

Crypto Hedge Fund Performance Update

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December brought jubilation to the markets as crypto assets rallied to finish 2023. Bitcoin gained +12.18% finalizing performance on the year up +155.24%. Including early reported estimates, the VisionTrack Crypto Hedge Fund Composite Index added +14.35% bringing the YTD performance to +64.02% including early reported estimates. The VisionTrack Fundamental Index jumped +16.08% returning +101.96% YTD. The Quant Directional Index soared +20.03% in December returning +56.41% YTD. Finally, the VisionTrack Market Neutral Index added +3.54% returning +18.48% YTD, finishing the year with twelve consecutive months of positive performance.

For the VisionTrack Composite Index, only January of 2023 recorded a higher monthly performance gain in the year. Both Quant and Market Neutral strategies recorded their best month-over-month gain in 2023 propelling the composite index to levels not seen since April 2022. Quant directional funds had their highest monthly performance since February 2021 (+27.67%). Considering the historical tracking of quant directional strategies, December 2023 ranks as the sixth-highest monthly figure since VisionTrack's rebased date of January 2018.

Similarly, Market-neutral strategies recorded their highest monthly performance gain since April 2021 (+6.12%) and the ninth-highest monthly performance since the rebased date. Also in December, the market neutral index surpassed 300 for the first time ever, a notable achievement for the cohort of fund managers.

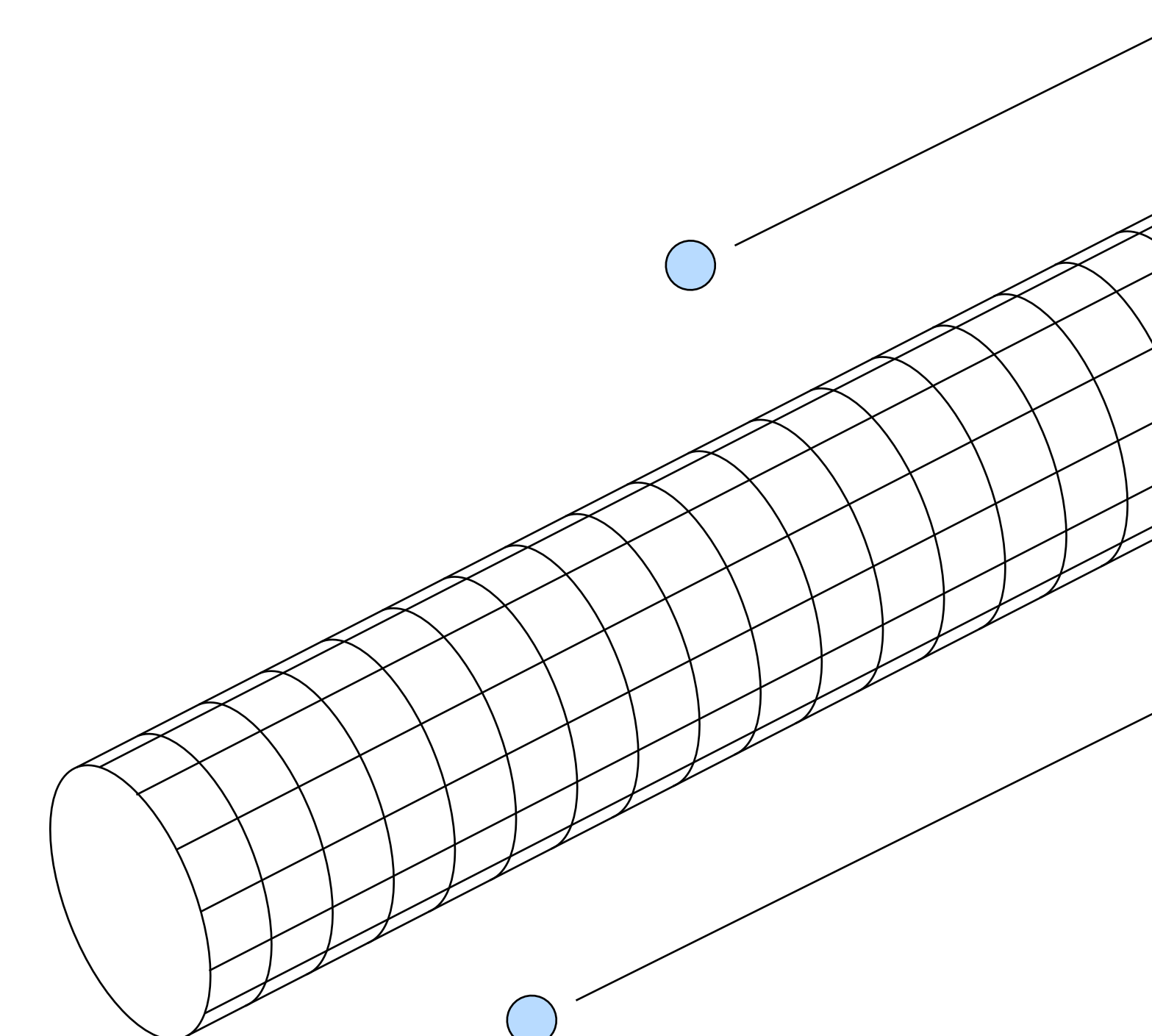
Considering Q4 2023 performance, the VisionTrack Fundamental Index recorded its best-performing quarter of +57.85% since Q1 2021 (+186.15%) just shy of Bitcoin in Q4 (+58.12%) including early reporting estimates. An interesting point to note, the fundamental index saw three consecutive monthly double-digit gains, a first since Q1 2021 and an occurrence that has only happened twice since January 2018. Though quarterly performance almost surpassed Bitcoin, there has only been one time where crypto fundamental strategies had two consecutive quarters of positive outperformance to the upside, Q3 2021 and Q4 2021,

a potential indicator to consider as crypto prices continue to climb in January 2024 and as the VisionTrack Fundamental Index achieves final fixings.

Quant Directional Strategies included in the VisionTrack Quant Index had their best performing quarter since Q1 2021 as well gaining +43.75% to end the year, smashing through previous quarters. Several firms saw an increase in fund subscriptions through the final months of the year, suggesting liquid quant strategies may be gearing up for more fundraising in 2024.

Positive outperformance in Q4, especially November and December, was largely driven by alternative cryptocurrencies and excitement for the US BTC spot approval. To end the quarter and considering crypto assets with roughly \$1b mcap, Solana jumped +401.9%, Sei jumped +377.1%, Injective gained 373.3%, Avalanche gained +321.1%, Near added +227.1% and Celestia debuted their liquid token gaining +301% in just two months. Quant directional and market neutral approaches were well positioned for price increases across top crypto assets as well as alternative cryptos. As sentiment continued to improve and top-level narratives drove Bitcoin to yearly highs, new narratives and excitement across the market drove prices even higher, showcasing successful trading opportunities for many managers.

VisionTrack as a dataset, product, and community of fund managers has grown considerably in the last two years. And in December, the dataset earned its first major citation from Bloomberg, which used data and commentary provided by VisionTrack on crypto hedge fund performance. Performance tracking and fund information are our primary focus, and our mission of providing transparent, accurate, credible, and timely information to crypto fund participants remains core to the product. Our first major citation would not be possible if not for the hundreds of fund managers, their teams, and the quality institutional service providers that held strong, though the criticism and scrutiny of crypto assets through 2022 and 2023 as passive/beta offerings took center stage.



CRYPTO HEDGE FUND VisionTrack Composite Index	DECEMBER 2023 14.35%	LATEST VALUE 687.32	YTD 64.02%
CRYPTO HEDGE FUND VisionTrack Fundamental Index	DECEMBER 2023 16.08%	LATEST VALUE 838.56	YTD 101.96%
CRYPTO HEDGE FUND VisionTrack Quantitative Index	DECEMBER 2023 20.03%	LATEST VALUE 738.77	YTD 56.41%
CRYPTO HEDGE FUND VisionTrack Market Neutral Index	DECEMBER 2023 3.54%	LATEST VALUE 304.46	YTD 18.48%
Bitcoin	DECEMBER 2023 12.18%	LATEST VALUE 415.41	YTD 155.24%

* VisionTrack Indices (January 2018 Inception) | Estimates Included, Final Fixings T+60 | [Historical Returns](#) | [Index Methodology](#)

The crypto hedge fund market was decimated in 2022 and most of 2023. Many managers did not come close to raising capital to meet their capacities. For context, to start 2022, liquid crypto funds held ~\$35b in value. Today, that figure is ~\$14-15b. The justification for many crypto fund-of-fund strategies suffered in the past two years as fees, terms, and taxes ate into returns compared to single-asset products. Allocator platforms dismantled putting high-net worths, crypto-natives, and mining firms as the main support system for larger institutional hedge fund offerings. Fortunately for active managers, a few multi-manager platforms and crypto fund-of-funds teams remain, notably [Coinbase](#), [3iQ](#), and [ML Tech](#), as we turn the page and start a new chapter for institutional crypto in 2024.

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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.

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