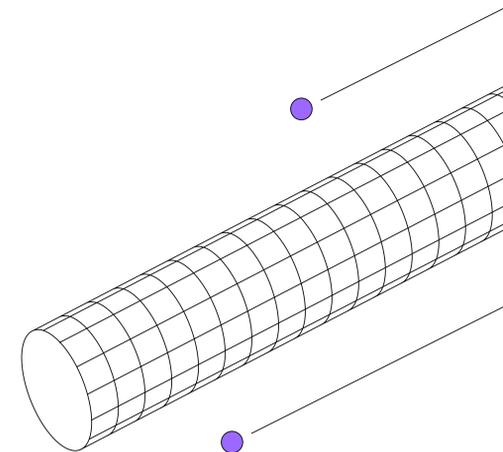


Crypto Hedge Fund Performance Update

FEBRAURY 2023



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In February, crypto markets were relatively flat. The VisionTrack Crypto Hedge Fund Composite Index produced a positive return of +1.71% bringing the year-to-date return to +21.01%. BTC gained a mere +0.07%, Ethereum returned +1.26%, and the Bloomberg Galaxy Crypto Index returned +0.34%.

Through February and year-to-date, all sub-categorical indices, less the Fundamental category, have underperformed BTC +39.74% through the month. Through February and year-to-date, The VisionTrack Fundamental Index returned +41.76%, the VisionTrack Quantitative Index returned +10.25%, and the VisionTrack Market Neutral Index returned +3.80%.

In February, monthly trading was choppy as the market saw an extended month of low volatility and ongoing fears of contagion. Best characterized as a sideways market with no indicative trend, February turned the attention of many managers to opportunities and outlooks for 2023. Notable chatter included the continual growth trend of liquid staking, as liquid staking total-value-locked (TVL) (\$14.08b) surpassed the TVL of lending/borrowing (\$13.70b) to end the month, becoming the second largest category by TVL to decentralized exchanges (\$19.33b).¹

Additionally, the intersection of decentralized finance and institutionalized, tokenized real-world-assets continues to grow in popularity. Led by early examples of tokenized investment funds and supported by real-world-asset companies, the securitization of tokenized products and tokenization of regulated assets offer newer types of collateral and creative financial products.²

Despite a period of low activity, by Mid-March, many crypto hedge funds added yet another hurdle in the impressively long-list of cataclysmic implosions from the last 10 months. Silicon Valley Bank's failed emergency financing last week led to narrative convergence on traditional banks' unrealized gains (losses) on investment securities, in addition to critical discussions of Held-to-Maturity/Total Deposit ratios. Emerging late last week, investors across industries took protective measures to defend deposits and cash balances as small and regional banks fell under much scrutiny driving an immediate incidental movement of capital.

The joint announcement from the Federal Reserve, Treasury Secretary, and FDIC ensured deposits for Silicon Valley Bank, eased tension in the market late last Sunday, potentially shifting macro sentiment.³ However, in the crosshairs, Signature Bank was ordered to suspend activity by the New York State Department of Financial Services in the attempt to protect depositors.⁴ This move largely seen by many, but summarized by Tom Emmer, as a "weaponizing" move to "purge legal crypto activity from the U.S."⁵

The recent action has put crypto hedge funds in a difficult position once again operationally, many shifting to alternative crypto-friendly banking institutions. We are continuing to monitor the situation closely and working with VisionTrack contributors and subscribers to provide our best insight into the new service providers gaining deposits across the market.

CRYPTO HEDGE FUND VisionTrack Composite Index	FEBRUARY 2023 1.71%	LATEST VALUE 507.09	YTD 21.01%
CRYPTO HEDGE FUND VisionTrack Fundamental Index	FEBRUARY 2023 5.36%	LATEST VALUE 588.62	YTD 41.76%
CRYPTO HEDGE FUND VisionTrack Quantitative Index	FEBRUARY 2023 -2.02%	LATEST VALUE 520.75	YTD 10.25%
CRYPTO HEDGE FUND VisionTrack Market Neutral Index	FEBRUARY 2023 1.80%	LATEST VALUE 266.73	YTD 3.80%
Bitcoin	FEBRUARY 2023 0.07%	LATEST VALUE 227.47	YTD 39.74%

[1] Omkar Godbole, Liquid Staking Replaces DeFi Lending as Second-Largest Crypto Sector, coindesk.com, 2023, [2] Muyao Shen, DeFi Champions Pivot From Crypto Intangibles Toward Treasuries, Hard Assets, bloomberg.com, 2023, [3] U.S. Department of the Treasury, Joint Statement by the Department of the Treasury, Federal Reserve, and FDIC, treasury.gov, 2023, [4] FDIC, FDIC Establishes Signature Bridge Bank, N.A., as Successor to Signature Bank, New York, NY, fdic.gov, 2023, [5] Tom Emmer, March 15, 2023, 10:15 am Eastern

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