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SPRING 2026



Puerto Rico & Beverly Hills Edition





SCALING DISTRIBUTION IN THE DIGITAL ASSET ERA: PERSPECTIVES FROM THE UNCORRELATED CRYPTO MASTERMIND

A synthesis of industry perspectives on Bitcoin cycles, institutional crypto adoption, and the evolving landscape of digital asset investment strategies from the inaugural Crypto MasterMind, at the Miami 2026 Uncorrelated Alternatives Conference

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Opening the Dialogue: A Quest for More

(DISCLAIMER: This commentary is provided for general informational and educational purposes only and reflects current views on macro trends in crypto and blockchain, which are highly speculative, rapidly evolving, and subject to extreme historical volatility. Any

examples, projections, or forecasts are illustrative only, may reflect exaggerated upside or downside scenarios, are not guarantees of future results, and should not be relied upon as investment advice or as a prediction of actual market performance.)

On January 28, 2026, at The Ritz-Carlton in Miami Beach, the inaugural Uncorrelated Crypto MasterMind convened with a select group of Bitcoin cycle

experts, fund managers, allocators, and infrastructure specialists as founding members. Dan Hubscher, managing director and founder of Changing Market Strategies, moderated the session.

This MasterMind format was structured as an exclusive, invitation-only forum designed to share distribution best practices among crypto and blockchain fund managers, allocators, and service providers. The strategic objectives included accelerating mass adoption, bridging traditional finance with digital assets through enhanced institutional trust, and generating actionable content for all participants.

The discussion began with the observation that everyone present wants more. Whether MasterMind participants were already successful managers seeking greater distribution and scale, aspiring managers looking to break through, or investors wanting enhanced opportunities, all shared a common goal: creating more abundance in an industry with untapped potential.

The Bitcoin Cycle Debate: Mathematical Precision Meets Market Reality

The discussion quickly centered on whether Bitcoin's cyclical patterns remain intact or have fundamentally changed in the current market environment.

One participant argued that the common perception of a four-year cycle is incorrect, insisting instead on an approximately 46-month cycle, driven by an event that occurs, more precisely put, after every 210,000 blocks - the "halving".

(Supplemental explanation for context: This event is Bitcoin's supply policy in action, automatically halving the bitcoin mining reward rate paid to bitcoin miners. In other words, bitcoin miners are paid (rewarded) in bitcoin (BTC), at a predetermined reward rate that halves at predetermined intervals - every 210,000 blocks mined and added to the blockchain - ensuring scarcity.)

According to the participant's thesis, the current cycle operates under a 3.125 BTC reward structure, with the next halving projected for late March or early April 2028. Each cycle contains four distinct phases: Spring (halving to all-time high), Summer (peak price),

Fall (bubble pop), and Winter (capitulation).

A critical insight shared was that the halving is not always at the same time—rather, it always occurs after a specific number of blocks have been mined and added to the blockchain. This nuance explains why the cycle hovers around 46 months rather than precisely four years.

This participant emphasized that critics may claim the cycle is broken, but the halving mechanism operates on block count rather than calendar time, creating cycles that are trending closer to 48 months while maintaining their fundamental structure through 33 projected cycles extending to 2140.

This framework supporter maintained that cycles remain unbroken, pointing to the precision of historical patterns where bubble peaks have occurred at regular intervals—specifically around 1,064 days from bottom to top. The participant argued that while single occurrences might be coincidental, patterns repeating three times may not be coincidental.

Discussion participants further noted how scarcity dynamics differ between Bitcoin and other rare commodities such as gold. They characterized Bitcoin as possibly the scarcest asset available, contrasting its mathematically enforced and diminishing issuance with gold's relatively higher rate of market introduction, and continuing production.

However, the current cycle showed notably compressed returns compared to historical patterns. Participants noted that while a 2x return would typically be considered successful in traditional markets, in Bitcoin's context it felt like failure given historical expectations of much higher multiples. The discussion revealed that projections had anticipated triple-digit returns based on past cycles, and that the role of macroeconomic factors in cycle dynamics sparks debate from critics.

(Supplemental: further discussions on the potential improvement of compressed returns, and commentaries on the macro environment, are summarized further below.)

Some critics argue that macro conditions now dominate over halving effects. The participants held that halvings, in reality, drive the fundamental cycle while macro conditions create variance around that baseline.

(KEY TAKEAWAY: The bitcoin cycle is driven by the halving, which operates on block count rather than calendar time, and the fundamental structure currently remains unchanged.)

The ETF Paradox: Paper Bitcoin Versus Self-Custody

The role of ETFs in Bitcoin's evolution revealed fundamental philosophical tensions within the crypto community.

The discussion turned to whether ETF holdings represent genuine Bitcoin ownership, noting that ETFs could be understood as second derivatives rather than direct Bitcoin ownership. Participants noted a distinction between paper Bitcoin—derivatives that don't require underlying asset holdings—and ETFs, which must actually purchase and custody Bitcoin to back their shares, although the implementation is not necessarily straightforward, which is a risk in dealing with the scarcity. This led to a broader exploration of how ETFs must be able to demonstrate custody of the Bitcoin they claim under management, unlike certain gold derivatives that have historically operated without full physical backing. The conversation revealed nuanced views about what constitutes "real" Bitcoin ownership in an era of proliferating investment vehicles.

Participants noted that while ~80% of traditional financial markets consist of derivatives, only ~20% of Bitcoin trading involves derivatives—a ratio expected to change as institutional involvement grows. The discussion highlighted that ETFs must demonstrate custody of actual Bitcoin to claim management of specific dollar amounts, unlike some gold derivatives that lack physical backing.

Risk considerations emerged around institutional custody. Participants acknowledged that while major institutional ETF issuers are perceived as unlikely to fail, the participants also considered the hypothetical risk that in extreme scenarios, ETF holders would receive IOUs rather than Bitcoin. Whether that scenario is realistic or not, the discussion noted that while not all investors are ready to trust institutional custodians, investors are similarly unsure whether to trust themselves as custodians, questioning the often used digital asset

ecosystem aphorism, "not your keys, not your coins". And as crypto self-custody might not be for everyone, participants noted that this issue is not unique to digital assets. Most investors must trust institutional custodians, rather than face the challenge of burying gold in the ground in order to buy exposure to gold, for instance.

The tension between Bitcoin's original permissionless ethos (including self-custody) and institutional adoption (including institutional custody) was acknowledged as creating a paradox: growth requires accessibility that may compromise founding principles.

The proliferation of investment instruments, vehicles and system infrastructure variations—from ETFs to exchange custody to various fund structures (including hedge, venture, credit, etc.)—was recognized as fundamentally changing Bitcoin ownership dynamics, making the asset accessible through traditional brokerage accounts but potentially diverging from its self-sovereignty roots.

(KEY TAKEAWAY: industry growth requires accessibility that may compromise founding principles)

Risk Management: Lessons from Market Dislocations

The October 10th, 2025 market event provided crucial lessons about leverage, risk management, and the dangers of potentially mislabeled strategies.

Participants recounted how October tariff threats appeared to have triggered cascading liquidations. When threats of 100% tariffs on China emerged, major crypto exchanges experienced immediate selling pressure, forcing market makers to deleverage. One particular market maker reportedly faced such severe losses that they were forced into sustained daily selling regardless of buying pressure. A market bounce that occurred after selling ceased was not perceived by the discussion participants as the typical V-shaped recovery, in hindsight. Looking back, the bounce was instead what participants characterized as the initiation of the fall phase of the market cycle, and not yet the winter phase, noting that the market had not yet reached a bottom.

Discussion of market neutral strategies revealed widespread misunderstanding and potential mislabeling. Where allocators were reportedly surprised about



losses in supposedly market neutral strategies, discussion participants pointed out that these strategies may not have been truly market neutral—highlighting failures in both strategy labeling and possibly trade execution by managers. Further, investors' failures in patience with these strategies stemmed from not understanding the intended behaviors; participants for instance illustrated that the market neutral strategies' alpha sources are not correlated to general market direction or fundamentals.

The discussion therefore captured multiple risk management failures: leverage that destroyed positions during the October 10th event, potentially incorrectly labeled market neutral strategies that suffered losses, impatient investors who exited at the wrong times, and widespread misunderstanding and implementation of proper market modeling and risk management techniques.

Retail investors were identified as particularly sensitive to volatility, with participants noting that 80% drawdowns are psychologically unbearable for most non-professional investors who lack experience with such extreme price movements in traditional asset classes.

The Macro Environment: Policy Uncertainty and Market Impact

The group's perception of the Trump administration's influence on Bitcoin markets emerged as a source of frustration.

Despite being characterized by the group as the first pro-Bitcoin president, participants argued that the current administration had presided over poor macro conditions for crypto markets. The regulatory environment was described as problematic, with existing frameworks viewed as worse than having no frameworks.

(Supplemental: though this part of the discussion touched on politics, participants were generally not overly political, nor argumentative, voicing criticisms of Republican and Democratic efforts alike. Instead, the discussion focused on the impacts of political realities upon the market environment.)

The impact of policy announcements via social me-

dia was highlighted as a potentially major contributor to volatility. Tariff threats reportedly preceded dramatic price swings, including one instance where, as one participant described, Bitcoin reached a peak price above \$120,000 just days before October 10th, 2025, and was still near that level when on that day tariff threats appeared on social media, followed by the deleveraging event.

(Supplemental: this is the same dislocation event described above; by late November, Bitcoin's price fell to below \$85,000. This period was characterized as the start of the fall phase of the market cycle.)

Bitcoin as Defense: A Fundamental Reframing

A philosophical perspective emerged in the room, positioning Bitcoin as a defensive rather than offensive asset.

Participants debated the view that Bitcoin serves as protection against systemic risks rather than a vehicle for speculation. This perspective frames Bitcoin as the sole defense against economic disruptions that may occur in the future.

Discussions included deep concerns about the global derivatives complex, noting that the notional value approaching five quadrillion dollars represents various risks. Participants viewed the traditional financial system with extreme skepticism.

Systemic risks in the financial system were viewed as severe, with participants proposing that central banks may lack sufficient capital reserves to survive future conditions; and that insurance companies may face insolvency. This led to expressions of extreme bearishness about traditional financial markets.

Additionally, a super cycle thesis emerged suggesting that increasing Bitcoin adoption, while Bitcoin's supply remains on its fixed schedule, could reverse the trend of diminishing growth of returns seen across Bitcoin cycles.

Participants also presented a radical reframing of risk, arguing that Bitcoin should not be viewed as a risky asset but rather as a lack of risk. One participant's perspective held that when traditional assets are priced in Bitcoin terms rather than fiat currencies, the long-term performance of those traditional assets ap-

pears dismal—citing for instance that the S&P 500 has never exceeded its 1999 high when measured in gold, and both equities and bonds show dramatic underperformance when denominated in Bitcoin.

(Supplemental: the notion expressed here reflects alternative frameworks for valuing traditional assets, particularly the argument that measuring assets against other stores of value like gold or Bitcoin reveals a very different performance picture than fiat currency measurements.)

According to this view, the real risk lies in fiat-denominated assets, which face unlimited downside from monetary debasement, while equities carry infinite operational risks from management decisions, regulatory changes, and social policies. This philosophy suggests that conventional risk assessments have the relationship backwards, by not recognizing Bitcoin as the stable denominator against which all other assets should be measured.

(KEY TAKEAWAY: Some discussion participants viewed Bitcoin as potentially less risky than traditional assets over any time period if viewed as the fixed standard against which everything else inevitably depreciates.)

Technology Evolution and Infrastructure Development

Discussion of Bitcoin's layer 2 revealed emerging developments. While some participants viewed Bitcoin layer 2 efforts as failures, the discussion highlighted that failed business use cases or execution failures may be unrelated to technology limitations or possibilities.

(Supplemental: “Layer 2” in Bitcoin refers to secondary protocols built on top of the Bitcoin blockchain that process transactions off-chain to improve scalability and reduce fees, while still using the main Bitcoin network for final settlement. “Ordinals”, as referenced below, are not layer 2 developments strictly speaking, but are similarly “built on bitcoin” - enabling the inscribing of data—including images, videos, or text—directly onto the smallest units of Bitcoin, effectively transforming them into unique digital artifacts similar to NFTs. “DeFi” services - Decentralized Finance applications such as lending and borrowing - are layer 2 services.)

Participants pointed out that while Ordinals have yet to achieve widespread adoption, that may still occur. However, native DeFi services on Bitcoin are nascent, and may possibly be much more important developments, according to the participants.

Bitcoin's relatively slow pace of change, in contrast to more rapidly evolving platforms, was characterized positively by the group, preferring its perceived stability as a potential basis for the US economy vs. modeling other countries' economies.

Environmental Considerations and Mining Dynamics

Participants forcefully challenged environmental criticisms of Bitcoin mining, arguing that Bitcoin's use



of pure energy as its input has a modernizing effect on energy grids. They cited examples like the ERCOT grid in Texas, describing a symbiotic relationship between mining and energy infrastructure that contradicts common environmental criticisms.

(Supplemental: ERCOT - the Electric Reliability Council of Texas - is the organization that manages the electric power grid for most of the U.S. state of Texas. In the relationship described above, Bitcoin miners provide crucial grid stability by moderating power demands and selling electricity back to the grid in peak periods.)

Further, participants pointed out that this effect is unique to Bitcoin mining, i.e. an effect not produced by the use of any other financial asset, and counter to the environmental impact of data centers generally, including those run by financial institutions. Finally, participants considered deliberately avoiding politicizing negative environmental impacts in order to more effectively deal with the general data center problem.

Future Perspectives: Expanding the Conversation

Near the end of the session, the group considered questions about perspective diversity, asking who wasn't represented in the room that could enhance future discussions. Participants acknowledged that the group consisted of similar perspectives—experienced practitioners rather than newcomers who might bring fresh viewpoints to challenge established thinking.

Conclusion: Navigating Transition in Digital Asset Markets

The inaugural Uncorrelated Crypto MasterMind revealed an industry grappling with fundamental transitions—between cypherpunk origins and institutional adoption, between mathematical cycles and macro forces, between self-custody ideals and accessibility demands.

Key questions emerged around whether Bitcoin cycles are truly broken or simply misunderstood, how fund managers and investors should evaluate Bitcoin's risk profile compared to traditional assets over various time horizons, and whether Bitcoin participation rep-

resents an offensive or defensive strategy in the current economic environment.

The session demonstrated that while tactical disagreements persist, crypto market participants share a vision of expanding opportunities in digital assets. The path forward into broad Traditional Finance adoption—whether through institutional products, self-custody solutions, algorithmic strategies, or cycle-based investing—remains a subject of vigorous debate among practitioners seeking to scale distribution and create abundance in the evolving digital asset landscape.

The MasterMind sessions will continue at future Uncorrelated conferences throughout the year, with findings to be published in future issues of Uncorrelated Magazine.



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