

# Hyperliquid Strategies Inc.

NASDAQ: PURR / Digital-Asset Treasury (HYPE) / Post-merger Sonnet Bio + Rorschach SPAC

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RATING	12-MO TARGET	5-YR TARGET (BASE)	CURRENT PRICE	EST. UPSIDE (12 MO)
<b>BUY</b>	<b>\$13 to \$17</b>	<b>\$40 to \$70</b>	<b>\$8.25</b>	<b>+58% to +106%</b>

<b>Stock Price</b> \$8.25 <b>Market Cap</b> ~\$1.24B <b>Shares Outstanding</b> 150.6M (FD)	<b>HYPE Holdings</b> 20.0M tokens <b>Cash / Debt</b> \$103M / \$0 <b>NAV per share</b> \$7.61	<b>Current mNAV</b> 1.08x <b>30d Median mNAV</b> 1.03x <b>ELOC Capacity</b> \$962M remaining
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## Investment Thesis

PURR is the largest public vehicle for HYPE exposure with 20M HYPE on balance sheet, \$103M cash, no debt, and a \$1B equity facility. The trade is not a bet on multiple expansion. The DAT premium across the category has compressed since the 2024 MSTR peak. MSTR's mNAV has fallen from 4.3x to 1.03x; SBET trades at a 31% discount. PURR has never developed a sustained premium since its December 2025 IPO, with a 0.76x to 1.14x range and a 1.03x trailing 30-day median. The trade is instead this: at \$8.25 against \$7.61 NAV per share, the entry multiple is reasonable; HYPE upside flows through one-for-one; staking yield at 2.1% APY compounds the holding without dilution; ELOC issuance at any premium and buyback at any discount both grow NAV per share. In a HYPE base case of \$95 over twelve months (HYPE Research Report), PURR base case settles \$13 to \$17. In a HYPE bear case, PURR loses more than HYPE because mNAV will compress alongside the underlying. The case for owning PURR over HYPE directly is regulated access, balance-sheet leverage on capital actions, and staking yield. The case against is the absence of multi-bagger asymmetry that the 2024 MSTR-on-BTC trade provided. I rate PURR a BUY.

# 1. Business Overview

## Structure and Formation

Hyperliquid Strategies Inc. began trading on NASDAQ under the ticker PURR on December 3, 2025, following the merger of publicly-traded Sonnet BioTherapeutics with Rorschach, a SPAC incorporated in 2025 with sponsor ties to Paradigm. The combined entity disposed of substantially all of the legacy bio-tech operations during Q1 and Q2 2026 and now operates as a pure-play digital-asset treasury vehicle. The CEO is David Schamis, previously of Atlas Merchant Capital. The board includes individuals with capital-markets and crypto-native pedigree. The stated mandate is to maximize shareholder value by accumulating HYPE, the native token of the Hyperliquid blockchain, and to provide capital-efficient, regulated exposure to HYPE for US institutional investors who cannot or prefer not to hold the token directly.

## Balance Sheet and Capital Structure

As of the April 29, 2026 disclosure in the company's 8-K filed May 7, 2026, the balance sheet held 20.0 million HYPE tokens and \$103 million in cash, with no debt. Total assets of \$809 million as of March 31, 2026 (per the 10-Q filed May 8) were dominated by HYPE on a fair-value basis. Stockholders' equity was \$743 million. Fully diluted share count is 150.6 million. The company has a \$1 billion equity line of credit (ELOC) with approximately \$962 million of remaining capacity after early draws. A \$30 million share repurchase authorization was approved by the board in December 2025.

## Capital Deployment Track Record

Since inception of the treasury strategy on December 2, 2025, management has deployed \$216 million to accumulate 7.3 million additional HYPE tokens (raising the position from approximately 12.7 million at IPO to 20.0 million today) and \$10.5 million to repurchase 3.0 million PURR shares at an average price of \$3.42, concentrated in December 2025 when the stock traded at the deepest discount to NAV. ELOC issuance of \$38.4 million has been executed at an average price of approximately \$6.31. The pattern is consistent with the stated mandate: buybacks at discount, issuance at premium, accumulation when HYPE is available. The May 7 announcement of a refreshed \$30 million buyback authorization, on top of prior activity, signals continued willingness to defend NAV per share.

## Validator and Yield Strategy

In May 2026 the company announced a validator partnership with Unit Labs, the parent of Unit and Trade.xyz, to stake HYPE on Hyperliquid's HIP-2 validator pool at approximately 2.1% APY. Staking yields are paid in HYPE and compound the underlying position without dilution to shareholders. At 20 million HYPE held, the partnership produces approximately 420,000 incremental HYPE per year, worth approximately \$22 million at the current \$52 spot price. The yield is structurally subordinate to HYPE price movement but provides a small, durable accretion to NAV per share that does not depend on capital-market activity.

## 2. The mNAV Framework

### Definition and Construction

mNAV (market-to-NAV) is the ratio of a treasury company's market capitalization to the net asset value of its holdings. For PURR, NAV equals HYPE holdings times HYPE spot price, plus cash, minus debt. At the May 20, 2026 close (PURR \$8.25, HYPE \$52.13), NAV is \$1,146 million, NAV per share is \$7.61, market cap is \$1,242 million, and mNAV is 1.08x. The 8% premium reflects what the market is willing to pay above pure asset value for the bundle of services PURR provides: regulated wrapper access, staking yield, management of capital actions, and balance-sheet leverage.

### Historical mNAV Regime and the Compression Problem

The DAT premium was the central pillar of the 2024 MSTR-on-BTC thesis. Strategy (MSTR) traded as high as 4.3x BTC NAV at its September 2024 peak, when Michael Saylor's narrative, MSCI inclusion expectations, and an aggressive convertible-note issuance program fueled a multiple-expansion trade that outperformed BTC by a wide margin. That premium has materially compressed. MSTR's mNAV has fallen from 4.3x to approximately 1.03x by May 2026, with a 90-day median of 0.92x. SharpLink (SBET), the largest ETH DAT, peaked at 8.55x mNAV during its May 2025 launch spike and now trades at 0.69x, a 31% discount to NAV with a 90-day median of 0.87x. The pattern across the category is consistent: high premiums on capital-raising momentum compress to NAV or below as the supply of treasury equity grows faster than incremental demand from investors who cannot access the underlying directly. PURR has not had a premium-expansion phase to compress from. The token IPO occurred in December 2025 well after the MSTR re-rating had run, and PURR has traded in a 0.76x to 1.14x band the entire time.

### DAT Comparable mNAV (live)

Ticker	Asset	Current mNAV	30d Median	90d Median	Full Period Range
MSTR (Strategy)	BTC	1.03x	1.04x	0.92x	0.80x to 4.30x
SBET (SharpLink)	ETH	0.69x	0.75x	0.87x	0.31x to 8.55x
<b>PURR (Hyperliquid Strat.)</b>	<b>HYPE</b>	<b>1.08x</b>	<b>1.03x</b>	<b>1.00x</b>	<b>0.76x to 1.14x</b>

Sources: yfinance, Hyperliquid API, SEC filings for holdings. MSTR series from January 2024 (598 sessions); SBET from May 2025 (255); PURR from December 2025 IPO (118). Updated via `mstr_comp.py` and `purr_data.py`.

### Implication for PURR Valuation

The right anchor for PURR's base-case mNAV is the current-regime DAT median, approximately 0.9x to 1.05x, not the historical median that includes the 2024 MSTR peak. The model uses 1.10x for the 12-month base case, modestly above the current 30-day median, reflecting the modest improvement that comes with HYPE thesis playing out (higher trading interest, more capital flowing to the category). The bear case uses 0.85x, comparable to SBET's recent trough. The bull case uses 1.30x, a multiple in the middle of MSTR's 2024-2025 range, achievable only if the broader DAT category re-rates. None of the cases assume the 2-4x premiums that defined the 2024 trade.

### 3. Structural Accretion Mechanics

Three operational levers can grow NAV per share independent of HYPE price movement. None is large in isolation; together they add 3% to 6% per year of structural per-share growth on top of whatever HYPE does. This is the core of the bull case that an MSTR-style multiple-expansion thesis no longer supports.

#### Staking Yield

Validator staking on HIP-2 yields approximately 2.1% APY paid in HYPE. At the current 20 million HYPE position, this generates roughly 420,000 incremental tokens per year, growing the holding to 20.42 million tokens twelve months from now without share dilution. HYPE per share rises from 0.1328 to 0.1356, a 2.1% accretion to per-share token exposure. The yield is small but structurally durable and uncorrelated with capital-markets activity.

#### ELOC Issuance at Premium

The \$1 billion equity facility allows the company to issue shares at the prevailing market price. When the market price exceeds NAV per share (mNAV greater than 1.0x), each share issued raises proceeds that purchase more than the per-share NAV in HYPE, accretive to existing holders. At the current 1.08x mNAV, a \$200 million issuance adds approximately 1.8% to HYPE per share. At 1.30x mNAV in a bull-case regime, the same \$200 million would add 4.6%. Below 1.0x, issuance is dilutive and management would presumably refrain. The asymmetric value of the facility is in how it is used: discipline matters more than capacity.

#### Buyback at Discount

The mirror of issuance. When PURR trades below NAV (mNAV less than 1.0x), share buybacks reduce the share count at a discount, accretive to per-share NAV. The \$30 million authorization at an assumed 0.85x mNAV adds approximately 3.2% to HYPE per share. Larger authorizations or extended programs at sustained discounts would compound this. Management executed \$10.5 million in buybacks during December 2025 at an average \$3.42 (deep discount to then-NAV), which materially helped the per-share NAV trajectory through Q1 2026 and is part of why PURR has converged toward NAV from the IPO discount.

#### Annual Accretion Capacity Summary

Lever	Annual Impact	Mechanism	Constraint
Staking yield (HIP-2)	+2.1%	Auto	Yield rate may compress as validator set expands.
ELOC issuance (at 1.08x)	+1.8%	Discretionary	Requires mNAV > 1.0x and management willingness to issue.
Buyback (at 0.85x)	+3.2%	Discretionary	Requires mNAV < 1.0x; authorization size caps the lever.
<b>Combined potential</b>	<b>+3% to +6%</b>	Net of dilution	<b>Realistic blended outcome assuming management executes on both sides of NAV.</b>

*Combined potential assumes either issuance or buyback is active in a given year depending on mNAV regime. In sustained-premium or sustained-discount environments, one lever does most of the work.*

## 4. Price Targets

Targets are anchored to the HYPE price scenarios from my HYPE research report dated May 19, 2026, layered with PURR-specific operational evolution (staking, ELOC drawdown, buybacks) and an exit mNAV multiple from the current-regime DAT range. Each PURR scenario follows directly from a HYPE scenario, which is the dominant variable. The PURR model adds modest structural accretion on top.

### 12-Month Scenarios

Scenario	Driver Assumptions	PURR Target	Return	Prob.
<b>BEAR</b>	HYPE settles \$20 (HYPE report Bear midpoint). PURR trades at 0.85x discount as DAT category compresses further. No ELOC issuance into a discount; \$50M buyback at average 0.85x mNAV deployed.	<b>\$2.77</b>	<b>-66%</b>	<b>20%</b>
<b>BASE</b>	HYPE settles \$95 (HYPE report Base midpoint). PURR trades at 1.10x, modestly above current 30d median. \$300M ELOC drawn at average 1.05x. NAV per share rises from \$7.61 to \$13.22; PURR price = \$13.22 x 1.10x = \$14.54.	<b>\$14.54</b>	<b>+76%</b>	<b>55%</b>
<b>BULL</b>	HYPE settles \$155 (HYPE report Bull midpoint). PURR re-rates to 1.30x mNAV as DAT category revives with risk-on rotation. \$600M ELOC drawn at average 1.30x. NAV per share reaches \$21.08.	<b>\$27.40</b>	<b>+232%</b>	<b>25%</b>

Probability-weighted 12-month target \$15.40 per share, approximately +87% from current \$8.25. The bear case is materially worse than HYPE's bear-case downside because mNAV compresses alongside the underlying. The bull case is materially better than HYPE alone because both the underlying and the wrapper multiple expand.

### 5-Year Scenarios

Scenario	Cycle & Driver Assumptions	PURR Target	CAGR	Prob.
<b>DEEP BEAR</b>	HYPE settles \$20 over 5 years. DAT category remains in sustained 0.7x discount regime. \$100M cumulative ELOC; \$200M aggressive buyback program at deep discount.	<b>\$2.40</b>	<b>-22%</b>	<b>10%</b>
<b>BEAR</b>	HYPE settles \$70. DAT category at sustained 0.9x. \$500M cumulative ELOC at parity; \$100M buyback at average 0.85x.	<b>\$9.68</b>	<b>+3%</b>	<b>20%</b>
<b>BASE</b>	HYPE settles \$350 (HYPE report Base midpoint). Full ELOC plus follow-on cumulative \$1.5B at average 1.2x mNAV. Exit mNAV 1.10x. Staking compounds.	<b>\$53.43</b>	<b>+45%</b>	<b>50%</b>
<b>BULL</b>	HYPE settles \$550. Multi-round ELOC cumulative \$2.5B at meaningful premium average 1.5x. Exit mNAV 1.40x as DAT category modestly revives.	<b>\$109.79</b>	<b>+68%</b>	<b>17%</b>
<b>TRANSFORM.</b>	HYPE settles \$1,050. DAT category re-rates fully; PURR captures premium at 1.80x exit. \$4B cumulative ELOC at average 2.0x.	<b>\$280.77</b>	<b>+103%</b>	<b>3%</b>

Five-year probability-weighted target approximately \$56 per share, an annualized return of approximately +47%. The base case alone, weighted at 50%, returns +45% per year. The downside is real (Deep Bear loses two-thirds), but probability-weighted asymmetry is positive.

## 5. PURR versus HYPE: Choosing the Wrapper

The relevant question for many institutional investors is not whether HYPE is attractive, but whether PURR or direct HYPE ownership is the better vehicle for the exposure. The answer depends on three considerations: access constraints, leverage on operational accretion, and willingness to take wrapper-multiple risk.

### Access

PURR resolves the practical access problem. US-based pensions, endowments, registered investment advisors, hedge funds with limited mandate flexibility, and individual investors using IRA or 401(k) vehicles often cannot custody HYPE directly. PURR provides exposure through a NASDAQ-listed common stock that fits in any standard brokerage account, is eligible for margin, can be short-sold, generates an IRS-recognizable cost basis without crypto-specific tax complexity, and avoids the operational overhead of cold storage and validator selection. The value of access is not zero. For investors who can hold HYPE directly with full operational competence, this value approaches zero and the case for PURR weakens proportionally.

### Operational Leverage

Direct HYPE ownership captures the protocol's buyback and burn mechanics (the Assistance Fund repurchases HYPE with 97% of native and HIP-3 fees per my HYPE research report) but does not capture company-level capital actions. PURR adds three: validator staking yield at 2.1% APY, accretive ELOC issuance when premium is available, and accretive buyback when discount is available. Combined, these can add 3% to 6% per year to per-share NAV. Over a five-year hold, this compounds to 16% to 34% of additional NAV growth beyond what HYPE alone produces. The leverage is real but only realized if management executes; the December 2025 buyback program at \$3.42 average is one data point of demonstrated discipline, and remaining execution risk should be sized accordingly.

### Wrapper Multiple Risk

The downside case for PURR is materially worse than for HYPE alone. In a HYPE bear scenario where the token falls to \$20, HYPE itself loses approximately 62% from \$52. PURR in the same scenario loses 66% because mNAV compresses to 0.85x. The wrapper does not protect on the downside; it can amplify it. This is the central trade-off. Investors who accept wrapper-multiple risk in exchange for access and operational leverage should size PURR positions smaller than they would size HYPE positions, because the volatility profile is similar with slightly worse downside skew.

### Side-by-Side Asymmetry

12-Month Outcome	HYPE Direct	PURR	Differential
<b>Bear case return</b>	-62%	<b>-66%</b>	<b>-4 pp (worse)</b>
<b>Base case return</b>	+82%	<b>+76%</b>	<b>-6 pp (worse)</b>
<b>Bull case return</b>	+198%	<b>+232%</b>	<b>+34 pp (better)</b>
<b>Probability-weighted</b>	<b>+85%</b>	<b>+87%</b>	<b>+2 pp (roughly even)</b>

*HYPE returns calculated from HYPE Research Report v8 scenario midpoints; PURR from model scenarios. PURR underperforms HYPE in the lower-probability bear and base cases (where mNAV compression hurts) and outperforms substantially in the bull case (where mNAV expansion adds materially). Probability-weighted, the two are roughly tied at the 12-month horizon, with HYPE direct producing more reliable left-tail behavior and PURR producing more upside skew.*

## 6. Key Risks

Risk Factor	Severity	Probability	Assessment & Mitigant
<b>HYPE Underlying Risk (inherited)</b>	<b>HIGH</b>	MEDIUM	PURR is approximately 99% HYPE delta. All HYPE-level risks from my HYPE Research Report v8 (CME/ICE regulatory lobbying, HLP vault, HIP-3 legal status, competition, cycle extension) flow through to PURR. The protocol thesis must work for PURR to work.
<b>mNAV Compression</b>	<b>HIGH</b>	MEDIUM	The DAT category premium has collapsed from 2024 peaks. MSTR fell from 4.3x to 1.03x; SBET from 8.55x to 0.69x. PURR could compress to 0.7-0.8x in a HYPE bear or category-wide investor exit. SBET trading at 0.31x at one point is the precedent for how low this can go.
<b>Dilution from Undisciplined Issuance</b>	<b>MEDIUM</b>	LOW-MED	The \$1B ELOC is a powerful tool used well or destructively used poorly. If management issues into mNAV < 1.0x to fund HYPE accumulation (treasury growth at the cost of per-share NAV), shareholders are diluted. Track record to date suggests discipline (buybacks in December at deep discount), but the temptation to issue at the wrong moment exists.
<b>Validator and Custody Risk</b>	<b>MEDIUM</b>	LOW	PURR's \$1B+ HYPE position must be custodied and staked safely. The Unit Labs validator partnership concentrates exposure; a validator slashing event or custodian compromise would damage the per-share NAV. Industry-standard institutional custodians are presumably used, but the disclosure detail in 10-Q footnotes is limited.
<b>Equity Float and Liquidity</b>	<b>LOW-MED</b>	MEDIUM	PURR trades roughly \$7-10M of daily dollar volume on NASDAQ. This is small enough to constrain larger institutional position sizing and to create volatility around scheduled ELOC issuances. The merger and conversion are still recent; liquidity will likely improve through 2026 if AUM and analyst coverage grow.
<b>Going Concern Footnote History</b>	<b>LOW</b>	LOW	Sonnet BioTherapeutics carried a going concern footnote pre-merger. The Q1 2026 10-Q states management's view that PIPE financing plus the ELOC have alleviated these doubts for at least the next twelve months. Tracked.

## 7. Investment Conclusion

**RATING: BUY | 12-Month Target: \$13 to \$17 | 5-Year Base: \$40 to \$70 | Current: \$8.25**

PURR at \$8.25 sits at an 8% premium to a clean, well-disclosed \$7.61 NAV per share. The premium is modest and consistent with the company's full trading history since the December 2025 IPO. The thesis is not multiple expansion. The MSTR mNAV trade is dead for now, with the category-leader premium having compressed from 4.3x to 1.03x and showing no signs of reverting. The thesis is HYPE upside flowing through one for one, layered with 3% to 6% per year of structural per-share NAV accretion from staking, ELOC issuance at premium, and buyback at discount. Management has demonstrated capital-allocation discipline in the first six months of execution, including buybacks at \$3.42 average during the December 2025 IPO discount.

The asymmetry is not as favorable as HYPE direct ownership. In the bear case PURR loses more than HYPE because mNAV compresses alongside the underlying. In the base case PURR slightly underperforms HYPE on a flat 1.10x mNAV. In the bull case PURR meaningfully outperforms because both the underlying and the wrapper multiple expand. Probability-weighted at the 12-month horizon, the two are roughly even. The case for owning PURR over HYPE directly therefore reduces to access (PURR fits in any brokerage account, IRA, or institutional mandate that excludes spot crypto) and the optionality on management compounding NAV per share faster than HYPE does.

I rate PURR a BUY with a 12-month range of \$13 to \$17 (anchored on the \$14.54 base-case model output and a \$15.40 probability-weighted midpoint) and a 5-year base-case range of \$40 to \$70 (anchored on the \$53.43 base-case output). Position sizing should reflect both the genuine asymmetry to the upside and the worse-than-HYPE downside skew. Investors with full HYPE access should consider direct holdings as the primary exposure with PURR as a regulated-wrapper complement; investors without HYPE access can use PURR as the primary vehicle.

### Sources

SEC EDGAR (CIK 0002078856, PURR 10-Q May 8 2026, 8-K May 7 2026, S-1, 10-Q Feb 11 2026); yfinance (PURR, MSTR, SBET daily OHLC); Hyperliquid public API (HYPE, BTC, ETH spot); Hyperliquid Strategies investor disclosures and PRNewswire releases (Feb, Apr, May 2026); The Block; Investing.com; Quiver Quantitative; Trefis; Compass Point Research; Cantor Fitzgerald, Maxim Group, Chardan Capital analyst notes. All data as of May 20, 2026. mNAV time series computed from `purr_data.py` and `mstr_comp.py`.

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