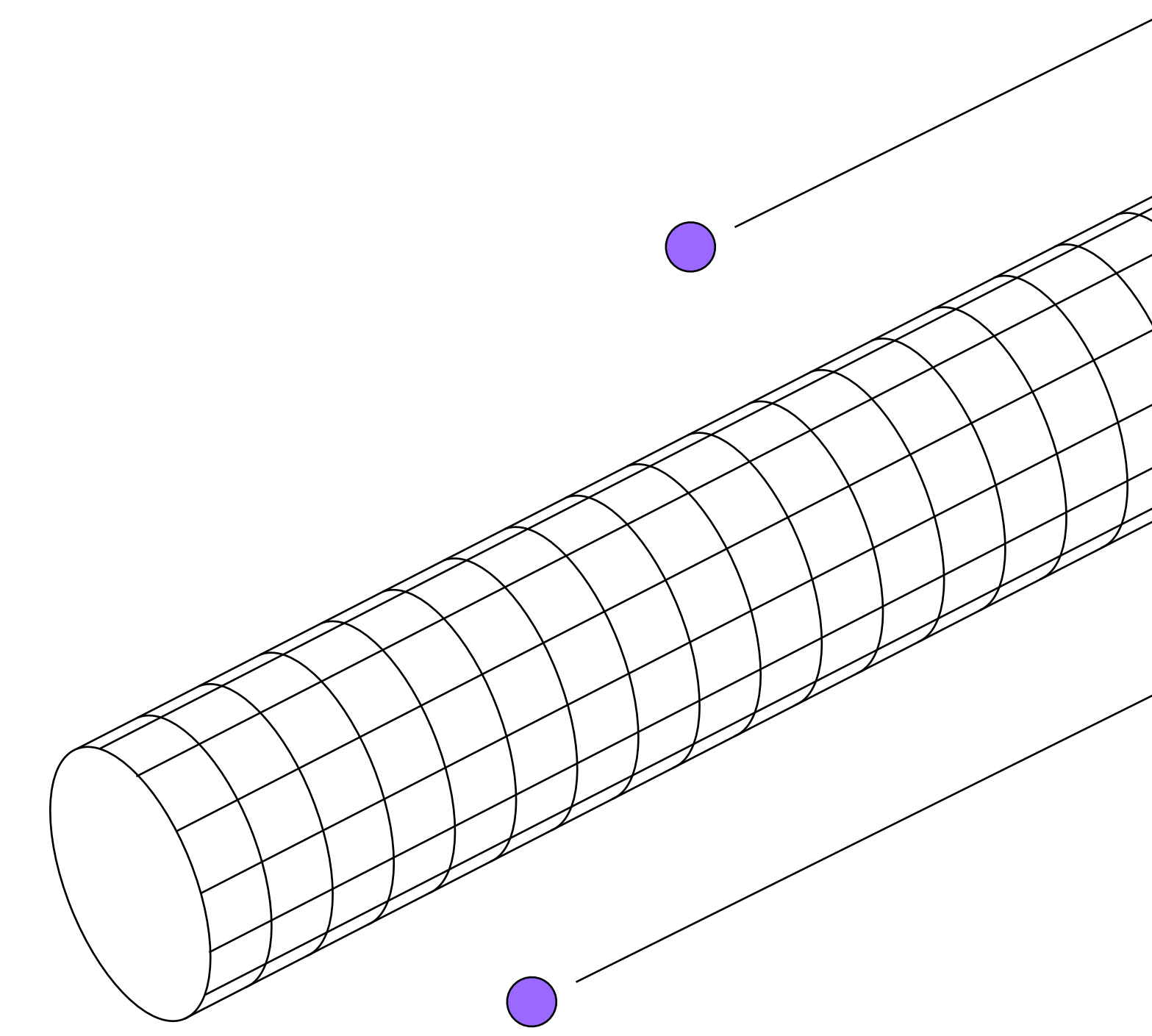


# Crypto Hedge Fund Performance Update

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In April, crypto & digital asset funds posted modest gains maintaining their strong performance to start the year. The VisionTrack Crypto Hedge Fund Composite Index gained +0.16% bringing the year-to-date return to +26.00%. Bitcoin inched +2.72% higher bringing its through-month performance to +76.54% on the year. The Bloomberg Galaxy Crypto Index gained +1.81% and Ethereum trended up +2.72% in March.

Through April and year-to-date all sub-categorical indices continue to trail Bitcoin, though Fundamental funds have seen sizable gains to start the year. In March, the VisionTrack Fundamental Index ticked up +6.41% and +0.56% in April, its year-to-date performance reaching +47.71%. The VisionTrack Quant Directional Index performed modestly to start the year, ticking up +5.39% in March and down -0.30% in April, bringing its year-to-date performance to +16.37%. The VisionTrack Market Neutral Index climbed +1.19% in March and +0.51% in April, a +5.80% gain through the year thus far.

Despite an increase in price for top crypto assets, liquidity continues to be a challenge for market participants. According to [the Block](#), the 7-day moving average for daily spot exchange volume continued to trend at or below \$20b in total value for most of April and according to Coinbase's Q1 2023 investor letter, institutional trading volume reported \$124b in total, the lowest figure in the previous five quarters. Coinbase's [investor letter](#) estimated that 75% of the US spot market trading volume in Q1 was fiat-to-crypto pairs.

Amid the backdrop of historically low volume in recent years, crypto hedge funds face challenges with the lack of a crypto banking settlement layer. Ram Ahluwalia recently took to twitter to discuss this exact issue, [paraphrasing](#), "this problem was seemingly solved with SEN and Signet. Market Makers rely on the banks for compliance with sanctions screen laws issues by OFAC. Without banks, market makers assume of the counterparty and settlement risk."

The recent development and continued uncertainty have shifted many market makers and funds to opening offshore operations a trend. Most notable, [Jane Street & Jump Crypto](#) signaled a pull-back from trading digital asset market making in early May. In recent weeks, [Gemini](#) and [Coinbase](#) announced the launch of offshore derivative platforms allowing eligible jurisdictions outside of the US markets to trade perps and Canada announced its withdraw from the Canadian [marketplace](#) as guidance on stablecoins and investor limitations made the Canadian marketplace "no longer tenable for Binance at this time."

While attention for many crypto hedge funds has centered on looming regulation uncertainty, meme coins gained significant traction as activity sparked around decentralized exchanges. On May 5th, the average gas price on the Ethereum blockchain reached 155.84 gwei, a level not reached since [May 2022](#). [Weekly decentralized exchange](#) transaction volume climbed modestly on Uniswap from the meme coin mania, though short of its yearly high which occurred mid-March. Further, Uniswap's daily [unique user count](#) exceeded 50k users in early May, a figure not seen in several quarters.

CRYPTO HEDGE FUND <b>VisionTrack Composite Index</b>	APRIL 2023 <b>0.16%</b>	LATEST VALUE <b>528.01</b>	YTD <b>26.00%</b>
CRYPTO HEDGE FUND <b>VisionTrack Fundamental Index</b>	APRIL 2023 <b>0.56%</b>	LATEST VALUE <b>613.30</b>	YTD <b>47.71%</b>
CRYPTO HEDGE FUND <b>VisionTrack Quantitative Index</b>	APRIL 2023 <b>-0.30%</b>	LATEST VALUE <b>549.66</b>	YTD <b>16.37%</b>
CRYPTO HEDGE FUND <b>VisionTrack Market Neutral Index</b>	APRIL 2023 <b>0.51%</b>	LATEST VALUE <b>271.88</b>	YTD <b>5.80%</b>
<b>Bitcoin</b>	APRIL 2023 <b>2.72%</b>	LATEST VALUE <b>287.33</b>	YTD <b>76.54%</b>

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For more information on our updated methodology as well as downloadable monthly data, please visit our website at <https://visiontrack.galaxy.com>.

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