AES Insights – Asset-Specific Method Analysis
Stellar Lumens (XLM)

DESCRIPTION

Stellar Lumens (XLM) is the native asset of the Stellar network, developed with the aim of enabling fast, low-cost, and reliable value transfers. Its primary focus is the settlement of cross-border payments and the connection of different currency and payment systems.

At the core of the network is the efficient transfer of assets. XLM functions as a technical bridge and settlement asset, providing liquidity and facilitating transactions between different currencies.

Key characteristics:

- Very short transaction times
- Low transaction costs
- Clear focus on payments and financial infrastructure
- Use as a bridge asset between fiat and digital currencies
- High circulating supply without a traditional scarcity model

Stellar is functionally oriented and deliberately refrains from complex smart-contract architectures. The development of the network is coordinated by the Stellar Development Foundation, with the objective of technically complementing existing financial infrastructures and making them more efficient.

MARKET ENVIRONMENT

The fourth quarter of 2025 was characterized by high leverage, fragile liquidity, and abrupt regime shifts across the cryptocurrency market. A central event was the market-wide flash crash around October 10–11, 2025, during which an exceptionally large liquidation wave (exceeding USD 19 billion) occurred; altcoins typically reacted more strongly and more rapidly than the major reference assets.

Following this shock, deleveraging dominated for extended periods: rapid counter-movements emerged, but no stable new trend structure developed. Toward year-end, declining liquidity and position adjustments intensified the effect, allowing short-term price movements to "slip through" more easily without generating a sustained directional bias.

NEWS

The following section serves solely to provide a temporal classification of the market environment and does not constitute a forecast or a call to action.

October 2025

In October 2025, the focus for Stellar (XLM) was primarily on network and infrastructure stability:

- Meridian 2025 / Ecosystem updates: At the Stellar *Meridian 2025* conference, integration- and infrastructure-related topics were communicated, including interoperability themes around USDC transfers via Circle/CCTP v2.
- State archival topic & preparation of a protocol upgrade: In mid-October, the Stellar Development Foundation (SDF) communicated a technical issue related to state archival and its consistency, and announced the corresponding upgrade timeline.
- Protocol 24 upgrade (vote on 22 October 2025, 17:00 UTC): The period was characterized by concrete preparations for the Protocol 24 upgrade, including upgrade guides and TODOs for infrastructure operators.

November 2025

In November, the focus shifted toward post-analysis and real-world financial use cases:

- Post-mortem on the state archival issue: SDF published a detailed technical post-mortem on the issue identified in October and the measures derived from it.
- Wirex × Stellar: Visa settlement with USDC & EURC live: On 18 November 2025, it was communicated that Wirex, in cooperation with SDF, had launched dual-stablecoin settlement (USDC/EURC) for Visa settlement on Stellar.
- U.S. Bank × PwC × SDF: Test of bank-grade stablecoin issuance: At the end of November, it was announced that U.S. Bank, together with PwC and SDF, was testing custom stablecoin issuance on Stellar (pilot/program character).

December 2025

In December, ecosystem governance/transparency as well as ecosystem and usage updates dominated:

- SDF mandate update (restructuring of XLM holdings): SDF communicated a restructuring of its XLM holding structure (mandate/account structure) to reflect operational priorities and transparency.
- On-chain activity and network metrics in focus: In mid-December, media reported on notable on-chain activity and network usage during December.
- SDF year-in-review (2025): On 31 December 2025, SDF published a year-in-review outlining its 2025 focus, including performance for builders and enterprises, product expansion (e.g., the Disbursement Platform), and preparation for future protocol topics.

AES assessment of the news environment

During the period under review, content related to Stellar/XLM was predominantly operational, technical, and application-oriented: protocol and stability work (Protocol 24 and post-mortem) as well as payments and stablecoin use cases with institutional and finance-related partners (e.g., Visa settlement via Wirex; pilot projects for bank-grade stablecoin issuance).

AES interpretation

News generates amplitude, but no sustainable direction.

PRICE MOVEMENT

Period: 1 October 2025 – 31 December 2025

Throughout the fourth quarter of 2025, **Stellar Lumens (XLM)** exhibited a trading range that shifted downward relative to the higher levels seen in late summer. The movement was not linear, but unfolded in impulses and pullbacks, accompanied by persistent volatility and a lack of stable trend persistence. Recovery attempts remained repeatedly limited and were subsequently neutralized.

October 2025

In October, XLM was still trading in the higher price regions of the quarter. Historical daily data indicate a typical trading range of approximately **USD 0.24–0.29**. At the beginning of the month, several short-term upward impulses were observed, but these could not be sustained. As the month progressed, a gradual downward shift set in, with recoveries regularly encountering resistance. Volatility remained elevated, without the formation of a stable trend structure.

November 2025

In November, the trading range shifted noticeably lower. XLM traded predominantly within a range of approximately **USD 0.18–0.23**. Short-term recovery attempts continued to occur but were repeatedly neutralized by pullbacks. The market displayed a broad, overlapping sideways structure, with former support levels from October failing to be reclaimed.

December 2025
In December, consolidation continued at a lower level. Historical daily values show price action predominantly within a range of approximately **USD 0.19–0.22**. Throughout the month, pronounced intraday swings persisted, without leading to the emergence of a new trend direction. Toward year-end, a directionally neutral sideways movement with increased fluctuation prevailed.

Short price movement summary

- **October:** ~USD 0.24–0.29
- **November:** ~USD 0.18–0.23
- **December:** ~USD 0.19–0.22

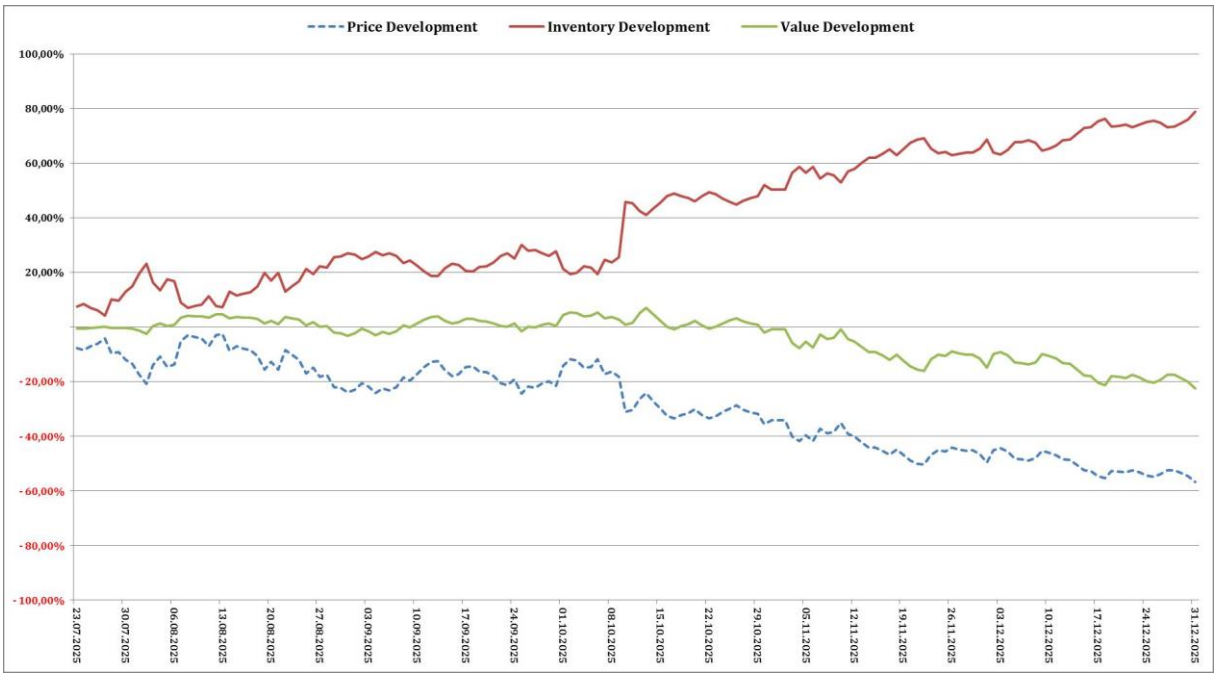
These ranges represent typical daily highs and lows for each month and serve to provide a rough classification of the structural price movement within the AES analysis framework.

AES assessment
The price movement of XLM from October to December 2025 was characterized by a successive downward shift in trading ranges, accompanied by elevated volatility. Upward and downward impulses repeatedly neutralized each other; stable trend persistence did not emerge.

AES finding
The price movement provided fluctuation, not guidance. From an AES perspective, orientation did not arise from the price path itself, but exclusively from the relationship between **time, target, and inventory (holdings)**.

AES – CLASSIFICATION OF THE OBSERVED PERIOD

Observation period: 22 July 2025 – 31 December 2025 (trading days, daily evaluation)



Methodological note

The displayed inventory development is based on a rule-based AES process with fixed intervals and predefined position sizes. No retroactive adjustments or optimizations were applied.

Point-in-time comparison of key metrics (AES vs. Buy & Hold)

Date	2025-10-31	2025-11-30	2025-12-31
Period	101 days	131 days	162 days
Price Development	- 34,17%	- 46,45%	- 56,66%
Average Volatility	7,14%	7,15%	6,82%
Inventory Development	50,47%	65,30%	78,86%
Value Development	- 0,85%	- 11,46%	- 22,43%
Value Development (Buy & Hold)	- 34,17%	- 46,45%	- 56,66%
Relative Value Difference (AES vs. Buy & Hold)	+ 33,31%	+ 34,99%	+ 34,23%

The table compares selected metrics at defined points in time within the same market environment. (Volatility calculated as a rolling daily average.)

This example serves solely as a methodological illustration and does not constitute an assessment of the asset or a statement about future developments.

OBJECTIVE, TIME, AND RETURN WITHIN THE AES FRAMEWORK

Reference framework

- Time horizon: 8 years
- Target return: 12% p.a. net (≈ 16.67% p.a. gross assuming 28% capital gains tax)
- Derived target inventory growth: 11.43%
- Achieved actual inventory growth: 78.86%

This deviation reflects the **methodology**, not the structural quality of the asset.

The following information serves solely to classify progress within the defined target framework.

Starting point: the defined objective

Within the AES framework, target return and time horizon are defined in advance. This definition does not serve to forecast the market, but to structure the process.

The objective does not describe an expected price path, but a desired state at a defined point in time. Return is treated as a reference parameter, not a promise.

Translating the objective into inventory

Within AES, the return objective is not translated into price assumptions, but into a required target inventory.

This target inventory is derived from the current market price and adjusts dynamically. Price remains an external, uncontrollable variable—inventory becomes the primary measurement variable.

In this way, a value-based objective is converted into an inventory-based orientation.

Time as a structuring element

Within AES, time does not function as a source of uncertainty, but as a structuring element.

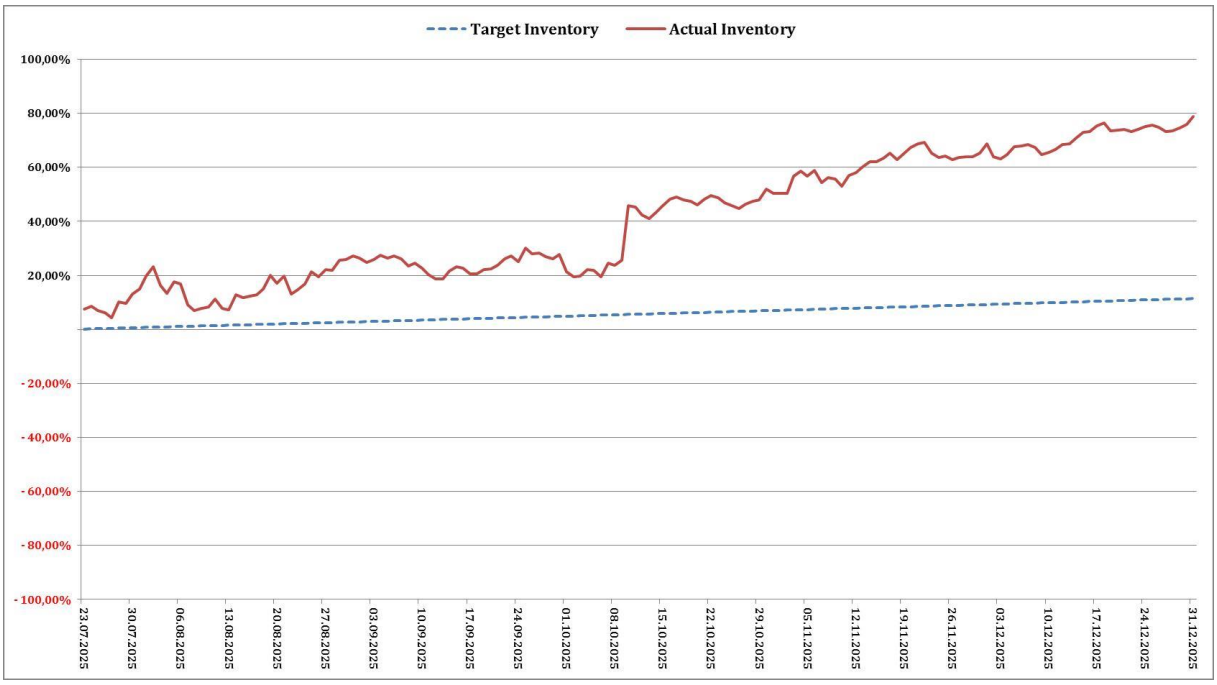
At any point in time, it is possible to determine the inventory required at the current price in order to reach the defined objective within the remaining time horizon.

This can be compared to the actual inventory built. The deviation between target and actual inventory allows for a factual classification:

- ahead of target
- on plan
- behind the target path

Progress is therefore not measured against the market, but against the relationship between objective, time, and inventory.

TARGET AND ACTUAL INVENTORY OVER TIME (AES TARGET PATH)



Impact on decision pressure

Through the continuous comparison of planned and achieved inventory, a calm and verifiable process emerges.

Decisions are not triggered by short-term market movements, but by deviations from the individual target path.

Market movement remains necessary—the emotional reaction to it is structurally reduced.

In this way, calmness and stress reduction emerge without eliminating the productive tension inherent in markets.

CLASSIFICATION

This presentation does not imply any entitlement to returns and does not constitute a forecast of future market developments. It serves solely to provide a methodological classification of progress over time within a rule-based, inventory-oriented process.

BRIEF EXPLANATION OF THE AES METHOD

Within the Alpha Expanse Strategy (AES), no additional capital is allocated to the observed asset. Inventory development arises exclusively through reallocations within the same asset.

These reallocations follow a clearly defined rule set. Reallocation points emerge either from statistical probability assumptions or from actual price movement, without any price forecasting.

The market is neither predicted nor evaluated. Price movements function solely as triggers, not as objectives or expectations.

Volatility is therefore not avoided, but structurally utilized. The effect of the strategy does not result from market timing or external inflows, but from discipline, repetition, and time within a consistent process.

The results shown are based on real trade executions, including all exchange/platform fees and the actual fill prices (CSV order fill exports). No hypothetical data or backtests were used.