Yield opportunities with digital assets

Understanding the new era in crypto investing.

Research

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Key takeaways

- Blockchain economies are creating new income opportunities, with staking, lending, and other on-chain strategies emerging as core sources of yield beyond traditional investments.
- Crypto yield strategies may provide diversification benefits, as some have historically shown low correlation to traditional fixed income and broader market performance, including during periods of volatility.
- Staking and lending are foundational yield drivers in blockchain economies, with staking serving as the "base yield" for the local currency and lending representing one of the largest on-chain markets. However, both require active risk management, including liquidity, protocol, and collateral risks.

Introduction

Many investors today are curious about blockchain technology, its use cases that collectively form on-chain economies, and how value accrues to those associated assets. Fidelity Investments has expanded its asset research capabilities to digital assets and has developed a fundamentals-based framework for digital asset selection and portfolio construction to support asset allocators in their decision-making.

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Opportunities for income-seeking investors have dramatically expanded from the days of "Buy War Bonds!" to varied sovereign and corporates investment structures that support economic growth across the world. On-chain economies have extended that opportunity set to provide alternative yield sources and differentiated return drivers for investors.

Let's first break down the different categories of yield:

Network Staking—Locking up assets (typically in the local currency) to participate in updating the blockchain ledger by processing and validating transactions. This is a new activity made available by public and distributed peer-to-peer networks and, in return, participants are financially rewarded. The source of the yield is driven by new asset issuance and/or transaction activity. Staking the local currency exposes the investor to liquidity risk and is similar to the money supply (M2) for traditional economies as a near money asset (cash equivalent) that earns yield. Intermediated staking platforms will embed additional counterparty risk.

Lending—Providing capital to borrowers, often through peer-to-peer protocols, in exchange for interest. The interest is often variable and depends on the share of total liquidity that is actively utilized. On-chain lending markets should not be confused with the risk of intermediated lending markets such as Celsius, BlockFi or Genesis that failed during the 2022 crypto market downturn.

Trading or Structured Products—Cash-producing investments, with any 'yield' not due to interest but price arbitrage opportunities, or selling extreme price returns.

Network staking

Staking offers investors a novel yield source where users commit capital to operate and secure the network in exchange for compensation. The capital committed is typically in the local cryptocurrency and so embeds foreign-exchange price risk and liquidity risk offset by floating rewards.

For example, on the Ethereum blockchain, users commit capital in the form of its native asset (e.g., ETH). Rewards are also paid in this same currency and primarily come from transaction fees (paid by users) and monetary inflation (new token emissions). The rewards earned from network activity (i.e., local demand) will typically vary more than the rewards earned from new issuance. Stakers face penalties—known as slashing—when they fail to meet the requirements defined by a blockchain's consensus protocol. On Ethereum and many other proof-of-stake networks, slashing serves as a financial enforcement mechanism to ensure validator reliability and protect network security.

Solana, by contrast, does not impose protocol-level slashing. Although this may change in the future. Exhibit 1 outlines some key differences between the Ethereum and Solana blockchains as of June 2026. Of note, Solana has a predictable inflation schedule, while Ethereum's is dynamic.

Exhibit 1: Comparative staking mechanics on blockchains—Ethereum vs. Solana.

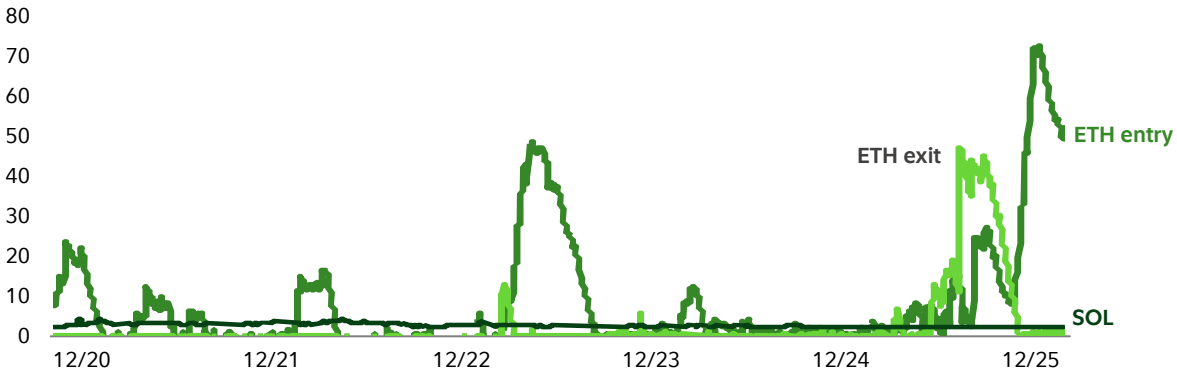
Blockchain	Asset staked	Supply inflation	Supply inflation target	Slashing penalty	Unlock period
Ethereum	ETH	Dynamic	0 to 1.5%	Yes	~ days to weeks
Solana	SOL	Fixed	1.5%	No	~ days

Source: Fidelity Investments. **Solana supply inflation** reduces annually by 15% until it reaches the long-term rate of 1.5%, estimated to be by 2032. As of June 1, 2026.

A blockchain's lock-up period impacts liquidity

Ethereum's infrastructure design includes a queuing system whereby a certain number of ETH can be staked (the entry queue) or unstaked (the exit queue) per epoch[1]. On Ethereum, the time to register the asset as staked or unstaked varies by demand for each queue. Not all blockchains have the same staking process. For example, staking and unstaking on Solana is nearly always[2] one epoch and, recently, the length of that epoch can vary around a target of two days, according to data from Allium (Exhibit 2). Lock-up periods exist to preserve network security and stability by preventing sudden changes in the set of validators providing consensus on the current state of the blockchain ledger.

Exhibit 2: Solana offers more predictable staking liquidity than Ethereum.



Source: Allium. March 31, 2026. https://www.allium.so/?utm _ medium=referral&utm _ source=fidelity&utm _ ca.

Liquid Staking Tokens (LSTs) were introduced to bypass the liquidity constraints imposed by lock-up periods, allowing users to earn staking rewards while retaining transferable, tradable representations of their staked assets. Offered through staking protocols such as Lido and Jito, they allow users to keep earning staking rewards while retaining the flexibility to trade or use their tokens across applications, notably in DeFi. On Ethereum, Lido's stETH is the dominant LST by market share, measured by market capitalization. By that same metric, JitoSOL holds the largest share of the LST market on Solana.[3]

LSTs swap liquidity risk for price risk, as the LST will trade around a target NAV representing the underlying staked asset plus accrued rewards. Greater than 30% of ETH staked and about 8% of SOL staked is in the form of LSTs.[4,5] Ethereum's high LST penetration compared to Solana's is largely driven by its unpredictable withdrawal queue, which can create structural illiquidity, whereas Solana's shorter unbonding period reduces the need for liquid staking solutions. LSTs provide for better composability for on-chain applications while continuing to earn a yield for staking.

1. Epoch comes from the French word époque, meaning time period.

2. Solana limits stake activations and deactivations to 25% of active stake per epoch; requests exceeding this threshold are spread across multiple epochs.

3. As of March 31, 2026.

4. https://dune.com/queries/1941408/3202653

5. https://dune.com/ilemi/solana-staking

Exhibit 3 highlights key differences in the monetary and staking dynamics of Ethereum and Solana. Solana offers a higher nominal staking yield (5.9% vs. 2.7% for Ethereum), driven primarily by issuance-based rewards (4.3% vs. 0.8%), while economic activity yields—defined as returns generated from transaction fees and/or maximal extractable value (MEV) associated with on-chain user activity—are relatively similar across both networks (1.6% for Solana vs. 1.9% for Ethereum).

Both assets exhibit store-of-value characteristics: Ethereum and Solana introduce deflationary pressure through burn mechanisms, whereby a portion of each transaction fee is removed from circulation. However, the net effect differs materially—Ethereum's lower issuance allows burn activity to more meaningfully offset inflation, resulting in modest net supply growth (~1.0%), whereas Solana's higher issuance outweighs these deflationary forces, leading to significantly higher net supply expansion (~4.7% on an LTM basis as of March 31, 2026).

Exhibit 3: Comparative monetary and staking dynamics for Ethereum and Solana.

Blockchain	Asset staked	Nominal yield	Economic Activity yield	Issuance (Security Budget) yield	Net supply growth (LTM)
Ethereum	ETH	2.7%	1.9%	0.8%	1.0%
Solana	SOL	5.9%	1.6%	4.3%	4.7%

Source: The Tie and Artemis. Data pulled on March 31, 2026. **Nominal yield** is defined as the sum of economic activity yield and issuance yield. **Economic activity yield** reflects returns generated from transaction fees and/or maximal extractable value (MEV) associated with on-chain user activity. **Issuance yield** represents rewards derived from newly issued tokens distributed to validators as part of the network's security budget.

Staking yields are attractive because they have exhibited low correlation with broader market movements, providing investors with attractive potential yields even during periods of volatility. Exhibit 4 outlines some of the yield relationships across traditional market indicators and digital assets. From 2021 to 2025, Ethereum's yield changes were mildly negatively correlated with the change in the 5-year Treasury (–0.12), while Solana showed mildly positive rate correlation (0.09) but a negative link to curve steepening (-0.14), with both assets displaying low ties to IG/HY spreads.

Exhibit 4: Mapping yield relationships across traditional market indicators and digital assets.

	Treasury yield	Treasury curve	HY spread	IG spread	ETH staking	SOL staking
Treasury yield	1.00	-0.33	-0.20	-0.28	-0.12	0.09
Treasury curve	-0.33	1.00	0.36	0.27	0.13	-0.14
HY Spread	-0.20	0.36	1.00	0.82	0.32	-0.05
IG Spread	-0.28	0.27	0.82	1.00	0.21	0.00
ETH Staking	-0.12	0.13	0.32	0.21	1.00	-0.51
SOL Staking	0.09	(0.14)	-0.05	0.00	-0.51	1.00

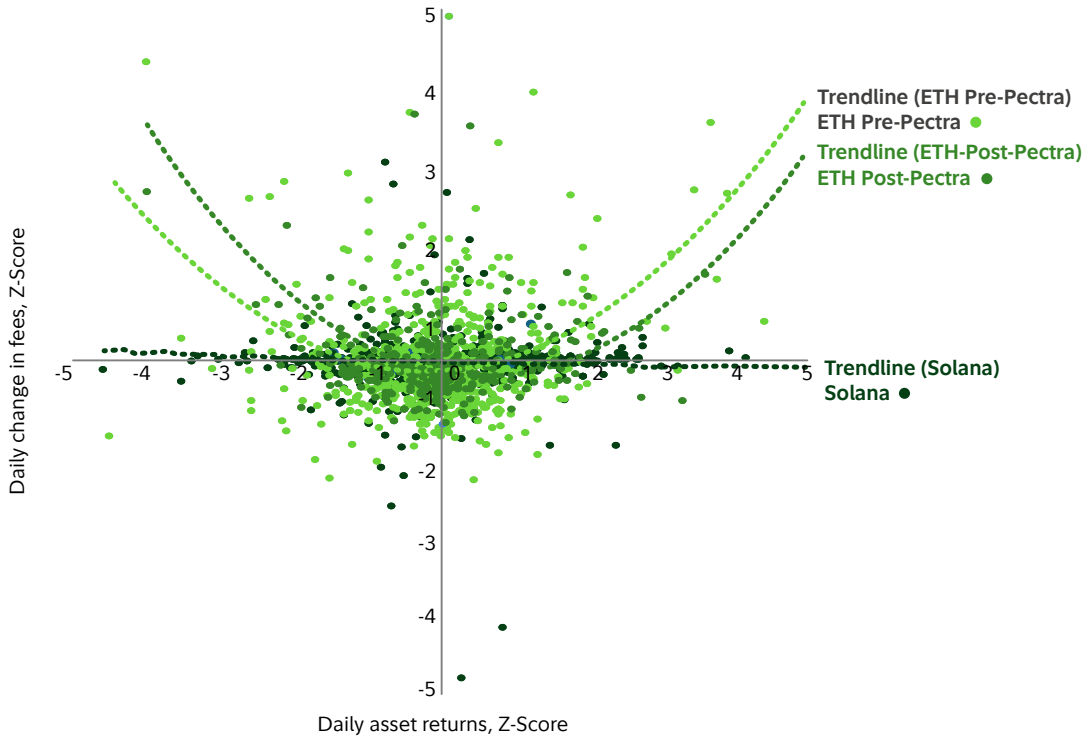
Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis. Staking Rewards. Note: The analysis period begins in 2021, the year Solana went live, through the end of 2025. US Curve: 10-2 year Treasury Curve, UST: 2-year US Treasury, IG and HY spreads represented by the ICE BofA US Corporate Index Option-Adjusted Spread (OAS) and ICE BofA US High Yield Index Option-Adjusted Spread (OAS), respectively. See endnotes for index definitions.

Transaction fees: an important barometer

The fees that users pay to execute on-chain activity can represent an important component of staking economics. In some protocols, these fees are distributed to validators as part of staking rewards. In others, fees are partially burned, potentially reducing total rewards while simultaneously creating deflationary pressure on the asset, benefiting all token holders. Earned transaction fees from validators can exhibit long volatility characteristics: the amount of fees increases with increased price volatility for ETH and other assets due to arbitrage opportunities across on-chain and off-chain markets.

Ethereum reveals a positive but nonlinear relationship between standardized daily returns and fee changes, with increasing dispersion in fees under higher volatility (Exhibit 5). Ethereum (pre-Pectra upgrade) exhibits higher variance and stronger convexity, indicating that extreme positive returns are associated with disproportionately large fee increases, while Solana shows comparatively tighter clustering and lower sensitivity. Post-Pectra, Ethereum displays a more stable fee response to return shocks, however continues to show similar convexity.

Exhibit 5: Fees relative to price volatility of Ethereum and Solana.



Source: Artemis. Z-scores standardize observations by expressing daily asset returns and fee changes as deviations from their respective means, scaled by standard deviation. Each point represents a daily observation plotted as return (x-axis) versus fee change (y-axis) for Solana and Ethereum. Ethereum data are segmented into pre- and post-Pectra upgrade periods (which went live on May 7, 2025) to capture differences in the relationship between price movements and fee dynamics upon a significant network productivity enhancement.

Two recent examples show how market dislocations caused significant, though temporary, increases in blockchain volatility and transaction fees, as outlined in Exhibit 6.

- In the first, crypto markets experienced a sudden liquidity vacuum in a flash crash on Oct. 10, 2025, which triggered sharp price dislocations and panic-driven repositioning across markets. This episode produced a 104% jump in Ethereum's realized volatility and a 294% surge in its transaction fees, while Solana saw a 126% volatility spike but only a modest 5% increase in fees, reflecting different congestion and liquidity dynamics.
- In the second example, the abrupt unwind of the yen carry trade in early August 2024 sent global macro markets into a rapid de-risking cycle, forcing traders to unwind leverage and rotate out of risk assets, including crypto. Ethereum's 7-day realized volatility rose 114% and fees increased 72%, while Solana's volatility similarly rose (97%) but fees slightly declined (1%), suggesting lower throughput pressure despite elevated market stress.

Exhibit 6: ETH and SOL activity across two high-volatility environments.

	Flash crash: 10/10/2025		Yen Carry trade unwind: 8/5/2024	
	Change in 7-day realized vol	Change in transaction fees	Change in 7-day realized vol	Change in transaction fees
Ethereum	104%	294%	114%	72%
Solana	126%	5%	97%	–1%

Source: Fidelity Investments. **Flash Crash 10/10/25:** change in average 7-day realized volatility between the pre-event period (October 3–9, 2025) and the post-event period (October 10–16, 2025); change in transaction fees based on average daily transaction fees before (Oct 3–9) and after (Oct 10–16) the event. **Yen carry trade unwind (8/05/24):** Change in average 7-day realized volatility between the pre-event period (October 3–9, 2025) and the post-event period (October 10–16, 2025)**;** change in transaction fees based on average daily transaction fees before (Oct 3–9) and after (Oct 10–16) the event.

Lending

Lending platforms are one of the oldest examples of blockchain applications and are typically among the largest categories in any blockchain economy. Lending involves providing capital to borrowers in exchange for interest, which can take place through decentralized protocols or centralized platforms. The most common method of on-chain lending is through a shared pool that allows multiple lenders to deposit assets where they can be borrowed on demand. The loan terms are programmatically defined by the software which constantly monitors loan health, adjusts loan parameters and distributes yield. The most common structure for on-chain loans features the following:

- Assets are provided as collateral (often overcollateralized) to secure the loan and can be liquidated in the event of a breach of collateral requirements (ex. loan to value (LTV) < 85%),
- Lending assets can be borrowed and repaid at any time (no fixed maturity), and
- Interest rates are dynamic based on the current utilization ratio and risk parameters (variable rate).

There are several examples of lending platforms in crypto, including Aave, Morpho, and Sky, each of which have some unique features for matching lenders and borrowers (Exhibit 7).

Exhibit 7: Features of some examples of lending platforms in crypto.

	Unified market	Isolated market	"Sovereign" lender
Example	Aave	Morpho	Sky
Most similar to	CCP Clearing	Bilateral Repo	Central Bank
Lending deposits	42.3B	10.7B	7.4B
Loan terms	Standardized by loan asset	Market specific	Standardized by loan asset
How rates are set	Based on utilization	Based on utilization	Administratively set
Interest paid	Shared borrower pool	Matched borrowers, less cross-subsidization	Paid to the protocol, not directly to lenders

Source: Fidelity Investments. As of March 31, 2026, the latest available data as of this writing. For comparison purposes, lending deposits for "sovereign" lender represent active loans.

Aave is the largest on-chain lending protocol and utilizes a "unified market" design where lenders supply assets that can be borrowed against any form of eligible collateral. There are limits on the amount that can be borrowed in aggregate against a single collateral asset, but lenders cannot actively select the collateral they wish to lend against. Because liquidity is unified for a given loan asset, all lenders of that asset earn the same interest rate and are able to withdraw their funds from the same pool of available liquidity.

From the borrower perspective, unified market design allows borrowers to take out loans of any available asset so long as they maintain sufficient collateral balances.

For example, a borrower who deposits ETH as collateral is able to borrow stablecoins such as USDC or USDT, or BTC at whatever interest rates are available for those assets. A key implication of unified market design is that risk management decisions are protocol level. Collateral risk is factored into the loan-to-value ratios and liquidation penalties that apply to a given asset, but prevailing interest rates reflect risk and demand to borrow against all available collateral types.

Morpho is a newer entrant to the on-chain lending space, and its design differs from Aave by having "isolated markets," where each market has a specific collateral asset, lending asset, and loan terms (including loan-to-value thresholds and interest rates). Even where the same token is used as the lending asset in different markets, liquidity is isolated to each individual market. A borrower who wants to borrow two separate assets using the same collateral must pledge collateral in two markets and maintain sufficient balances in each (likewise for borrowers who want to borrow one asset using two collateral types).

In isolated lending markets, the choice of which market to provide liquidity to gives lenders greater control over collateral risk management decisions. Interest rates can also reflect collateral risk on a more granular level, although liquidity is also fragmented across different markets as a result.

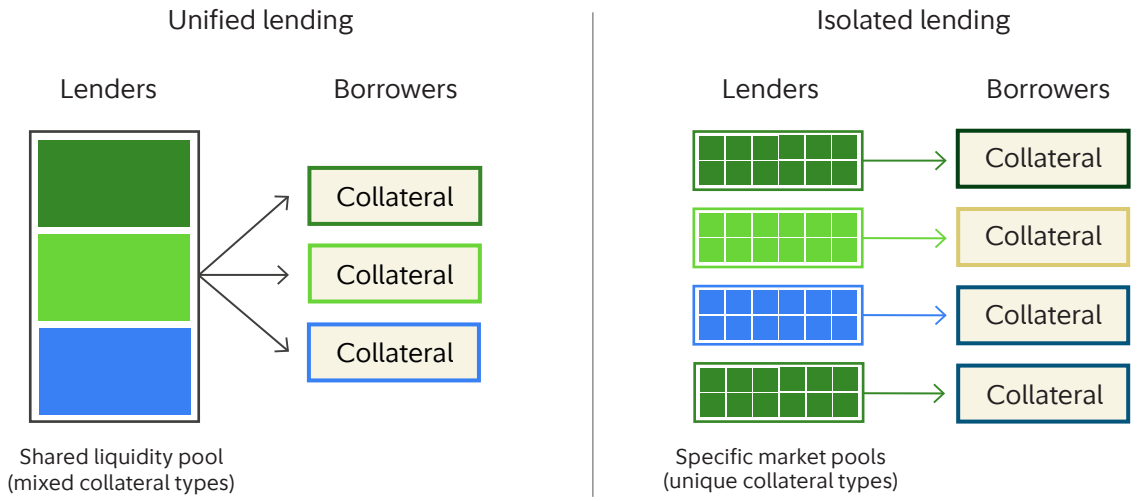
> The utilization ratio is the share of total lending deposits that are actively borrowed at a point in time.

Exhibit 8 illustrates lender/borrower dynamics for unified and isolated markets. Lenders in this diagram represent pools of lenders who are providing liquidity for the same asset.

Under a unified lending model, a lender decides only which asset to provide liquidity for (i.e., to lend). For example, a lender might provide USDC liquidity and earn a yield from a USDC borrower; that borrower might provide ETH as collateral or decide to replace it with BTC as collateral, while continuing to pay the same interest rate applied to the USDC liquidity.

Under an isolated lending model, a lender must decide which asset to provide liquidity for, and which specific collateral asset to accept. In this case, a lender might provide USDC liquidity to a borrower with ETH collateral. But if the borrower wanted to change the collateral to BTC, they would need to repay the original USDC loan and source liquidity from a separate pool of USDC lenders who have opted to lend against BTC collateral. The loan with the BTC collateral might be at a different interest rate.

Exhibit 8: Unified lending platforms share collateral and risk, while in isolated platforms, each market has a specific collateral asset, lending asset, and loan terms.

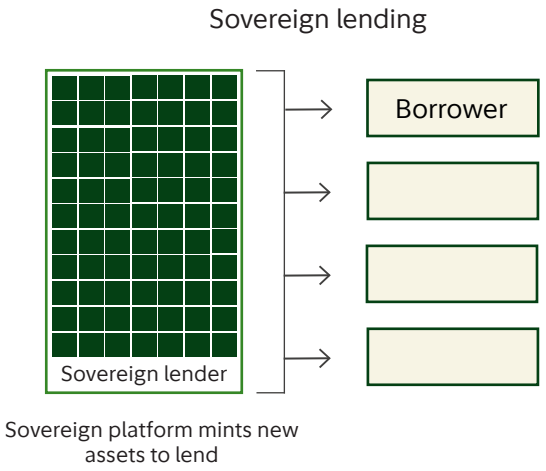


Source: Fidelity Investments. For illustrative purposes only.

Sky (previously MakerDAO) is yet another on-chain lending market designed differently than either Aave or Morpho. Rather than collecting deposits from external lenders into a liquidity pool, Sky issues newly minted units of its proprietary stablecoin, USDS, as the proceeds of a loan. In this way, Sky internalizes the lending function as a 'sovereign' lender. The trade-offs for this design are greater certainty of loan terms and liquidity for borrowers, versus the additional operational requirement for Sky in maintaining stability of its stablecoin.

Under a "sovereign" lending model, Sky manages all assets (collateral) and liabilities (USDS) together within the platform itself (Exhibit 9). The amount of debt issuance is determined by borrowing demand but also the protocol's risk management policy enforced through software. While borrowing capacity may still be capped, the need to source liquidity from external lenders is no longer a concern.

Exhibit 9: A sovereign platform manages all assets and liabilities together within the platform itself.



Source: Fidelity Investments. For illustrative purposes only.

There are two main financial risks associated with on-chain lending protocols: credit risk and liquidity risk:

Credit risk—refers to the possibility that borrowers may default on their loans, either due to a failure to repay or a decline in the value of collateral where its liquidation value is below the loan balance. How this risk is managed by a lending protocol depends on a combination of design and software settings. In the event that a credit concern is triggered (e.g., collateral value falling below a predefined threshold), the loan programmatically is sent to auction to recover any residual value and pay off the loan. The protocol treasury may in some cases be used to cover loan losses and protect lenders.

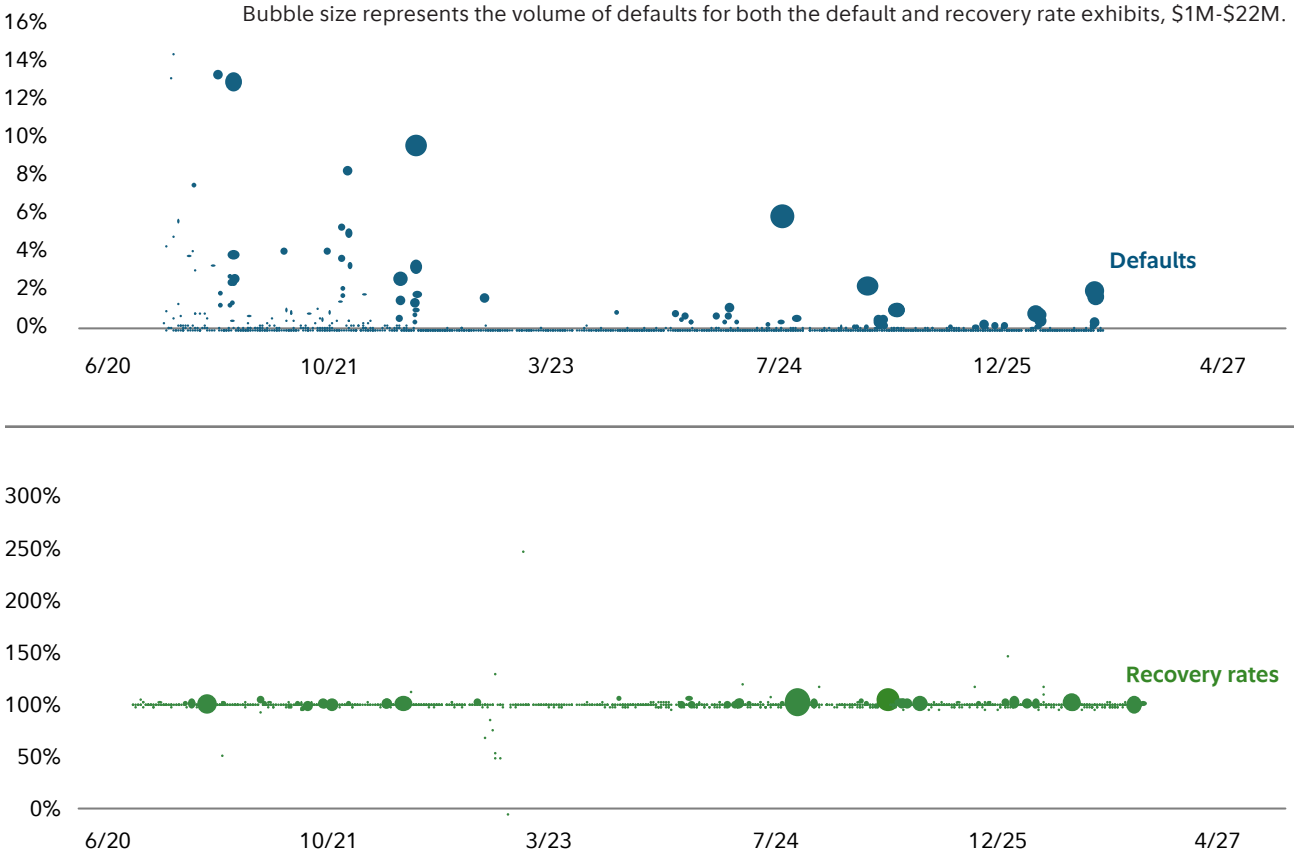
Liquidity risk—refers to a lender's inability to withdraw their assets unrelated to borrowers' ability to repay. Given the evergreen nature of these loans, lenders are exposed to a higher degree of liquidity risk, as there is no defined maturity date by which borrowers are required to repay. If all liquidity for the lending asset is being utilized, lenders must wait for borrowers to repay, or for other lenders to deposit quantities of the lending asset to withdraw funds.

Historical defaults for crypto loans have been very low in the past few years on Aave, as the protocol's risk management module became more efficient at managing liquidations and bad debts. Similarly, the recovery rates are often high, at 104% to 105% of loan amounts, representing the threshold at which liquidations start to occur.

Exhibit 10 illustrates defaults and recovery rates for Aave in the past five years ended June 2026. Default rates have trended lower over time as protocols have implemented more efficient liquidation mechanisms, whereas default frequency is more dependent on market volatility. On-chain markets allow for continuous pricing of risk and managing defaults around the clock, and 77% of default events happen outside of US market hours.

The median default size over the whole period was ~$7,000. The associated recovery rates for these events is often above 105% due to protocol design. There is no clear evidence that larger default sizes result in lower recovery rates–most of the low recovery events occurred with small defaults. However, in more extreme scenarios where collateral values decline rapidly, liquidation mechanisms may not react quickly enough to protect lenders (as was the case for Aave in April 2026 in the wake of an exploit of rsETH collateral).

Exhibit 10: Defaults and recovery rates for wETH on Aave over the past five years ended June 2026.



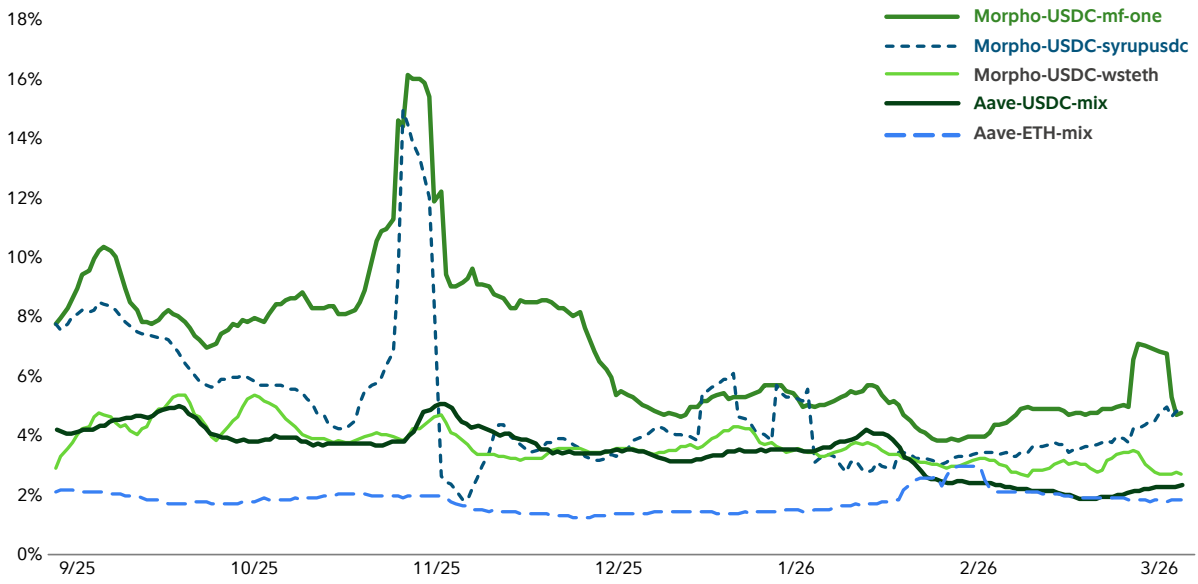
Source: Artemis, as of June 24, 2026.

The market clearing price for loans (i.e. interest rates) is determined by the balance of supply and demand for loans in most-on chain lending protocols. Interest rates are set programmtically by an Automated Market Maker function (AMM), similar to many decentralized exchanges. This AMM function defines a relationship between the utilization ratio for a lending asset and the cost to borrow, often with a target interest rate/utilization ratio in mind.

As borrowers use more available liquidity by drawing new loans, the utilization ratio for that asset increases. As the utilization ratio increases, so does the nominal interest rate applied to all outstanding loans. Higher interest rates incentivize borrowers to repay outstanding loans, and also marginally incentivize new lenders to enter the market (because lenders' nominal returns increase alongside borrowing costs). In this way, the AMM balances supply and demand for capital in a given market (market = lending asset in unified market or collateral/lending asset pair in isolated market). Exhibit 11 shows some examples of lending rates on Aave and Morpho.

Of note, ETH lending rates are more stable and compete with staking yield for opportunity and cost of capital. Among stablecoin markets, lending rates on Aave tend to be more stable under normal conditions as it reflects a blend of collateral risk and borrowing demand across assets. Morpho, meanwhile, displays significant differences in lending rates depending on the collateral asset, and rates are generally more volatile as a result of fragmented liquidity.

Exhibit 11: Lending rates for USDC against various collateral assets on Morpho and lending rates for USDC and ETH on Aave against mixed collateral.



Source: Aave, Morpho, as of Mar. 31, 2026.

Lines represent lending markets for Morpho and Aave, examples of isolated/unified designs outlined above; second part of the label represents the asset being lent or borrowed (USDC or ETH); third part of label represents the collateral assets. In the case of Aave, "mix" indicates there are a number of assets that may be used as collateral.

Futures arbitrage

Cryptocurrencies have a massive global derivatives market, both on- and off-chain, with the futures markets larger than the spot crypto markets (Exhibit 12). Within derivatives, futures contracts dominate the space, whereas options—though active—pale in comparable size.

Exhibit 12: Cryptocurrencies have a massive global derivatives market, both on– and off-chain.

Q1 2026 $Billions	Off-chain				On-Chain	
	U.S. investors		Non-U.S. investors			
	Spot/ETFs	Futures	Spot	Futures	Spot	Futures
BTC	141/256	253	1,147	14,852	5	412
ETH	55/79	227	663	12,314	26	192
SOL	23/3	13	136	2,652	27	49
S&P 500	53/4,500	39,131				
R2000	2/736	1988				
MSCI EM	8/252	1,530				

Source: Talos, Kaiko, Bloomberg Finance LP, MSCI, CME, ICE, Hyperscreener, SonarX, as of May 31, 2026. Equity Index volumes are averages per member. **Spot prices for MSCI EM**: Estimated value from ADR volume traded in the U.S. Average volume per member. **On-chain spot data from Kaiko and SonarX:** BTC combines stablecoin and ETH pair volume. ETH combines stablecoin and BTC pair volume. SOL volume against stablecoins and excludes Proprietary AMM volume. **On-chain futures** are estimated values based on market share of each exchange.

Futures contracts most familiar to traditional investors are **calendar futures** that typically expire monthly or quarterly. At expiry, most calendar futures contracts are cash settled based on the contract terms. For example, the CME BTC future cash settles into the market value of 5 BTC at expiry. Therefore, at expiry, the contract is worth 5x the spot BTC price. This delivery mechanism ties futures prices to spot prices at expiration but, until then, futures prices can move away from spot prices. The difference between futures and spot prices is called the **basis**.

First proposed by economist Robert Shiller, **perpetual futures** were introduced by the Bitcoin Mercantile Exchange, or BitMEX, in 2017. These contracts never expire and trade continuously. To keep futures prices close to spot prices without a delivery mechanism, a funding rate was implemented: when future prices trade above spot prices, perpetual futures buyers pay sellers a small fee proportional to the price difference. The fee is paid frequently, typically in 4- or 8-hour increments.

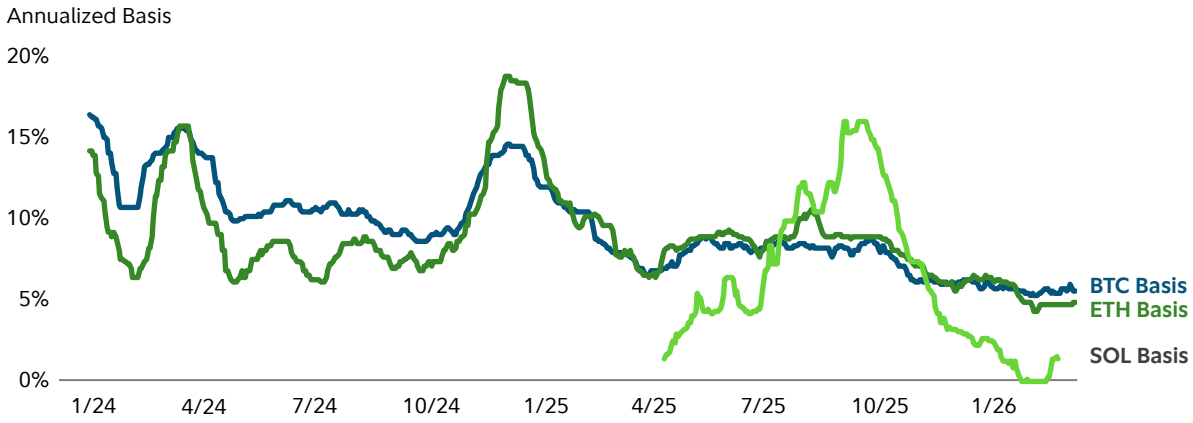
Further, since margin calls are impractical for a continuous execution environment, exchanges use an auto-liquidation mechanism to ensure appropriate collateral health. When margin approaches zero due to losses on the futures position, the position is automatically closed (or partially closed), reducing the trader's position.

Both calendar and perpetual futures enable market-neutral strategies. A popular strategy is the CME basis trade, where a trader will go long a single-asset ETP and short the corresponding CME futures contract. As noted, the basis—the price difference between spot and futures—contracts at expiration for calendar futures, making this trade relatively low risk. Market participants often view basis capture as a "yield:" you invest capital, and after a set period, recover principal plus basis.

For perpetual futures, the approach differs. The trader will short the perpetual futures contract and earn the funding rate when the futures trade above spot. Since funding varies every period (e.g., every 8 hours), managing this position is more active than with dated futures. If funding or basis turns unfavorable, the trader can close the position and reopen it when conditions improve. Exhibit 13 outlines the annualized premium or discount of the BTC, ETH, and SOL futures contracts relative to their spot prices.

Futures premiums are volatile, and tend to reflect the strong trends in the underlying assets. Premiums are generally higher in uptrend markets and lower in downtrend markets. The premium also reflects the demand for leverage in digital assets, expressed through demand for futures, as well as the constraints to execute arbitrage strategies in crypto. To be long crypto against a future, a trader needs considerable capital and is exposed to various risks like counterparty risk and weekend trading risk. SOL's basis is typically more compressed and volatile than BTC and ETH due to higher retail speculative trading and higher staking yields.

Exhibit 13: Annualized premium or discount of the BTC, ETH, and SOL futures contracts relative to the spot price.



Source: Bloomberg Finance LP, as of March 31, 2026.

Investment implications

The expansion of on-chain economies has introduced new income-generating opportunities across staking, lending, and arbitrage strategies, each with distinct return drivers and risk profiles. Staking yield stands out for its low correlation to traditional income assets, offering meaningful diversification benefits supported by network activity. These new opportunities come with new structural risks—including slashing and auto-liquidations—that require disciplined analysis and active management. As blockchain infrastructure matures and participation by traditional asset managers grows, crypto yield strategies are likely to become a more integrated component of diversified portfolios, bridging the gap between digital asset exposure and income-oriented investing.

For more information on crypto yield strategies, please contact your Fidelity representative.

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