

Q4 2025

# Quarterly Factor Report

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# Table of Contents

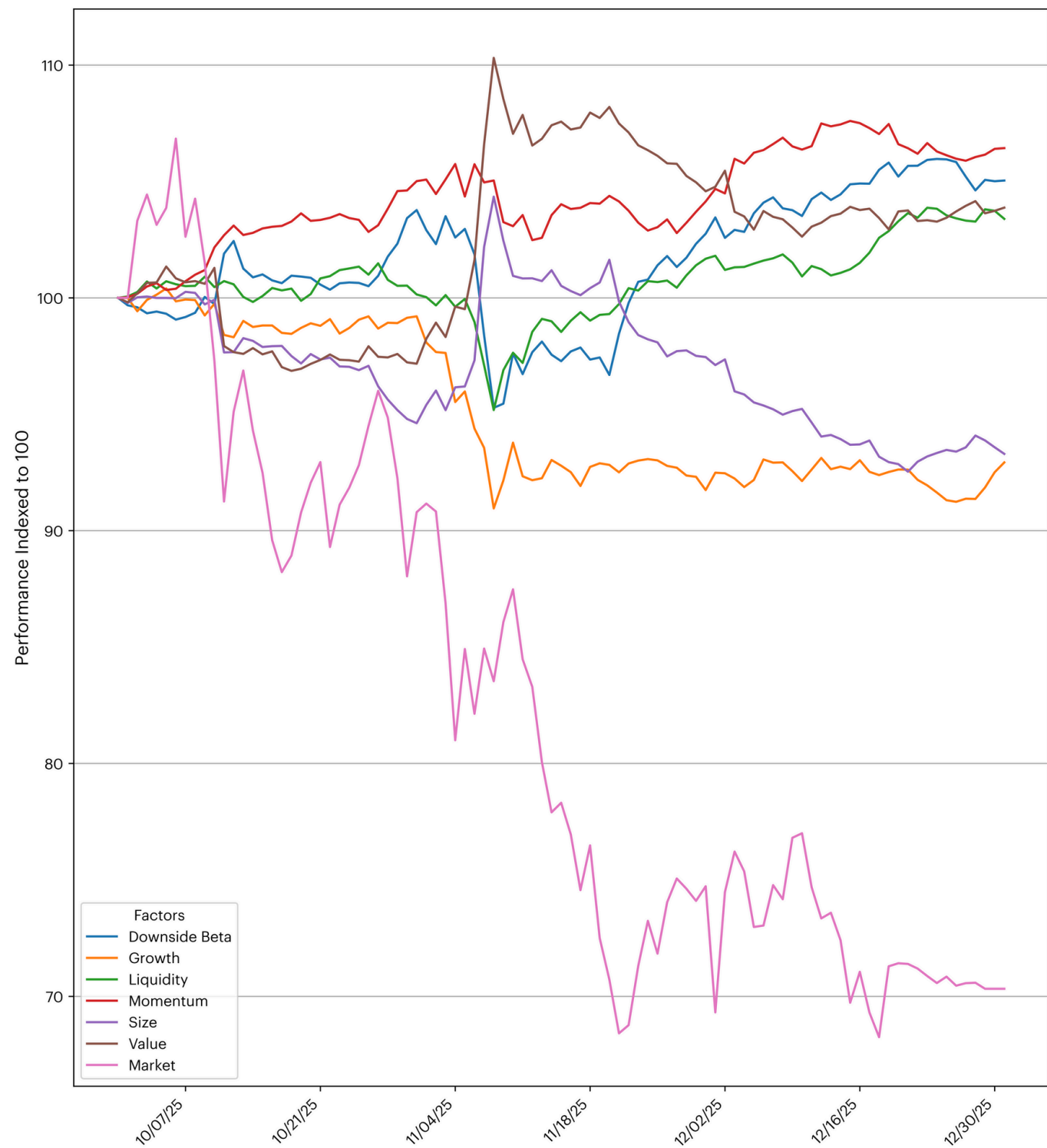
1. Performance Summary
2. Leaders & Laggards
3. Factor Portfolio Performance
4. CF DACS Category Exposures
5. Factor Betas by Asset
6. Appendix



# Performance Summary



# Size and Growth Lag in Market-Wide Selloff



## 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 including protocol fees, trading volume, and user activity. It demonstrates strong explanatory power, particularly from Market, Growth, and Downside Beta factors. Built with institutional investors in mind, the model applies familiar tools from traditional finance to the unique characteristics of crypto, helping investors identify key sources of risk and return, improve portfolio construction, and make more informed trading decisions.

Q4 2025 marked a sharp reversal and a more defensive factor backdrop. The CF Broad Cap Index fell 29.0% during the quarter, erasing the year's gains and widening dispersion across factors. Momentum led with a 6.4% gain, showing that recent price persistence held up as the market sold off. Downside Beta advanced 5.0%, indicating that lower downside sensitivity was rewarded. Liquidity rose 3.4%, with less liquid tokens outperforming more liquid peers. Value increased 3.9%, reflecting relative strength in assets with stronger fee generation relative to total value locked and higher user engagement. In contrast, Growth declined 7.1% and Size fell 6.7%, signaling weakness in higher-growth and smaller-cap tokens. Overall, investors appeared materially more risk-averse, favoring momentum and defensive exposures over growth and size.



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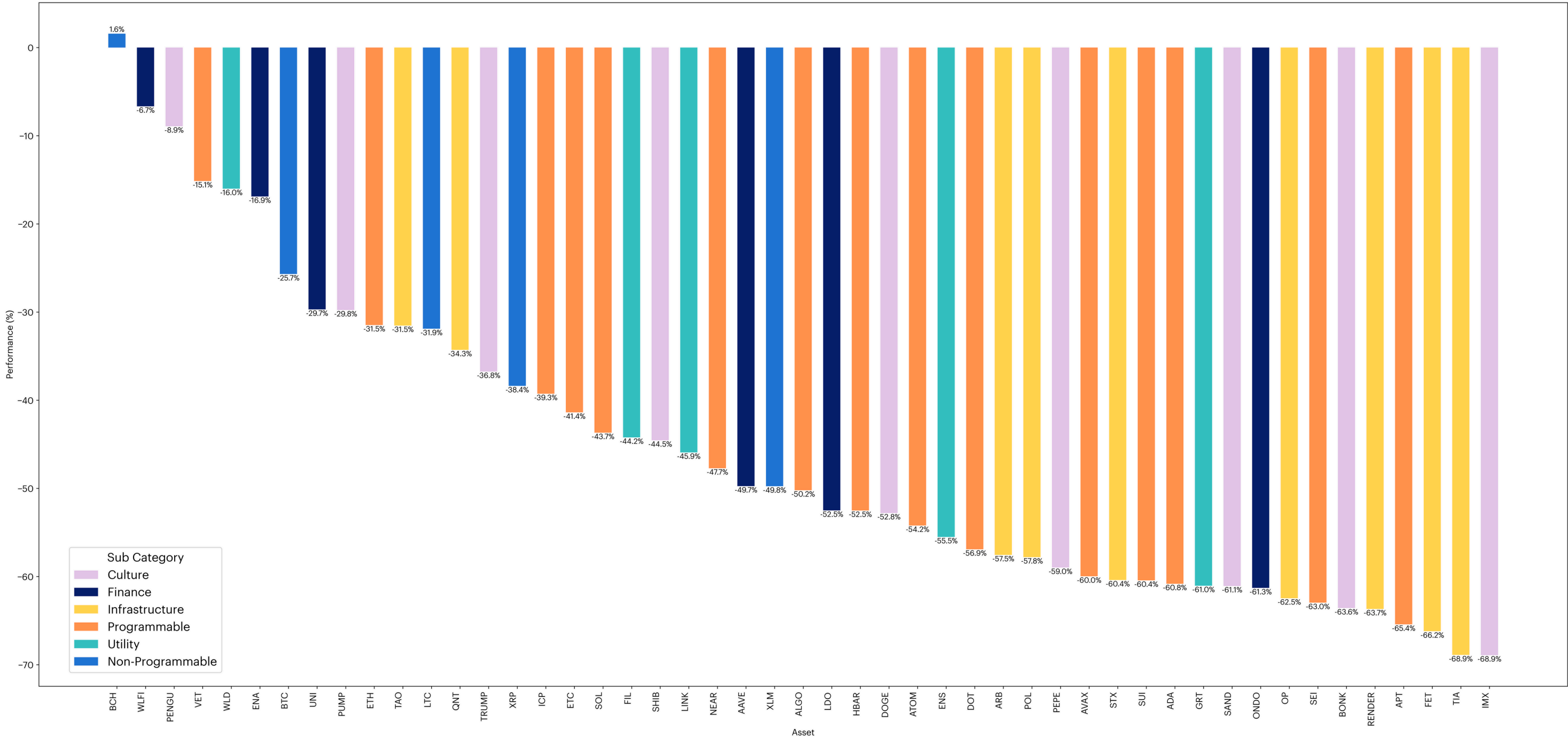
Long/Short Factor & Market Performance  
Source: CF Benchmarks, October 1, 2025 to December 31, 2025



# Leaders & Laggards



# Market Stress Drove Broad Declines in Q4



## Leaders

Relative winners were idiosyncratic and driven by project-specific catalysts rather than broad risk appetite. BCH (1.2%), PENGU (-5.6%), and WLF1 (-5.7%) were the top performers. BCH benefited from investor attention tied to network activity, while PENGU was supported by high-visibility partnership headlines. WLF1 held up due to continued product and regulatory-positioning developments.

## Laggards

On the downside, TIA (-68.5%), IMX (-67.6%), and FET (-65.1%) were the quarter's laggards, reflecting a mix of supply and narrative headwinds. Celestia faced persistent token unlock pressure, Immutable struggled amid weak interest in gaming and NFTs, and Fetch.ai was weighed down by broader cooling in AI-crypto sentiment.

Source: Returns are based in USD terms, CF Benchmarks, October 1, 2025 to December 31, 2025



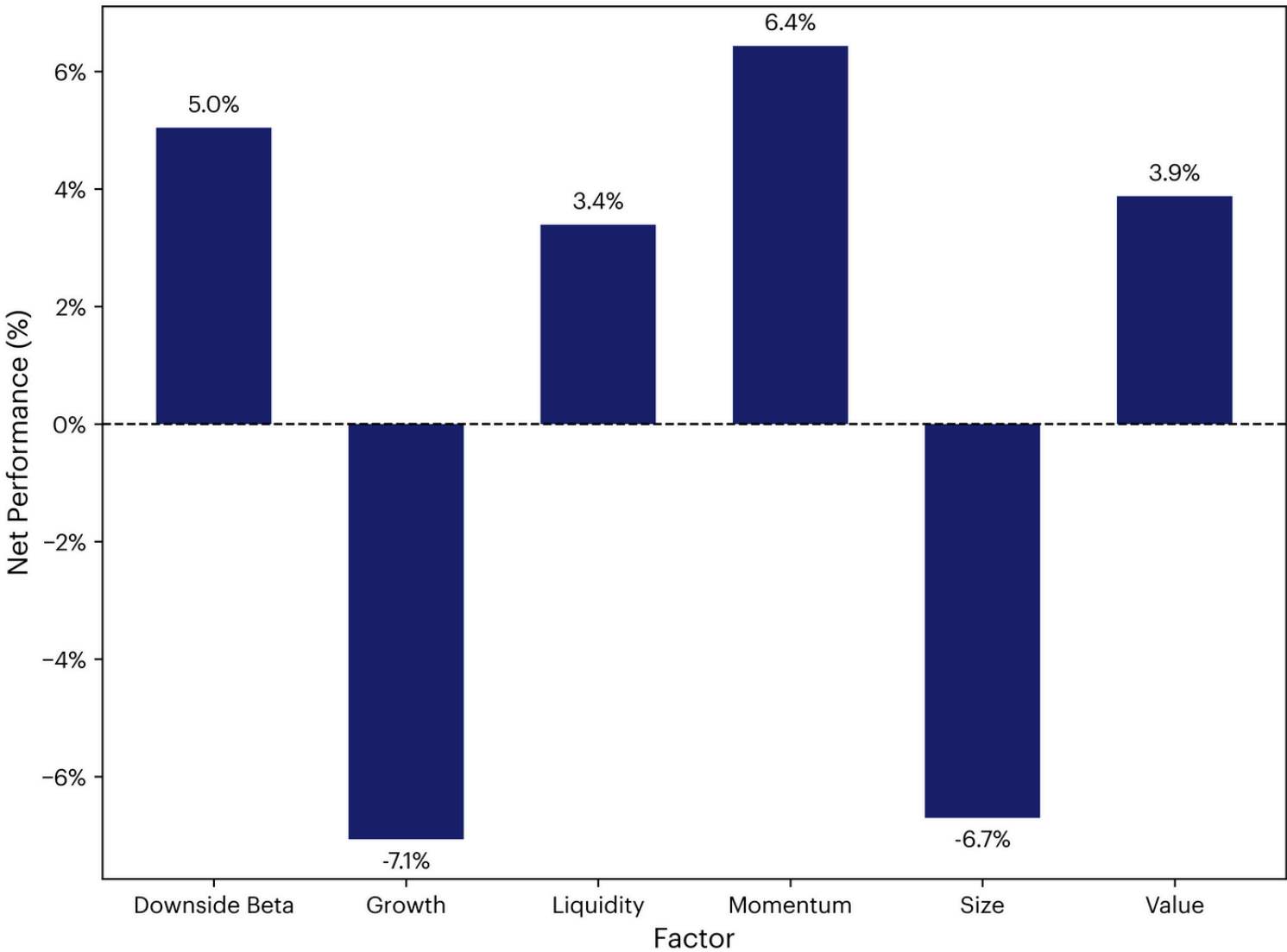
# Factor Portfolio Performance



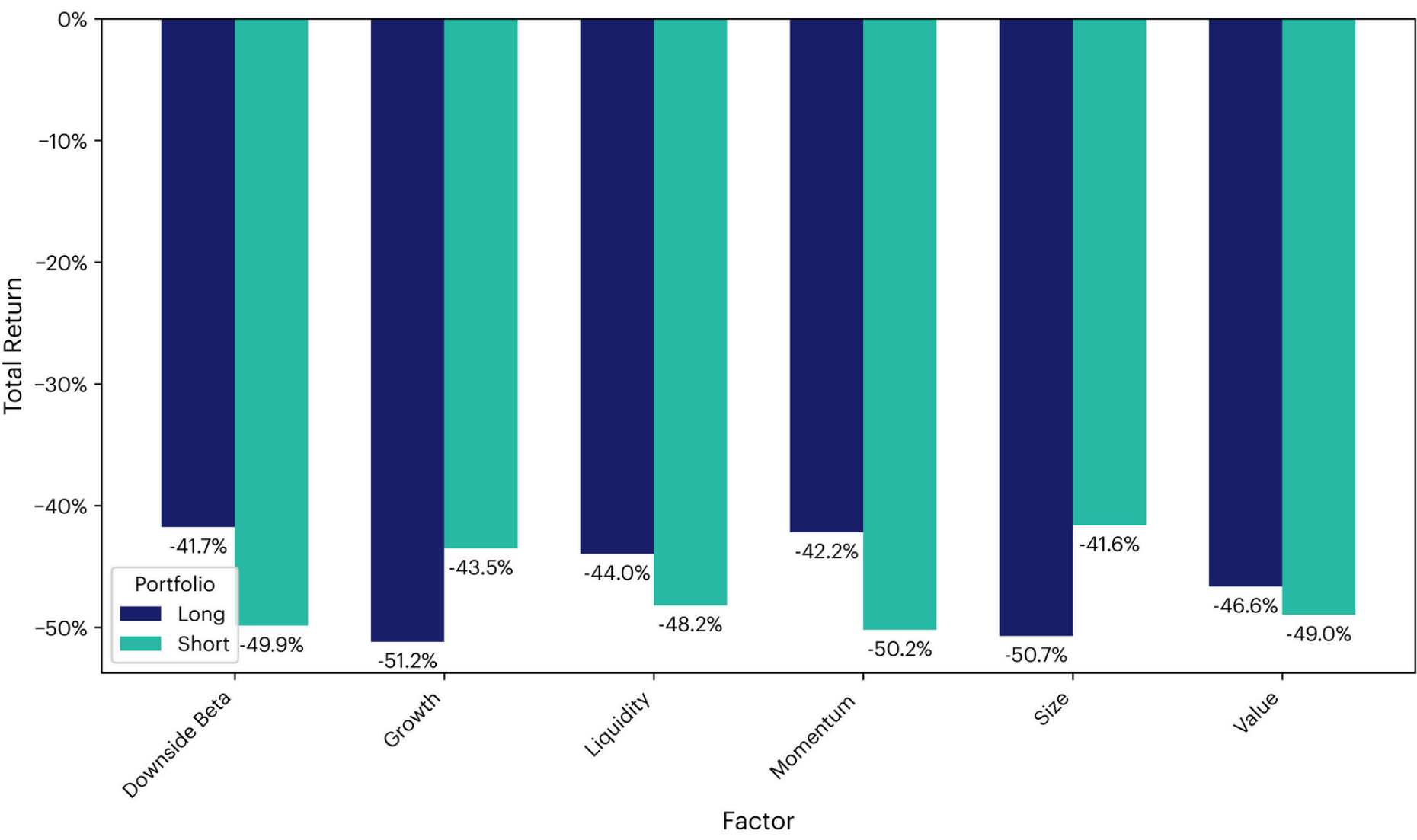
# Quarterly Portfolio Performance



Factor Portfolio Performance



Long and Short Portfolio Performance



In the fourth quarter of 2025, Downside Beta stood out as the most resilient factor on the long side, followed by Momentum and Liquidity. On the short side, Size and Growth delivered the strongest results, with Liquidity ranking third. The Q4 factor profile points to a decisively risk-off environment: investors were rewarded for defensive positioning and trend persistence, while exposures to smaller-cap and higher-growth tokens detracted as drawdowns concentrated in the market's higher-beta segments.

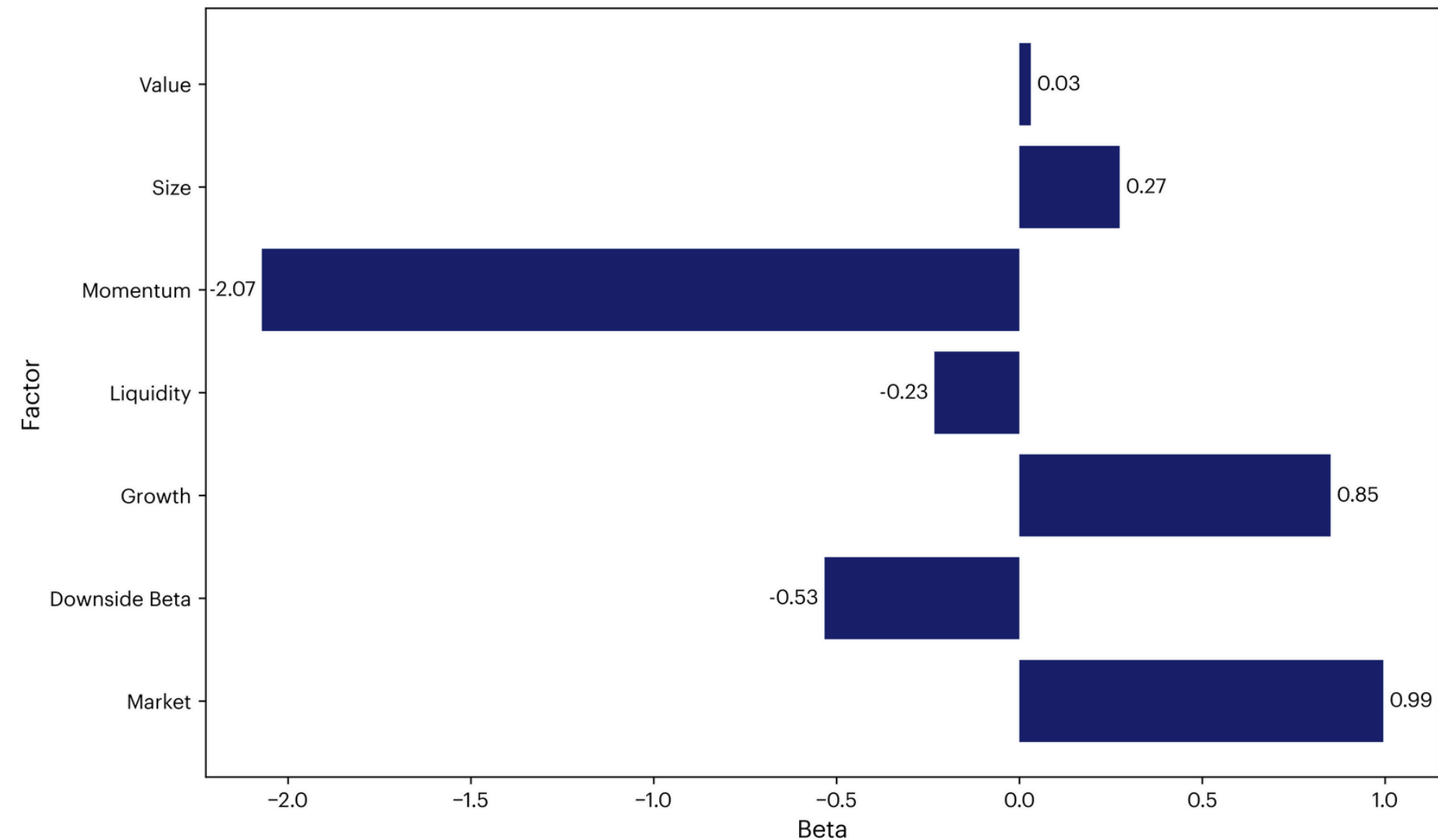
Source: CF Benchmarks, October 1, 2025 to December 31, 2025



# CF DACS Category Exposures



# CF Settlement Category Index Factor Scores



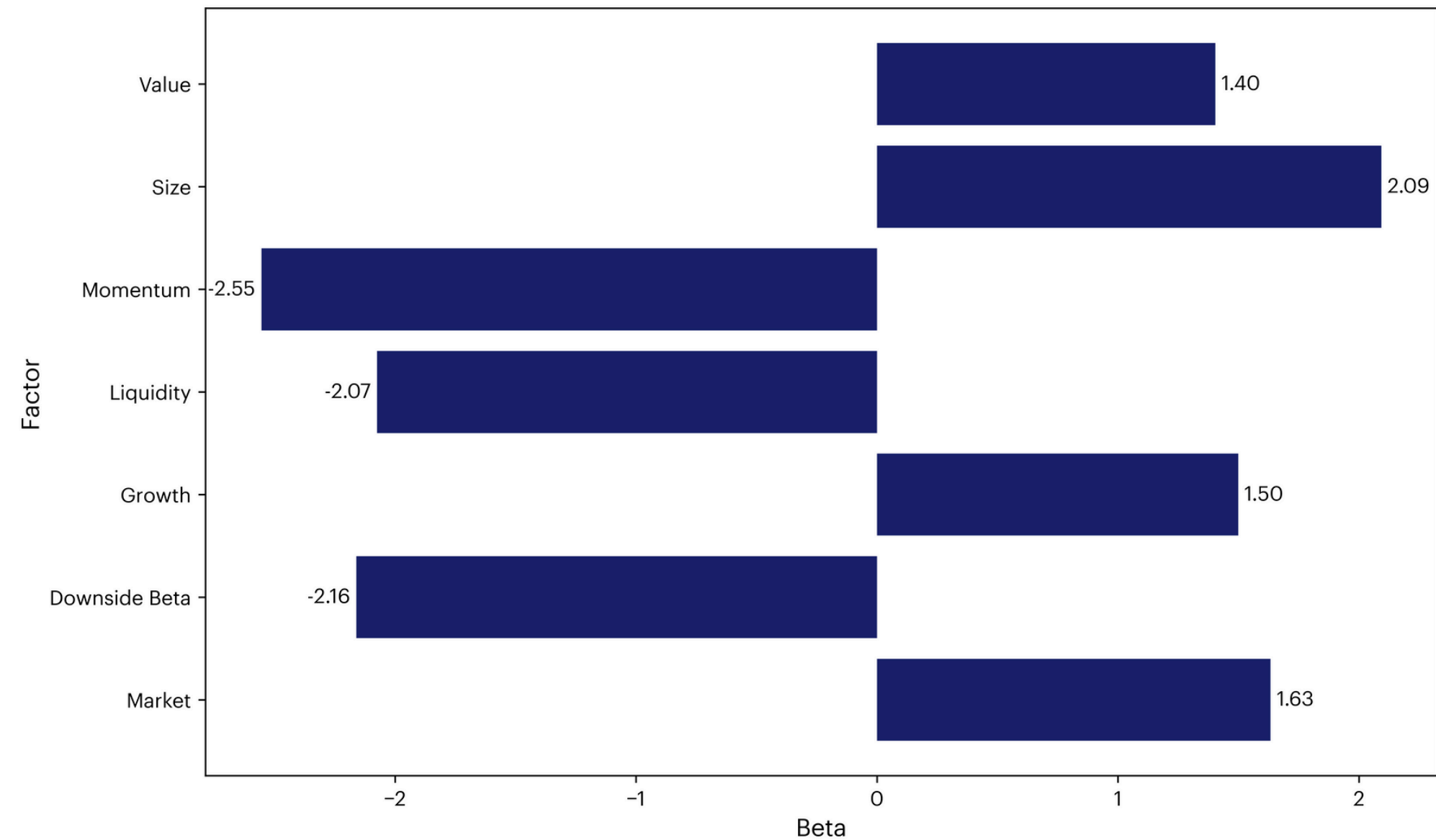
CF DACS Segment	Weight
Payment & Store of Value	81.4%
General Purpose Smart Contract Platforms	18.5%
Specialized Purpose Smart Contract Platforms	0.1%

The CF Settlement Category Index's factor beta profile shows meaningful tilts beyond pure market exposure. Market beta is essentially one-to-one (+0.99), but the index exhibits strong negative sensitivity to Momentum (−2.07) and a moderately negative tilt to Downside Beta (−0.53), indicating it tends to move against trend-following exposure and displays more risk-on characteristics. Liquidity is slightly negative (−0.23), consistent with a modest bias toward more liquid tokens. Conversely, Growth shows a sizeable positive tilt (+0.85), while Size is modestly positive (+0.27), reflecting exposure to higher-growth and smaller-cap assets. Value is near neutral (+0.03), suggesting limited linkage to network activity metrics. Overall, the Settlement Category Index remains market-like in its core exposure, with a pronounced anti-momentum profile and a meaningful growth overlay.

Source: CF Benchmarks, from October 1, 2025 to December 31, 2025



# CF Services Category Index Factor Scores



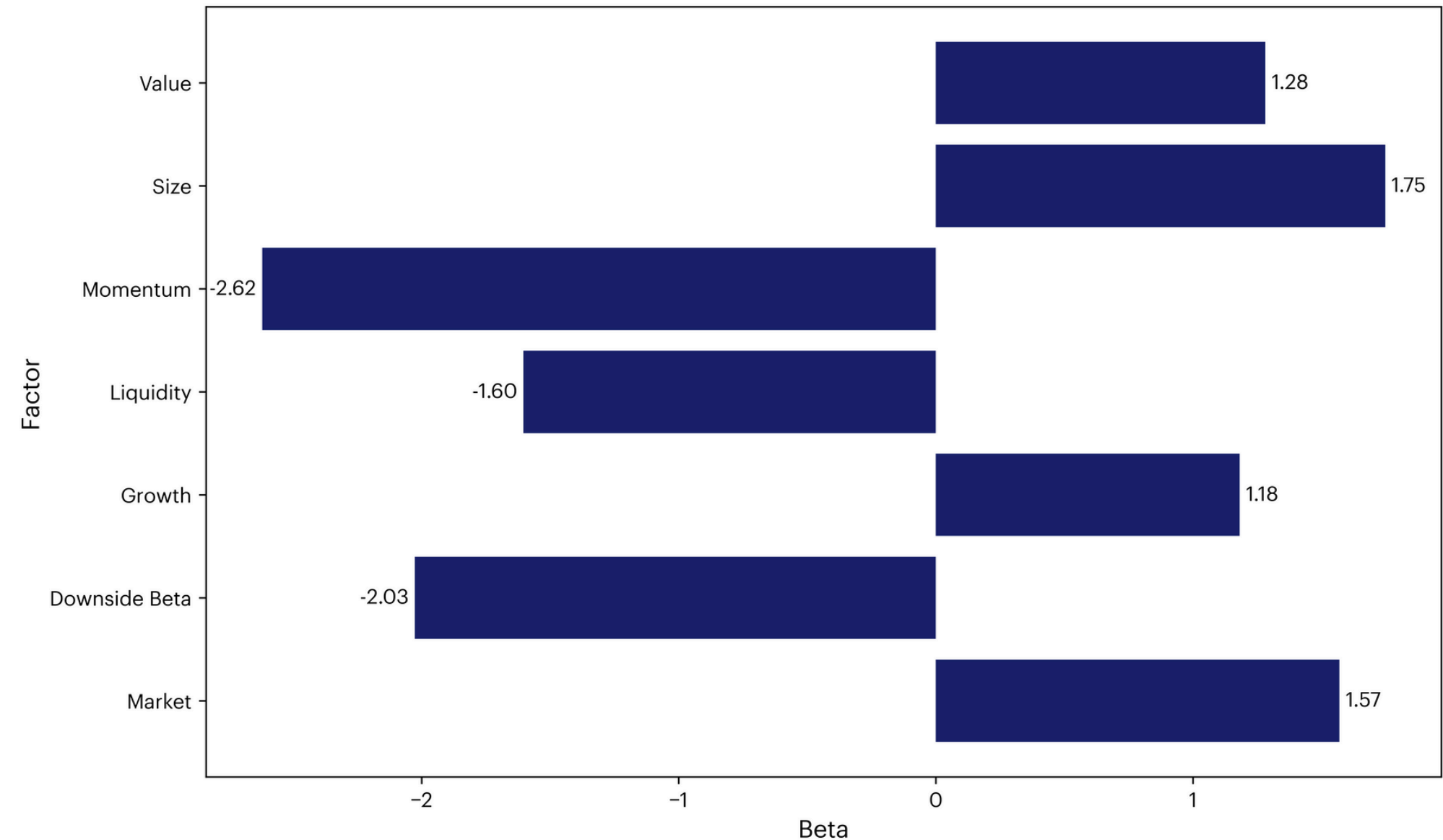
CF DACS Segment	Weight
Oracles	45.9%
Scaling	17.6%
Computing	17.5%
Identity	8.0%
Information & Data Management	5.9%
Interoperability	5.0%

The CF Services Category Index exhibits a nuanced factor beta footprint. The profile is dominated by very negative Momentum (–2.55), alongside negative Downside Beta (–2.16) and Liquidity (–2.07), indicating a tilt away from trend exposure, with a preference for more liquid names and a risk-on orientation. Offsetting this, the index shows a strong positive Size beta (+2.09) and a meaningful Value tilt (+1.40), suggesting performance has been driven by smaller-cap tokens and those with more efficient on-chain metrics. Growth is also materially positive (+1.50), while Market beta is elevated (+1.63), implying higher sensitivity to broad market moves. Overall, the Services Category Index is characterized by liquid, smaller-cap exposures with clear value and growth tilts, a combination that can enhance upside in constructive markets but raises vulnerability during risk-off periods.

Source: CF Benchmarks, from October 1, 2025 to December 31, 2025



# CF Sectors Category Index Factor Scores



CF DACS Segment	Weight
Meme Coins	70.1%
Trading	8.5%
Borrowing & Lending	8.3%
Diversified Financial Services	5.7%
Asset & Wealth Management	4.5%
Social	1.4%
VR & AR	0.5%
Gaming	0.4%

The CF Sectors Category Index displays a factor beta profile similar to the CF Services Category Index. The footprint is dominated by very negative Momentum (–2.62) and negative Downside Beta (–2.03), alongside a negative Liquidity beta (–1.60), indicating a tilt away from trend exposure, elevated vulnerability in risk-off episodes, and a preference for more liquid names. Offsetting this, the index shows a strong positive Size beta (+1.75) and a meaningful Value tilt (+1.28), suggesting exposure to smaller-cap tokens with more efficient network fundamentals. Growth is also positively tilted (+1.18), reflecting meaningful exposure to tokens with higher network activity growth. Overall, the Sectors Category Index leans toward liquid, smaller-cap value and growth exposures with pronounced anti-momentum and downside sensitivity, a combination that can amplify upside participation in favorable markets but increases vulnerability during periods of risk aversion.

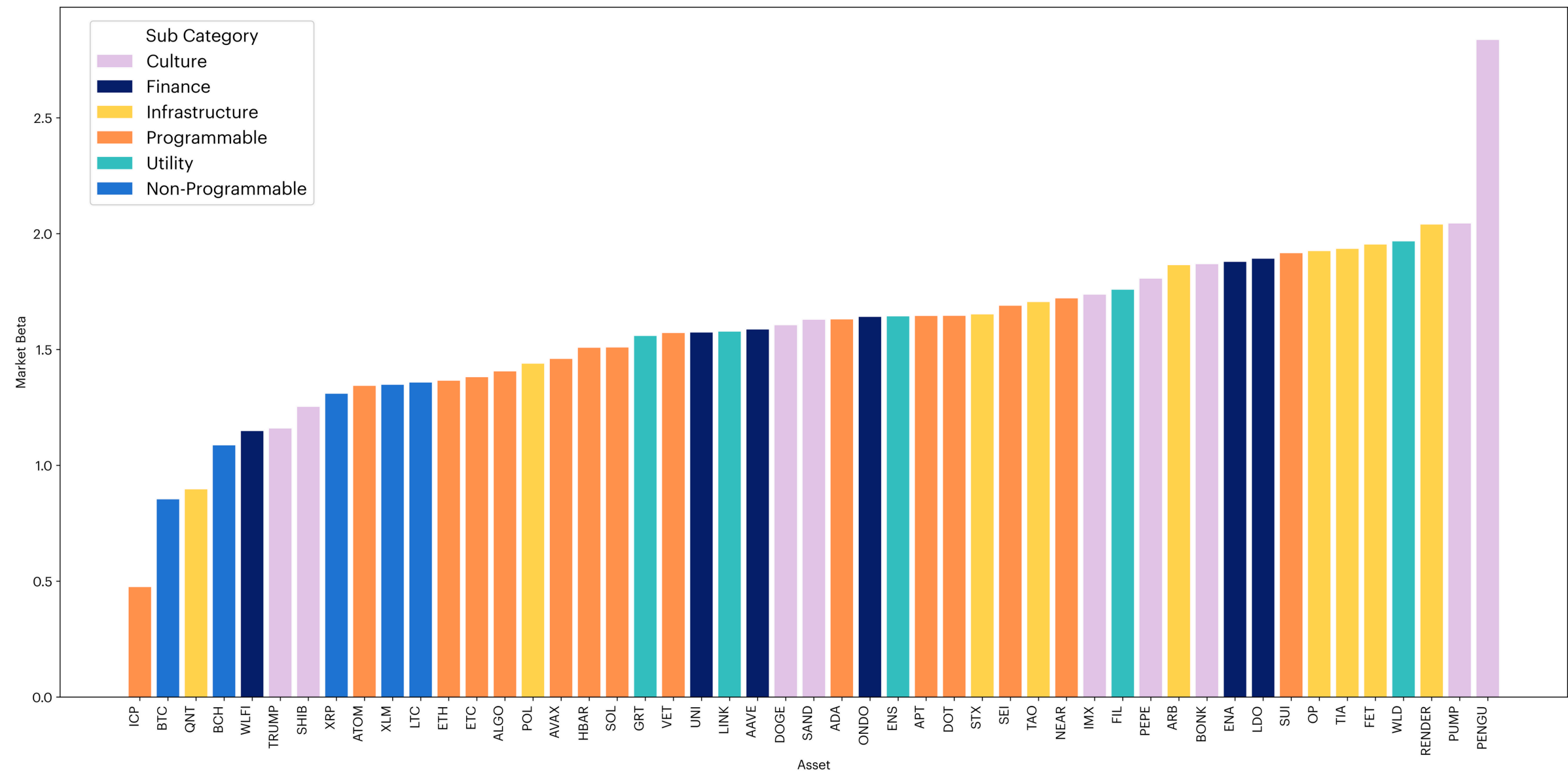
Source: CF Benchmarks, from October 1, 2025 to December 31, 2025



# Factor Betas by Asset



# Market Factor Score by Asset

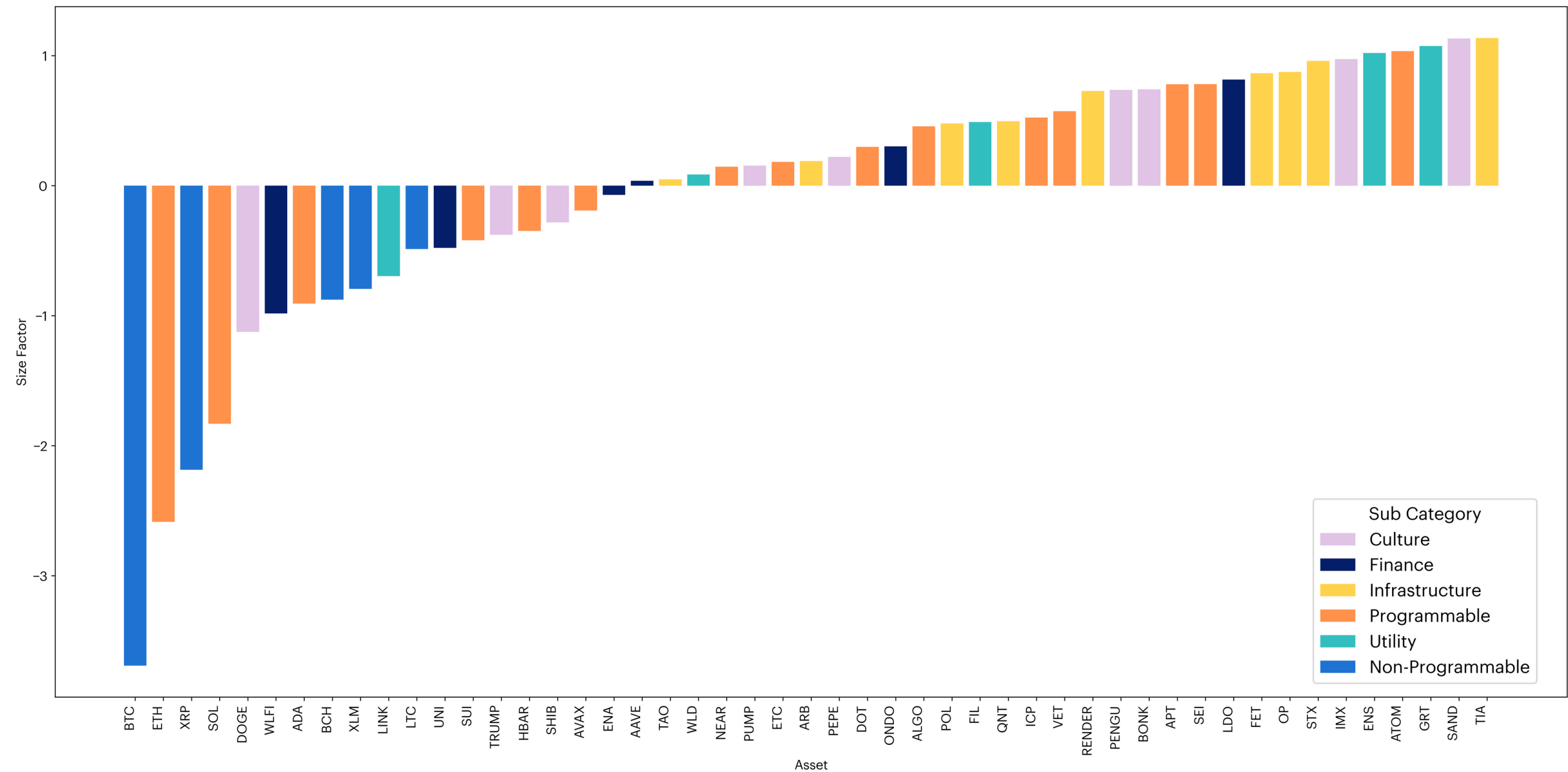


The Market factor encapsulates broad systematic risk in digital assets by capturing overall market sentiment and macroeconomic influences. Constructed from a free-float market-cap-weighted portfolio of major cryptocurrencies, it is represented by the CF Broad Cap (Free Float) Index and serves as the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

Source: CF Benchmarks, from October 1, 2025 to December 31, 2025



# Size Factor Score by Asset

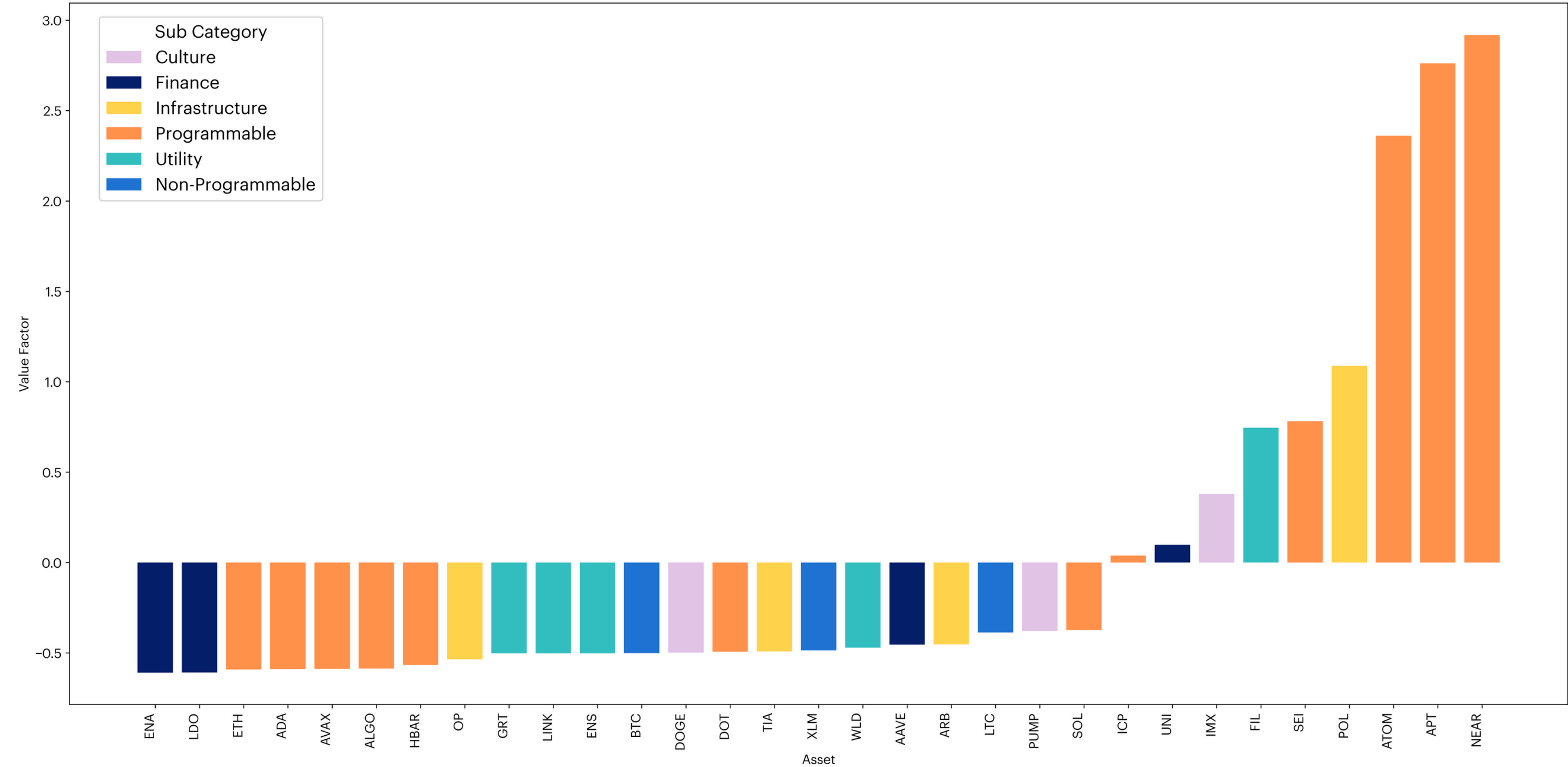


The Size factor identifies smaller digital assets using the inverse of fully diluted market capitalization. These small-cap tokens often carry greater risk but have historically delivered higher returns, reflecting market inefficiencies due to limited participation. The factor captures this dynamic by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

Source: CF Benchmarks, from October 1, 2025 to December 31, 2025



# Value Factor Score by Asset

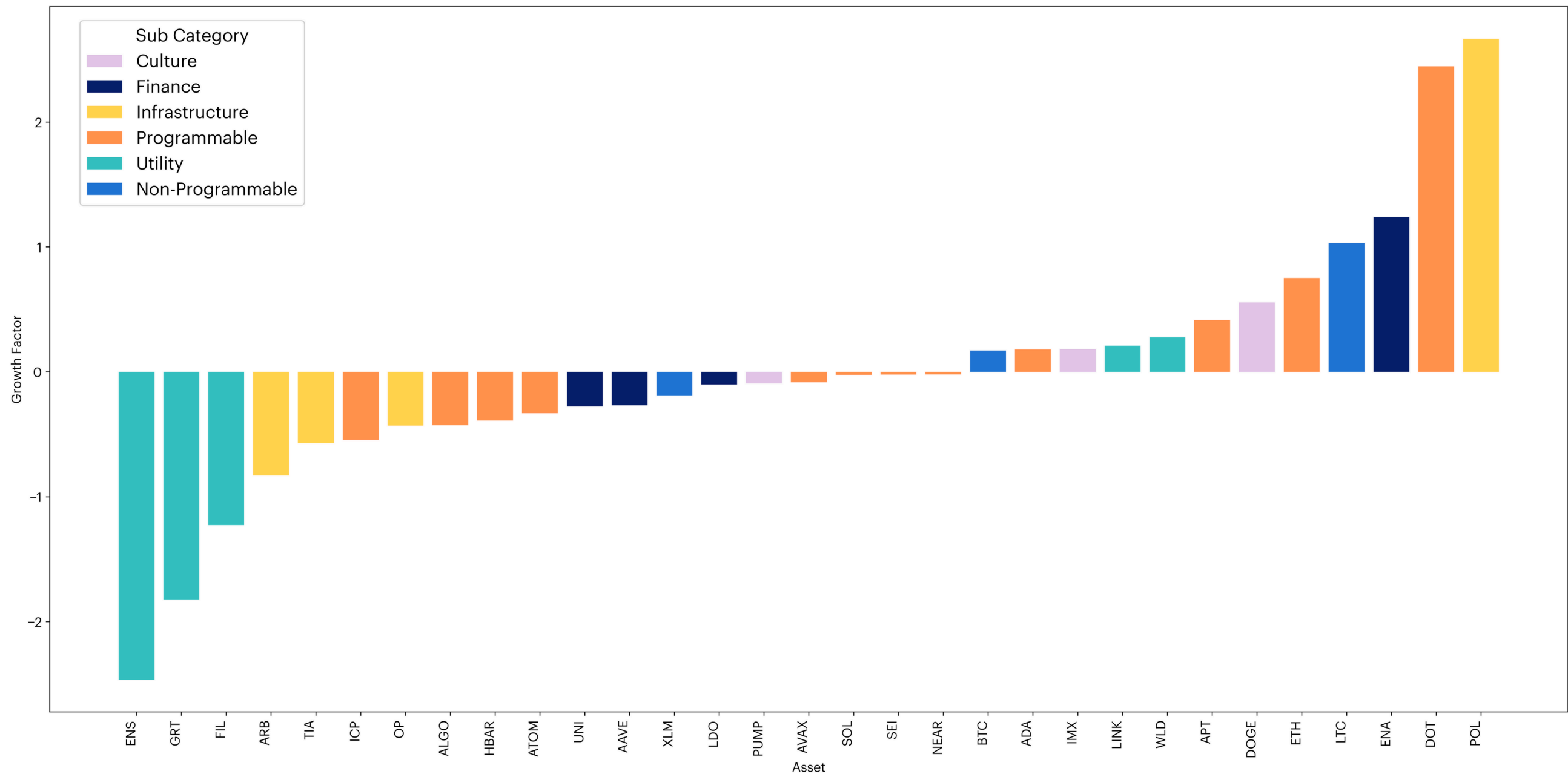


The Value factor blends protocol fee efficiency and user engagement by averaging standardized z-scores of Fees/TVL and DAU/MCap. It quantifies how effectively a protocol generates economic output relative to its capital, identifying undervalued tokens with robust on-chain activity.

Source: CF Benchmarks, from October 1, 2025 to December 31, 2025



# Growth Factor Score by Asset

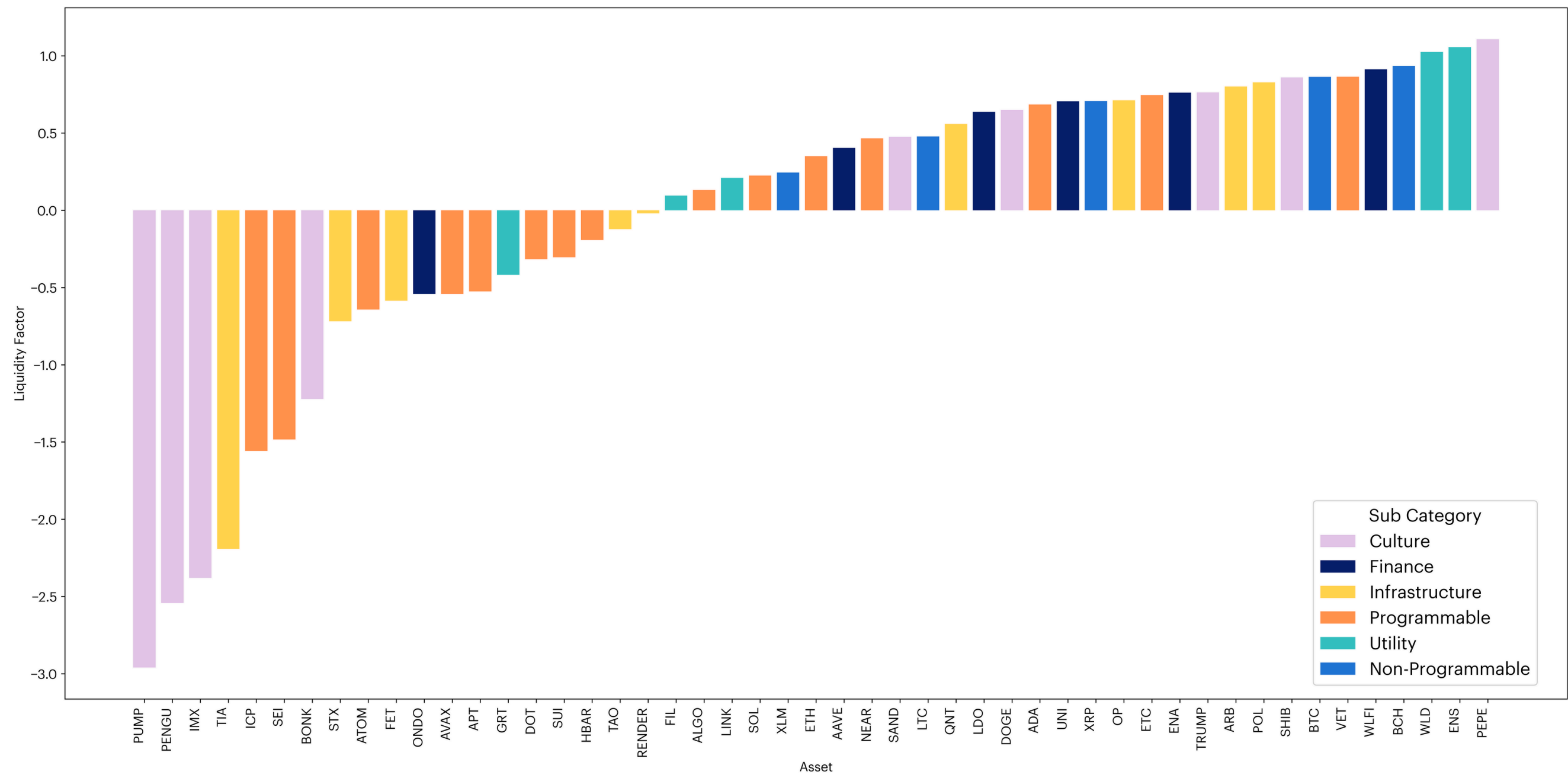


The Growth factor captures the acceleration of protocol-level activity by averaging the z-scores of 30-day fee growth and weekly active user (WAU) growth. It goes long on assets demonstrating strong growth in user engagement and revenue generation, while shorting those with the weakest growth, aiming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

Source: CF Benchmarks, from October 1, 2025 to December 31, 2025



# Liquidity Factor Score by Asset

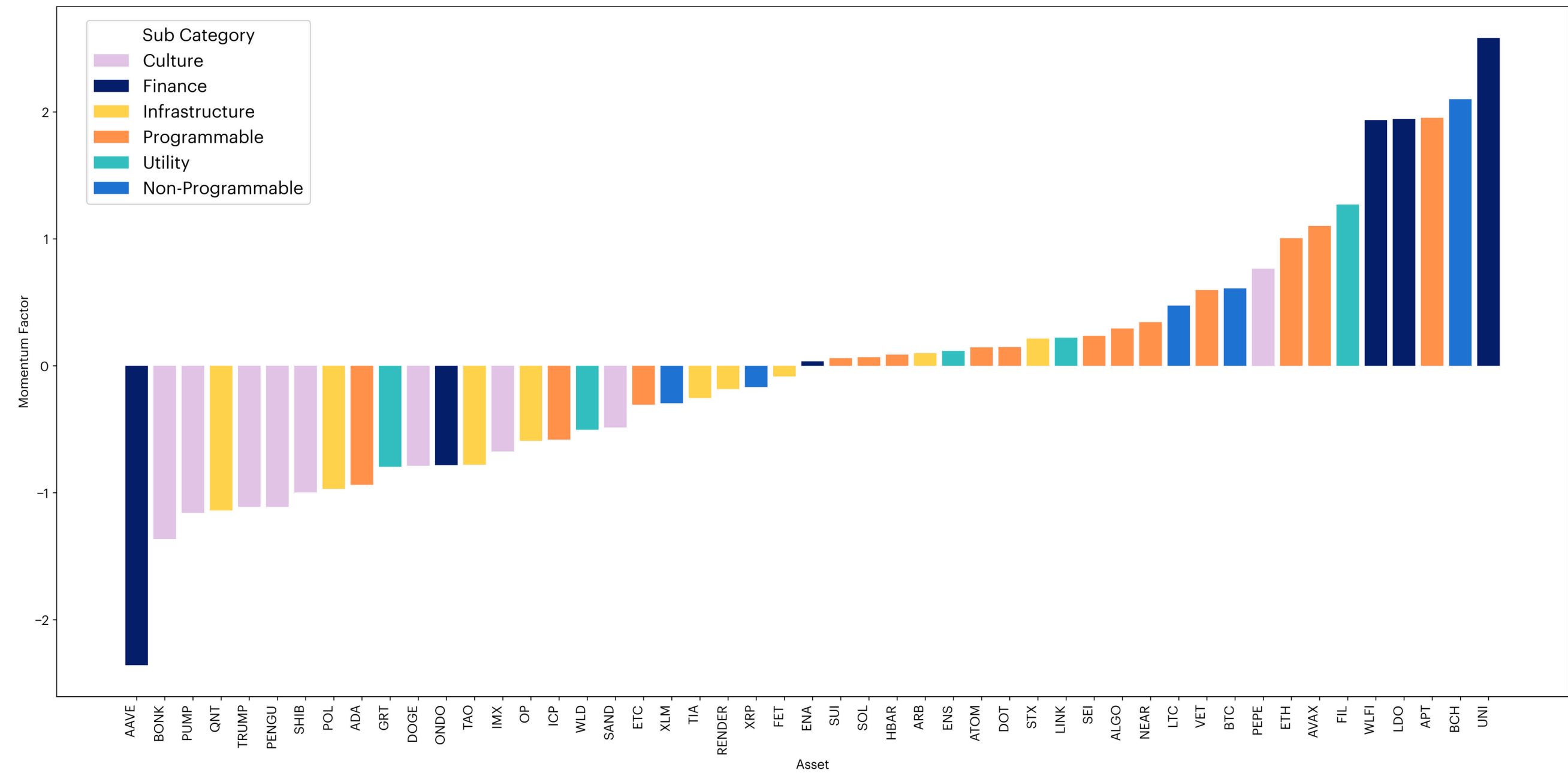


The Liquidity factor is constructed using token turnover as a percentage of circulating supply, capturing how efficiently assets can be traded without impacting price. It reflects market accessibility and trading friction. The factor goes long lower-liquidity assets and short higher-liquidity ones, aiming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

Source: CF Benchmarks, from October 1, 2025 to December 31, 2025



# Momentum Factor Score by Asset

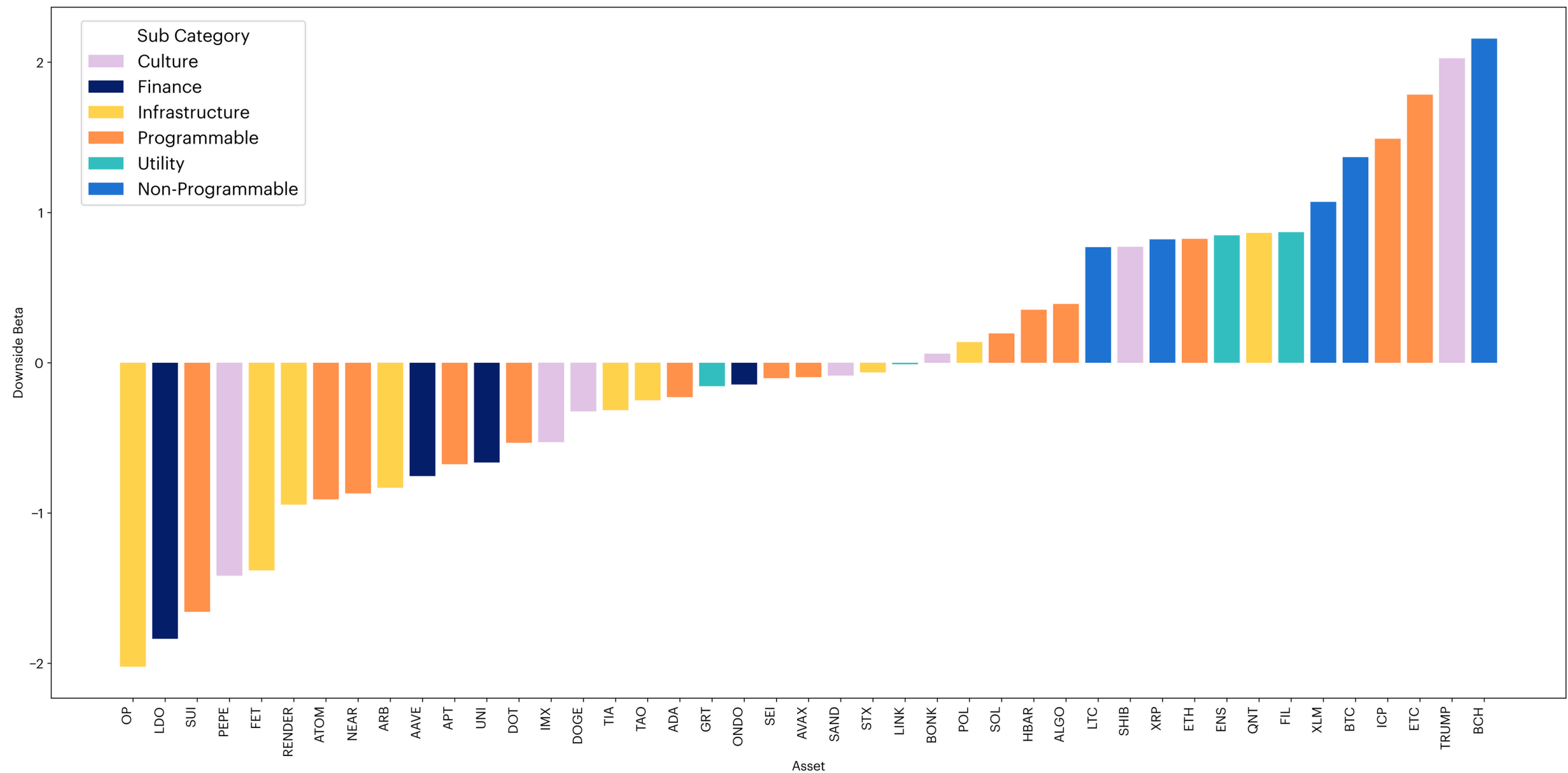


The Momentum factor captures short-term price trends by averaging the z-scores of two-week cumulative returns and their risk-adjusted counterparts. It identifies assets with strong recent performance, reflecting the trend persistence often observed in digital asset markets. The factor aims to exploit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

Source: CF Benchmarks, from October 1, 2025 to December 31, 2025



# Downside Beta Factor Score by Asset



The Downside Beta factor score represents an asset's relative sensitivity to negative market movements, derived from its downside beta but standardized for cross-sectional comparison. This score isolates downside vulnerability and provides a consistent scale across factors, where positive values indicate favorable characteristics. The factor portfolio goes long assets with positive downside beta scores, reflecting resilience in market downturns, and short those with negative scores.

Source: CF Benchmarks, from October 1, 2025 to December 31, 2025



# Appendix

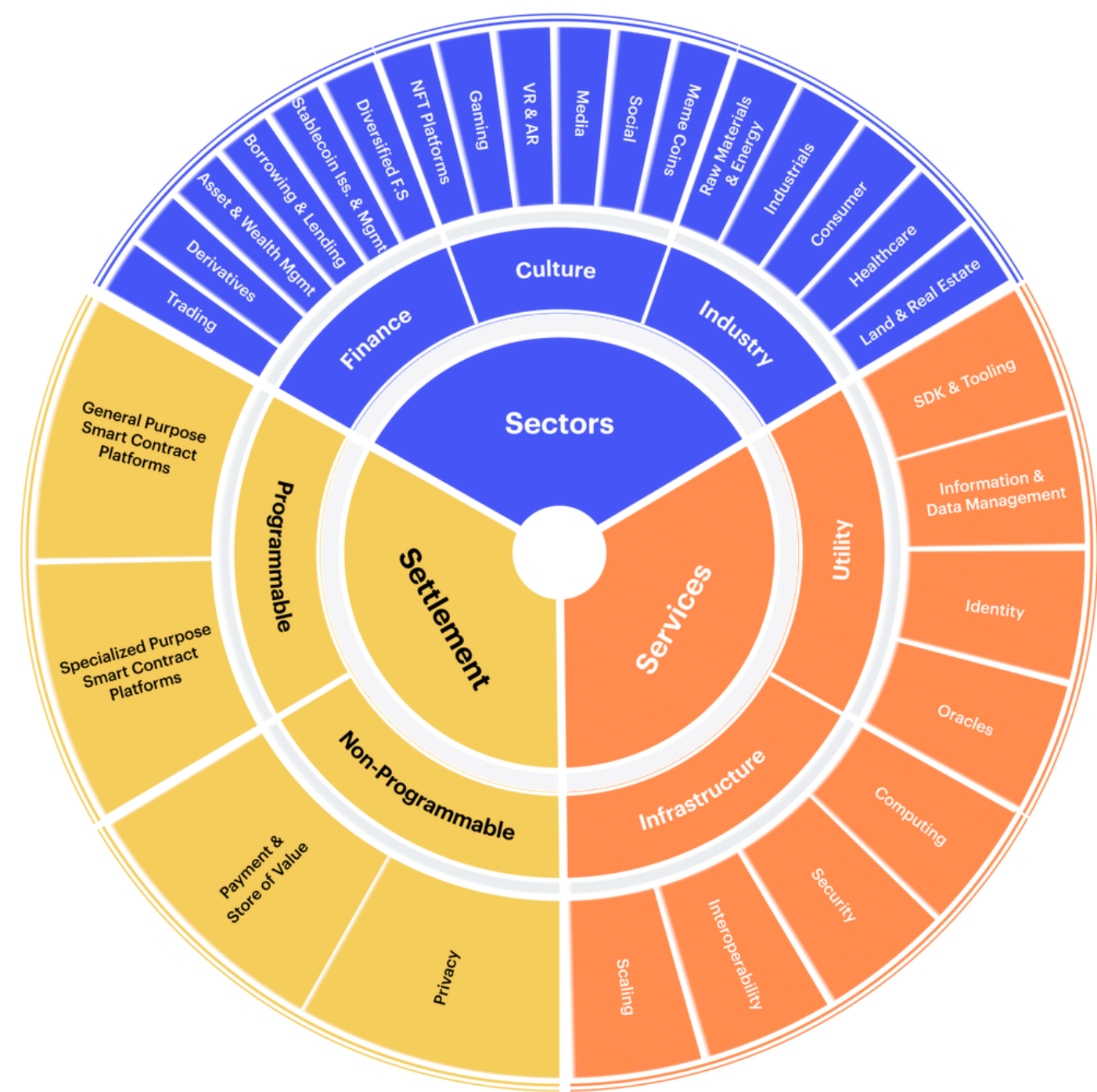


# CF Digital Asset Classification Structure



## 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

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## 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 Cryptocurrency Ultra Cap 5 Index](#)
- [CF Broad Cap Index Market Cap Weight](#)
- [CF Broad Cap Index Diversified Weight](#)

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