%	(4.52%)
Q3 Total	6.47%	66.72%	34.93%	8.52%
October 2025	(3.9%)	(7.2%)	(10.3%)	(9.12%)
November 2025	(17.4%)	(22.2%)	(28.3%)	(21.65%)
December 2025	(3.1%)	(0.8%)	(6.7%)	(11.06%)
Q4 Total	(23.08%)	(28.38%)	(39.99%)	(36.67%)
<b>Total Return</b>	<b>(16.07%)</b>	<b>17.62%</b>	<b>(19.94%)</b>	<b>(32.65%)</b>

\*Performance since outside capital (June 1, 2025). Fund inception: May 1, 2025. Inception-to-date return: (34.49%).