

# Crypto Hedge Fund Performance Update

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**Bailey York** • Data Associate, VisionTrack

Including early reported estimates, the VisionTrack Crypto Hedge Fund Composite Index lost -0.28% in January compared to Bitcoin's positive start to the year of +1.50%. The VisionTrack Fundamental Index shaved -0.23% and the Quant Directional Index lost -1.39%. The VisionTrack Market Neutral Index added +1.52% continuing its impressive 13-month streak of positive performance.

Considering our previous month's [VisionTrack distribution](#) in January, the VisionTrack Fundamental Index picked up more constituents adding to December's positive performance. With data through February 20, the VisionTrack Fundamental Index returned +59.97% in Q4 2023, revised from January's estimation of +58.12%. Final fixings on the VisionTrack Indices take place T+60; the constituent set will grow larger in the final two weeks of February.

In January, the SEC's approval of ten Bitcoin Spot ETFs was met with enthusiasm and relief from industry veterans. A historical moment for the industry, Bitcoin ETFs provide access to untapped market participants through trusted financial institutions with tighter regulatory oversight limiting operational risks. The ultimate question through most of January was [rotational value](#) from Grayscale's BTC Trust to the newly issued ETFs largely due to more attractive fee structures. [Blackrock](#) and [Fidelity](#) were leaders out the gate gaining a combined ~\$5.5b at the end of January. Grayscale's BTC Trust dropped ~\$5.9b in AUM over the same time.

Speculation remains as to how much net new flows will be from newer institutional entrants as initial flows were inferred to be a change of hands in product offerings. By late January, selling pressure from Grayscale's BTC Trust appeared to taper. The first two weeks of February brought forth much more sizable flows to BTC ETF products, pushing price and driving sentiment.

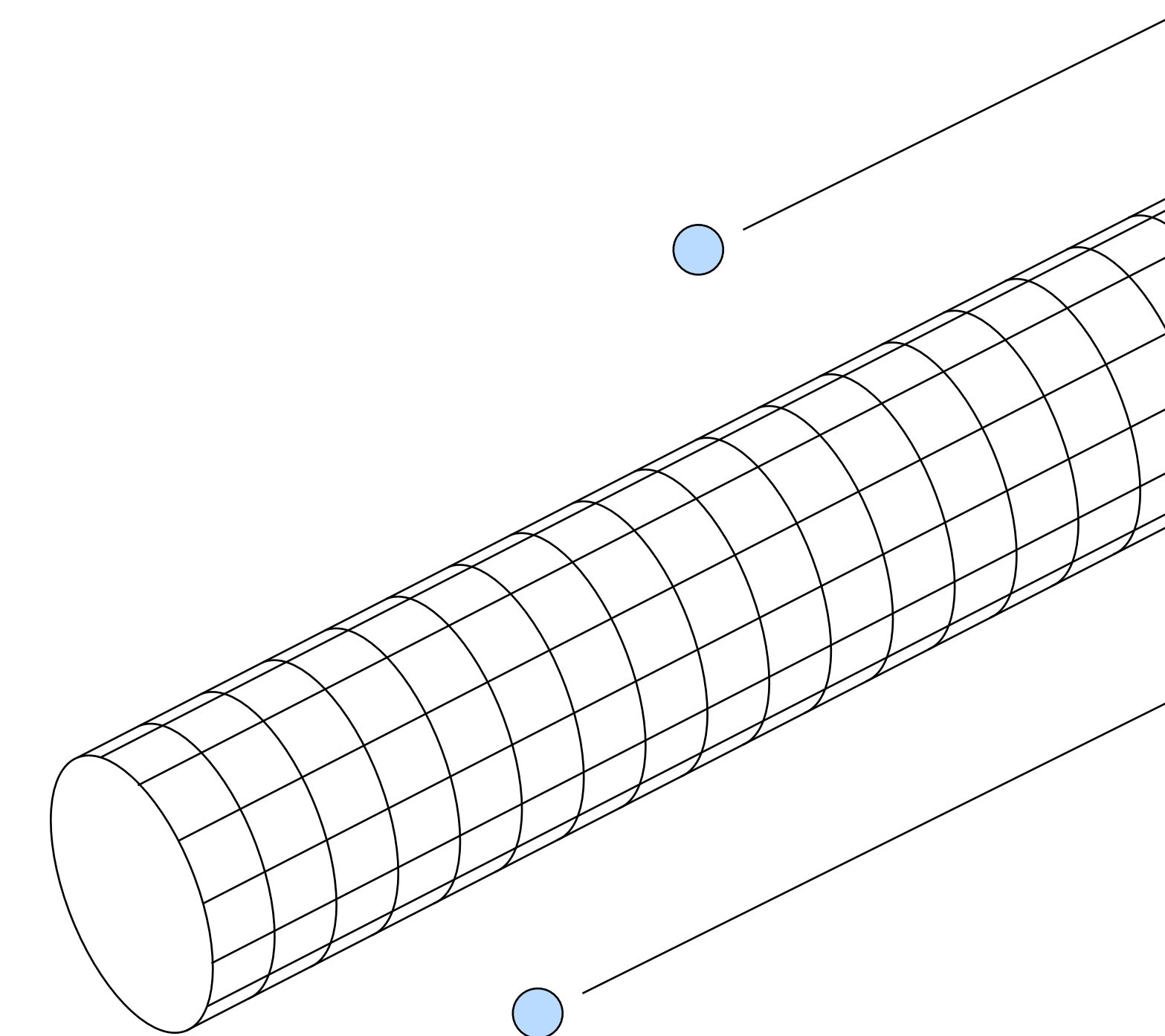
Bitcoin recorded its fifth consecutive month-over-month gain in January. Through February and at the time of writing, Bitcoin has leaped +33.77% likely gearing up

for six straight months of positive performance. The last time Bitcoin recorded six straight months of gains was October 2020 to March 2021. The longest historical run with monthly positive returns in Bitcoin's history is seven months, not seen since 2012.

As noted in our [2024 VisionTrack Report](#), there has only been one instance since January 2018 when the VisionTrack Fundamental Index has outperformed Bitcoin to the upside in two consecutive quarters, Q3 2021 and Q4 2021. While many fund managers have outperformed Bitcoin to the downside, outperformance to the upside indicates alternative crypto assets are rallying. Positive momentum in altcoins is identifiable in hedge fund performance due to portfolio diversification.

Considering year-to-date performance of crypto tokens exceeding \$1b in market capitalization, less than a half of the eighty-eight tokens have outperformed Bitcoin. [Bittensor](#), [Sui](#), [Beam](#), and [Stacks](#) have shown impressive rallies. Considering the previous 30 days at the time of writing, the Sei Network, Aptos, and Mantle communities have seen [fruitful ecosystem growth](#) in terms of value as indicated by CoinGecko. In the final week of January and early February, [Jupiter](#) and [Dymension](#) tapped increasing altcoin liquidity with token launches exceeding \$1b in value.

Bitcoin's halving is expected to occur in [April 2024](#) and historical analysis indicates the price of Bitcoin tends to [increase](#) post-halving. Should Bitcoin continue to rally through Q1 2024, we would see the longest sustained rally in Bitcoin's history. However, considering [Long/Short ratios](#) across centralized exchanges, hedge fund outperformance in Q4, and a lack of substantial hedge fund and venture fundraising announcements to begin Q1 2024, market participants remain cautiously optimistic.



CRYPTO HEDGE FUND <b>VisionTrack Composite Index</b>	JANUARY 2024 <b>-0.61%</b>	LATEST VALUE <b>680.44</b>	YTD <b>-0.61%</b>
CRYPTO HEDGE FUND <b>VisionTrack Fundamental Index</b>	JANUARY 2024 <b>1.05%</b>	LATEST VALUE <b>840.91</b>	YTD <b>-1.05%</b>
CRYPTO HEDGE FUND <b>VisionTrack Quantitative Index</b>	JANUARY 2024 <b>-1.30%</b>	LATEST VALUE <b>701.38</b>	YTD <b>-1.30%</b>
CRYPTO HEDGE FUND <b>VisionTrack Market Neutral Index</b>	JANUARY 2024 <b>1.36%</b>	LATEST VALUE <b>307.13</b>	YTD <b>1.36%</b>
<b>Bitcoin</b>	JANUARY 2024 <b>1.50%</b>	LATEST VALUE <b>421.65</b>	YTD <b>1.50%</b>



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Full criteria for inclusion in the VisionTrack Indices is available by viewing our [Index Methodology](#). If you are a crypto or digital asset fund manager and would like to contribute your performance results to VisionTrack to be included in our VisionTrack Indices, please reach out to us at [visiontrack@galaxy.com](mailto:visiontrack@galaxy.com).

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