

Crypto Hedge Fund Performance Update

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In September, Bitcoin bounced +3.12% outperforming crypto & digital asset hedge fund strategies. The VisionTrack Crypto Hedge Fund Composite Index gained +0.20% bringing the year-to-date return to +16.39% as Bitcoin's yearly dominance climbed to +61.42%.

However, in the third quarter, Bitcoin fell -11.54%. In the same duration, the VisionTrack Fundamental Index dropped -9.20%, the Quant Directional Index lost -7.79%, and the Market Neutral Index gained +2.75%. Largely supported by outperformance in July and August, fund managers demonstrated modest downside protection. In September, firms were relatively flat through continued historically low volume and volatility. In September, the VisionTrack Fundamental Index picked up +0.59% tracking to +28.14% YTD, and Quant Directional funds shaved -1.07% falling to +8.30% YTD. The VisionTrack Market Neutral Index added +0.67%, the ninth consecutive positive month, climbing to +10.15% YTD.

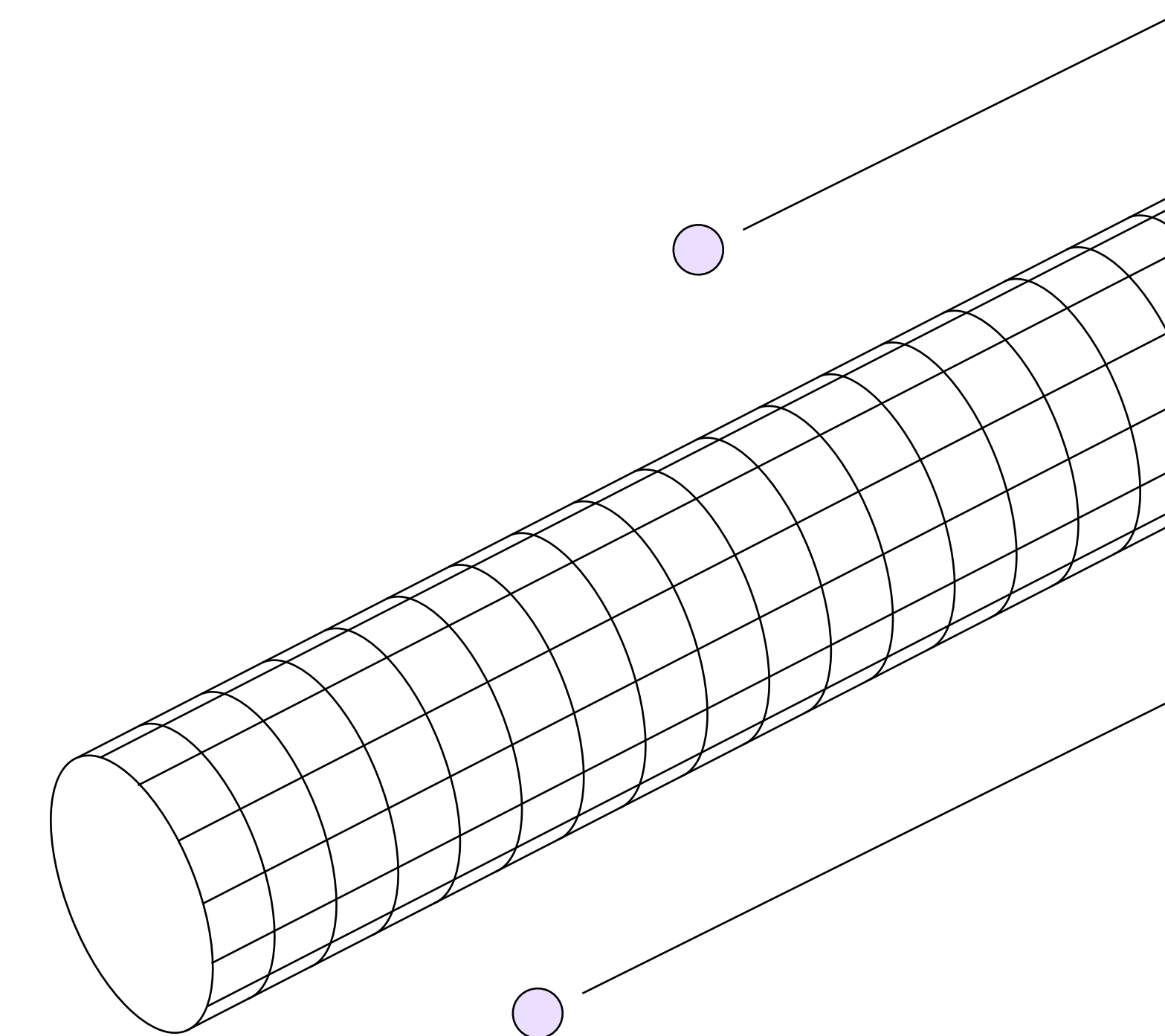
A surge in the total identifiable universe of investment managers investing or trading in the blockchain/crypto vertical amassed to 1,964 at the end of Q3 2022. Throughout 2021 and 2022, a major challenge for the market was merely identifying and curating detail on active managers let alone monitoring the status of firms. For the most up-to-date tracking on the crypto-dedicated universe, the [VisionTrack Data Dashboard](#) has been updated for total investor counts.

Through Q3 2023, VisionTrack has identified an investment firm universe of 2,407 firms, a +22.5% increase from the previous year. Of the total investment firm universe 1,832 (76.11%) are classified as crypto-dedicated managers. Crypto-dedicated managers are constituted as an investment manager that has raised a crypto-dedicated fund vehicle, including a single asset or passive/beta product, a crypto hedge fund, and/or a crypto venture fund. In the last year, we've improved on collecting details regarding the total investor universe and crypto-dedicated fund managers while tracking the status of firms actively investing and/or trading in the market.

Unfortunately, despite a +22.5% increase in total investable firms, hundreds of firms have closed in the last year. The total crypto-dedicated firm count through Q3 2023 of 1,832 firms is categorized as 712 crypto hedge funds, 893 venture firms, and 227 crypto platforms. Of the 1,832, VisionTrack suspects nearly 12% of crypto-dedicated firms are inactive or closed altogether, leaving roughly 1,609 total active crypto-dedicated firms. In VisionTrack, an inactive firm is classified as an investment firm that had previously operated a crypto-dedicated strategy in the market. A firm that consolidates strategies would not be considered an inactive firm; every firm is counted once regardless of having multiple fund offerings.

When considering the inactive status of all crypto-dedicated firms, categorically, crypto hedge funds saw the largest reduction. Though Q3 2023, roughly 20.5% of crypto-dedicated hedge funds were classified as inactive of which many closed in Q4 2022 or Q1 2023. Despite growth in the overall fund universe, fewer crypto hedge funds have launched this year as crypto venture strategies attract more fundraising. Comparatively, many crypto-dedicated venture firms survived the downturn beginning in 2022. Only 7.6% of crypto-dedicated venture firms are marked as inactive and 3.9% of platforms are inactive.

Fund managers have witnessed the notable market shift towards crypto-dedicated venture vehicles and single asset/passive products throughout 2023. Despite this reallocation from crypto hedge funds, VisionTrack's constituent set with performance detail has grown +53.5% in the past year, demonstrating the increasing demand for quality fund information and proper benchmarks for crypto hedge fund strategies. Additionally, pending final fixings, crypto hedge funds narrowly outperformed BTC in Q3 2023, a positive shift for active strategies.



CRYPTO HEDGE FUND VisionTrack Composite Index	SEPTEMBER 2023 0.20%	LATEST VALUE 487.76	YTD 16.39%
CRYPTO HEDGE FUND VisionTrack Fundamental Index	SEPTEMBER 2023 0.59%	LATEST VALUE 532.04	YTD 28.14%
CRYPTO HEDGE FUND VisionTrack Quantitative Index	SEPTEMBER 2023 -1.07%	LATEST VALUE 511.51	YTD 8.30%
CRYPTO HEDGE FUND VisionTrack Market Neutral Index	SEPTEMBER 2023 0.67%	LATEST VALUE 283.06	YTD 10.15%
Bitcoin	SEPTEMBER 2023 3.12%	LATEST VALUE 262.71	YTD 61.42%

*(VisionTrack Indices (January 2018 Inception) | Estimates Included, Final Fixings T+60

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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.

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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