

Q1 2025

Quarterly Factor Report

BLOOMBERG <CFBX> GO

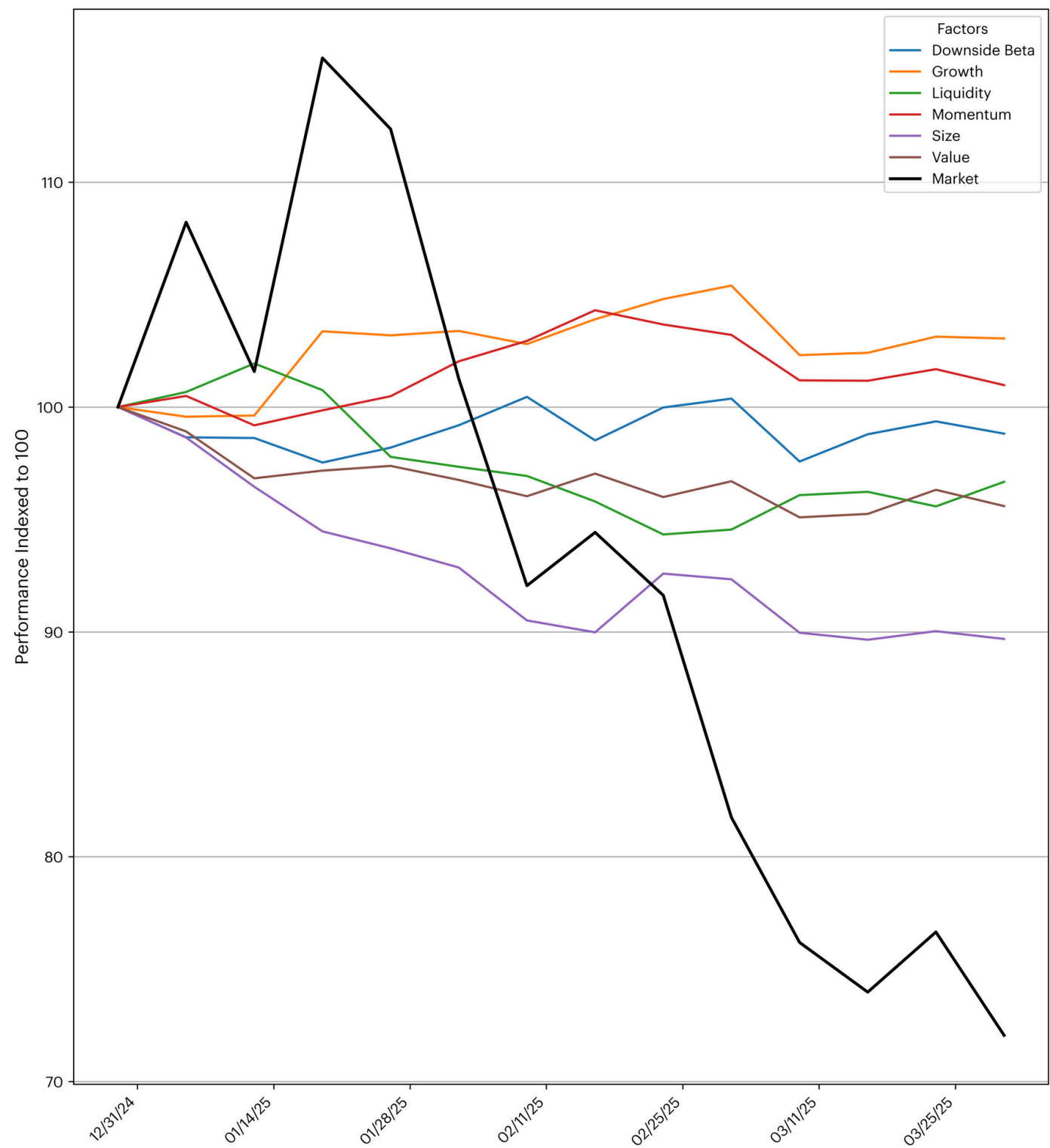
cfbenchmarks.com

Table of Contents

1. Performance Summary
2. Leaders & Laggards
3. Factor Portfolio Performance
4. CF Large Cap Factor Exposure
5. Factor Betas by Asset
6. Appendix

Performance Summary

Growth and Momentum Outperform in Turbulent Q1



Long/Short Factor & Market Performance
Source: CF Benchmarks, December 29, 2024 to March 30, 2025

Performance Summary

The CF Benchmarks Factor Model for digital assets identifies seven key risk factors—Market, Size, Value, Momentum, Growth, Downside Beta, and Liquidity—to explain cryptocurrency return variation. Using both time-series (Fama-French) and cross-sectional (Fama-MacBeth) regression frameworks, the model analyzes on-chain and off-chain metrics like protocol fees, trading volume, and user activity. It shows strong explanatory power, particularly from Market, Growth, and Downside Beta. Built with institutional investors in mind, the model applies familiar tools from traditional finance to the unique world of crypto. It helps investors identify key sources of risk and return, improve portfolio construction, and make more informed trading decisions.

In Q1 2025, macro uncertainty drove heightened volatility, with the Market Factor tracking Bitcoin and Ether dropping 28% from its peak. Size underperformed amid risk aversion, while Value stayed range-bound. Momentum and Growth factors stood out, with Growth finishing strongest, reflecting investor preference for high-fee-growth assets. Momentum also maintained gains, suggesting trend-following strategies remained effective. Downside Beta provided modest defensiveness, while Liquidity ended slightly higher, indicating resilience in higher-volume tokens. Overall, the quarter was characterized by a rotation toward quality, scalability, and growth amid macro stress and tightening liquidity.



Gabe Selby, CFA
Head of Research



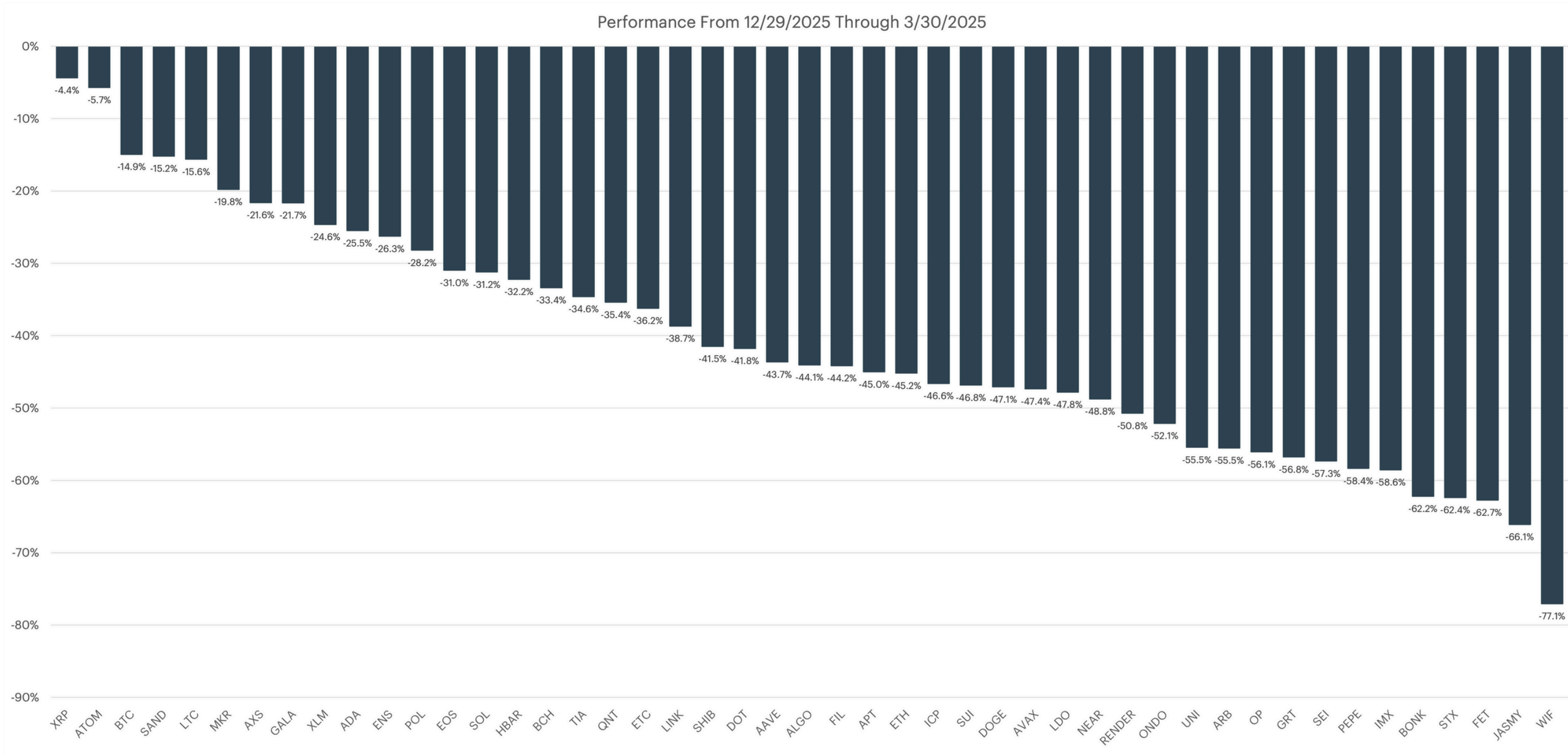
Mark Pilipczuk
Research Analyst



Cristian Isac
Senior Product Manager

Leaders & Laggards

Defensive Majors Show Resilience



Leaders

Larger-cap tokens demonstrated relative resilience, with XRP (-4.4%), ATOM (-5.7%), and BTC (-14.9%) outperforming the broader market. Their defensive posture stood out amid widespread altcoin declines and ongoing macro-driven risk repricing.

Laggards

FET (-62.7%), JASMY (-66.1%), and WIF (-77.1%) ranked as the quarter's worst performers, reflecting diminished enthusiasm for AI and meme-related cryptocurrencies. These steep declines highlight increased volatility in speculative segments as the broader market retreats from high-risk assets.

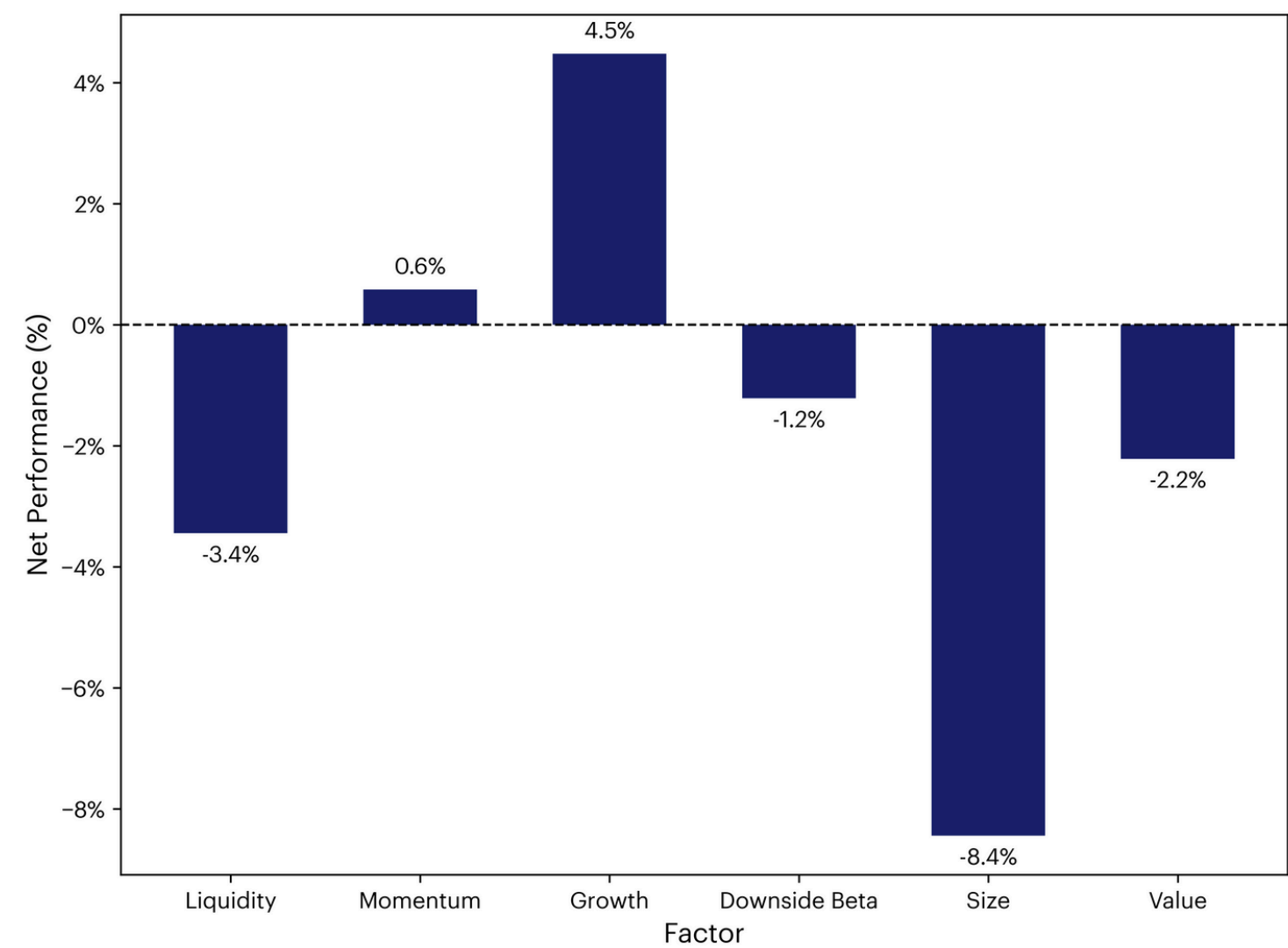
Source: Returns are based in USD terms, CF Benchmarks, December 29, 2024 to March 30, 2025

Factor Portfolio Performance

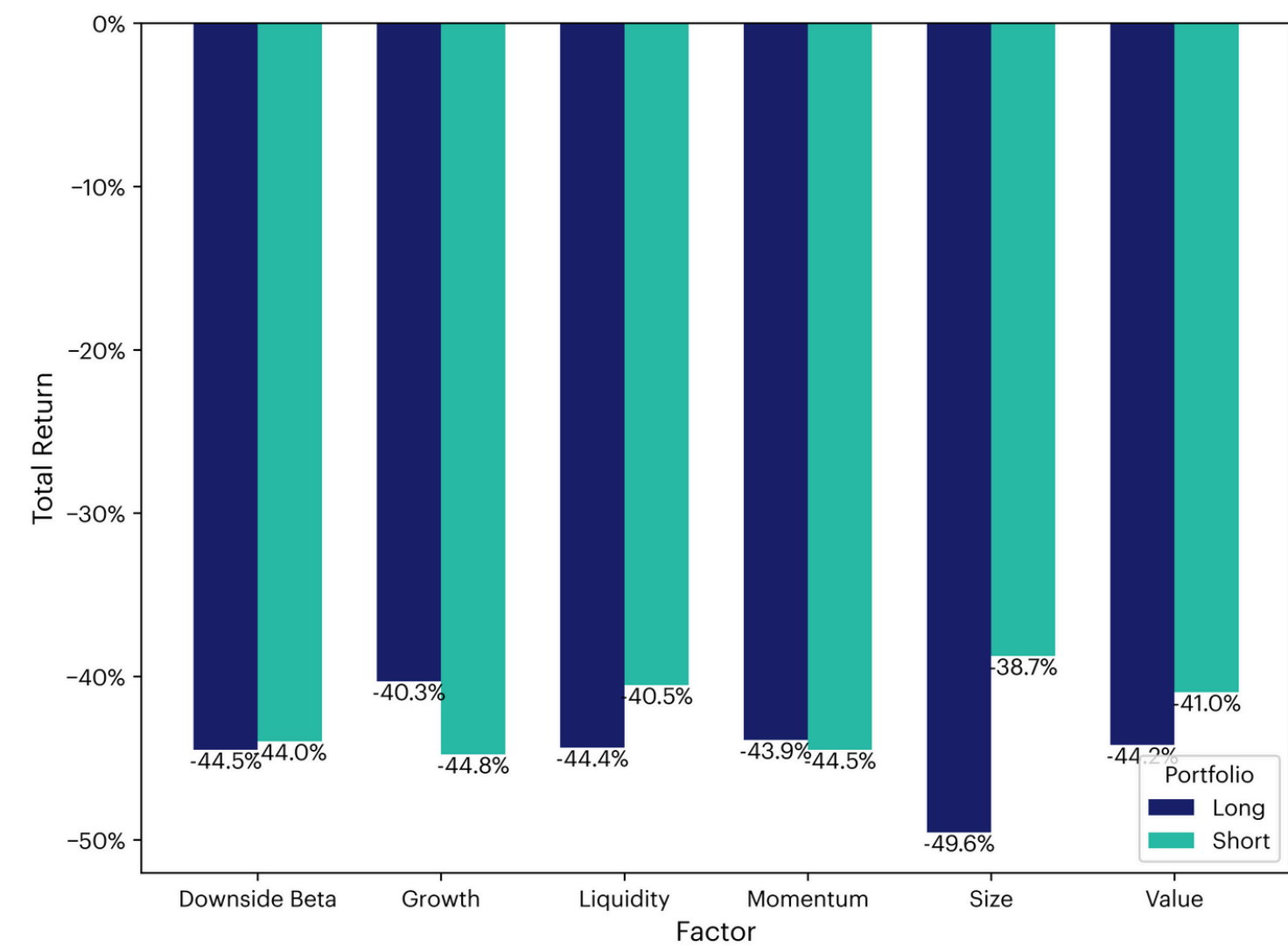
Quarterly Portfolio Performance



Factor Portfolio Performance



Long and Short Portfolio Performance

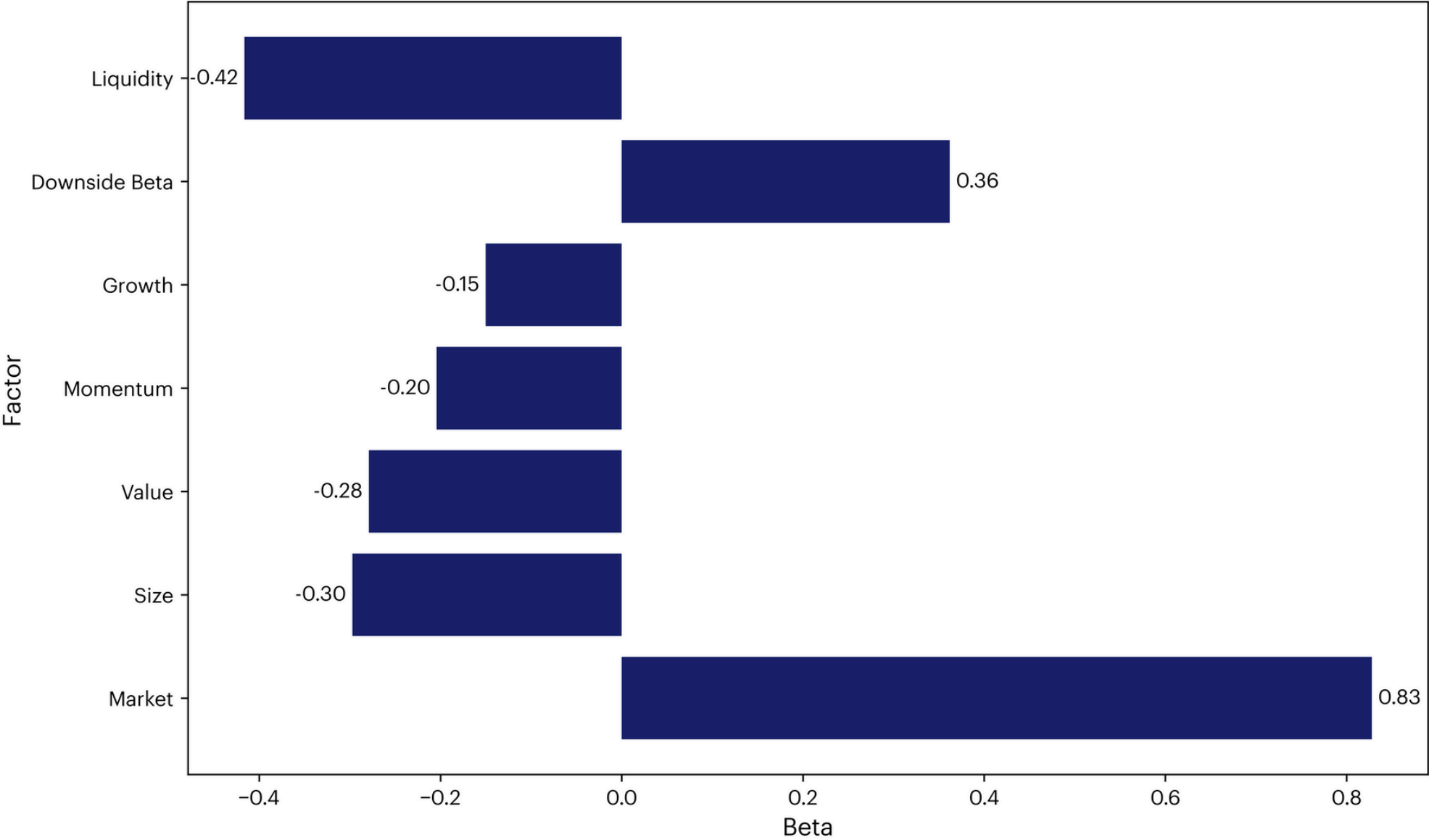


In the first quarter of 2025, Growth stood out as the best performer on the long side, followed by Liquidity and Downside Beta. On the short side, Growth and Momentum delivered the strongest results, with Downside Beta ranking third. The negative performance across all factors reflects a broad-based sell-off this quarter but highlights areas of relative resilience within both long and short factor exposures.

Source: CF Benchmarks, December 29, 2024 to March 30, 2025

CF Large Cap Factor Exposures

CF Large Cap Factor Exposures



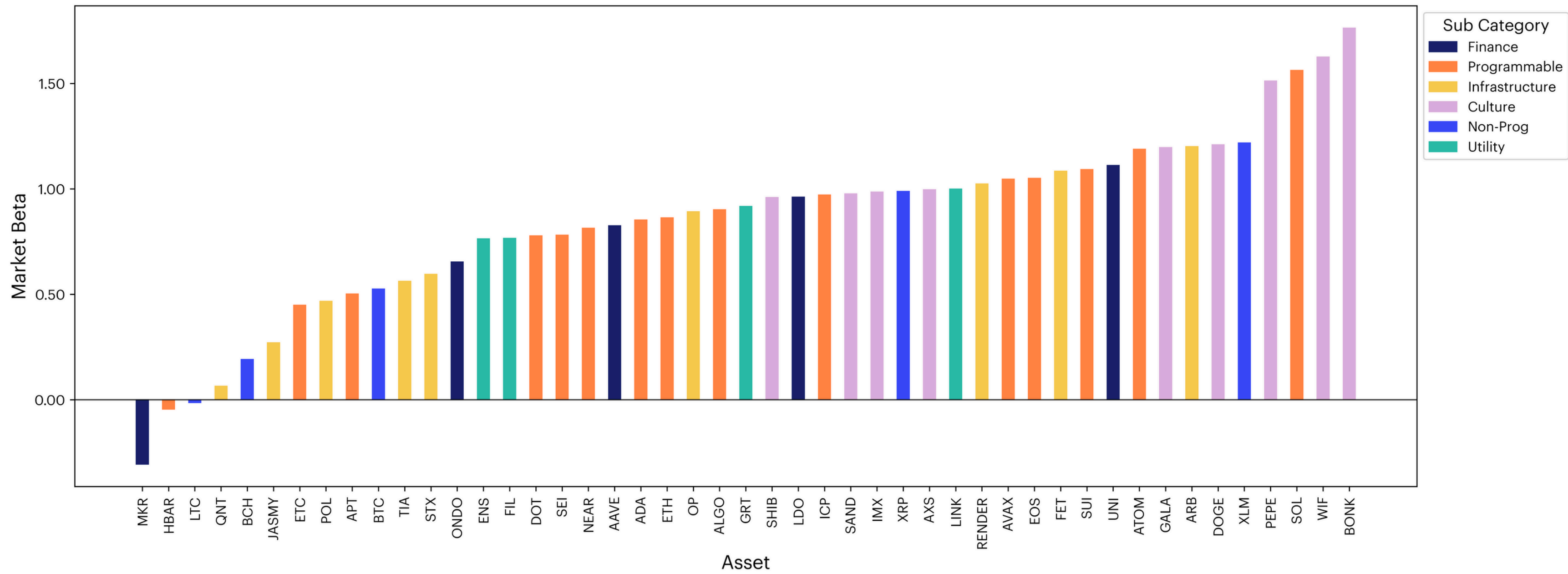
CF DACS Sub-Category	Weight
Non-Programmable	81.3%
Programmable	16.3%
Culture	1.7%
Utility	0.4%
Finance	0.2%
Infrastructure	0.1%

The factor beta profile of the CF Large Cap Index (free-float market cap weight) indicates a high beta to the market factor, reflecting tight alignment with the general movements of the overall market. It also shows positive exposure to the downside beta factor, suggesting a tilt toward assets with lower downside sensitivity, which may enhance resilience during drawdowns. The index has negative exposures to size and liquidity, consistent with a focus on large-cap and frequently traded assets. Additionally, it shows modest negative exposure to momentum, growth, and value, implying a slight tilt away from trend-following, growth-oriented, or undervalued assets, potentially reflecting the mature and more established nature of large-cap tokens.

Source: CF Benchmarks, from December 29, 2024 to March 30, 2025

Factor Betas by Asset

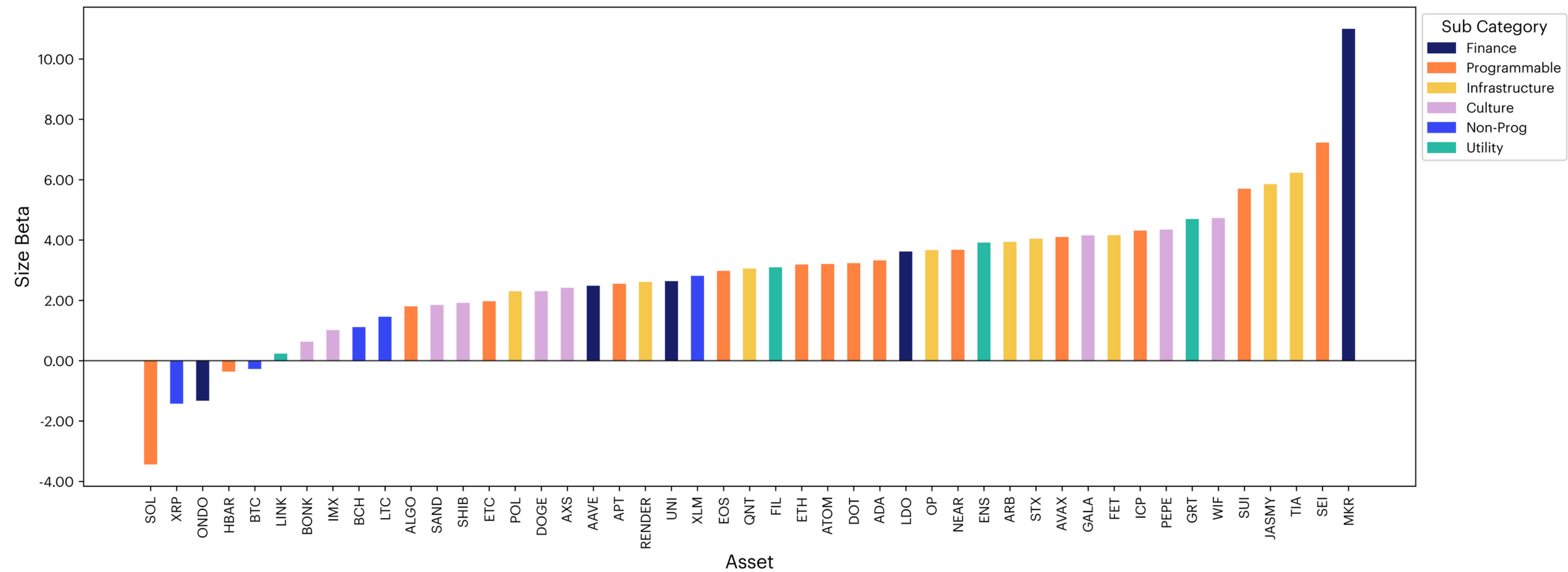
Market Factor Beta by Asset



The market factor encapsulates broad systematic risk in digital assets by aggregating overall market sentiment and macroeconomic influences. Constructed from a diversified market-cap weighted portfolio of major cryptocurrencies, it is represented by the CF Broad Cap (Free Float) Index and serves as the primary benchmark for evaluating risk premiums.

Source: CF Benchmarks, from December 29, 2024 to March 30, 2025

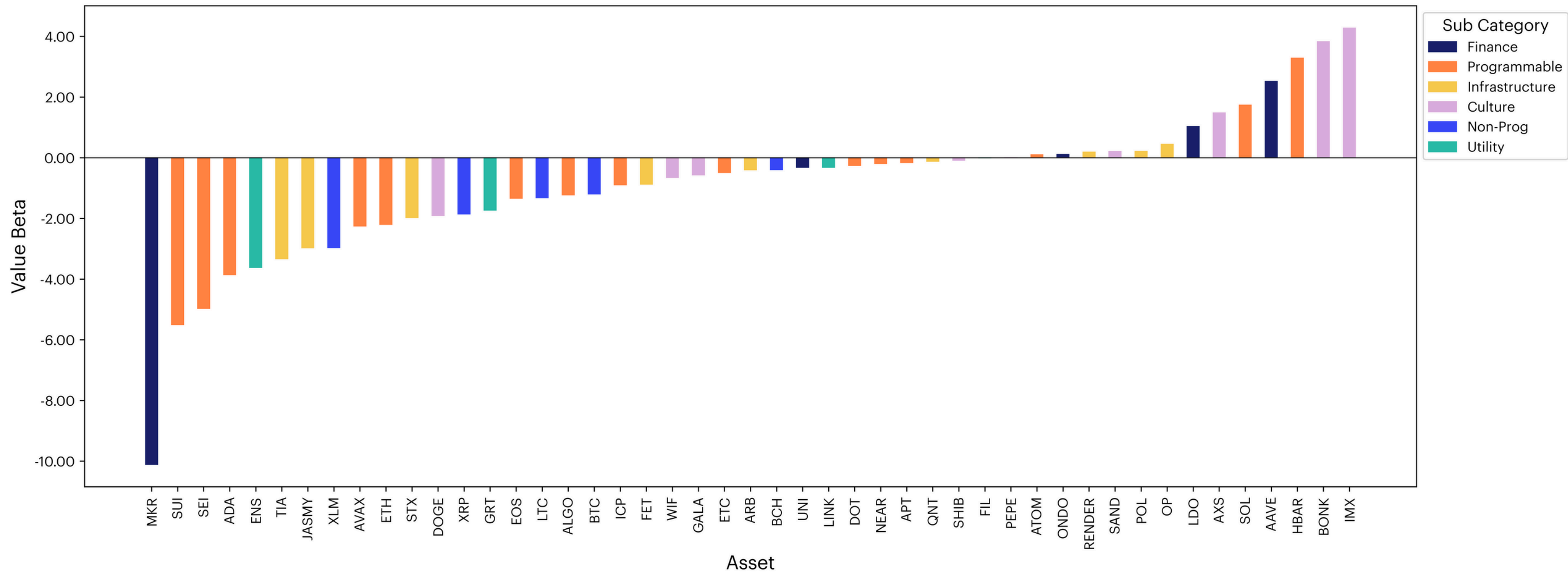
Size Factor Beta by Asset



The size factor identifies smaller digital assets by using the inverse of fully diluted market capitalization. These small-cap tokens often carry greater risk but have historically delivered higher returns, reflecting market inefficiencies due to limited participation. The factor captures this dynamic by going long small-cap tokens and short large-cap ones.

Source: CF Benchmarks, from December 29, 2024 to March 30, 2025

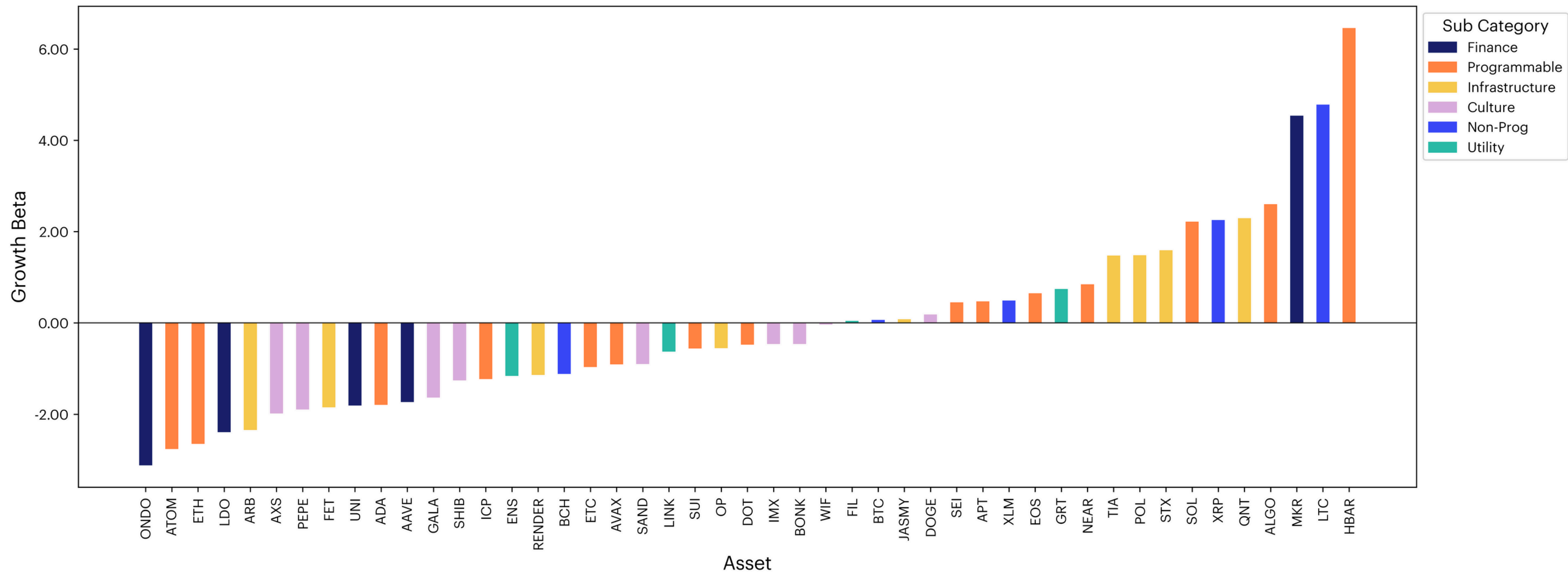
Value Factor Beta by Asset



The value factor blends protocol fee efficiency and user engagement by averaging standardized z-scores of Fees/TVL and DAU/MCap. It quantifies how effectively a protocol generates economic output relative to its capital, identifying undervalued tokens with robust on-chain activity.

Source: CF Benchmarks, from December 29, 2024 to March 30, 2025

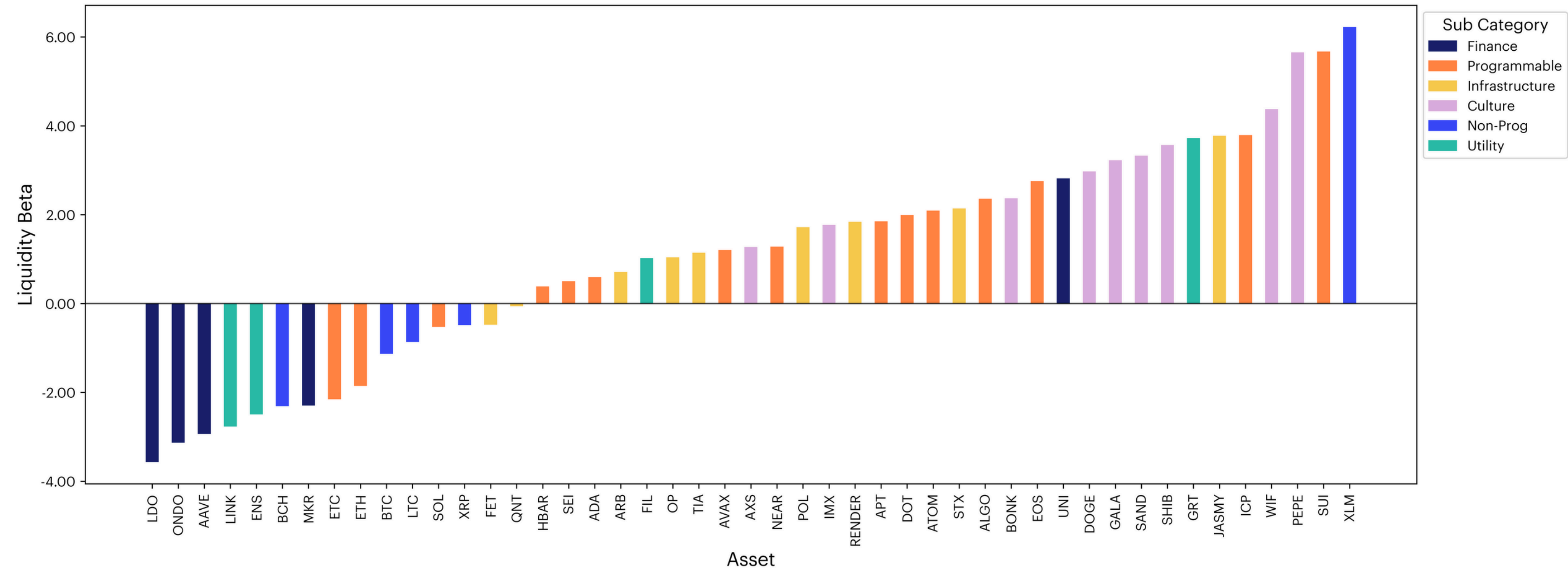
Growth Factor Beta by Asset



The growth factor captures the acceleration of protocol-level activity by averaging the z-scores of 30-day fee growth and weekly active user (DAU) growth. It goes long on assets demonstrating strong growth in user engagement and revenue generation, while shorting those with the weakest growth, aiming to capture a growth-driven risk premium.

Source: CF Benchmarks, from December 29, 2024 to March 30, 2025

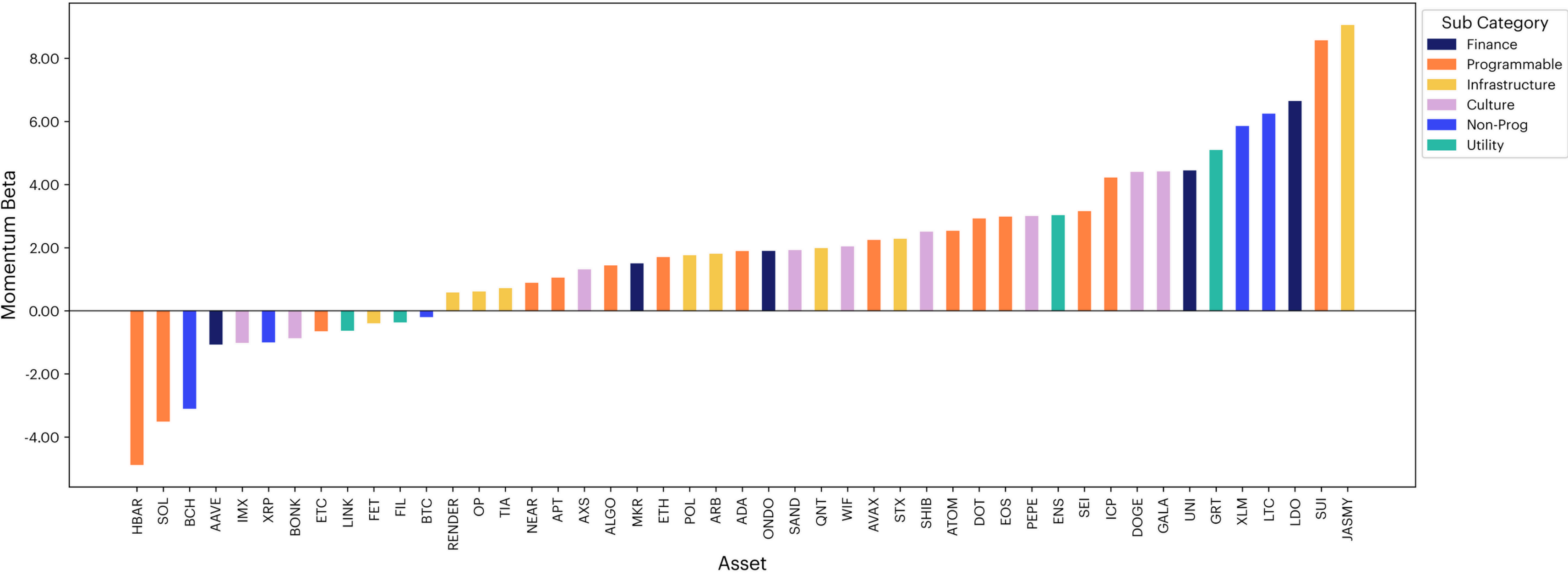
Liquidity Factor Beta by Asset



The liquidity factor is constructed using token turnover as a percentage of circulating supply, capturing how efficiently assets can be traded without impacting price. It reflects market accessibility and trading friction. The factor goes long on lower-liquidity assets and short on higher-liquidity ones, aiming to capture potential return premia linked to illiquidity.

Source: CF Benchmarks, from December 29, 2024 to March 30, 2025

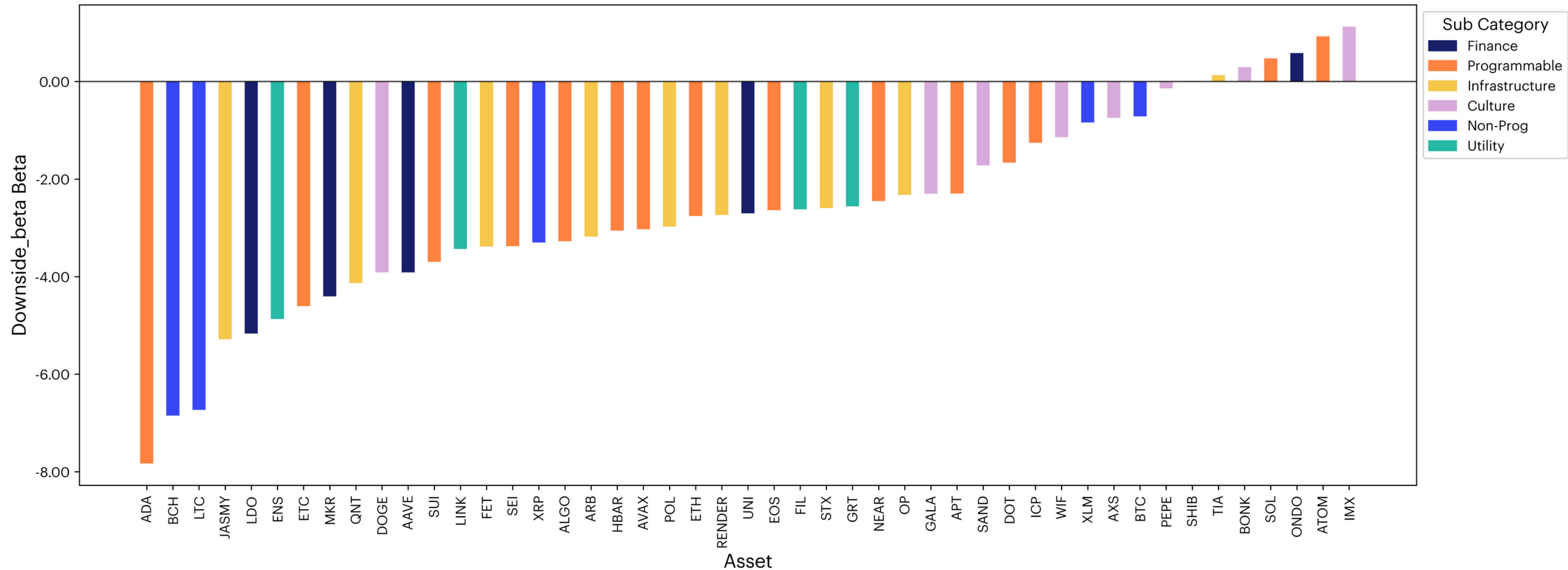
Momentum Factor Beta by Asset



The momentum factor captures short-term price trends by averaging the z-scores of two-week cumulative returns and their risk-adjusted counterparts. It identifies assets with strong recent performance, reflecting the trend persistence often seen in digital asset markets. While aiming to exploit return continuation, it also accounts for the risk of sharp reversals in volatile conditions.

Source: CF Benchmarks, from December 29, 2024 to March 30, 2025

Downside Beta Factor Beta by Asset



The downside beta factor measures an asset’s sensitivity to negative market movements by regressing its returns against the market index during periods of decline. This risk metric aims to isolate weakness during downturns. The factor portfolio goes long assets with lower downside exposure, aiming to capture their relative resilience in bearish markets.

Source: CF Benchmarks, from December 29, 2024 to March 30, 2025

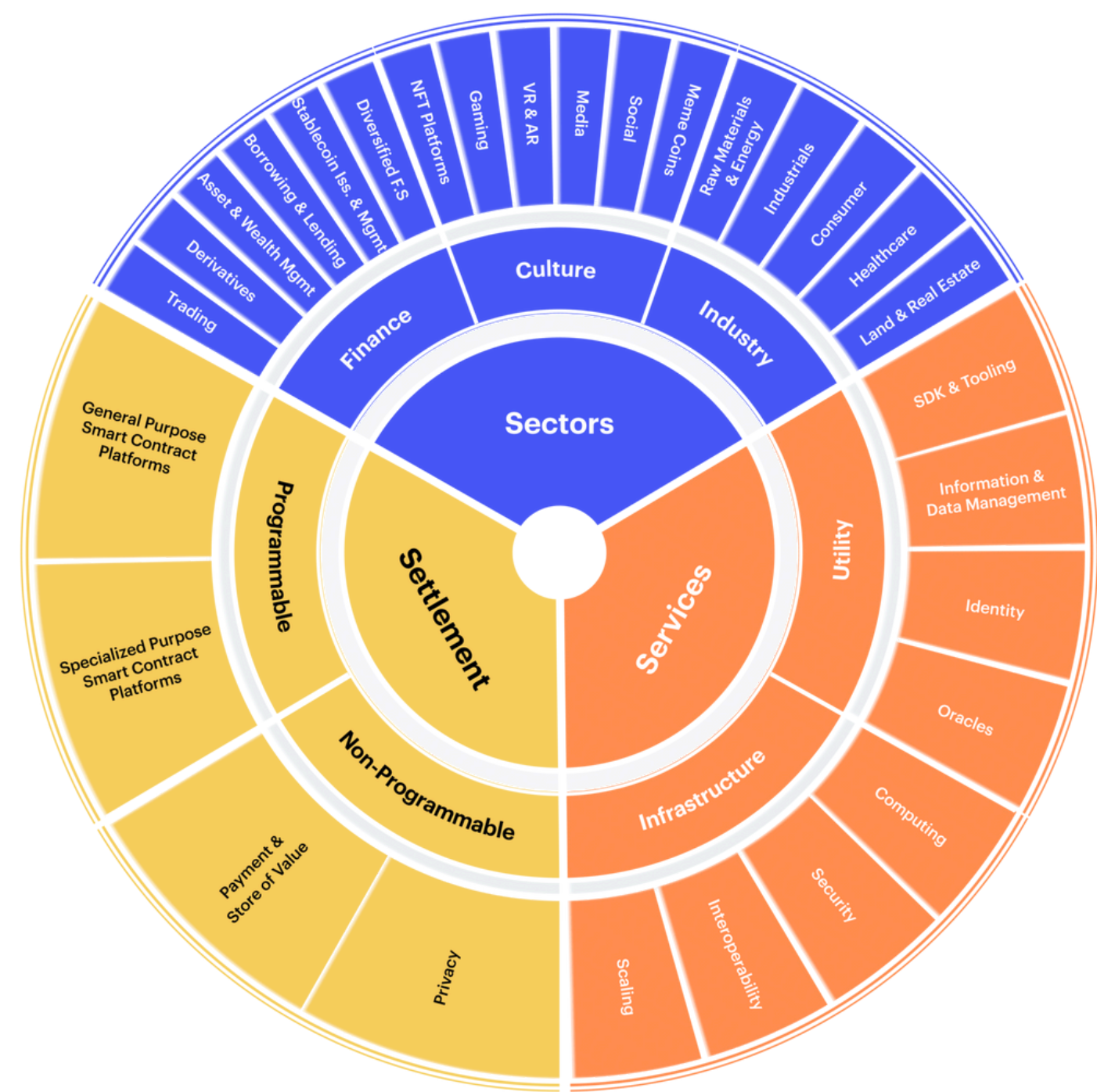
Appendix

CF Digital Asset Classification Structure



CF Digital Asset Classification Structure

The CF Digital Asset Classification Structure (CF DACS) classifies coins and tokens based on the services that the associated software protocol delivers to end users, grouping assets by the role they play in delivering services to end users. The CF DACS powers CF Benchmarks' sector composite and category portfolio indices and allows users to perform attribution analysis to better understand the fundamental drivers of returns within their digital asset portfolios.



CF Digital Asset Classification Structure



Additional Resources

For more information about our CF Benchmark indices and our methodologies, please visit the respective web links below:

- [CF Diversified Large Cap Index](#)
- [CF DeFi Composite Index](#)
- [CF Web 3.0 Smart Contract Platforms Index](#)
- [CF Digital Culture Composite Index](#)
- [CF Blockchain Infrastructure Index](#)
- [CF Cryptocurrency Ultra Cap 5 Index](#)
- [CF Broad Cap Index Market Cap Weight](#)
- [CF Broad Cap Index Diversified Weight](#)

Contact us

Have a question or would like to chat? If so, please drop us a line to:

info@cfbenchmarks.com

Disclaimer and Disclosures

CF Benchmarks Ltd (“CF Benchmarks”) is a limited company registered in England and Wales under registered number 11654816 with its registered office at 6th Floor One London Wall, London, United Kingdom, EC2Y 5EB.

CF Benchmarks is authorised and regulated by the Financial Conduct Authority (FCA) as a registered Benchmark Administrator (FRN 847100) under the UK Benchmarks Regulation.

CF Benchmarks is authorised to undertake the following regulated activity “Administering a Benchmark”. “Administering a Benchmark” is a regulated activity under article 63S of the Financial Services and Markets Act 2000 (Regulated Activities Order) 2001 (SI 2001/544) (RAO), which, in summary, means acting as the administrator of a benchmarks as defined in article 3.1(3) of the benchmark regulation.

CF Benchmarks is NOT a registered investment advisor and does NOT provide investment, tax, legal or accounting advice in any geographical locations. You should consult your own financial, tax, legal and accounting advisors or professional before engaging in any transaction or making an investment decision.

All information contained within is for educational and informational purposes ONLY. None of the Information constitutes an offer to sell (or a solicitation of an offer to buy) any cryptoassets, security, financial product or other investment vehicle or any trading strategy. No member of CF Benchmarks nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing contained herein or accessible through CF Benchmarks products, including statistical data and industry reports, should be taken as constituting financial or investment advice or a financial promotion.

Disclaimer and Disclosures (cont.)

Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results. The Information should not be relied on and is not a substitute for the skill, judgement and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. All Information is impersonal and not tailored to the needs of any person, entity or group of persons.

Charts and graphs are provided for illustrative purposes only. Index returns shown may not represent the results of the actual trading of investable assets/securities.

The Information may contain back tested data. Back-tested performance is not actual performance, but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. However, backtested data may reflect the application of the index methodology with the benefit of hindsight, and the historic calculations of an index may change based on revisions to the underlying economic data used in the calculation of the index.

All information and data contained in this publication is obtained by CF Benchmarks, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, such information and data is provided "as is" without warranty of any kind.

No member of CF Benchmarks nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or of results to be obtained from the use of any CF Benchmarks products.

Disclaimer and Disclosures (cont.)

No responsibility or liability can be accepted by any member of CF Benchmarks nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of CF Benchmarks is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. CF BENCHMARKS DOES NOT MAKE ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IT EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of CF Benchmarks Ltd. Any use of or access to products, services or information of CF Benchmarks Ltd requires a license from CF Benchmarks Ltd.

CF Benchmarks is a member of the Crypto Research group of companies which is in turn a member of the Payward group of companies. Payward Inc. is the owner and operator of the Kraken Exchange, a venue that facilitates the trading of cryptocurrencies. The Kraken Exchange is a source of input data for CF Benchmark Indices.