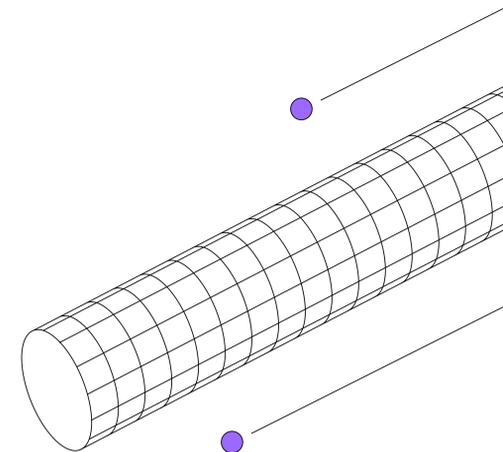


# Crypto Hedge Fund Performance Update

MARCH 2023



**Bailey York** - Data Associate, VisionTrack

In March, the crypto asset class saw more gains. The VisionTrack Crypto Hedge Fund Composite Index gained +5.03% bringing the year-to-date return to +26.23%. Bitcoin surged another +22.99% bringing its through-month performance to +71.87% on the year. The Bloomberg Galaxy Crypto Index returned +11.96% and Ethereum trended up +13.49% in March.

Through March 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 +8.50%, its year-to-date performance reaching +50.14%. The VisionTrack Quant Directional Index performed modestly to start the year, ticking up +3.24% in March, bringing its end-of-quarter performance to +14.47%. The VisionTrack Market Neutral Index climbed +1.16%, a +5.23% year-to-date thus far.

March was yet another operationally challenging time for crypto hedge funds. The recent action put crypto hedge funds in a scramble for alternative crypto-friendly banking institutions. After the viral emergency financing of SVB, many crypto hedge funds looked to add new partners or move capital in creative means to protect funds. According to VisionTrack and though 2022 the most used fiat banks for crypto hedge funds were Signature, Silvergate, and Silicon Valley. While it is still too early to assume how banking relationships in the market will be officialized for all funds, we are continuing to see funds expand their current banking relationships.

In timely fashion, Coincub, a cryptocurrency research and ranking firm, tracking compliance and growth of the crypto economy released their [Banking Report for 2023](#)<sup>1</sup>.

A notable finding, Europe leads the way with 55 crypto-friendly banks, 14 of which are domiciled in the United Kingdom. Additionally, the report taxonomizes crypto-friendly banks into three categories; traditional, fintech, and crypto-focused. According to Coincub, traditional banking institutions encompass roughly 48.4% of crypto-friendly banking partners, whereas crypto-dedicated banks make up only 15.1% of total banks.

On the topic of service providers for the institutional exchanges. The high-level narrative outstanding in US circles remain on Coinbase and Bittrex; two crypto exchanges that have come under close watch from the U.S. Securities and Exchange Commission's Enforcement Division. As indicated on [Richie Lai](#)<sup>2</sup> the final week of March via Twitter, Bittrex stated they would begin the process of winding down its US operations. And more recently today, [Brian Armstrong](#)<sup>3</sup> indicated that the exchange "would consider moving away from the U.S. if the regulatory environment for the industry does not become clearer."

For almost a year, the institutional crypto market has been positioned with incredible regulatory uncertainty. Along with a drastic annual drop in AUM, the fundraising environment continues to be challenging for all fund strategies. A notable trend, many firms in the market consolidated the number of offered funds over Q1. For example, crypto-dedicated firms with 3-5 strategies reduced their product offering to focus on flagship funds. Despite consolidation from platforms and crypto hedge funds, crypto venture fundraising showed some positive news to start the quarter. Nearly \$2.2b in total fund value was raised in the first quarter of this year across 14 total funds, a figure most closely resembling Q1 2021 - Q2 2021.

CRYPTO HEDGE FUND	MARCH 2023	LATEST VALUE	YTD
<b>VisionTrack Composite Index</b>	<b>5.03%</b>	<b>528.99</b>	<b>26.23%</b>
<b>VisionTrack Fundamental Index</b>	<b>8.50%</b>	<b>623.41</b>	<b>50.14%</b>
<b>VisionTrack Quantitative Index</b>	<b>3.24%</b>	<b>540.68</b>	<b>14.47%</b>
<b>VisionTrack Market Neutral Index</b>	<b>1.16%</b>	<b>270.41</b>	<b>5.23%</b>
<b>Bitcoin</b>	<b>22.99%</b>	<b>202.04</b>	<b>71.87%</b>

[1] Laurel Murphy, [Crypto Banking Report](#), [coincub.com](#), 2023

[2] Richie Lai, [March 31, 2023, 3:06 pm Eastern](#)

[3] Jamie Crawley, [Coinbase Could Move Away From U.S. if No Regulatory Clarity: CEO Brian Armstrong](#), [coindesk.com](#), 2023

## Connect with Us

If you are a digital asset fund manager and would like to contribute your performance results to VisionTrack to be eligible for inclusion in our VisionTrack Indices, please reach out to us at [visiontrack@galaxy.com](mailto:visiontrack@galaxy.com).

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

## Disclosures

The VisionTrack Data Dashboard and the VisionTrack Database are provided for informational purposes only and should not be relied upon for the basis of any investment decisions. The content provided herein should not be considered investment advice, and is not a recommendation of, or an offer to sell or solicitation of an offer to buy, any particular security, strategy, or investment product by Galaxy Digital or its affiliates to buy or sell any securities. Except where otherwise indicated, the information is based on matters as they exist as of the date of preparation and not as of any future date and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof.

Certain statements reflect Galaxy's views, estimates, opinions or predictions (which may be based on proprietary models and assumptions, including, in particular, Galaxy's views on the current and future market for digital assets), and there is no guarantee that these views, estimates, opinions or predictions are currently accurate or that they will be ultimately realized. To the extent these assumptions or models are not correct or circumstances change, the actual performance of Galaxy and its subsidiaries may vary substantially from, and be less than, the estimated performance. None of Galaxy nor any of its respective affiliates, shareholders, partners, members, directors, officers, management, employees or representatives makes any representation or warranty, express or implied, as to the accuracy or completeness of any of the information transmitted or made available to you. Each of the aforementioned parties expressly disclaims any and all liability relating to or resulting from the use of the information.

This document provides links to other websites that we think might be of interest to you. Please note that when you click on one of these links, you may be moving to a provider's website that is not associated with Galaxy. These linked sites and their providers are not controlled by us, and we are not responsible for the contents or the proper operation of any linked site. The inclusion of any link does not imply our endorsement or our adoption of the statements therein. We encourage you to read the terms of use and privacy statements of these linked sites as their policies may differ from ours. This document, and the information contained herein, has been provided to you by Galaxy Digital Holdings LP and its affiliates ("Galaxy") solely for informational purposes. This document may not be reproduced or redistributed in whole or in part, in any format, without the express written approval of Galaxy. Neither the information, nor any opinion contained in this document, constitutes an offer to buy or sell, or a solicitation of an offer to buy or sell, any advisory services, securities, futures, options or other financial instruments or to participate in any advisory services or trading strategy. Nothing contained in this document constitutes investment, legal or tax advice. You should make your own investigations and evaluations of the information herein. Any decisions based on information contained in this document are the sole responsibility of the reader. Certain statements in this document reflect Galaxy's views, estimates, opinions or predictions (which may be based on proprietary models and assumptions, including, in particular, Galaxy's views on the current and future market for certain digital assets), and there is no guarantee that these views, estimates, opinions or predictions are currently accurate or that they will be ultimately realized. To the extent these assumptions or models are not correct or circumstances change, the actual performance may vary substantially from, and be less than, the estimates included herein. None of Galaxy nor any of its affiliates, shareholders, partners, members, directors, officers, management, employees or representatives makes any representation or warranty, express or implied, as to the accuracy or completeness of any of the information or any other information (whether communicated in written or oral form) transmitted or made available to you. Each of the aforementioned parties expressly disclaims any and all liability relating to or resulting from the use of this information. Certain information contained herein (including financial information) has been obtained from published and non-published sources. Such information has not been independently verified by Galaxy and Galaxy does not assume responsibility for the accuracy of such information. Affiliates of Galaxy's own investments in some of the digital assets and protocols discussed in this document. Except where otherwise indicated, the information in this document is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof. The foregoing does not constitute a "research report" as defined by FINRA Rule 2241 or a "debt research report" as defined by FINRA Rule 2242 and was not prepared by GalaxyDigital Partners LLC. For all inquiries, please email [contact@galaxy.com](mailto:contact@galaxy.com). ©Copyright Galaxy Digital Holdings LP 2022. All rights reserved.