

June Report 2025

Understanding Altcoin Season: Why it Matters and What Comes Next

What is Altcoin Season?

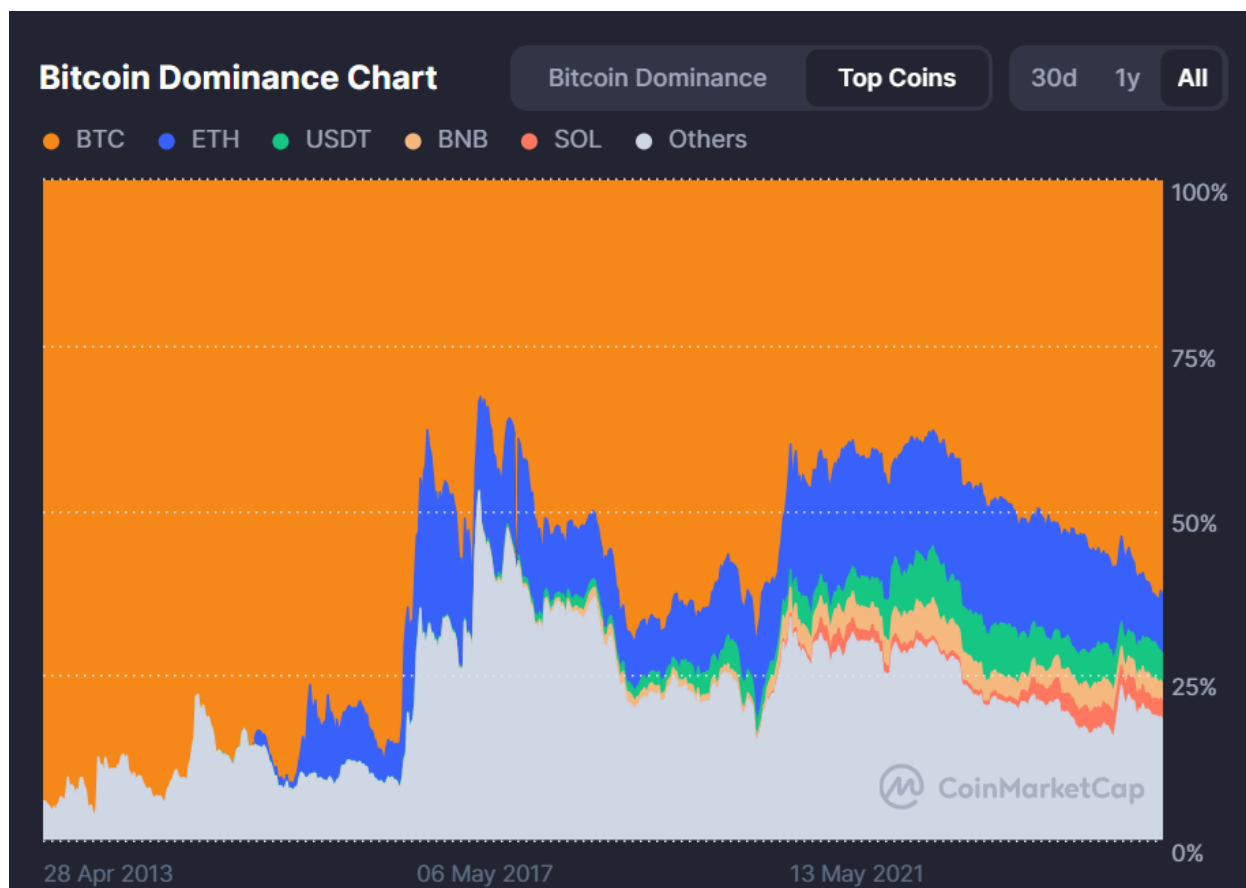
Sean Murphy

Altcoin Season: The phrase “Altcoin Season” refers to the period where alternate cryptocurrencies (any crypto other than Bitcoin) outperforms Bitcoin in price growth.

Measurement: The easiest way to track whether it is “Bitcoin Season” or “Altcoin Season” is the **Altcoin Season Index** by CoinMarketCap. This index measures the performance of the top 100 altcoins relative to Bitcoin over the past 90 days. A low Altcoin Season Index Signals Bitcoin dominance, while a high figure signals Altcoin dominance. This is a useful tool, but with enough experience in the crypto market, understanding when it is Altcoin Season is second nature.

Why it Happens: As we discussed in the December 2024 Report, the crypto market moves in cycles. Bitcoin will always rise first as it is seen as the safest, least risky crypto asset. After Bitcoin stabilizes and market movers begin taking profits, they begin seeking higher returns in smaller riskier assets. This is when we see Solana, XRP, Hedera and other smaller caps begin to outperform Bitcoin, and this outperformance is what we call Altcoin Season.

Historic Examples:



coinmarketcap.com/charts/bitcoin-dominance/

Understand: This chart represents the percent of Bitcoin dominance relative to the rest of the cryptocurrency market. The orange space represents Bitcoin, blue for Ethereum, green for USDT, light orange for Balance, red for Solana, and gray for the rest.

The peaks in May of 2017 and May of 2021 give a visual to Altcoin season, showing the dominance of Altcoins in comparison to Bitcoin.

Current Market Sentiment

Recovery: 2025 was off to a shaky start with the unwavering uncertainty fueled by tariffs. We saw Bitcoin make all-time highs at 110k then retracing to sub 80k and we saw altcoins across the market get hit with >50% retracements. Since the first week of April, we have seen the entire market recover swiftly, especially Bitcoin which recently made a new all-time high of 112k, but notably major altcoins haven't recovered to the same degree.

Outlook

As Bitcoin makes new all-time highs and starts to find its cycle price, expect altcoins to follow suit after Bitcoin levels off. The recovery of crypto across the market has been exceedingly strong and the retracement shows the strength the market still maintains after uncertainty. The altcoins that deserve looking into in my opinion are Solana and Hedera Hashgraph (Check past monthly reports to learn more about these projects). Both projects remain significantly below all-time highs and look very promising to go on a run in the upcoming altcoin season. It is a fantastic time to be a crypto investor and understanding what altcoin season is and how to take advantage of it will set you apart from other investors and allow you to capitalize on shifting market dynamics.

Kratos Defense Solutions (KTOS)

Daniel O'Hara

What is Kratos

Kratos Defense & Security Solutions is a mid-tier defense contractor specializing in cutting-edge national security technologies. Founded in 1994 and based out of San Diego, Ca, the company operates in satellite communications, unmanned aerial systems (UAS), hypersonic testing, and directed energy weapons. Unlike Renowned contractors in the defense sector, like Raytheon or Lockheed Martin, Kratos thrives by being small, agile, and highly focused on defense innovation. Their flagship Valkyrie XQ-58A autonomous drone has caught the attention of the U.S. Department of Defense and foreign allies. Where Kratos stands out is in their deep government ties and prototype-to-contract transition model. They focus on winning initial R&D contracts with DARPA, the U.S. Air Force, and Navy, and then scaling these into full production—often ahead of market recognition.

Metrics

- 32% year-to-date share price growth
- Forward P/E ratio of 45.7, pricing in high future growth
- Over \$1.3B in active government contracts
- 18% YoY revenue growth
- \$812M market cap with ~\$75M in cash on hand
- R&D accounts for over 21% of total expenses—more than most peers
- Majority of revenue derived from defense modernization and autonomous systems

Some Thoughts and Facts

Kratos is riding the wave of defense re-industrialization in response to rising geopolitical tension. As U.S. rivals such as China and Russia push advancements in hypersonic capability and AI warfare, the Pentagon is reallocating capital toward smaller, more flexible firms. Kratos benefits



from this defense spending pivot and is already testing AI-driven swarm drones, hypersonic targets, and space-based communications systems.

Unlike traditional defense giants, Kratos is asset-light and intellectual property-heavy, giving them operating flexibility. However, this also subjects them to contract risk—as a small number of contracts make up a large portion of their revenue.

The Main Concern

While Kratos continues to win contracts, profitability is still elusive. Margins are thin due to R&D investment, and contract delays could disrupt cash flow. Their valuation is also rich for a defense name, which makes them sensitive to broader market pullbacks and changes in federal budget priorities.

There's also the issue of scalability. Many of Kratos' headline programs, such as the Valkyrie drone and hypersonic test platforms, remain in the prototype or low-rate initial production stage. If they fail to scale these platforms to full defense procurement levels, revenue could stagnate.

What Baymar Thinks

Kratos has done a fantastic job of positioning itself as a super specialized Niche contractor. Their products are futuristic, their focus is aligned with national interests, and their contracts prove the government is watching closely. But like all disruptors, Kratos comes with risk.

We believe Kratos represents an early-stage moonshot within the defense sector. The company could easily become a ten-bagger over the next decade if its autonomous and hypersonic platforms achieve full deployment. That said, Baymar urges caution due to valuation risk and scalability concerns.

Thank You for reading and good luck.

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