

Crypto Hedge Fund Performance Update

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Bailey York • Data Associate, VisionTrack

Crypto & digital asset hedge funds performed modestly the board in June, yet Bitcoin once again outperformed all VisionTrack Indices. The VisionTrack Crypto Hedge Fund Composite Index gained +3.47% bringing the year-to-date return to +24.75%. Bitcoin recovered +11.94% bringing its half-year performance to +83.96%. The Bloomberg Galaxy Crypto Index gained +2.49% and ETH ticked +3.16% higher.

Bitcoin continues to climb higher through the year functioning as non-sovereign money. The VisionTrack Fundamental Index was up +3.18% in June bringing its through-June performance to +42.44%. The VisionTrack Quant Directional Index added +4.97% in June and the VisionTrack Market Neutral Index grew +0.93% higher.

Should similarities to 2019 continue to function as a guidance point for crypto hedge fund performance in 2023 following a major down year in 2022 similar to 2018, Bitcoin through the first half of 2019 was +187.79% from December 31

In 2019, July was the first down month (-6.38%) of the year for BTC. Two consecutive months of losses followed with an ultimate selloff in September. Bitcoin rebounded in October 2019 and later crashed -17.41% in December 2019. From the end of July to the end of December, BTC dropped -28.83% and the VisionTrack Composite Index was down -14.92%. In the same time-frame, the VisionTrack Fundamental Index lost -24.71%, the VisionTrack Quant Directional Index dropped -10.45%, but the VisionTrack Market Neutral Index gained +1.60%.

Though not an indication, the expectation for Bitcoin's outperformance across the industry brings with it strong tailwinds from June and early July as adoption for passive/beta products has gained significant interest in global markets. Additionally, more and more traditional hedge fund managers are slowly gearing

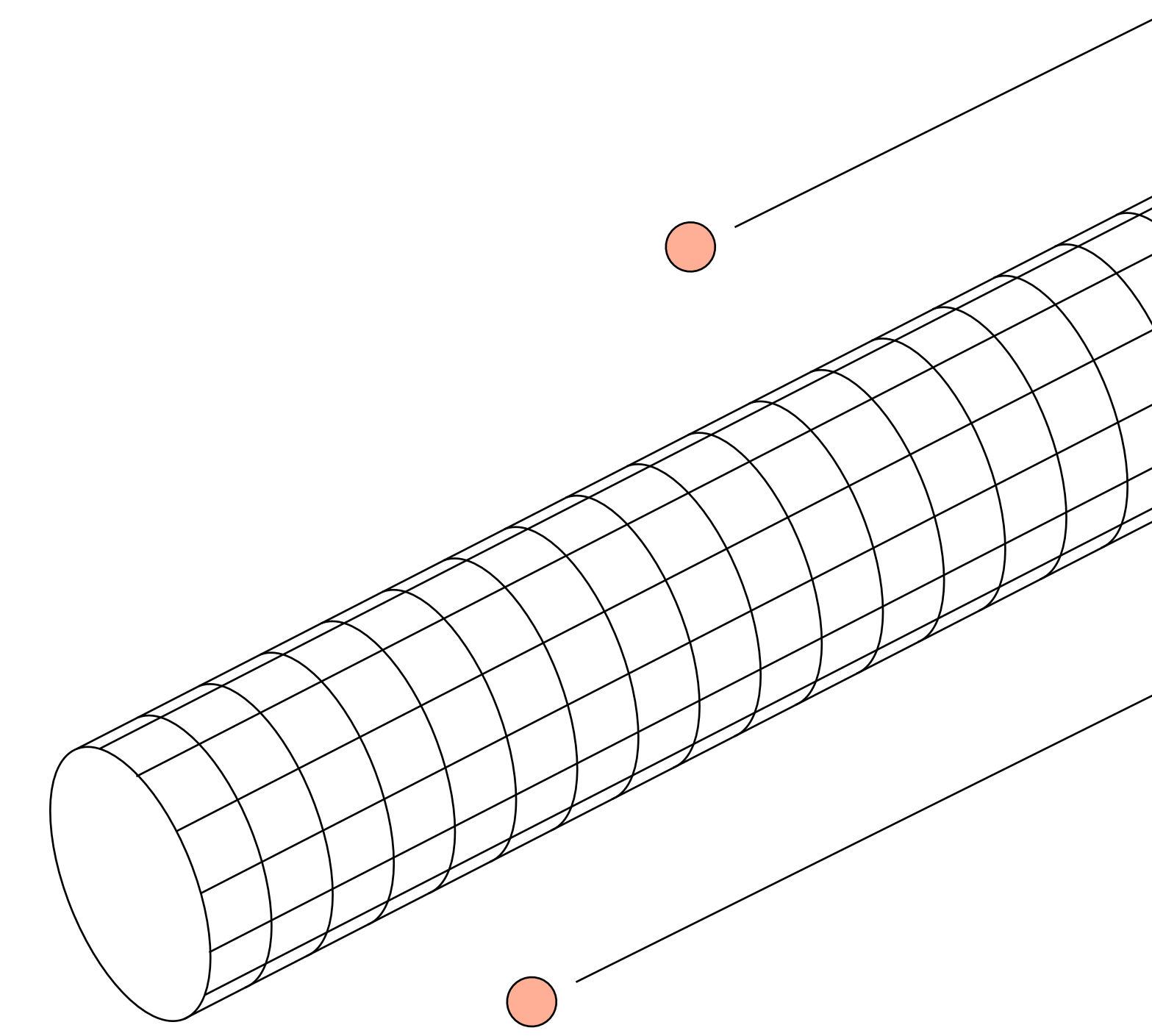
up to fundraise their first, true crypto-dedicated products solely for crypto & digital assets.

In a swarm of positive regulatory developments in the latter half of June, the industry experienced a relief rally globally. In US markets, ArkInvest, BlackRock, Fidelity, Invesco/Galaxy, VanEck, and WisdomTree all announced Bitcoin spot ETF filings driving a surge in the price of Bitcoin to end the month. And late last week, the SEC acknowledged Bitcoin ETF applications from each firm mentioned above moving along the possibility for approval.

Abroad, Jacobi Asset Management aims to launch Europe's first bitcoin ETF on Euronext Amsterdam. And in Australia, Monochrome reapplied for a fully licensed spot ETF with the Australian Securities Exchange (ASX).

Quickly following the initial wave of filings in June, EDX Markets launched a digital asset market backed from several top-tier traditional financial institutions. Additionally, Deutsche Bank applied for regulatory permission to operate as a custody service provider for digital assets such as cryptocurrencies. The announcements one after another drove continual tailwinds for traditional firms eager to have solid footing for more exposure to the sector.

Addressing BlackRock's recent development, CEO Larry Fink, who's comments have caught attention from crypto enthusiasts, said in an interview with Fox Business, "Bitcoin is an international asset, it's not based on any one currency and so it can represent an asset that people can play as an alternative." Less than a week later, Fink commented on CNBC stating that crypto has "differentiating value when compared to other asset classes" and an "international crypto product will transcend" any one currency or currency devaluation.



CRYPTO HEDGE FUND VisionTrack Composite Index	JUNE 2023 3.47%	LATEST VALUE 522.79	YTD 24.75%
CRYPTO HEDGE FUND VisionTrack Fundamental Index	JUNE 2023 3.18%	LATEST VALUE 591.43	YTD 42.44%
CRYPTO HEDGE FUND VisionTrack Quantitative Index	JUNE 2023 4.97%	LATEST VALUE 554.45	YTD 17.39%
CRYPTO HEDGE FUND VisionTrack Market Neutral Index	JUNE 2023 0.93%	LATEST VALUE 274.96	YTD 7.00%
Bitcoin	JUNE 2023 11.94%	LATEST VALUE 299.40	YTD 83.96%

The unilateral movements towards a Bitcoin spot ETF come at a time with uncertainly growing for the US dollar among many macro traders; the [DXY: ICE U.S. Dollar Index](#) posting -3.52% YTD at the time of writing. According to Chards, speculation around a gold-backed digital currency might be introduced at the BRICS Summit 2023 scheduled for late August in Johannesburg, South Africa. Discussion surrounding the topic has been prevalent for months among macro traders and governments, talks have accelerated recently leading

up to the summit with anticipation for a potential announcement.

More closely related to crypto markets, positive legal developments drove markets as a [U.S. judge](#) ruled Ripple Labs did not violate federal securities law by selling its XRP token on public exchanges. After several years of legal hurdles, the ruling sent XRP soaring +73.08% last Thursday afternoon with several other cryptocurrencies fast to follow. Just hours after the announcement on Thursday, [Coinbase](#) re-enabled trading for XRP based on the judicial commentary.

Looking ahead, [EthCC](#) kicked off in Paris this week for what is a highly anticipated event for developers, builders, allocators, and investors. Ahead of the conference, nearly [21.2m eth is staked](#) on the PoS chain up from 19.5m last month further showing signs of growth for the Ethereum community.

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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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