

# Crypto Hedge Fund Performance Update

FEBRUARY 2024

**Bailey York** • Data Associate, VisionTrack

In February, crypto hedge funds saw record-breaking monthly performance across all strategy types as Bitcoin continued its impressive streak to start the year. Based on early reporting estimates, The VisionTrack Crypto Hedge Fund Composite Index added +25.52% in February, the highest monthly gain since February 2021. The VisionTrack Fundamental Index added +31.92%, the VisionTrack Quant Directional Index grew +31.14%, and the VisionTrack Market Neutral Index added +3.27%. As additional reported performance is tracked, VisionTrack will revise these figures.

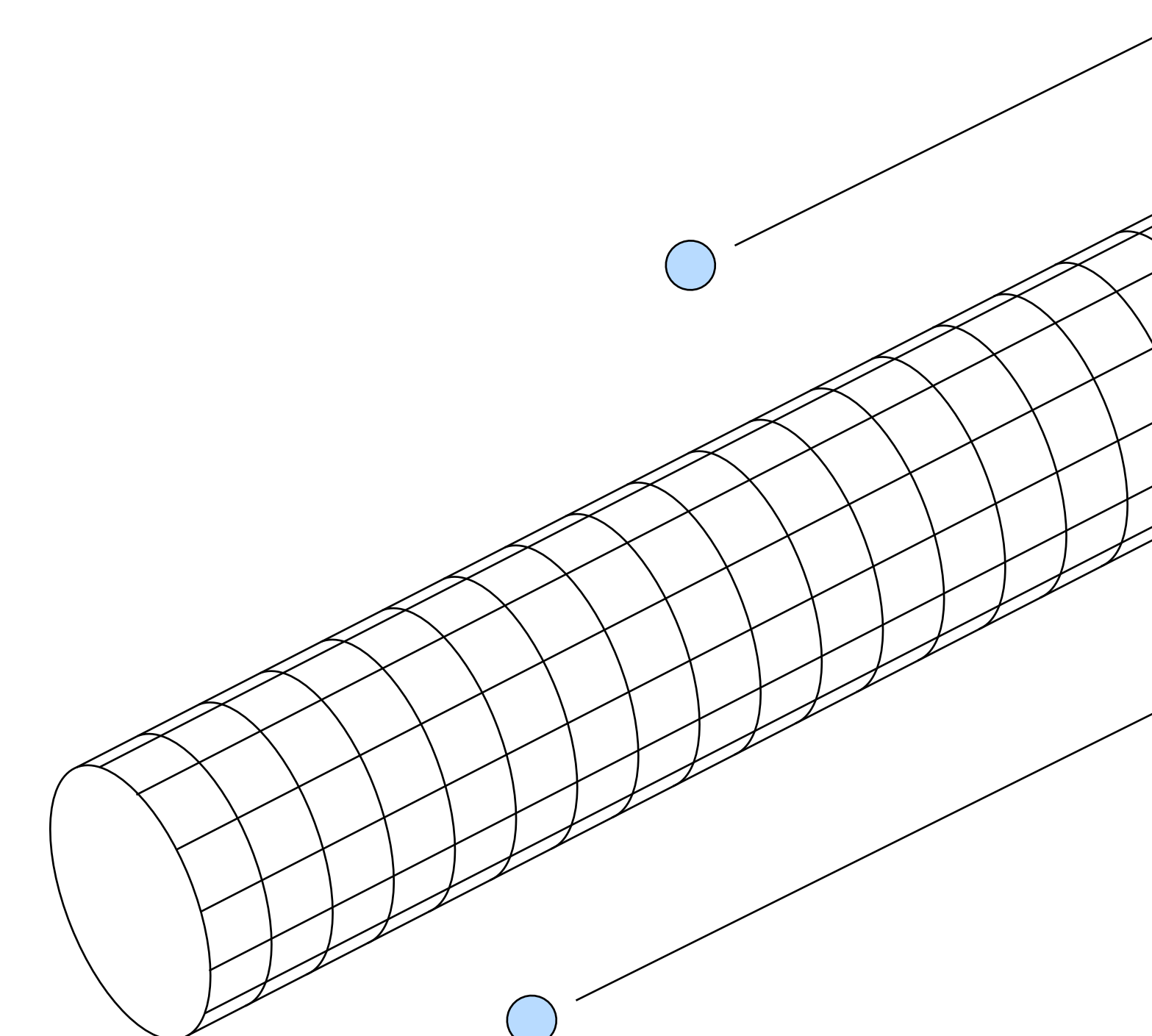
Days after February month-end Bitcoin reached a new all-time high for the first time since November 2021. An exciting milestone for industry participants, Bitcoin's accelerated price increase in February might best be attributed to the continued steady inflows in US BTC Spot product offerings, improving macro conditions, and the upcoming Bitcoin halving in April. Data, as tracked by Coinglass, suggests US BTC ETFs held \$42.79b at month-end in February, up from \$28.34b at month-end in January, a notable increase for all crypto fund products.

Bitcoin's previous all-time high occurred November 10, 2021. While not exactly one-for-one, rebasing the VisionTrack Indices to November 2021 might demonstrate the performance of crypto hedge funds compared to a buy-and-hold Bitcoin approach with inception dates beginning at the previous all-time high. Including early reported estimates for February 2024, the VisionTrack composite index gained +21.33% from November 2021 through February 2024. The VisionTrack Fundamental Index lost -10.66%, the VisionTrack Quant Directional Index gained +25.45%, and the VisionTrack Market Neutral Index gained +19.37% over the same period.

Fund performance for fundamental strategies fell short compared to Bitcoin over this period. As indicated in past reports, hedge fund fundamental strategies often compete with liquid crypto strategies and crypto venture firms from a fundraising perspective. In H1 2022, formalized venture fund structures with 7-10 year lock-up periods became the most sought investment vehicles as crypto natives and traditional investors crowded into venture fund structures for actively managed exposure. Data tracked by VisionTrack estimates ~\$26b of total fund value was raised in H1 2022 across 149 funds. Historically, this best half-year fundraising event for crypto venture strategies. Despite the major shift from fundamental hedge funds to venture structures, the previous cycle's top in 2021 ushered in a new wave of fully systematic quantitative approaches with directional, market neutral, and yield generation strategies not dissimilar to 2017-2019.

The VisionTrack Indices inception date of Jan 2018 showcases performance just after the all-time high on December 11, 2017. In the first year of the VisionTrack Indices, the VisionTrack Composite Index dropped -27.09% compared to Bitcoin's -63.07% fall. Since the rebase date of January 2018 and considering comparable performance from the 2017 top to recent all-time highs, the VisionTrack Composite Index returned +762.02% including early reported February estimates. The VisionTrack Fundamental Index grew +1,011.94%, the VisionTrack Quant Directional Index grew +836.17%, and the VisionTrack Market Neutral Index grew +217.97%. Bitcoin has gained +506.07% in that same period.

A major win for actively managed fund strategies, notably quant directional and market neutral managers, the victory did not come easily as VisionTrack estimates nearly 35% of the identifiable crypto hedge funds closed altogether from May 2022 through December 2023.

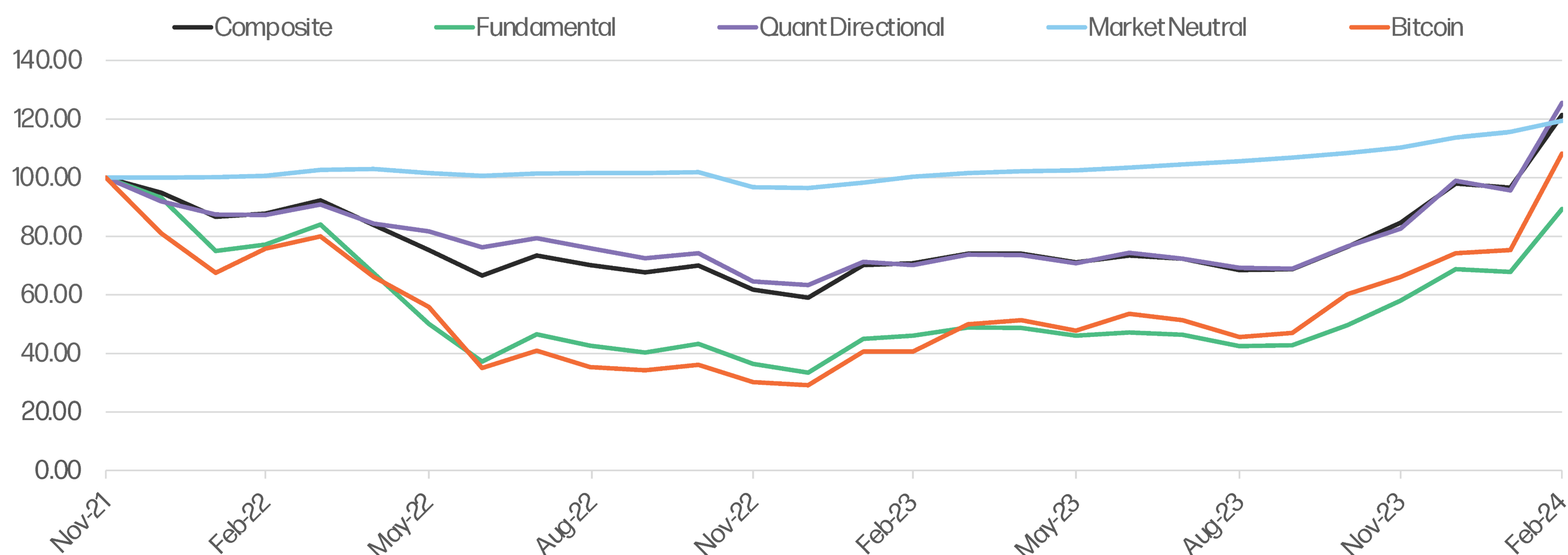


CRYPTO HEDGE FUND <b>VisionTrack Composite Index</b>	FEBRUARY 2024 <b>25.52%</b>	LATEST VALUE <b>862.02</b>	YTD <b>23.73%</b>
CRYPTO HEDGE FUND <b>VisionTrack Fundamental Index</b>	FEBRUARY 2024 <b>31.92%</b>	LATEST VALUE <b>1111.94</b>	YTD <b>29.95%</b>
CRYPTO HEDGE FUND <b>VisionTrack Quantitative Index</b>	FEBRUARY 2024 <b>31.14%</b>	LATEST VALUE <b>936.17</b>	YTD <b>26.73%</b>
CRYPTO HEDGE FUND <b>VisionTrack Market Neutral Index</b>	FEBRUARY 2024 <b>3.27%</b>	LATEST VALUE <b>317.97</b>	YTD <b>4.94%</b>
<b>Bitcoin</b>	FEBRUARY 2024 <b>43.74%</b>	LATEST VALUE <b>606.07</b>	YTD <b>45.90%</b>

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

## VisionTrack Crypto Hedge Fund Indices – Nov 2021 – Feb 2024\*

Source: Galaxy's VisionTrack



Data: Feb 2024 data includes early reported estimates, final fixings T+60

## Connect with Us

All individual hedge fund level monthly performance and constituent funds of the VisionTrack Crypto Hedge Fund Indices are GP-contributed, opt-in contributors to our VisionTrack Database. If you are interested in API access to our historical and monthly Index fixings or underlying constituent set, please reach out to us at [visiontrack@galaxy.com](mailto:visiontrack@galaxy.com).

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).

## 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.

The VisionTrack Crypto Hedge Fund Indices are a family of crypto hedge fund indices owned and administered by VisionTrack and Galaxy Vision Hill Group, LLC. The VisionTrack Crypto Hedge Fund Indices are designed to represent the overall performance of actively managed crypto and digital asset-focused hedge funds. Performance of an index is not illustrative of any particular investment. It is not possible to invest directly in an index. Historical performance is not indicative of future results. Performance information for the indices is provided for informational purposes only. 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.

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 2024. All rights reserved.