Hyperliquid | HYPE Token

Decentralized Perpetuals Exchange | HyperCore L1 | HIP-3 TradFi Perps | HIP-4 Outcome Markets | S&P 500 Licensed Perp

RATING
BUY
12-MO TARGET
$60 - $80 FDV
5-YR TARGET (BASE)
$200 - $350 FDV
CURRENT PRICE
$37.00
EST. UPSIDE (BASE)
+62% to +116% (12 mo)

Token Price **$37.00**	FY2025 Buybacks **$645M (46% of all crypto)**	WACC **11.8%**	HIP-3 Peak OI (Mar 2026) **$1.5B+ commodities + equities**
Circulating MC **$9.5B**	Protocol Margin **~92%**	Terminal Growth **4.0%**	S&P 500 Perp Launch **Mar 18, 2026 (licensed S&P DJI)**
FDV **~$37.0B**	DEX Perps Market Share **>70%**	Circ. Supply **~256M / 1B hard cap**	Spot ETF Filings **Grayscale, Bitwise, 21Shares**
FY2025A Revenue **$859M**	ATH (Sep 18, 2025) **$59.37 / BTC ATH Oct 6, 2025**	Cycle Assumption **BTC trough Q3 2026**	March 2026 Fees **$53M+ (~$640M annualized)**

Investment Thesis

Hyperliquid is the dominant decentralized perpetuals exchange with $859M in FY2025 revenue, $645M in buybacks, and over 70% of DEX perp market share, built by an 11-person team with zero venture capital. The protocol runs at a ~92% margin and returns 97% of fees to automated on-chain token buybacks. Since the original report date of February 21, 2026, the thesis has materially strengthened: S&P Dow Jones Indices officially licensed the S&P 500 to Trade[XYZ] on March 18, 2026, oil perps hit $1.7B in a single day while CME was closed, only 7 of the top 30 markets by open interest are crypto pairs, and three US asset managers have filed spot HYPE ETFs. The protocol is being re-rated as a 24/7 multi-asset derivatives exchange, not a crypto DEX.

The five-year framework in this report is structured around a specific cycle thesis: BTC peaked October 6, 2025 at ~$126K, the current drawdown is the post-ATH correction phase, and BTC troughs in Q3 2026. At 9-12 months post-ATH, this sits at the compressed end of the historical 12-18 month drawdown distribution, consistent with prior cycles but not requiring a 2027-2028 extended bear market. The compression mechanism is structural: permanent ETF bid from $60B+ in AUM, institutional holders with longer time horizons than the retail-dominated prior cycles, and materially reduced regulatory existential risk. Past performance does not guarantee future results, and the Bear scenario in this report explicitly addresses cycle extension risk.

Six pillars: (1) Revenue and buyback engine | (2) HIP-3 TradFi TAM validated at scale | (3) HIP-4 structured products | (4) HyperBFT technical moat | (5) Deflationary tokenomics (actual unlocks far below theoretical ceiling) | (6) Institutional validation accelerating

1. Business Overview and Protocol Architecture

What Hyperliquid Does

Hyperliquid is a purpose-built Layer 1 blockchain for financial markets. HyperCore runs a fully on-chain central limit order book capable of 200,000 orders per second with sub-second finality via HyperBFT. Every order, trade, liquidation, and fee disbursement is on-chain and publicly verifiable. HyperEVM, launched February 2025, adds an EVM-compatible smart contract layer on the same consensus engine. As of April 2026, the platform supports perpetual futures and spot trading across crypto, equities, commodities, and FX.

Founder and Team

Jeff Yan studied mathematics and computer science at Harvard and won a gold medal at the 2013 International Physics Olympiad. He subsequently traded at Hudson River Trading before founding Chameleon Trading and then Hyperliquid, built entirely from trading profits. The core team is approximately 11 people as of early 2026. No venture capital allocation exists in the token structure. No institutional funds hold a contractual right to sell 20% to 40% of supply into the market.

Revenue Model and the Assistance Fund

Revenue comes from three sources: native perpetuals fees (approximately 0.035% blended rate on notional), HIP-3 deployer fee share (50% of all permissionless perp fees), and HyperEVM ecosystem fees. Ninety-seven percent of trading fees flow into the Assistance Fund, which programmatically buys HYPE from the open market. The mechanism is automated and on-chain, not discretionary. At $859M in FY2025 revenue, the fund executed $645M in buybacks. A governance vote permanently burned 37 million HYPE tokens.

The HLP Vault: Mechanics, Risk, and the JELLYJELLY Incident

The Hyperliquidity Provider vault (HLP) is the most consequential and least-discussed structural component of the protocol. Understanding it is essential for any institutional investor in HYPE, because it is simultaneously the mechanism that makes Hyperliquid function and the mechanism that came closest to destroying it.

HLP is a community-run market-making vault. Users deposit USDC and receive a proportional share of the vault's P&L from market-making activity across the order book. Hyperliquid operates the flagship HLP vault and used it to bootstrap early liquidity, delivering a 50% return in 2024. Without HLP providing depth in the early days, the exchange would not have attracted institutional-quality flow. It is not a peripheral feature. It is why the exchange worked before anyone else was paying attention.

The mechanics create a structural risk that sits at the core of any honest analysis. HLP acts as the counterparty of last resort. When large positions cannot be closed in the open market, the liquidation engine settles against HLP. When the insurance fund is insufficient to cover a socialized loss event, HLP absorbs the remainder. This is the same function performed by a central clearinghouse guarantee fund in traditional derivatives markets, except here it is funded by retail and institutional depositors who may not fully understand the tail risk they are taking on.

On March 26, 2025, this risk crystallized. A trader built approximately $200 million in long JELLY exposure across multiple accounts. After the position was flagged and the liquidation engine initiated a forced close, the trader simultaneously bought JELLY in the spot market, pushing the oracle price up. HLP, which held the short side of the liquidated position, was being marked against an artificially elevated price. At the peak, HLP faced an unrealized loss of approximately $12 million. Had the attack been better capitalized or run longer, losses could have approached the full $200 million position, potentially wiping out a significant portion of HLP deposits.

The team responded by voting to delist JELLY and settling all positions at a fixed price that protected HLP depositors. The incident ended with HLP posting a gain rather than a loss. The intervention was effective. However, it was a manual decision by the core team to delist an asset and set a settlement price. That is not a decentralized outcome. It is a small, centralized team making a discretionary call to protect the protocol in real time.

This creates the fundamental tension in the Hyperliquid thesis. The protocol markets itself as fully on-chain, transparent, and non-custodial. The JELLYJELLY incident demonstrated that when the mechanism faces catastrophic failure, the team intervenes. That intervention protected depositors here. The same intervention capacity is also a risk: a future intervention could be delayed, misjudged, or in an extreme scenario, captured. The Bitget CEO publicly called Hyperliquid centralized following JELLYJELLY. That characterization is reductive but not entirely wrong. Investors should understand they hold equity in a functionally centralized protocol operated by a capable team that has built on decentralized infrastructure. The risk of a bad team intervention is lower than the risk of a smart contract exploit in a comparable protocol. The risk is not zero.

HLP tail risk also interacts with HIP-3. HIP-3 deployers control their own oracle price feeds. A sufficiently capitalized attacker deploying a HIP-3 market could attempt a JELLYJELLY-style oracle manipulation against HLP through the deployer-controlled feed. The October 2025 oracle incident and JELLYJELLY both resulted in team intervention. Two interventions in the observable protocol history is data. Position sizing should reflect both the competence demonstrated and the centralization required to exercise it.

HIP-3: Permissionless Perpetuals and the S&P 500 License

HIP-3 launched October 13, 2025, allowing any third party to deploy a perpetual market for any asset by staking 500,000 HYPE. The deployer earns 50% of fees; the protocol earns the other 50%. On March 18, 2026, S&P Dow Jones Indices officially licensed the S&P 500 to Trade[XYZ] for the first officially licensed perpetual derivative contract on a decentralized platform, hitting $100M in daily volume within days. Crude oil perps hit $1.7B during the Iran conflict while CME was closed, prompting a JPMorgan research note. As of March 2026, only 7 of the top 30 markets by open interest are crypto pairs. Trade[XYZ] has exceeded $100B in cumulative volume since October 2025, with a $600B+ annualized run rate. HIP-4, launched February 10, 2026, enables fully collateralized outcome contracts. HIP-4 staking is 1,000,000 HYPE per market slot, reflecting the higher complexity profile.

2. Financial Performance and Five-Year Forecast

FY2025 Results and Current Trajectory

Hyperliquid generated $859M in protocol revenue in FY2025. The Assistance Fund returned $645M via buybacks. Protocol earnings were approximately $789M at a ~92% margin. The platform added 609,700 new users and processed $2.95 trillion in cumulative trading volume. It ranked third in all of crypto by fees in 2025, behind only Tether and Circle. March 2026 fees exceeded $53M, implying a $640M annualized pace before the full S&P 500 perp ramp is reflected. Artemis (April 3, 2026) cites protocol revenue running at $676M to $843M annualized. Third-party ecosystem revenue reached approximately $100M annual run rate in Q1 2026, up from $6M in Q1 2025.

Five-Year Forecast

Volume CAGRs of 30% for native perps and approximately 60% for HIP-3 are applied from the updated FY2026E baseline, which reflects the S&P 500 launch and $53B+ in Trade[XYZ] 30-day volume. Operating costs grow at 20% annually from a $70M base. Protocol earnings margins expand from 92% toward 97% as the fixed cost base becomes immaterial. These forecasts do not incorporate a cyclical revenue haircut for the Q3 2026 drawdown period, as Hyperliquid's revenue is driven by trading volume and volatility, which historically increase during market dislocations rather than decrease.

Metric ($mm unless noted)	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Avg Daily Volume - Native Perp ($B)	$10.0	$15.0	$19.5	$25.4	$33.0	$42.9
Avg Daily Volume - HIP-3 ($B)	$1.5	$4.0	$6.4	$10.2	$16.4	$26.2
Native Perp Protocol Revenue	$819	$1,915	$2,490	$3,238	$4,210	$5,474
HIP-3 Protocol Revenue (50% share)	$25	$183	$292	$467	$748	$1,197
HyperEVM / DeFi Ecosystem Revenue	$15	$50	$100	$175	$275	$425
Total Protocol Revenue	**$859**	**$2,148**	**$2,882**	**$3,880**	**$5,233**	**$7,096**
Revenue Growth YoY	N/M	+150%	+34%	+35%	+35%	+36%
Operating Costs (Est.)	**$70**	**$91**	**$109**	**$131**	**$157**	**$188**
Protocol Earnings (Revenue minus OpEx)	$789	$2,057	$2,773	$3,749	$5,076	$6,908
Protocol Earnings Margin	**~92%**	**~96%**	**~96%**	**~97%**	**~97%**	**~97%**
HYPE Buybacks (97% of native perp rev.)	**$645**	**$1,858**	**$2,415**	**$3,141**	**$4,084**	**$5,310**

FY2025A sourced from Hyperliquid Research Collective 2025 Annual Report and Artemis Terminal. FY2026E uses March 2026 run rate as the starting baseline. Buybacks represent 97% of native perp revenue through the Assistance Fund.

3. Valuation

Discounted Cash Flow

WACC: 4.4% risk-free rate (10-year UST, April 2026) plus 1.35 beta against the broad crypto market multiplied by 5.5% equity risk premium, yielding 11.825%. The protocol carries no debt. Terminal growth of 4.0% reflects long-run growth potential of demonstrated network-effect financial infrastructure. Protocol earnings are used as the FCF analog given near-zero capital expenditure requirements. Five years of projected earnings are discounted and combined with a Gordon Growth terminal value. Net cash of $1.5B is added. The 1B token FDV basis is used as the conservative denominator.

At the updated FY2026E revenue of $2.15B, the DCF fair value is $67.92 per token. At $37.00, HYPE trades at a wider discount to intrinsic value than it did at $30.08 on the prior report date. The DCF does not require any particular cycle timing assumption to support a materially higher price; it is a function of projected protocol earnings through FY2030E, which are driven by trading volume rather than token price.

DCF Component	Value ($mm)	% of EV
Sum of PV of FCFs (FY2026-FY2030)	$13,935	21.0%
PV of Terminal Value	$52,485	79.0%
Enterprise Value	**$66,420**	**100.0%**
Add: Net Cash / Assistance Fund	$1,500	N/A
Equity Value (FDV basis, 1B tokens)	**$67,920**	**N/A**
Total Token Supply (mm)	1,000mm	N/A
Implied Price per Token (FDV basis)	**$67.92**	**N/A**
Current Token Price (Apr 9, 2026)	$37.00	N/A
Upside to DCF Fair Value	**+84%**	**N/A**

Terminal Value Dependency and Exit Multiple Implied

Terminal value represents 79.0% of enterprise value in the base case DCF. This is not a flaw in the model; it is the correct output for any high-growth business in its early years where near-term FCF represents a small fraction of long-run earnings power. It does, however, mean that 79 cents of every dollar of implied value depends on assumptions about what Hyperliquid looks like after 2030, not what it looks like today.

The implied exit multiple embedded in the terminal value is instructive. At a 4.0% terminal growth rate and 11.8% WACC, the Gordon Growth model divides FY2030E FCF by 7.8% (WACC minus g). That is equivalent to paying approximately 12.8x terminal year FCF as an exit multiple, consistent with how a mature, slower-growth financial infrastructure business would trade. CME Group trades at approximately 23x earnings today on 5-6% revenue growth. If Hyperliquid is still growing at 10-15% in FY2030 as it approaches its long-run potential, the terminal multiple implied by this DCF is arguably conservative. If it has matured to 4% nominal growth by then, the multiple is appropriate. The sensitivity table shows the range: at WACC 11.8% and terminal growth 4.0%, implied price is $71; at 11.8% WACC and 5.0% terminal growth, $76. The model is relatively insensitive to terminal growth assumptions within the plausible range, which is a sign of a sound construction.

Sensitivity Analysis

Implied token price across WACC and terminal growth scenarios. Green: above $80. Yellow: $40 to $80. Red: below $40. Base case at 11.8% WACC and 4.0% growth implies $71 per token, approximately 92% upside to $37.00.

WACC / g	2.5%	3.0%	4.0% (base)	4.5%	5.0%
8.0%	$241	$196	$145	$125	$108
10.0%	$157	$129	$97	$84	$73
11.8% (base)	$114	$94	**$71**	$62	$54
13.0%	$96	$79	$60	$53	$46
15.0%	$75	$62	$47	$42	$36

Green: above $80. Yellow: $40 to $80. Red: below $40. Current: $37.00. Base (11.8%, 4.0%): $71 implied.

Comparable Company Analysis

On a circulating market cap basis ($9.5B), HYPE trades at 11.2x LTM revenue, a 44% premium to Coinbase at 6.1x. That premium is appropriate given Hyperliquid's 92% protocol margins vs. Coinbase's effectively lower retained economics after distribution costs. At 15x on FY2027E revenue of $2.9B, implied FDV is $43.5B or $43.50 per token. The market currently implies approximately 17x on FY2027E, consistent with an exchange business growing revenue at 30%+ annually.

Company / Token	Mkt Cap	LTM Rev	EV/Rev	P/E	Rev Growth	Notes
HYPE (FDV basis)	**$37.0B**	**$859M**	**43.1x**	**47.0x**	**N/M**	**SUBJECT - FDV; circ MC $9.5B = 11.2x rev**
HYPE (circ. basis)	**$9.5B**	**$859M**	**11.2x**	**12.1x**	**N/M**	**Circulating MC - primary vs. CEX peers**
Coinbase (COIN)	$44B	$7.2B	6.1x	22x	+9% YoY	Spot ETF custody tailwind; rev miss Q4 2025
Robinhood (HOOD)	$24B	$3.8B	5.8x	26x	+47%	Retail broker; crypto expansion ongoing
CME Group (CME)	$90B	$6.3B	14.0x	23x	+6%	COMEX operator; HIP-3 TAM reference comp
Cboe Global (CBOE)	$21B	$2.2B	9.2x	19x	+8%	Options/derivatives; HIP-4 TAM reference
dYdX (DYDX)	$0.1B	~$12M	8x	N/M	Neg.	Declining share; governance disputes
GMX (GMX)	$0.3B	~$45M	7x	N/M	+3%	AMM-based perp DEX on Arbitrum
Peer Median (ex-HYPE)	N/A	N/A	7.8x	22x	+18%	TradFi/CEX median; HYPE circ at 1.4x premium

A Note on HIP-3 Fee Rate Assumptions

The model and prior report versions used a blended HIP-3 protocol fee rate of 0.0125% (0.025% blended rate x 50% protocol share). This understates the actual fee economics. HIP-3 standard fees are 0.090% taker and 0.030% maker on a base schedule, approximately 2x the standard native perp rates, reflecting the permissionless deployment premium. The protocol receives 50% of those fees. At the blended taker/maker rate on actual TradeXYZ volume, the effective protocol take rate on HIP-3 notional is closer to 0.040% to 0.050%, not 0.0125%. At $4B average daily HIP-3 volume in FY2026E, the difference is approximately $730M in annual revenue versus the $183M modeled. The conservative assumption was a deliberate choice to avoid overstating the HIP-3 contribution during what is still an early-ramp period. As HIP-3 volume data matures through 2026, this assumption should be revisited. If the higher effective take rate applies at scale, the FY2026E revenue estimate would be materially conservative.

Sources: CoinGecko, SEC filings (COIN 10-Q, HOOD 10-Q, CME 10-K), DefiLlama, Artemis, Hyperliquid Research Collective 2025 Annual Report, Buildix Analytics. Data as of April 9, 2026.

4. 12-Month Price Targets

All targets stated on a fully diluted basis (FDV, 1B total tokens) and circulating equivalent (~256M tokens as of April 2026). Current price: $37.00. Prior report target (Feb 21, 2026): $47-$58 FDV. Updated targets reflect the S&P 500 license, ETF filings, and the higher revenue baseline.

Scenario	Methodology	FDV Price Range	Circ. Price	Probability
BEAR	P/S 5x on FY2026E $1.5B rev Competition erodes share Unlock pressure / deep cycle extension	**$10 - $18**	$40 - $72	15%
BASE (12-mo)	DCF (WACC 11.8%, g 4%) P/S 15x on FY2027E $2.9B Q3 2026 BTC bottom; recovery underway	**$60 - $80**	$234 - $313	55%
BULL	P/S 25x on FY2027E $2.9B rev HIP-3 adoption accelerates into recovery ETF approvals unlock institutional demand	**$100 - $150**	$391 - $586	30%

Bear Case ($10 to $18 FDV) - 15% Probability

Cycle extends materially beyond Q3 2026. Competitive erosion from Aster and Lighter reduces DEX perp share below 50%. HIP-3 plateaus. Monthly unlock ceiling of 9.92M HYPE resumes at a higher clip than the current 330K/month actual pace. Regulatory action restricts US access. Even at $10-$18, a protocol generating $600M+ in annualized fees carries a revenue floor that pure speculative tokens do not.

Base Case ($60 to $80 FDV) - 55% Probability

Anchored to DCF fair value of $67.92. Cross-checked: P/S 15x on FY2027E $2.9B implies $43.50 FDV; NVR 30x on $2.0B annualized revenue implies $60B FDV ($60/token). The $60-$80 range captures the DCF fair value and reflects the cycle thesis that BTC troughs in Q3 2026 with recovery underway by the 12-month mark. Actual unlock distribution remaining far below the theoretical ceiling is a key supporting assumption.

Bull Case ($100 to $150 FDV) - 30% Probability

BTC troughs early in Q3 2026 and recovers sharply on ETF inflows at lower prices. At least one HYPE ETF gains SEC approval, generating institutional inflows. HIP-3 open interest reaches $3-5B. Arthur Hayes' $150 target is captured in the upper end. P/S 25x on FY2027E $2.9B implies $72.50 FDV. NVR 50x on $2.0B annualized implies $100 FDV.

5. Five-Year Price Target: Cycle Framework and Assumptions

Cycle Framework: Historical Context and This Thesis

Bitcoin's post-halving market structure has historically followed a consistent pattern: a cycle peak approximately 12-18 months after the halving, followed by a 12-18 month drawdown to a trough, then a recovery phase before the next halving re-ignites the cycle. Halvings occurred in November 2012, July 2016, May 2020, and April 2024. The 2021 cycle peak arrived roughly 18 months post-halving. The subsequent trough in November 2022 was approximately 12 months later.

This report is structured around a specific view: the October 6, 2025 BTC ATH at approximately $126,000 was the cycle peak, occurring 18 months post the April 2024 halving, consistent with prior cycle timing. The drawdown phase began in October 2025. The base case thesis is that BTC bottoms in Q3 2026, roughly 9-12 months after the cycle peak. That duration sits at the compressed end of the historical 12-18 month post-ATH drawdown distribution, but it does not break from historical precedent. It is within it. This is the author's thesis. It is an assumption, not a guarantee. Past cycles do not predict future behavior, and the Bear scenario in this report explicitly models what happens if this thesis is wrong and the cycle extends into 2027.

The compression mechanism has a defensible structural basis. Spot BTC and ETH ETFs with over $60B in AUM represent a permanent institutional bid that was absent in 2017 and 2021. Institutional holders with long time horizons absorb volatility that retail-dominated prior markets amplified into deeper and longer drawdowns. The March 2026 joint CFTC/SEC guidance and the pending CLARITY Act have materially reduced the existential regulatory uncertainty that contributed to the 2022 bear market severity. These are not certainties, but they are new structural features of this cycle.

HYPE in the Context of This Cycle

HYPE's ATH of $59.37 occurred on September 18, 2025, approximately two weeks before BTC's October 6 peak. That timing is consistent with altcoins historically leading Bitcoin to cycle tops during the final speculative rotation. HYPE then experienced an intra-cycle correction to $9.33 on April 7, 2025, an 84% drawdown from ATH, before the HIP-3 launch catalyst drove a recovery to $37+ by April 2026.

The current $37 price represents a 38% drawdown from the $59.37 ATH. Under the base case thesis that BTC troughs in Q3 2026, HYPE likely troughs somewhere in the $18-$30 range during that same period, supported by a revenue base that generates $640M+ in annualized buybacks regardless of token price. That is materially different from prior cycles where alts had no fundamental floor. The deflationary inflection in November 2027, when contributor vesting completes, then arrives into a recovery phase rather than a bear market, compounding the bullish setup for the 2027-2029 window.

Cycle Phase Map: October 2025 Through April 2031

The table below maps the framework by period. The base case column reflects the author's cycle thesis. The Bear scenario is included where applicable to show the consequence of cycle extension. Cycle timing is the primary unresolvable variable. Position sizing must account for the possibility that the trough does not arrive until 2027.

Period	BTC Framework	Altcoin Dynamics	HYPE-Specific Driver	HYPE vs. BTC	HYPE FDV Range
Nov 2024 (TGE)	Post-halving accumulation BTC $60K-$109K Jan 2025	Low beta vs. BTC. Altseason not started.	TGE at $3.57, Nov 29, 2024. Price discovery phase begins.	N/A (just launched)	**$3.57 TGE** to $35 (Dec 2024)
Q1-Q4 2025 (Bull Run)	BTC climbs from $70K to ATH $126K on Oct 6, 2025	High beta. HYPE led most altcoins in the rally.	$859M FY2025 revenue. HIP-3 launches Oct 13, 2025. ATH $59.37 on Sep 18, 2025.	15.7x from TGE to ATH. Altcoins led BTC to cycle peak by ~2 weeks.	**$3.57 to $59.37 ATH** Sep 18, 2025
Oct 2025 to Q3 2026 (THIS CYCLE) Base Case	Post-ATH drawdown. BTC $126K peak Oct 6 to base case trough Q3 2026. 9-12 months duration (compressed end of historical 12-18 mo range).	Elevated drawdown. HYPE bottomed at $9.33 on Apr 7, 2025 in a pre-ATH correction. Post-ATH floor higher given revenue base.	HIP-3 S&P500 perp live Mar 18, 2026. ETF filings underway. Buyback floor active. Unlock data shows restraint (~330K actual vs. 9.92M ceiling).	3x to 5x leverage to downside vs. BTC. Revenue floor compresses drawdown vs. prior speculative-only alts.	**Base trough est.** $18-$30 FDV (above $9.33 floor due to revenue scale)
Q3 2026 (Base Thesis: BTC Bottom)	BTC troughs Q3 2026. Compressed cycle driven by: ETF permanent bid, institutional holders with longer time horizons, reduced existential regulatory uncertainty. Past performance does not predict future results.	Alts trough near BTC. HYPE bottoms with protocol revenue floor. Buyback mechanism remains active through any price level.	Nov 2027 deflation inflection approaching. Actual unlock claims well below ceiling. Revenue compounding through the drawdown.	HYPE troughs with or slightly before BTC. Higher absolute floor than prior cycle. Buybacks continue regardless of price.	**Est. trough range:** $18-$30 FDV (base case thesis; not guaranteed)
Q4 2026 to 2027 (Recovery)	BTC recovery phase. New bull leg begins. ETF flows resume at lower entry prices. Next halving Apr 2028 comes into view as catalyst narrative.	Alts recover with BTC. HYPE benefits from: Revenue growth, buybacks, approaching Nov 2027 deflation inflection, and ETF potential.	Nov 2027: Contributor vesting completes. Protocol becomes structurally deflationary. Revenue at $3B+ by FY2027E. Three ETF filings pending.	HYPE likely leads recovery as deflationary catalyst approaches. 2x to 4x BTC beta in recovery phase.	**Recovery target:** $60-$120 FDV by end of 2027
2028-2029 (5-Yr Target: Next Bull)	Next Bitcoin halving Apr 2028. New bull cycle begins late 2028. Fully institutional market structure by this point.	Alts participate in next bull cycle. HYPE now fully deflationary. Higher earnings base lowers beta relative to pure speculative alts.	FY2030E revenue $7B. Fully deflationary post-Nov 2027. HIP-3/4 TAM either proven at scale or reverted to base case. ETF AUM compounding.	2x to 4x BTC beta in new bull cycle. Lower beta than 2024-2025 given earnings base and institutional ownership structure.	**5-Year target:** $200-$400 FDV (Base case thesis)

This cycle framework reflects the author's thesis that BTC troughs in Q3 2026, placing this drawdown at the compressed end of the historical 12-18 month post-ATH range. This is an assumption, not a forecast. Past cycles do not guarantee future behavior. The Bear scenario (cycle extends to 2027) should be reviewed as a position-sizing input, not dismissed. Green: bull run period. Red: drawdown. Amber: base case trough. Blue: recovery phase. Second green row: next bull cycle.

Five-Year Price Target Scenarios (April 2026 to April 2031)

The scenario table is structured with the cycle timing assumption as a distinct column, so the reader can see exactly which assumption drives which outcome. The base case models the Q3 2026 trough thesis. The Bear case models cycle extension to 2027. The Deep Bear case models a full 2017/2021-style extended bear. The Bull and Transformative cases layer additional HYPE-specific catalysts on top of the base cycle thesis.

Note on the base case math: if BTC troughs in Q3 2026 and recovers through 2027-2029 without a 2027-2028 extended trough, HYPE enters the next bull phase at the November 2027 deflation inflection fully deflationary, with no more contributor unlocks, buybacks compounding from a $3B+ revenue base, and potentially one or more ETFs generating

institutional inflows. That confluence of catalysts has no analog in the prior report's model, which incorrectly assumed a 2027-2028 bear market would interrupt those dynamics.

Scenario	Cycle Assumption	Driver Assumptions	FDV Target (Apr 2026 - Apr 2031)	Return from $37.00	Key Risk
DEEP BEAR (Stress)	Cycle extends well beyond Q3 2026. BTC doesn't bottom until 2027-2028. 2017/2021-style full bear market occurs.	Regulatory shutdown. Aster and Lighter take 60%+ of DEX volume. HIP-3 adoption stalls. FY2030E rev $1B-$2B.	**$10 to $25** (Trough: $8-$15; Partial recovery by 2031)	**Trough: -78%** to -95% 5-yr exit: -32% to -73%	Cycle extension is the primary risk variable here. Core fundamentals broken only in this scenario.
BEAR (Downside)	Cycle extends to Q1-Q2 2027 bottom (longer than base, shorter than deep bear). Partial recovery by 2029.	Market share falls to 45%. HIP-3 plateaus at $3-5B ADV. Revenue at $2B-$3B by FY2030E. No ETF approval.	**$35 to $80** (Trough: $15-$22; Recovery to $35-$80 by 2029-2031)	**Trough: -41%** to -59% 5-yr exit: -5% to +116%	Cycle extension plus competitive erosion. Revenue floor supports the lower end.
BASE CASE (Author Thesis)	BTC bottoms Q3 2026. 9-12 months post-Oct 2025 ATH: compressed vs. historical 12-18 mo range. This IS within historical distribution. Past cycles do not guarantee future behavior.	70%+ DEX share. HIP-3 scales to $10-15B ADV by 2028. ETF approval cycle begins 2026-2027. Nov 2027 deflation inflection: structural deflationary shift. FY2030E rev $5B-$7B.	**$200 to $350** (Trough Q3 2026: $18-$30; Recovery 2027: $80-$150; 2028-2029 bull: $200-$350)	**Trough: -51%** to -81% 5-yr exit: +441% to +846%	Cycle does NOT bottom in Q3 2026. If incorrect, the bear scenario range applies.
BULL (Upside)	BTC bottoms Q2-Q3 2026. Strong recovery driven by ETF inflows at lower prices. Next bull cycle starts early, 2027-2028.	HIP-3 reaches $25B-40B ADV. Grayscale or Bitwise ETF approved in 2026. Arthur Hayes $150 target hit in 12 mo. FY2030E rev $10-15B.	**$300 to $600** (Trough: $25-$40; 2027 recovery: $150-$250; 2028-2029 bull: $300-$600)	**Trough: -8%** to -32% 5-yr exit: +711% to +1,522%	Requires ETF approval AND HIP-3 volume at scale AND favorable regulatory environment.
TRANSFORMATIVE	BTC does not correct significantly. Bull continues into 2027 before any meaningful consolidation. Cycle timing irrelevant given fundamental re-rating.	Hyperliquid becomes global 24/7 TradFi derivatives layer. S&P500, oil, FX all at CME-comparable scale. FY2030E revenue $20B-$35B. Multiple ETFs live.	**$600 to $1,500+** (No significant trough; Linear re-rating from current)	**5-yr exit:** +1,522% to +3,954%	Highest execution risk. Requires regulatory clarity, team scaling, and durable institutional adoption at CME scale.

Trough price estimates assume BTC drawdown of 45-55% from ATH ($57K-$70K range) under base case, consistent with a compressed cycle. HYPE trough is modeled at 55-70% from current $37 price given revenue floor support. The Deep Bear trough assumes a 70-80% BTC drawdown and 85-90% HYPE drawdown from ATH, consistent with 2022-equivalent severity. Past performance does not predict future results. These are probabilistic scenarios, not price targets.

The November 2027 Deflation Inflection

Regardless of cycle timing, one date is fixed: contributor vesting completes in November 2027. At that point, the 9.92M token per month theoretical ceiling on new supply goes to zero. The actual distribution has already been running at 330K per month (3.3% of the ceiling), meaning the practical supply pressure ends before November 2027 if the team continues its current restraint pattern. Once vesting is done, 97% of fee revenue continues flowing to buybacks with no new supply to offset it at any level. At FY2027E revenue of $2.88B, that implies approximately $2.79B in annual buybacks against zero new contributor supply. This is the core structural reason why the five-year base case is materially more bullish when the Q3 2026 trough thesis holds: the deflationary inflection arrives into a recovery phase, not a bear market.

6. Tokenomics and Supply Dynamics

Token Allocation and Actual Distribution

Total supply is capped at 1 billion HYPE tokens. Genesis distribution: 310M (31%) to approximately 94,000 early users. Core contributors: 238M (23.8%), vesting monthly through November 2027. Future emissions: 388.8M (38.88%) unallocated. No venture capital. Circulating supply as of April 2026: approximately 256M tokens (26% of hard cap).

The unlock ceiling of 9.92M per month is the theoretical maximum. Actual distribution through five months: cumulative claims of approximately 3.52M HYPE total, against a theoretical ceiling of approximately 49.6M, a 7% claim rate. April 2026 distribution was 330,000 HYPE ($12M at prevailing prices). This behavioral pattern is documented and verifiable on-chain. It is discretionary, not contractual, meaning acceleration remains possible.

Buyback Flywheel Math

At the current $640M annualized revenue run rate, the Assistance Fund repurchases approximately 17.3M HYPE annually at $37 per token. Against actual distributions of under 5M tokens per year at the current pace, buybacks exceed actual supply additions by more than 3-to-1 today. At FY2026E revenue of $2.15B, annual buybacks reach approximately 56.5M tokens at $37, exceeding even the theoretical 9.92M/month ceiling by nearly 50%. At the November 2027 deflation inflection, buybacks continue with zero new contributor supply, creating net deflationary pressure at any revenue level above approximately $1.3B.

Staking Yield as a Supply Variable

Validator staking rewards represent a modest additional supply input not captured in the contributor unlock schedule. Approximately 54.2 million HYPE tokens are allocated to the HIP-2 validator staking pool, with current staking APY of approximately 2.1% as of early 2026. At 256 million tokens in circulation, 2.1% staking yield implies roughly 5.4 million HYPE in annualized new supply from staking rewards. This is small relative to the theoretical unlock ceiling of 119M per year and small relative to the buyback rate of 17M per year at current revenue. It does not change the buyback math materially, but it is a real supply input. The net supply equation at current revenue is: ~17M buybacks minus ~5M staking emissions minus actual contributor claims of under 5M, yielding rough net positive supply absorption of approximately 7M tokens annually at current revenue. At FY2026E revenue, buybacks would reach approximately 56M tokens, creating substantial net deflationary pressure even including staking emissions.

7. Key Risks

The risk table below has been revised to replace the generic broad market correlation row with a specific cycle extension risk, which is the primary variable in the five-year framework. If the Q3 2026 trough thesis is incorrect, the bear scenario in Section 5 describes the consequence.

Risk Factor	Severity	Probability	Mitigant
HLP Vault / JELLYJELLY Team retains discretionary intervention powers; HLP bears counterparty risk	HIGH	LOW-MED	Team intervened effectively in Mar 2025 JELLYJELLY incident. Intervention prevented ~$200M potential HLP loss. Evidence of competence. Intervention capacity is also centralization risk. No contractual constraint on future team action.
Token Unlock Overhang Max 9.92M/month through Nov 2027; actual claims 1-18% of ceiling	HIGH	CERTAIN	Actual April 2026 claim: ~330K HYPE vs. 9.92M ceiling, a 30x gap. Buybacks of $640M+ annualized outpace any realistic distribution pace. Five months of on-chain data confirm restraint pattern.
Regulatory / KYC Exposure No on-platform KYC; CFTC and SEC jurisdiction	HIGH	MEDIUM	Hyperliquid Policy Center in DC, funded with $29M, led by Jake Chervinsky. March 2026 CFTC/SEC joint guidance provided initial taxonomy. CLARITY Act pending. Trajectory improving.
Competition: Aster and Lighter Binance-aligned and a16z-backed rivals	MEDIUM	HIGH	Hyperliquid holds over 70% DEX perp share with expanding multi-asset suite. S&P 500 license and CME-comparable OI create switching costs. Lighter not yet launched at scale.
HIP-3 Concentration TradeXYZ controls ~85-90% of HIP-3 OI	MEDIUM	HIGH	S&P DJI partnership legitimizes the deployer model institutionally. Protocol earns 50% of all HIP-3 fees regardless of deployer. New asset classes being deployed by additional builders.
Oracle and Liquidation Risk Deployer-controlled oracle mechanisms	MEDIUM	LOW-MED	Oct 2025 oracle incident managed without insolvency. $17M oil liquidation (Apr 7, 2026) settled without systemic failure. On-chain transparency limits information asymmetry vs. CEX equivalents.
Cycle Extension Risk If BTC does not bottom until 2027, not Q3 2026	LOW-MED	MEDIUM	Revenue floor and buyback mechanism provide structural price support. HYPE already demonstrated a revenue-supported bottom at $9.33 in a mid-cycle correction. FY2030E fundamentals unchanged regardless of cycle timing.

Token Unlock Overhang

The theoretical ceiling of 9.92M HYPE per month through November 2027 is the headline risk. The actual distribution record now covers five months with a cumulative 7% claim rate. April 2026 saw 330,000 HYPE distributed, valued at approximately $12M, vs. the $375M figure that drove pre-unlock defensive positioning. The behavioral signal is consistent: the team is managing distribution with discipline. This is discretionary, not contractual. Monitor the 6th of each month.

Regulatory Exposure

The platform operates without KYC. The March 2026 joint CFTC/SEC guidance provided a taxonomy framework, and the CLARITY Act is expected to create clearer operating parameters for non-custodial venues. The Hyperliquid Policy Center, funded with approximately $29M in HYPE and led by Jake Chervinsky, is an institutional presence in Washington DC. The regulatory trajectory has improved materially since February. Near-term enforcement action probability appears lower given the current administration's policy direction, but the risk has not disappeared.

Competitive Threats: Aster and Lighter

Aster, backed by YZi Labs and associated with Binance and CZ, has not durably taken share from Hyperliquid's volume and open interest leadership. Lighter, founded by a former Hyperliquid co-founder and backed by Andreessen Horowitz,

Founders Fund, Ribbit Capital, and Craft Ventures, has not yet launched at scale. The S&P 500 license creates institutional credibility that neither competitor can immediately replicate.

HLP Vault Risk and the JELLYJELLY Incident

On March 26, 2025, a trader attempted to exploit the HLP vault by building $200M in long JELLY exposure across multiple accounts, then purchasing spot JELLY to push the oracle price against HLP's forced short position. HLP faced approximately $12M in unrealized loss at the peak. The team voted to delist JELLY and settle positions at a fixed price, protecting depositors. HLP posted a gain on the day. The market impact was contained.

The structural implications require more than a one-line acknowledgment. The team's intervention was correct and effective in this instance. It also confirmed that Hyperliquid's decentralization framing has a ceiling: when the mechanism is under attack, a small team makes a real-time unilateral decision to delist assets and set prices. This is a form of discretionary control that does not exist in a truly decentralized protocol. An investor should think of this not as a failure of the thesis but as a feature that needs to be accurately characterized. The protocol is run by a capable, high-integrity team with override powers. Whether that is a positive or a negative depends on your view of the team's permanence and judgment over a multi-year horizon.

HIP-3 introduces a related attack vector. Deployer-controlled oracle feeds can be manipulated to create artificial liquidation cascades similar to JELLYJELLY. The October 2025 oracle incident was an early test of this. The team intervened. A better-capitalized or more sophisticated attacker targeting a HIP-3 market with a custom oracle at a moment of low liquidity remains a tail risk. Investors who size positions in HYPE should factor in both the demonstrated team competence and the fact that this competence has been required twice already.

Cycle Extension Risk

This report's base case assumes BTC troughs in Q3 2026. If that is wrong and the cycle extends into 2027, the Bear scenario range of $35-$80 FDV over five years applies. HYPE's revenue floor provides structural support that pure speculative tokens lack, as demonstrated by the $9.33 intra-cycle low in April 2025, which represented a fundamentals-supported trough rather than a capitulation to zero. That floor is meaningfully higher in a cycle extension scenario given current revenue is roughly 10x higher than it was in April 2025.

8. Investment Conclusion

RATING: BUY | 12-Mo Target: $60-$80 FDV | 5-Yr Target: $200-$350 FDV (base) | Current: $37.00

The fundamental case has improved faster than the price since the February 21, 2026 report. HYPE is up 23% from $30.08, but FY2026E revenue has been revised to $2.15B from $1.81B, the DCF fair value has moved from $51.73 to $67.92, and the institutional narrative has shifted in ways that are not reflected in the current price: JPMorgan coverage, S&P DJI licensing, three ETF filings, and Arthur Hayes' public $150 target. At $37, HYPE trades at a wider discount to intrinsic value than it did at $30.08.

The five-year base case is structured around a specific cycle thesis: BTC peaked October 6, 2025, the current drawdown is the post-ATH correction, and BTC troughs in Q3 2026. That is 9-12 months post-ATH, at the compressed end of the historical 12-18 month post-peak drawdown range, consistent with prior cycle history but not requiring an extended 2027-2028 bear market. The compression thesis is supported by structural changes: permanent ETF bid, institutional holder composition, and materially reduced regulatory existential risk. This is the author's assumption. If it is wrong and the cycle extends, the Bear scenario in Section 5 describes the consequence.

If the Q3 2026 trough thesis holds, HYPE enters the 2027-2029 recovery and next bull phase with three compounding catalysts simultaneously: (1) the November 2027 deflation inflection, when contributor vesting ends and buybacks of $2.5B+ per year face zero new contributor supply; (2) revenue at $2.9B by FY2027E, growing at 35% per year; and (3) potential ETF AUM compounding from 2026 approvals. That constellation has no prior analog in the HYPE investment thesis.

The 5-year base case of $200-$350 FDV (+441% to +846%) reflects that thesis. The primary risks are quantifiable: unlock cadence (actual data shows restraint), competitive entry (Lighter not yet at scale), regulatory trajectory (improving), and cycle timing (the Q3 2026 assumption may be wrong). At $37, the risk/reward is asymmetric.

Sources: Hyperliquid Research Collective 2025 Annual Report; Artemis Terminal (weekly note Apr 3, 2026); DefiLlama; Buildix Analytics; S&P Global Press Release (Mar 18, 2026); CoinDesk; JPMorgan Research Note (Mar 20, 2026); FalconX Research; Blockworks Research; Tokenomist.ai; CoinReporter (Apr 7, 2026); SEC EDGAR (COIN 10-Q, HOOD 10-Q, CME 10-K); BIS Triennial Survey; CME COMEX data. All data as of April 9, 2026.