

Q1 2025 Signals Report

Fidelity Digital Assets® Research

A quarterly breakdown of key market metrics that could be impacting price and investor sentiment.

QUARTERLY
OBSERVATION OF
CURRENT MARKET
CONDITIONS

Bitcoin

Short-Term Outlook
(<1 year)

NEUTRAL

Mid-Term Outlook
(1–5 years)

POSITIVE

Long-Term Outlook
(>5 years)

POSITIVE

Ethereum

Short-Term Outlook
(<1 year)

NEGATIVE

Mid-Term Outlook
(1–5 years)

NEUTRAL

Long-Term Outlook
(>5 years)

POSITIVE



What This Report Is and How to Use It

Digital assets are unique in that they not only generate traditional market signals based on price action, but they also generate an entirely new set of signals based on public on-chain data. These signals can be valuable for all types of investors, but the challenge lies in determining which signals to use, how to match the signal to the correct investment time horizon, and how to interpret the data correctly.

In this report, we have collected what we think are the most reliable signal indicators, grouped them by time horizon, and provided an overall assessment of the conditions for each time horizon. We then provide a breakdown of the signals included in each time horizon and their charts.

Executive Summary: Q1 2025

Bitcoin

Bitcoin faced a challenging start to 2025 following new all-time highs in the previous quarter. After surpassing \$108,000 in December 2024, the asset finished Q1 at a modest \$82,560, down over 20% from its peak. However, most on-chain metrics and long-term fundamentals remain strong.

It is important to keep in mind that price drawdowns are not uncommon in bitcoin's history. A 20% decline is relatively mild compared to previous corrections, which have gone as deep as 80% or more. Profit-taking is a natural part of the market cycle and is often expected after a period of significant price appreciation over the short term. Additionally, bitcoin remains a relatively nascent investable asset with a developing and maturing market ecosystem. It is still in a period of price discovery as retail and institutional market participants alike try to agree upon its fair value.

Other factors to consider this quarter are a combination of extrinsic tailwinds and headwinds that seem to be creating uncertainty in the market. Potential tailwinds include the creation of the U.S. Strategic Bitcoin Reserve, the establishment of various federal government digital asset working groups, expectations of future Fed rate cuts in 2025, and continued institutional adoption. However, market headwinds this quarter include uncertainty around tariffs, stagflation concerns, and growing geopolitical uncertainty.

Ethereum

Ether experienced significant fluctuations this quarter. Price was down 45%, pushing all short-term metrics into negative territory. However, when viewing our signals holistically, ether currently sits in an interesting position. Despite a large decline in price, valuation metrics and network fundamentals appear to be in very healthy positions.

The MVRV Z-Score has just surpassed the official undervalued threshold, sitting at an exact value of 0, while the NUPL Score has just flashed "Capitulation." Looking at historical trends of ether's MVRV and NUPL Scores, both values have remained in the "Undervalued" zones for extended periods. While this is considerably positive in terms of long-term relative valuation, short-term traders should still proceed with caution.



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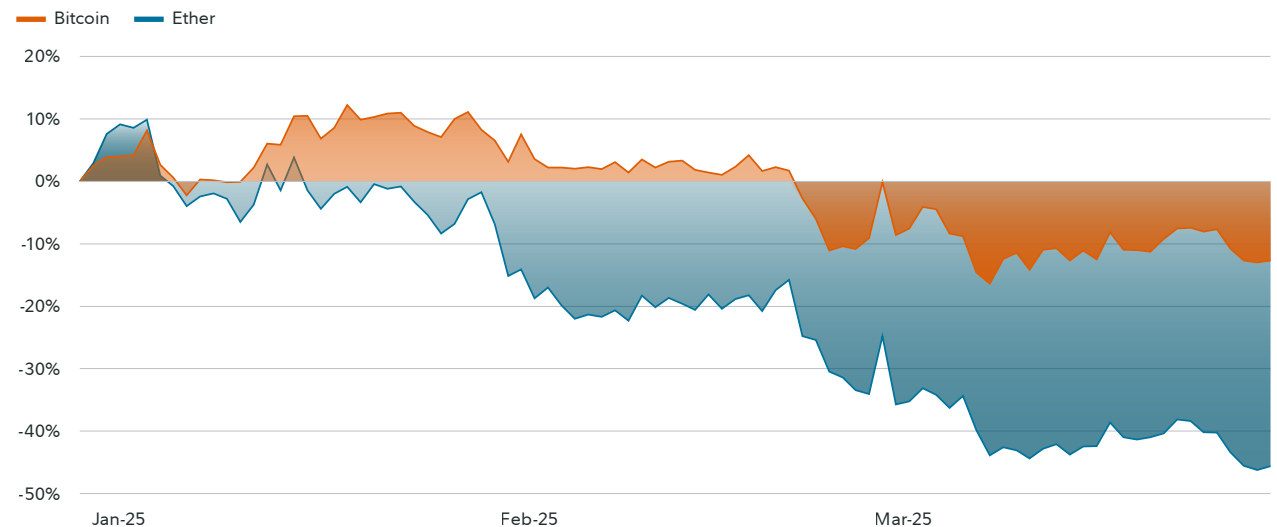
Executive Summary: Q1 2025

The Active Validator Count was a notable outlier in our [Q4 2024 Signals Report](#), declining for the first time over an entire quarter since The Merge in 2022. This metric rebounded modestly over Q1, easing potential concerns and suggesting that ether may be nearing the longer-term staking ratio equilibrium.

Layer 2 transaction count is this quarter's most notable outlier. A decrease of 11% may be signaling an upper limit on Ethereum data availability, user demand, or both. We view this metric as a key proxy to the success of the rollup-centric roadmap. Now that there has been a deviation from the consistent uptrend seen throughout 2024, investors should closely monitor this metric going forward.

Layer 2 transaction count's response to [Ethereum's Prague/Electra \(Pectra\) upgrade](#) will be telling in determining whether blob capacity or user demand is the catalyst behind the recent decline. The former would further cement the importance of future scaling via Layer 2s. However, the latter would cast doubt on whether prioritizing Layer 2 scaling is the correct decision in the short term.

Bitcoin and Ether Returns Compared YTD



Source: Fidelity Digital Assets Research via Coin Metrics, 03/31/25.



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Measurement Breakdown—Bitcoin

Short-Term (<1 year)

Overall Condition: **NEUTRAL**

NAME	COMMENTARY	CONDITION
Is Price Trading Above the 200-Day Moving Average?	No, price is 4% lower than the 200-Day	
Golden Cross or Death Cross?	Golden cross formed on October 29, 2024	
Price > Realized Price	Yes, 62% higher than realized price	

Mid-Term (1–5 years)

Overall Condition: **POSITIVE**

NAME	COMMENTARY	CONDITION
NUPL Ratio	Dropped to “Optimism” zone	
MVRV Z-Score	Trended toward “Undervalued”	
Reserve Risk	Maintaining a healthy ratio	
Puell Multiple	Miners’ returns are similar to annual average	
Hash Rate	Hash rate continues to rise, setting new all-time highs	
Hodler Net Position Change	Long-term holders are accumulating again	
Addresses in Profit	87% of addresses are in profit, down from 94% in Q4 2024	
Bitcoin Yardstick	Yardstick “warning” bitcoin signal is cooling off	
Bitcoin Price Phases	Currently in the Acceleration Phase	

Long-Term (>5 years)

Overall Condition: **POSITIVE**

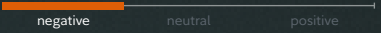
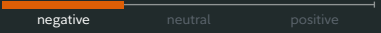
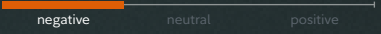
NAME	COMMENTARY	CONDITION
Price > 200-Week	Yes, price is in a healthy position at 58% above the 200-Week	
Monthly Address Metrics	Two out of three metrics are trending lower	
New Address Momentum	Users are not demanding block space as much, however, new addresses are increasing	
Liquid vs. Illiquid Supply	Illiquid supply rose 2% over Q1 while liquid supply declined just under 4%	
Balance ≥ \$1,000	Positive long-term growth trend, but down 4.2% in Q1	
Exchange Balances	Exchange balances continue to fall, users removed 5% of holdings throughout Q1	



Measurement Breakdown—Ethereum

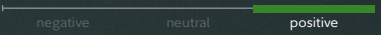


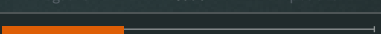
Short-Term (<1 year)

Overall Condition: **NEGATIVE**

NAME	COMMENTARY	CONDITION
Is Price Trading Above the 200-Day?	No, 36% lower than 200-Day	
Golden Cross or Death Cross	Death cross formed on March 1, 2025	
Price > Realized Price	No, price 10% lower than realized price	

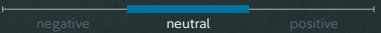

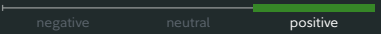

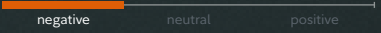
Mid-Term (1–5 years)

Overall Condition: **NEUTRAL**

NAME	COMMENTARY	CONDITION
MVRV Z-Score	Officially “Undervalued”	
Ethereum Market Cap Ratio of Bitcoin	Continued to drop to lowest values seen since 2020 while longer-term trend is still positive sloping	
NUPL Zone	Reached “Capitulation” zone	
Percent in Profit	44% of addresses in profit, surpassing previous lows set in 2022 and 2023	

Long-Term (>5 years)

Overall Condition: **POSITIVE**

NAME	COMMENTARY	CONDITION
Monthly Address Metrics	Modest decrease in all three metrics after a strong previous quarter, but most metrics still in long-term uptrend or stagnation	
New Address Momentum	Short-term address growth exceeding long-term average, golden cross formed on November 19, 2024	
Layer 2 Transaction Count	Layer 2 transactions declined 11%, possibly signaling stagnation associated with limited blob space, user demand, or both	
Staking by the Numbers	Validator count rebounded 0.5% after the first declining quarter since The Merge, signaling that we are reaching the equilibrium staking rate as opposed to an accelerated decline of staking yield demand	
Net Issuance and Burn Rate	Annualized inflation rate of 0.63% during Q4 2024	



Bitcoin Data to Watch

Golden Cross Remains—For Now (Bitcoin)

Bitcoin ended its Q4 2024 price run with a trend reversal in Q1. The asset began 2025 trading at approximately \$94,400 before ending the quarter near \$82,560, representing a 13% decrease. Several factors may be contributing to this short-term sell-off, including growing stagflation concerns, tariffs, geopolitical uncertainty, or standard profit-taking following the asset’s strong price performance.

Despite bitcoin being down over 20% from its all-time high, other metrics may still show signs of optimism. As for short-term technical analysis, the golden cross was still intact as of March 31, 2025. However, it is important to note that current prices will eventually lead to a death cross forming.

Looking at past price action, there have been multiple instances in which a death cross—where the 50-Day SMA crosses below the 200-Day SMA—quickly reversed course into a golden cross. This has been referred to as a “bear trap,” leading to a significant leg up in price shortly thereafter. This trend was seen during the bull market of 2021, and again in late 2023 and 2024. While past performance does not predict future results, it would not be the first time in a bitcoin cycle where short-term price drawdowns have been followed by significant price increases shortly after.

Bitcoin: 50-Day vs. 200-Day vs. Price



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

Realized Price (Bitcoin)

The realized price is a metric that aims to capture the average cost basis of all current token holders. By capturing a token’s last trade price, tokens that are presumed to be lost can be discounted. Bitcoin’s realized price was about \$44,000 at the close of Q1, maintaining a consistent uptrend seen since the beginning of 2024.

As of March 31, 2025, bitcoin’s price sat 61.5% above its realized price. We previously highlighted how this metric stood at 78.1% in Q4 2024, indicating that the incentive to continue taking profits had increased, which was likely the culprit for December’s volatility. However, it appears that pressure had begun to abate in Q1, potentially indicating that those who were seeking to take profits have been exhausted. Profit-taking may cause quick price pullbacks—as seen in Q4 2024—but these retracements are normal, healthy, and may be short-lived. If demand continues to outweigh selling pressure, the market may trend toward more accumulation or potential price increases.

The Realized Market Cap can also offer investors another view of realized price, as it demonstrates the exact price levels bitcoin is being moved at relative to when it was last moved. If bitcoin was moved (bought or sold) at a low price and then moved again at a higher price, the realized cap would increase as the cost basis rises. Conversely, if bitcoin moved at a high price and moved again at a lower price, the realized cap would fall. Using this metric, our analysis suggests that most investors were taking profits above their acquisition price, realizing relatively larger profits similar to when bitcoin’s price first rose above \$70,000. However, these sellers have largely been exhausted in Q1, as this metric continued to decline throughout the quarter, while remaining positive, and investors who sold were still in profit. This decline indicates that higher-priced bitcoin was being valued lower due to a decline in price, which was potentially driven by short-term holders moving tokens and realizing losses.

Bitcoin: Price vs. Realized Marketcap % Change



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



Realized Price (Bitcoin) continued

We can draw parallels to price action from this time last year, albeit on a one-quarter lag. In Q1 2024, Bitcoin saw a significant price increase before profit-taking tapered off, leading to a period of prolonged accumulation throughout the year. This leads to the question: Given the activity of the past two quarters, could we see a similar pattern, or is there another price surge on the horizon?

Although the answer is not yet clear, the most notable short-term support levels to watch in the meantime are \$87,251 (average short-term realized price [bitcoin held for less than three months]), \$88,548 (50-Day SMA), \$86,068 (200-Day SMA), and \$43,732 (Realized Price). Current conditions point to testing these levels and, if broken, these levels could turn into resistance if the market falls below them.

Net Unrealized Profit/Loss (NUPL) Ratio (Bitcoin)

Historically, this metric is an effective way to assess overall market sentiment. Bitcoin's NUPL Score offers insight into the relative level of unrealized profits, or losses, visible on-chain at any given time. A NUPL Score below zero, witnessed in Q4 of 2022, implies net unrealized losses and has historically signaled periods of capitulation. A NUPL Score over 0.50 indicates large unrealized profits held on-chain, which may suggest some profit-taking could be likely.

This ratio switched from the "Belief-Denial" zone seen in Q4 2024 to the "Optimism-Anxiety" zone in Q1. This positive indicator for sentiment last quarter naturally incentivized profit-taking, leading to a step down toward "Anxiety" this quarter. However, it is important to note that this metric fell just below the "Belief-Denial" threshold, currently reading at 0.47. It is also important to interpret this holistically, as we have previously seen many instances of similar dips from "Belief-Denial" to "Optimism-Anxiety" for short periods before reversing back to the upside. This metric is fluid and relative, and therefore it will remain important for traders to be aware of current sentiment when trading for short-term profits.

Read more [here](#).

Bitcoin: Net Unrealized Profit/Loss (NUPL)



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



MVRV Z-Score (Bitcoin)

The MVRV Z-Score is used to assess when bitcoin’s price is over/undervalued relative to its “fair value.”

When the market value is significantly higher than the realized value (acquisition price), it has historically indicated a market top (red zone), while the opposite has indicated a market bottom (green zone).

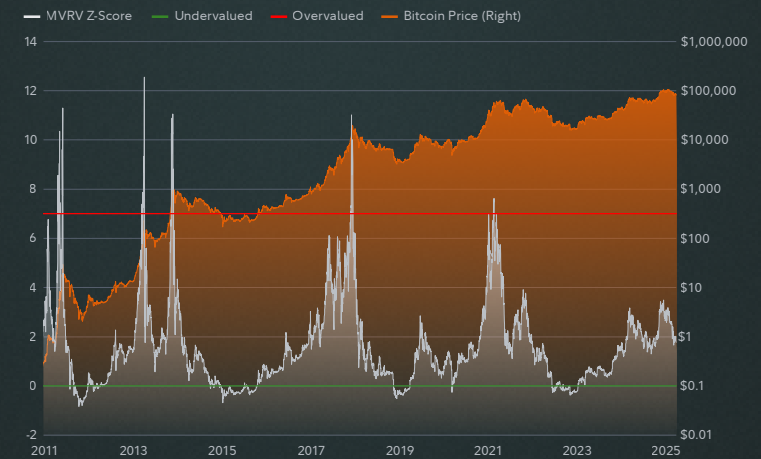
The MVRV Z-Score dropped sharply throughout Q1 as an influx of bitcoin changing hands caused bitcoin’s price to fall from \$94,397 to \$82,560, representing a 13% decrease. The MVRV Z-Score remains in a healthy position as the incentive to take profits at these levels remains relatively low compared to the previous bull market cycles of 2013, 2017, or 2021.

After the sell-off this quarter, the Z-Score is slowly resetting, moving closer to historical “Undervalued” levels. The fluctuating price increases and corrections have kept it balanced between the two extremes. Notably, the prior six months of mostly sideways price action allowed this metric to gradually decline as well, indicating reduced on-chain profit margins.

Additionally, the MVRV Z-Score currently sits at a lower level than when bitcoin’s price first reached \$73,000 in March 2024 or \$108,000 in December 2024. This indicates that profit-taking is occurring but is keeping investors in a healthy position for continued growth.

We see this indicator as currently “neutral.” If price rises throughout Q2, investors should be wary of this metric because holders will be looking at larger profit margins. As demonstrated at the end of Q4 2024 and throughout Q1, sell pressure will potentially cause sudden downward volatility.

Bitcoin: MVRV Z-Score



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

Reserve Risk (Bitcoin)

Reserve Risk is used to assess the confidence of long-term holders relative to the native coin’s (bitcoin) price at a given point. When confidence is high and the price is low, there is an attractive risk/reward to invest (the Reserve Risk is low). When confidence is low and the price is high, the risk/reward is unattractive (the Reserve Risk is high).

Reserve Risk continues to mirror the MVRV Z-Score with support from a local bottom. We continue to believe that bitcoin remains in the lower-risk category as there are significant tailwinds that could positively impact its price. The expansion of the money supply (M2) and continued significant long-term investor inflows to spot bitcoin exchange-traded products (ETPs)—regardless of price—create favorable conditions for an asset with absolute scarcity (finite supply).

While these products did see outflows throughout Q1, there are several positive catalysts signaling a positive longer-term outlook for bitcoin’s investment thesis. These catalysts include the establishment of the U.S. Strategic Bitcoin Reserve, continued institutional allocation to bitcoin, and increasing expectations of further Fed rate cuts throughout 2025.

Bitcoin: Reserve Risk



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



Puell Multiple (Bitcoin)

Created by David Puell, the Puell Multiple shows when miner profitability is low compared with the previous year. When the Puell Multiple is high, it means that mining revenue is higher than last year's average. Historically, when this metric is in the high red zone, it has generally corresponded to cycle tops.

What makes the Puell Multiple especially interesting at the close of Q1 is that Bitcoin is almost a full year removed from its fourth halving, which occurred in April 2024. Notably, this metric suggests that miner profitability stands 5.57% above the 365-day average. This indicates that the previous epoch of 6.25 bitcoin rewards is losing ground to the current epoch of 3.125 bitcoin rewards. Miners will likely continue to see higher-than-average profitability as this metric begins to account for the new block reward.

Throughout Q4 2024, which included higher bitcoin prices, miner profitability was only 0.14% below the 365-day average. Combining the decline of the data from the old regime of 6.25 bitcoin reward with the price increase from the day of the halving (\$64,000) to the closing price of Q1 (\$82,560), miners are directly aligned with Puell Multiple expectations. If bitcoin's price were to become more volatile, then miners would be expected to fall further above or below this gravitational average. However, the current tight range of price action has allowed miners to react to difficulty and price changes in a controlled and methodic manner.

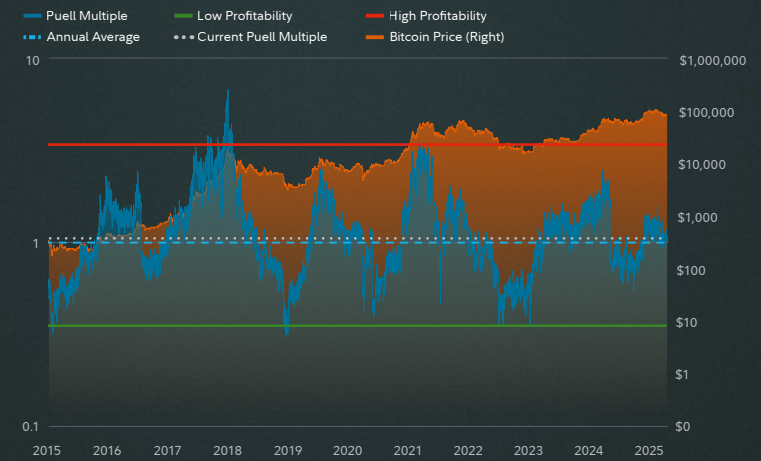
Additionally, hash rate continues climbing, rising roughly 5% throughout Q1. Mean hash rate rose from 781 EH/s on January 1, 2025, to roughly 818 EH/s. The target difficulty has risen approximately 4% while the hash price per TH/s declined about 16%.

Percentage of Bitcoin Sold vs. Accumulated by Miners (Bitcoin)

Miners appear comfortable this quarter, which aligns with the data presented by the Puell Multiple. Miners took advantage of bitcoin's high prices early into 2025 when it rose above \$90,000. However, this selling has largely been offset by increased accumulation as prices started to fluctuate around \$80,000. As a result, the miner balance only decreased by 0.02%.

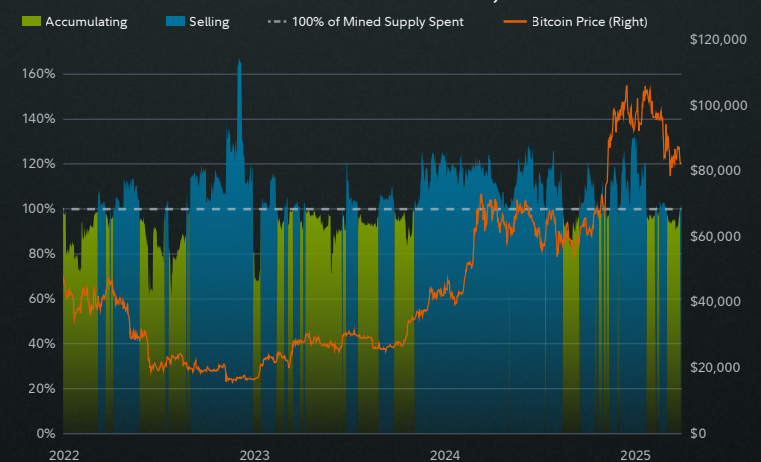
Miners have historically sold into bull markets and held in times of low volatility and decreasing prices.

Bitcoin: Puell Multiple vs. Price (USD)



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

Bitcoin: Percent of Bitcoin Sold vs. Accumulated by Miners



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



Hash Rate (Bitcoin)

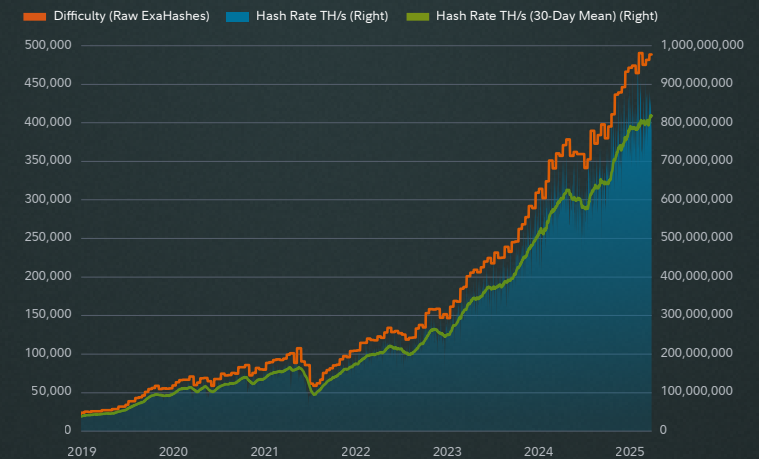
Bitcoin’s hash rate metric is a rough estimation of the number of hashes per second that are trying to find a new block. In other words, it allows us to measure the computational power of the Bitcoin network. While this metric is normally considered a lagging indicator to price, it provides additional insight into miner sentiment and network profitability. A basic view into this metric indicates that if the hash rate is falling, the cost of mining is higher than what the network pays in its block subsidy (3.125 bitcoin). When the hash rate is rising, it can be assumed that profit margins have increased for miners due to price appreciation or an increase in mining efficiency.

Throughout 2024, Bitcoin’s hash rate continued to soar after recovering from April’s halving. In Q1, the target difficulty rose by 4% and hash rate by 5%, whereas hash price declined by 16%.

With a decrease in hash price—a key metric miners use to estimate the value of their hashes—more hash rate is expected to go offline. Alternatively, a low hash price can be countered with an increase in efficiency or even lower energy prices. Either way, this may lead to a downturn in mining profitability while bitcoin prices remain muted until there is a further decrease in hash rate.

However, throughout 2024, the target difficulty rose 53%, hash rate rose 54%, and the hash price fell 46%, indicating a growing and healthy longer-term trend for the network going into 2025.

Bitcoin: Difficulty vs. Hash Rate



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

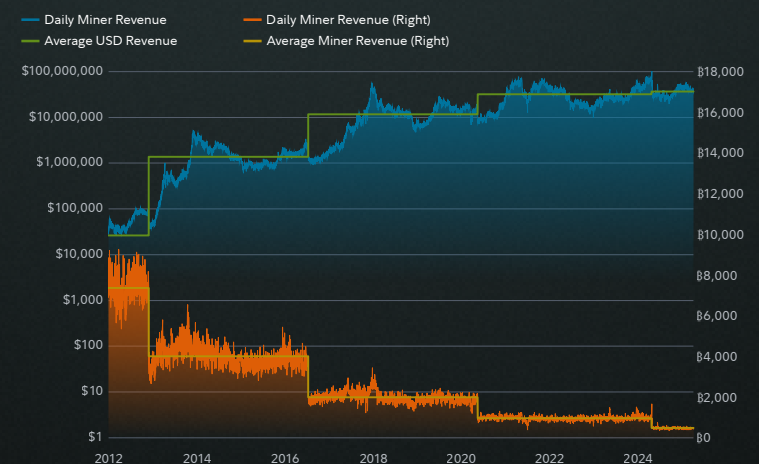
Miner Revenue Denominated in BTC vs. USD (Bitcoin)

In addition to these mining metrics, we can also view the average total miner revenue in bitcoin versus USD compared to the historical averages by epoch (approximately four years).

As of March 31, 2025, the data shows miners earning 6% more (daily) than the current average since the 2024 halving (April 19, 2024–March 31, 2025) and 14.6% more since the previous epoch (2020–2024). This is notable as hash rate and difficulty have continued to climb, pushing out the least efficient miners.

This analysis—in addition to the Puell Multiple and Miner Percent Spent—suggests that miners are in a healthy position where they are not being pushed into realizing profits or losses. This enables them to hold on to their bitcoin for longer periods, helping to increase their long-term reserves or prepare for future upgrades to their hardware or location.

Bitcoin: Miner Revenue in BTC vs. USD Over Time



Source: Fidelity Digital Assets Research via Coin Metrics, 03/31/25.



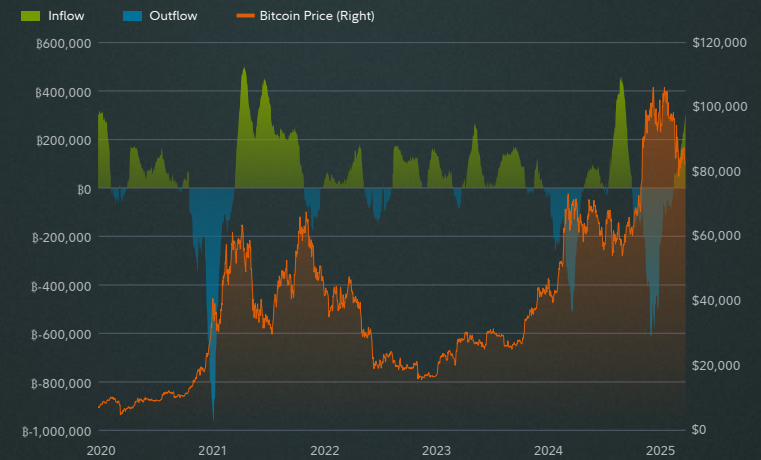
Hodler Net Position Change (Bitcoin)

Hodler net position change shows the monthly position change of long-term investors, known in Bitcoin culture as “Hodlers” or “HODLers.” It indicates when long-term investors sell (negative) and when they accumulate (positive) net-new positions. This metric uses time to quantify the addresses or Unspent Transaction Output (UTXOs) that should be represented. In other words, instead of using identities of known holders, this metric more accurately represents bitcoin as it “matures.” The age of maturation is set at 155 days by [Glassnode](#).

The average net position change for long-term holders largely reversed from Q4 2024 outflows to Q1 inflows. While Q1 started with outflows through February, that trend changed by the end of the quarter. After updating this metric to focus on time-based UTXOs, the story remains the same but now more accurately accounts for the larger scope of bitcoin.

Q4 2024 shows roughly 143,000 bitcoin being sold or moved by this cohort per day, whereas Q1 2025 shows an average of 14,600 bitcoin in outflows daily. Note that the metric is an average of 30 days of flows and largely reversed in late February. Since the reversal in February, bitcoin older than 155 days has begun maturing at a rate of roughly 145,700 bitcoin per day. This marks a fundamental change in long-term holder sentiment and outlook.

Bitcoin: Long-Term Hodler Net Position Change



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

Percent of Addresses in Profit (Bitcoin)

The percentage of addresses in profit indicates unique addresses with funds that have an average buy price that is lower than the current price. “Buy price” is defined as the price at the time coins were transferred to an address.

The percentage of addresses in profit has dropped from 95% at the beginning of the quarter (\$94,397) to 87% at the end of Q1 (\$82,560). It is important to note that a high percentage of addresses in profit can lead to profit-taking and volatility. However, bull markets will spend larger amounts of time with these higher percentages due to the trajectory of price. As bitcoin enters a price discovery period, new all-time highs will be set, and all market participants will be in profit. Given this, it is likely that profit-taking activity from Q4 2024 contributed to the decline in bitcoin price and lower addresses in profit in Q1.

While it previously appeared that investors were becoming comfortable within a new range of \$92,000–99,000 in Q4 2024, it now appears that range may have shifted lower to the \$82,000–87,000 range after Q1. However, the longer bitcoin’s price remains within any range, the longer the market has time to “reset” and set a new cost basis support level. Therefore, if 2024’s sideways price action was to repeat—albeit at a slightly lower range than where it ended in Q4—it could be a positive indicator for future growth.

Bitcoin: Percentage of Addresses in Profit



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



Bitcoin Yardstick

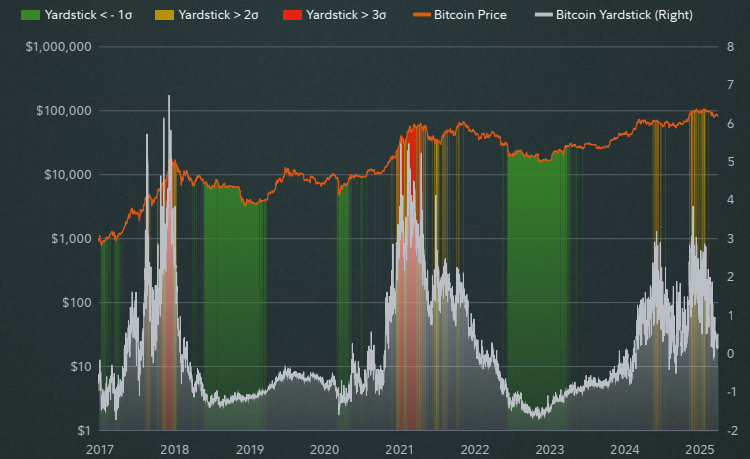
The Bitcoin Yardstick, or Hash Rate Yardstick, is a similar concept to the Price-to-Earnings (PE) Ratio. However, instead of stock price divided by company earnings, it calculates bitcoin’s total market cap divided by its hash rate (a measure of energy being expended to secure the network). The idea is that the lower the ratio, the “cheaper” bitcoin looks from an investor standpoint, just as a lower PE ratio can be interpreted as a “cheap” or undervalued stock.

The yardstick currently indicates that bitcoin continues to maintain a position between negative one and three deviations of the mean throughout Q1. Q4 2024 had given some indication that bitcoin was becoming overheated. However, 2025 started with a price retracement, which led to the inevitable “cooling off” of the yardstick. The number of days above two standard deviations of the mean fell from 22 days to 15 days, and zero days above three standard deviations, down from five days in Q4 2024.

The data is as expected considering the lackluster range trading bitcoin has done throughout Q1. When considered alongside data from the Puell Multiple—which shows that miners are experiencing no more and no less than the expected average profit—it makes sense the yardstick would be cooling off here.

Reminder: Above two standard deviations of the mean indicate a relatively expensive bitcoin price compared to the network’s energy output. This should be carefully considered because a higher standard deviation of the mean has historically preceded bull markets. The yardstick had flashed a warning for “overvalued” bitcoin in December.

Bitcoin Yardstick



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

Bitcoin Price Phases

“Bitcoin Price Phases” helps to gauge the current bitcoin market environment. This metric considers bitcoin’s price through the lens of address profitability combined with volatility and can provide further detail that may not be found looking solely at price or the percent of addresses in profit metric.

Bitcoin remained in the [Acceleration Phase](#) throughout Q1, which is a period characterized by high volatility and high profit.

We have found that bitcoin’s price moves cyclically through four distinct environments, or phases, of high or low volatility and profit. These various phase combinations are color coded on the price chart titled “Bitcoin: Price Phases.” Here we can identify different patterns throughout most of bitcoin’s existence. The only time this pattern was interrupted was due to an abrupt spike in volatility during the COVID-19 pandemic.

In Q1, bitcoin experienced 27 high volatility, high profit days and 63 high volatility, low profit days, including 39 consecutive high volatility, low profit days at the end of the quarter. When reviewing bitcoin’s complete price history, extended low profit environments are not uncommon within the Acceleration Phase. In fact, they have emerged in every past Acceleration Phase, with varying durations.

This head fake has shaken out many investors over the years, but with only a 26% drawdown in the current shake out, there is no indication that the Acceleration Phase has come to an end. However, it does appear as though bitcoin is approaching the later stages of its current Acceleration Phase, which first began in July 2024. Eventually, this phase will give way to the Reversal Phase—signaling the start of a new cycle.

Bitcoin: Price Phases



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



Bitcoin Price Phases continued

Over the short term, a bitcoin rally to new all-time highs would not be out of the norm and has historically resulted in a blow-off top to end the cycle. It remains to be seen whether this cycle follows a similar trend or if a more mature bitcoin is emerging with less emphatic price swings. Regardless, bitcoin remained in the Acceleration Phase at the end of Q1, which is a bullish environment for the digital asset.

Read more about this metric [here](#).

200-Week Moving Average (Bitcoin)

The 200-Week SMA is a long-term indicator and, until the 2021 bear market, bitcoin's price had rarely traded below it. Near the end of Q3 2023, bitcoin eclipsed this metric, turning it into support. Since then, bitcoin's price has maintained a healthy gap from the 200-Week SMA. Bitcoin's price at the end of Q1 sat firmly above the 200-Week SMA of \$45,331, marking a 58% difference.

Bitcoin: Price vs. the 200-Week SMA



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



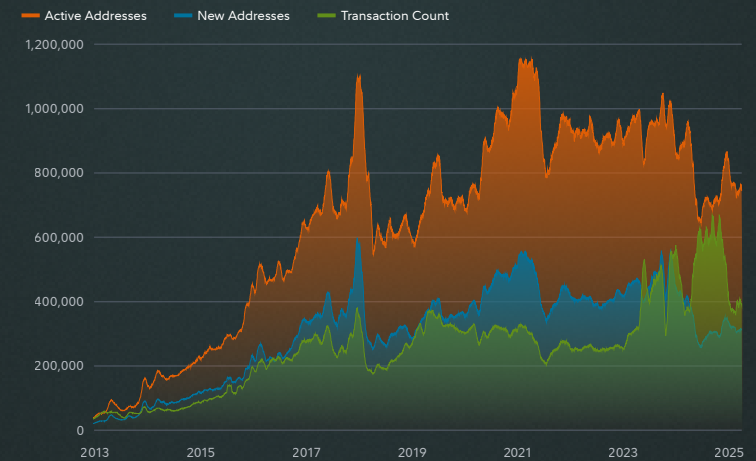
Monthly Address Metrics (Bitcoin)

“Bitcoin: Monthly Metrics” charts the monthly metrics for active addresses (-10.5%), new addresses (-7.5%), and transaction count (-2.8%).

We typically look for an alignment between transaction count and new addresses, as an increase in transaction count points often indicates new addresses receiving bitcoin. However, the introduction of Ordinals caused this relationship to invert. A sharp decline of new addresses can be seen in early 2024. However, transaction count vastly grew during this time. We believe that this is likely due to address reuse associated with speculative Ordinal minting and trading.

In Q1, new and active addresses decreased while transaction count fell. Upon initial review, this may be due to the decrease in bitcoin’s price. A price decrease usually incentivizes investors to hold their bitcoin to avoid selling it at a loss or in anticipation of future potential price appreciation. Lower relative prices also typically coincide with less on-chain and network activity, further reflected by the numbers for this quarter for this metric. Additionally, with increased institutional adoption, numerous addresses could be used for easier accounting practices or to separate funds between wallets for security reasons.

Bitcoin: Monthly Metrics



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

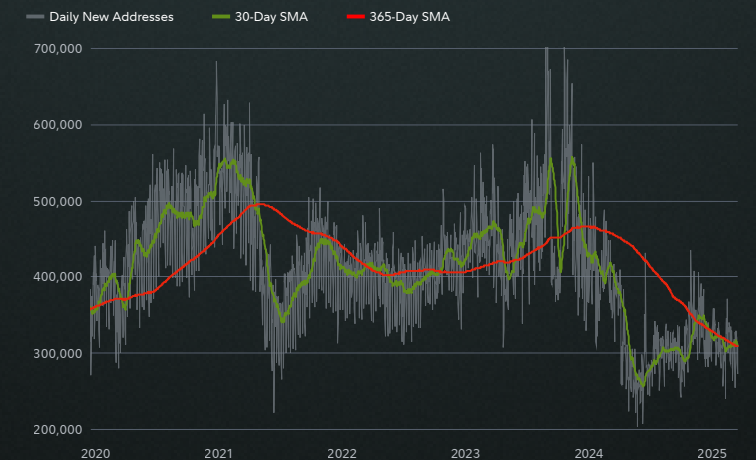
New Address Momentum (Bitcoin)

Taking a closer look at new addresses, we can also measure relative momentum. In this chart, the short-term momentum (30-Day SMA) is compared to the longer-term average (365-Day SMA). When the monthly average is greater than the yearly, it usually indicates higher on-chain activity and a positive short-term trend in network usage. When the opposite occurs, it usually indicates a decline.

The 30-day average (green) began declining in Q1, finishing the quarter down 7.5% from the beginning of the year. Similarly, the 365-Day SMA declined by 6.9% over the same time span. However, the daily new addresses did increase over the quarter by 11.2%. This would normally indicate a growth in on-chain activity, however, as mentioned previously in the “Monthly Address Metrics” section, we speculate that new addresses may be indicative of larger institutional adoption rather than increased peer-to-peer activity.

Could the introduction of spot bitcoin ETPs have contributed to the decline in on-chain transactions as new adoption shifted toward ETPs? As bitcoin’s price began to rise, it is possible that other institutions may have started purchasing and creating new addresses to streamline accounting and enhance security. Unfortunately, on-chain data alone cannot provide a definitive answer to this question.

Bitcoin: New Address Momentum



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



Liquid vs. Illiquid Supply (Bitcoin)

Bitcoin's liquid supply declined after a rise in Q4 2024 as investors returned to a state of accumulation after sellers were exhausted from the run up in price in Q4. Liquid supply dropped by almost 4% in Q1 whereas illiquid supply rose by over 2%. Illiquid supply currently sits at 63.49% while liquid supply is sitting at 36.51%. The last illiquid supply all-time high occurred on November 29, 2023, at roughly 70.54%.

Another way of looking at this is through the "Illiquid Supply Shock Ratio," which attempts to model the probability of a supply shock. When the supply shock ratio trends higher, it indicates that the current sold supply is primarily flowing from the liquid token supply. However, when the opposite occurs, the illiquid supply falls as long-term holders exit the market, usually in profit.

As of March 31, 2025, the illiquid supply shock ratio sat just 16% below its 2017 high of 3.47. At the time, bitcoin's price had largely been consolidating under \$1,000. As seen in the chart "Bitcoin: Liquid vs. Illiquid Supply," illiquid supply was maintaining approximately 60% but began selling off into the rise to \$20,000. The illiquid and liquid supply cohorts completely changed positions during this bull run with liquid supply rising as high as 59%. While there were roughly three million fewer bitcoin in circulation at that time, illiquid supply today is above the 2017 high.

However, much like the exchange balance metric, this metric can quickly change. Even as the supply shock ratio rises, illiquid supply can and will come out of cold storage to capture a profit. The prevailing trend that we have seen over time is that whenever price rises sharply, illiquid supply typically moves in the opposite direction as holders seek to take profits, thus introducing new coins back into the market.

Balance ≥ \$1,000 (Bitcoin)

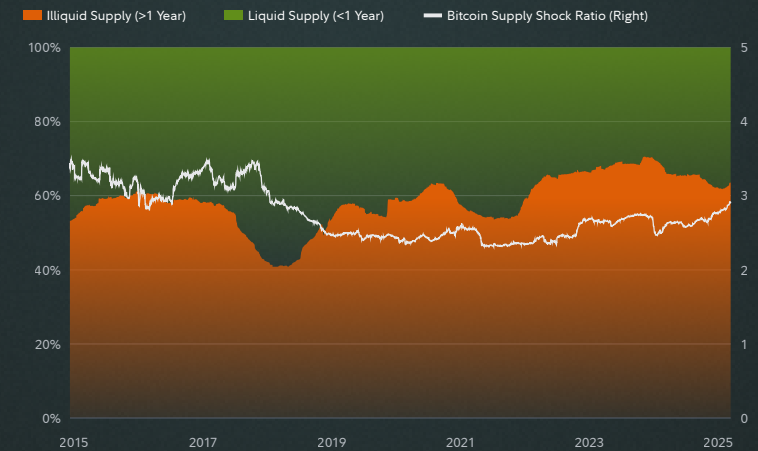
This metric shows how many addresses hold greater than or equal to \$1,000 worth of bitcoin. Here, we see these "small" addresses continuing the trend of accumulation. Since the beginning of 2025, the number of addresses greater than or equal to \$1,000 of bitcoin has decreased by 4.2%. However, as noted in our Q4 2024 Signals Report, this metric hit a new all-time high on December 17, 2024, at 12,801,693 addresses.

This supports the longer-term thesis that small addresses are accumulating and saving bitcoin, even with fluctuating prices. This may be representative of a growing distribution of bitcoin and its adoption among the "average" person.

The number of addresses with more than \$1,000 has grown roughly 108.3% since 2023 from 5,301,636 addresses to 11,043,638 addresses as of the end of Q1.

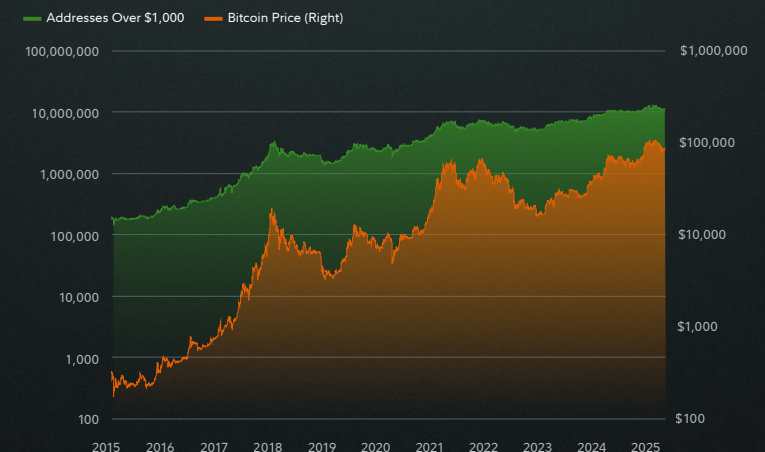
Note: This metric is not 100% accurate due to price volatility during the time frame and address consolidation.

Bitcoin: Liquid vs. Illiquid Supply



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

Bitcoin: Number of Addresses with Balance Over \$1,000



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



Exchange Balance (Bitcoin)

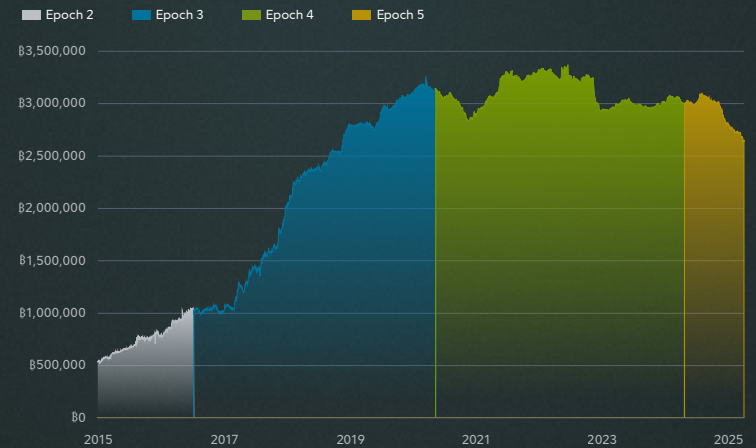
This metric shows how many bitcoin are held on known exchanges. This number has continued its trend down from its peak in 2022. Fueled by multiple major exchange collapses in 2022 and other troubled exchange practices, self-custody has become a major part of the bitcoin journey throughout 2023 and continued throughout 2024. Additionally, the launch of spot bitcoin ETPs has established an alternative channel for investors to gain exposure to bitcoin’s price.

Q3 2024 brought unexpected changes to this metric as new exchange addresses were identified and added to the historical data. More specifically, Glassnode updated the Coinbase Exchange balances. Previously, a peak had been seen in the exchange balance at around three million as of late 2019. In the years since, the “exodus” has been largely muted. Balances since that 2020 “peak”—which is no longer considered to be a true peak—have fallen 18.3%. When considering the updated data, the new peak now resides on June 14, 2022. Since then, exchange balances have fallen 21.2%.

As mentioned in the “Liquid vs. Illiquid Supply (Bitcoin)” section, exchange balances can and will react to price volatility. While voices in the industry may echo the common theme of a supply shock, short-term holders, as well as long-term holders, eventually send bitcoin back to exchanges to be sold. This is especially true when bitcoin’s price is continuously setting new all-time highs during bull markets.

While we use this metric to show trends in the market, it highlights the importance of not relying on a single metric. This metric may continue to change as addresses are identified or claimed by new or existing exchanges.

Bitcoin: Exchange Balance



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



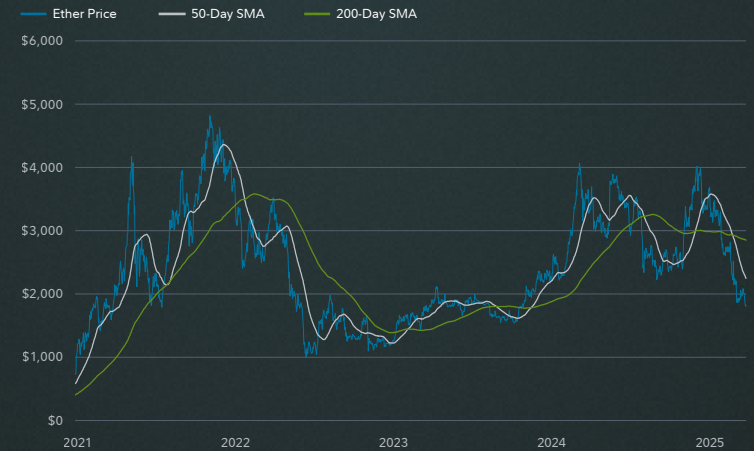
Ethereum Data to Watch

Ether Closes Q1 2025 Down 45%, Losing All Post-U.S. Election Gains

Ether entered the “death cross” territory at the beginning of March, which marked a tumultuous rest of the month and end to the quarter. Ether hit a high of \$3,579 in early January—continuing its post-election momentum from the prior quarter—but quickly reversed to end the quarter at \$2,246, down 45%. This start to the year mimics many other risk assets amidst the trade and economic uncertainty ahead.

The 200-Day SMA did not show any signs of acting as a support this time around with price falling straight through. Typically, this level acts as a support during prolonged bull runs, but as investors question whether this bull run has come to an end, it has become a less clear signal as of late. Additionally, the 50-Day SMA has not yet shown signs of letting up its downswing and currently sits 21% below the long-term average.

Ethereum: 50-Day vs. 200-Day vs. Price



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

Realized Price (Ethereum)

Realized price is a metric that aims to capture the average cost basis of all current token holders. By capturing a token’s last traded price, tokens that are presumed to be lost can be discounted. The realized price has acted as a support level since January 2023 prior to Q1, where price currently sits 10% lower than realized price. Put simply, ether holders as a cohort are now experiencing a 10% unrealized loss.

Ether was trading approximately 59% above its realized price of \$2,094 at the end of Q4 2024. Throughout Q1 2025, price dropped 45% to \$1,822, while realized price dropped just 3% to \$2,020. This minor drop in realized price compared to the major drop in price may point to shorter-term holders capitulating more than longer-term holders, driving price lower but keeping realized price relatively stable.

During bear markets, this realized price often acts as support, while in bull runs, ether’s price can become significantly extended from it. For instance, price consistently traded below its realized price throughout 2022. It could be argued that these periods marked meaningful buying opportunities. However, during this time, the price dropped as far as 38% below the realized price, proving that this specific level of realized price did not provide any tangible support level throughout 2022.

Therefore, although this metric could be used to signal a historically undervalued period, it is important to note that price has historically become significantly dislocated from realized price on the downside as well as the upside.

Ether Price vs. Realized Marketcap % Change



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



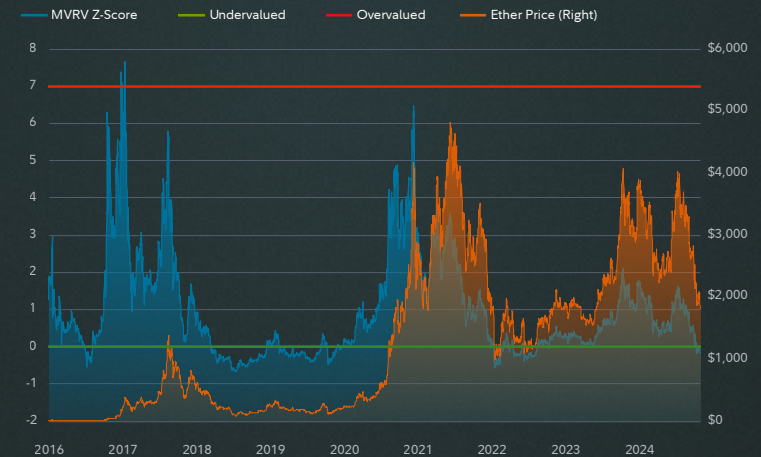
MVRV Z-Score (Ethereum)

The **MVRV Z-Score** is used to assess when ether is over/undervalued relative to its “fair value.” When the market value is significantly higher than the realized value (acquisition price), it has historically indicated a market top (red zone), while the opposite has indicated a market bottom (green zone).

The current MVRV Z-Score is -0.18 and is officially in the “Undervalued” zone after passing the threshold of zero on March 9, 2025. As we have been mentioning for the past two quarters, ether’s MVRV Z-Score rarely remains in the 1–2 value zone for extended periods of time. Although our anticipation of a large move in either direction last quarter proved to be correct, price unfortunately moved to the downside.

Ether has historically remained below or near the zero mark for extended periods of time associated with the four-year cyclical bear markets of the digital assets industry. This case may be unique for several reasons, but when looking at this metric alone, ether appears relatively undervalued based on the difference between its market value and realized value and has historically remained at this level for some time.

Ethereum: MVRV Z-Score



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

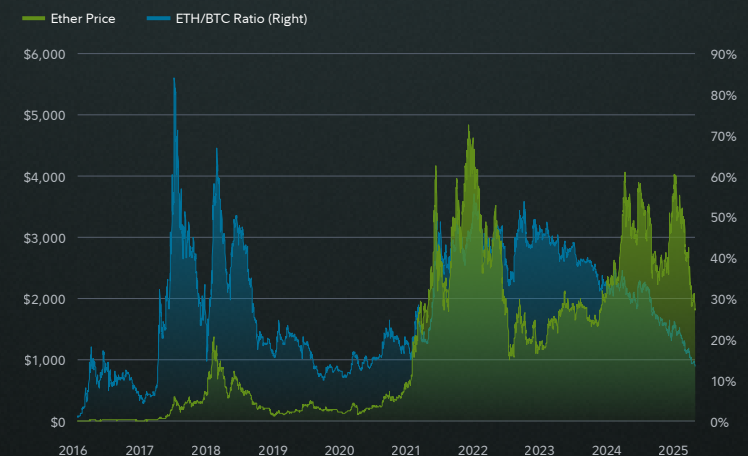
Ethereum Market Cap Ratio of Bitcoin

This metric is calculated by dividing the market cap of Ethereum by the market cap of Bitcoin. The observed change in the ratio over time helps investors understand the relative size and performance of Ethereum compared to Bitcoin.

Ethereum’s market cap relative to bitcoin’s has been on a consistent decline since the end of 2022, marking 30 consecutive months of this trend. This ratio is now at levels last seen in mid-2020 with a value of 0.13.

While this may seem bearish, it could be attributed to bitcoin’s massive success and the overextension of ether during the 2021 cycle. Looking at the full-time scale, ether is still up in bitcoin terms but has cooled off significantly. However, bitcoin’s current success could be seen as ether’s future opportunity, suggesting that we may eventually see a rally from ether relative to bitcoin.

Ethereum: Market Cap Ratio of Bitcoin



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



Net Unrealized Profit/Loss (NUPL) Ratio (Ethereum)

Historically, this metric has been useful for assessing overall market sentiment. The chart titled "Ethereum: Net Unrealized Profit/Loss (NUPL)" shows that overall sentiment started the quarter in "Optimism-Anxiety" with a value of 0.44 and finished Q1 in "Capitulation" at a value of exactly 0. The capitulation zone is defined by any value where the net unrealized profit is 0 or below and has resulted in lengthy time periods where the NUPL ratio has read "Capitulation." Therefore, we are assigning a neutral rating given this metric's propensity to skew towards the downside and the current levels of unrealized profit equaling those of unrealized losses.

Ethereum: Net Unrealized Profit/Loss (NUPL)



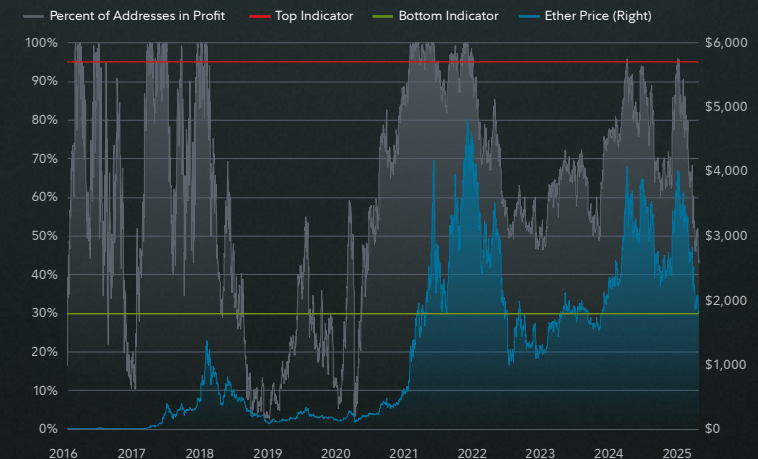
Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

Percent in Profit (Ethereum)

Percent in profit is the percentage of unique addresses with funds that have an average buy price lower than the current price. The buy price is defined as the price at the time coins were transferred to an address. **Only externally owned addresses (EOAs) are counted.** This metric has not touched the bottom indicator since January 2020, which may be because ether is not necessarily considered a buy-and-hold asset. Ether owners may be using ether for trading, smart contracts in decentralized finance (DeFi) services, staking, or buying other digital assets.

The percent of addresses in profit decreased 46% in Q1, with 44% of addresses currently in profit. Last quarter we noticed a historically significant rejection at the 95% threshold and continue to believe this metric may be useful at signaling tops. However, the bottoms become much less clear given the specific nuances of this metric. The value of 44% of addresses in profit has not been seen since 2020 which casts doubt on the previous 50% support level seen throughout the 2022 and 2023 lows.

Ethereum: Percent of Addresses in Profit



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



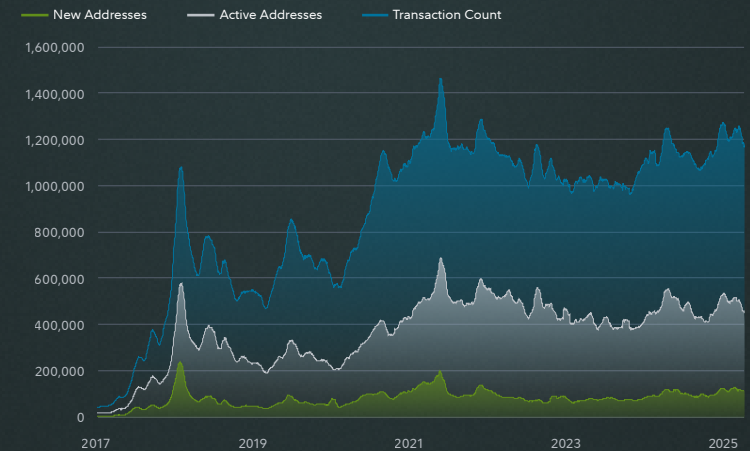
Monthly Address Metrics (Ethereum)

Ethereum base layer fundamentals have continued to remain range-bound for the past several years. Monthly address metrics all fell modestly in Q1 following an impressive Q4. New addresses decreased by 5.5%, active addresses fell by 15.5%, and transaction counts dropped by 7%.

As seen in the chart “Ethereum: Monthly Metrics,” we view these metrics as relatively limited to the upside, so this analysis is specifically looking for any large deviations to the downside that would suggest deteriorating network activity. Although all metrics fell from Q4 2024, they continue to remain in a healthy position, showing consistent demand for the base layer.

Interestingly, Ethereum’s gas limit increased by 20% to 36 million gas in Q1. The result has not been a 20% increase in total transaction counts but rather a significant reduction in individual transaction costs for users. We will look to see if the baseline for transaction counts increases going forward or if demand will remain constant while users simply enjoy lower transaction costs.

Ethereum: Monthly Metrics



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.

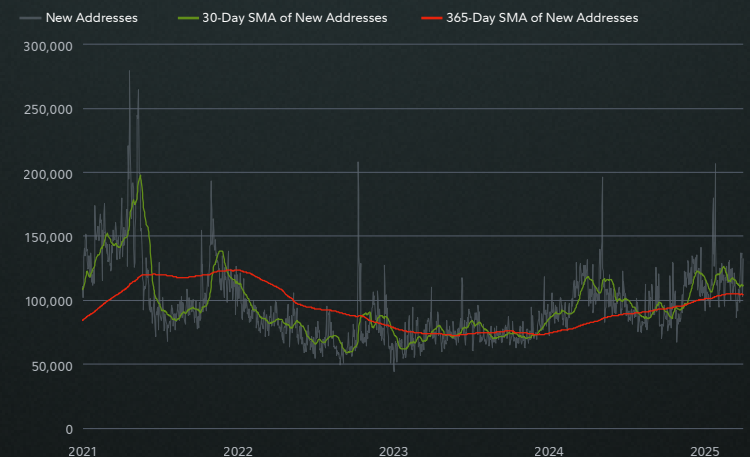
New Address Momentum (Ethereum)

New addresses are defined as unique addresses that appeared for the first time in a transaction. New addresses appear when users create new wallets and transact with them. This is different from Bitcoin addresses because Ethereum wallets do not typically create a new address for each transaction. Because of this difference, this metric could indicate a clearer picture of Ethereum’s Layer 1 adoption.

Throughout Q1, our new address momentum metric has stayed in its golden cross pattern, with the shorter-term average remaining above its longer-term counterpart. This indicates that new addresses are interacting with the network at a faster rate than the one-year average, which is a positive sign for overall network health.

This line has been upward sloping since the beginning of 2024, showing an increasing adoption rate during this period. The shorter-term average has reverted closer to the longer-term mean in recent months, so we will be looking for any meaningful bounce or crossing action over the next quarter to help determine where network activity may be headed going forward.

Ethereum: New Address Momentum



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



Layer 2 Transaction Count (Ethereum)

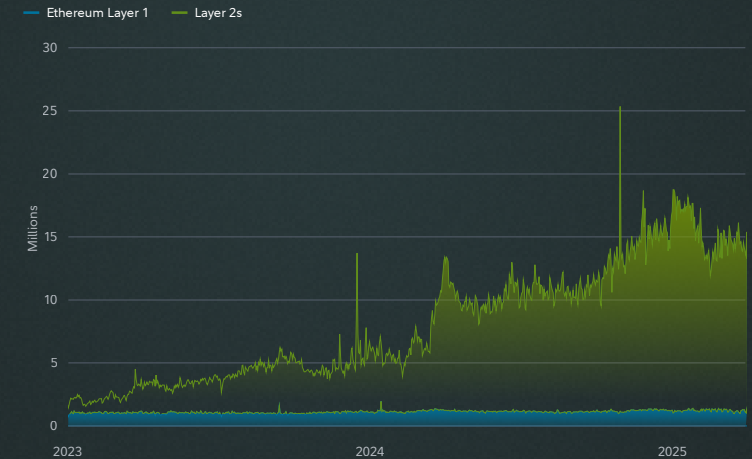
Since the Deneb-Cancun upgrade, transactions on Layer 2 platforms have become significantly more cost-effective, boosting both Layer 1 bridge activity and the overall Layer 2 transaction count. For the first time in several quarters, Layer 2 transaction counts have shown a modest decline. Transactions on Layer 2s declined by 11% since the end of 2024, marking a significant decline compared to the explosive growth seen throughout 2024. This could indicate that Layer 2s are reaching some level of saturation and may need to wait until the upcoming Pectra upgrade before a consistent uptrend in this metric.

Pectra will double the blob capacity of Ethereum, translating to more transaction capacity for Layer 2s that post their data to Ethereum. However, the reaction to this increased blob space will be important. We will be looking for a notable increase in Layer 2 transactions, as opposed to what has been observed with the increased gas limit on the base layer. With the latter, transaction counts remained steady, resulting in cheaper transactions. If transaction counts increase following this update, it would serve as another sign that users value Layer 2 execution and the success of the rollup-centric roadmap.

It is important to remember that the Layer 2 space is still in its infancy and new projects are continually emerging. Consequently, our total Layer 2 transaction count does not encompass every available Layer 2, and the actual value is higher than what is shown here. Our count includes transactions from chains such as Optimism, Base, Arbitrum, ZKsync, Zora, Scroll, Blast, Linea, Mantle, Starknet, World Chain, and Mode.

Lastly, it is common for both new and existing Layer 2s to incentivize network activity, often through airdrops. This factor should be carefully considered when analyzing these metrics, as it would be misleading to attribute all activity solely to the utility of each Layer 2.

Ethereum: Network Transaction Count



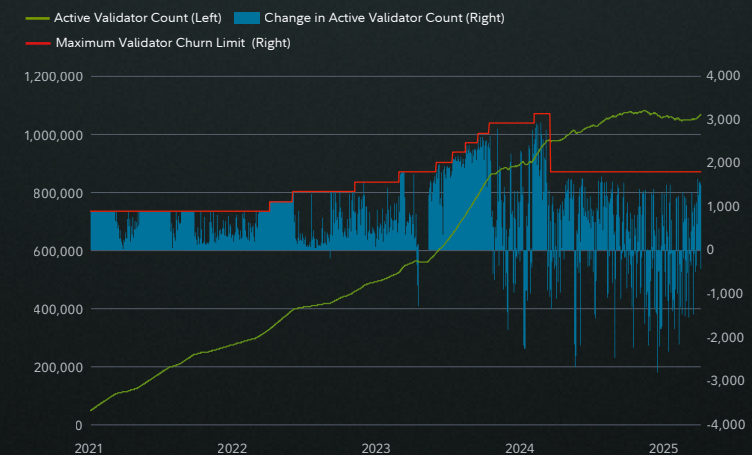
Source: Fidelity Digital Assets Research via Dune Analytics, 03/31/25.

Staking Numbers and Validators (Ethereum)

“Ethereum: Proof-of-Stake Change in Active Validators” illustrates the maximum number of validators permitted to join the network within a specific timeframe, along with the observed net change. After a monumental Q4 2024, where active validators decreased over the span of the entire quarter, this metric rebounded softly in Q1, increasing by 0.5% or 6,300 validators. Last quarter, the decline in validators appeared benign, but our Q4 2024 Signals Report acknowledged that if exits accelerated, it could be cause for concern. This rebound in active validators is a positive sign that the yields tied to Ethereum security are still in demand and may also be further proof that the longer-term staking ratio equilibrium has been reached.

The upcoming Ethereum upgrade, Pectra, includes Ethereum Improvement Proposal 7251 (EIP-7251), which increases the maximum effective balance of active validators, allowing each node to hold up to 2,048 ether as staking collateral, as opposed to the current limit of 32. In theory, this will allow fewer validators to secure the network, thereby reducing network messaging bandwidth requirements and the individual validator count. Some upcoming volatility in this metric is possible as validators adjust their configurations.

Ethereum: Proof-of-Stake Change in Active Validators



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



Net Issuance and Burn (Ethereum)

Since The Merge in September 2022, Ethereum’s net issuance (the new supply issued by the network minus the supply burned from transactions) has led to an overall decrease in supply for over two years. This is significant because, theoretically, if ether’s supply continues to decrease, it enhances the relative ownership of all remaining token holders. However, this trend has changed significantly because of the latest upgrade, and ether is likely to be net inflationary throughout 2025.

The inflationary and deflationary changes in supply are heavily influenced by the demand for staking—which drives issuance higher—and transactions that burn ether. In Q1, there were just three net deflationary days for Ethereum’s supply, down from 18 days in Q4 2024. The recent increase in Ethereum’s gas limit coupled with stagnant to slightly negative transaction count growth has significantly lowered the base layer transaction costs and therefore amount of ether being burned.

Although the number of deflationary days decreased by only 15 days, the total amount of ether burned throughout the quarter was significantly less than last quarter’s and made Q1 one of the most inflationary quarters since The Merge. The net increase in supply over the quarter was 190,000 ether and, when annualized using Ethereum’s current supply, it translates to an annual inflation rate of 0.63%.

This dynamic is important for investors to understand because, although Ethereum’s supply is not fixed, it remains quite stable over long periods, contributing to its sound properties as a monetary asset. Consequently, we anticipate this trend of ether being neither significantly deflationary nor inflationary to persist for the foreseeable future, promoting a consistently stable ether supply. Given the recent gas limit changes and transaction count trends, net supply changes are likely to skew towards slightly inflationary.

Contributors

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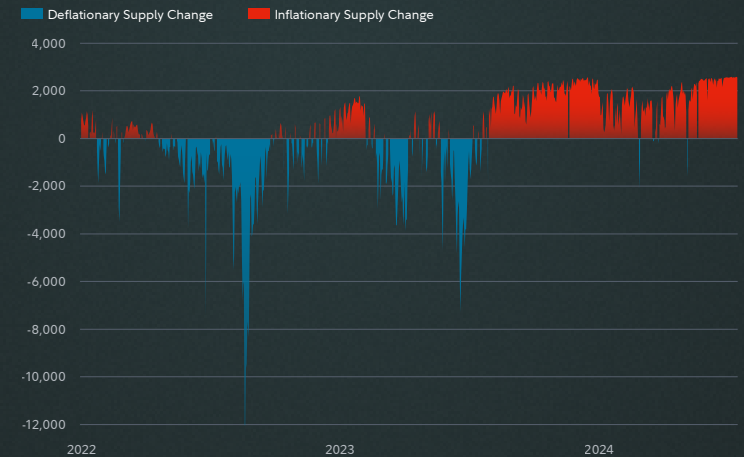
Matt Hogan Digital Assets Research Analyst, Fidelity Digital Assets®

Daniel Gray Senior Digital Assets Research Analyst, Fidelity Digital Assets®

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Ethereum: Daily Net Issuance



Source: Fidelity Digital Assets Research via Glassnode, 03/31/25.



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