

# CF CRYPTO FUND RESEARCH

2020

## Crypto Fund Survey



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# Introduction

## Purpose

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## Crypto Fund 2020 Survey

Crypto Fund Research's 2020 Crypto Fund Survey was conducted in Q2/Q3 and had over 80 respondents representing a wide variety of crypto funds including crypto hedge funds, venture funds, fund of funds, and index funds. Respondent funds have primary offices based in 20 countries throughout Asia, Europe, North America, and various offshore locations.

Respondent funds range from the small (AUM < \$5 million) to the very large (AUM > \$1 billion).

## Survey Overview

As might be expected, crypto funds were bullish on the near-term outlook for cryptoasset prices. They were also generally optimistic about the continued growth of institutional interest in the sector and believed Covid19 could have a positive impact on diversification, and thus allocations to crypto funds and the sector in general.

## Notes

81 crypto funds participated in the survey. However, the number of respondents to a given question may vary as some questions were optional or inapplicable to a given fund. No question had fewer than 70 respondents.

A number of fund managers operate more than one fund type. For example, some operate both a crypto hedge fund and a venture fund. Therefore, charts labeled "by fund type" may sometimes reflect more than 81 respondents. Due to rounding, figures may not add up to 100%.

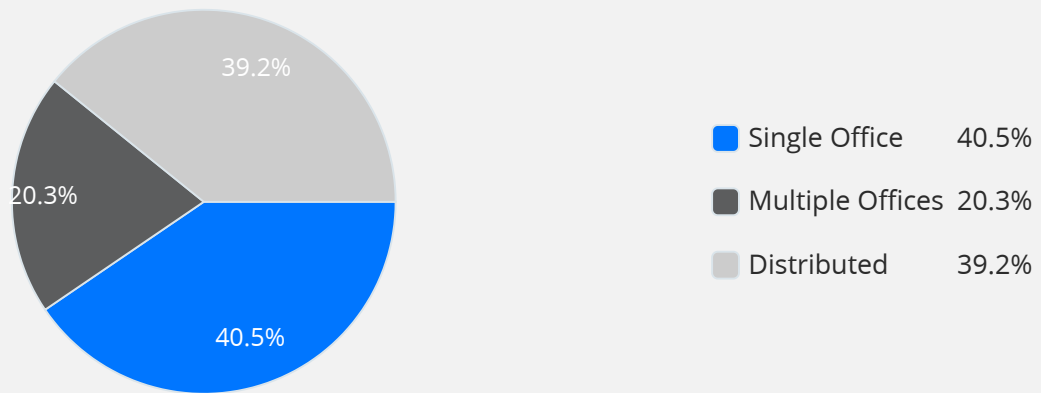
On select all questions, some answers that had limited or no response, are omitted from the relevant charts.

The survey was conducted between June 30 and July 22, 2020.

# Survey Question 1

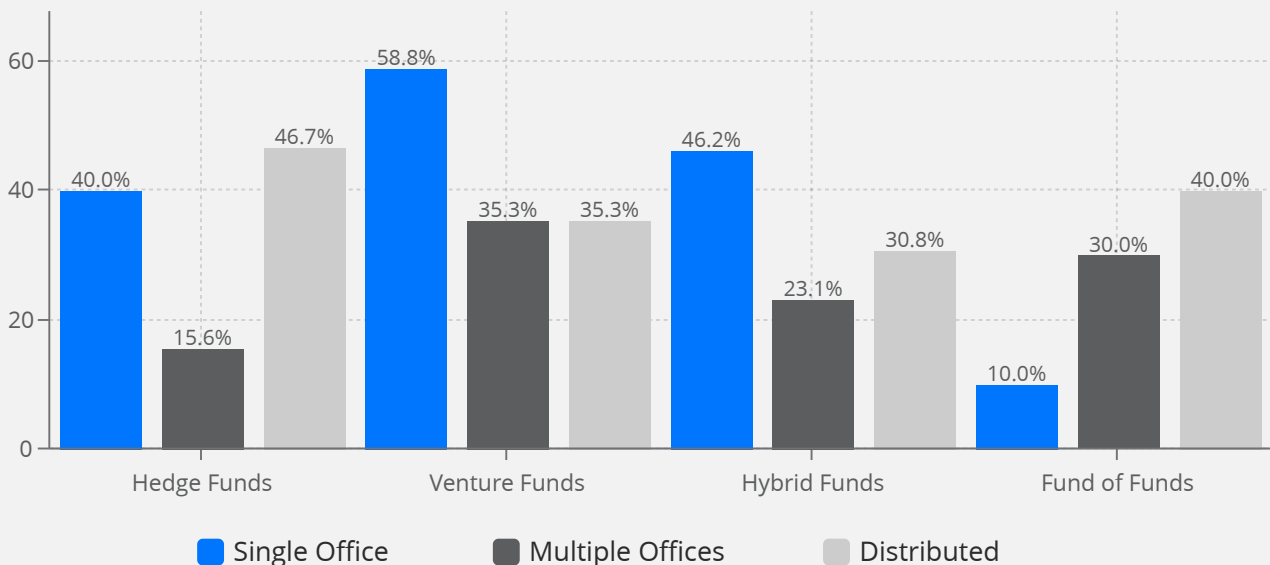
Is your team operating out of a single location, multiple locations, or distributed globally?

Crypto Fund Team Location  
All Fund Types

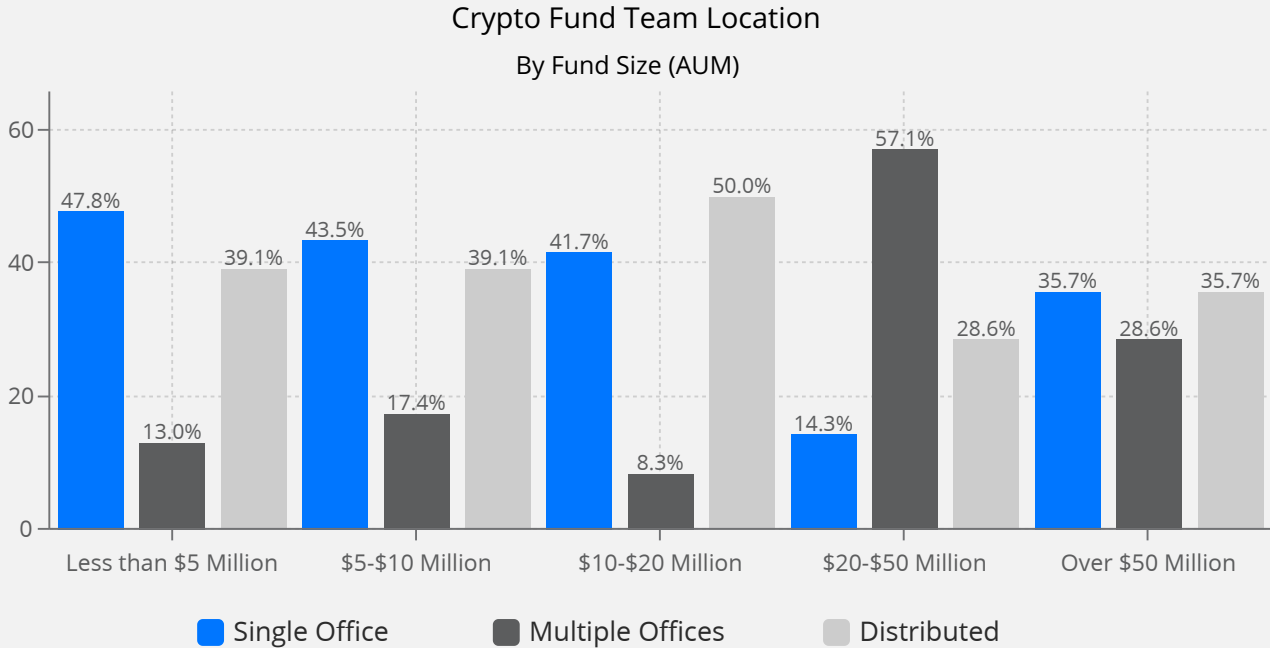


While a slight plurality of crypto funds operate out of a single office, a significant number have distributed teams without a true primary office location. Crypto hedge funds are least likely to operate out of multiple offices, though they frequently have distributed teams.

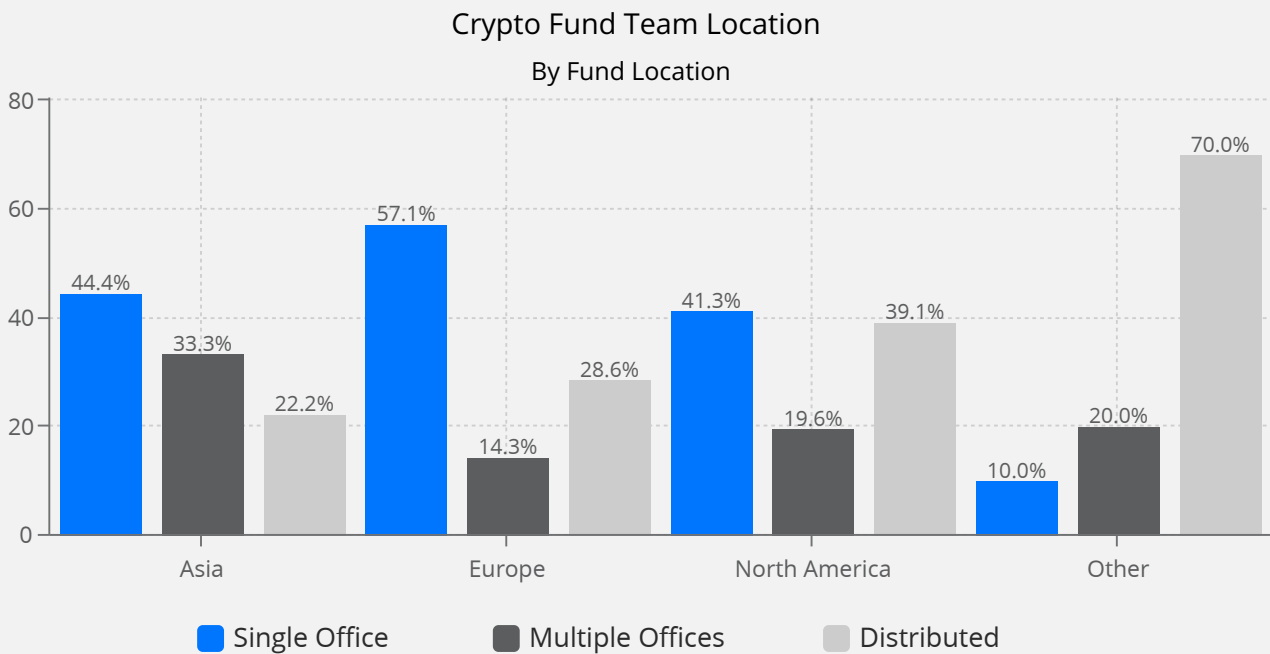
Crypto Fund Expectations to Increase AUM in 2020  
By Fund Type



## Survey Question 1 (cont.)



Funds with over \$20 million in assets are significantly more likely to operate out of multiple offices than smaller funds. European crypto funds were most likely to have a single office while funds based in Asia were most likely to have multiple offices.

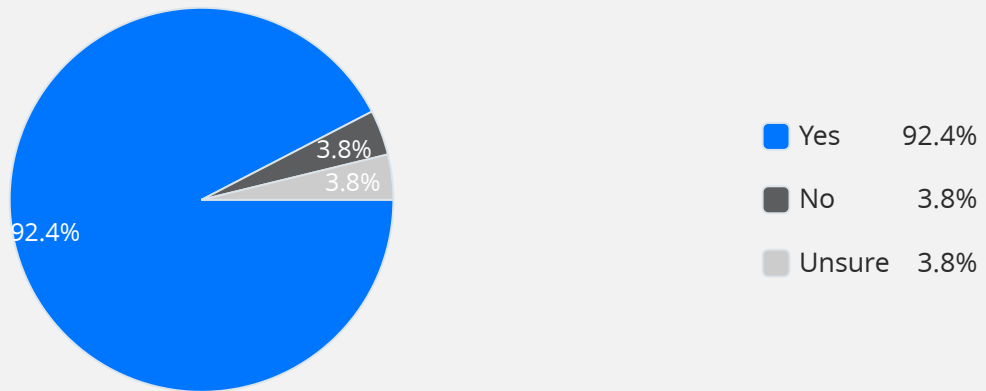


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## Survey Question 2

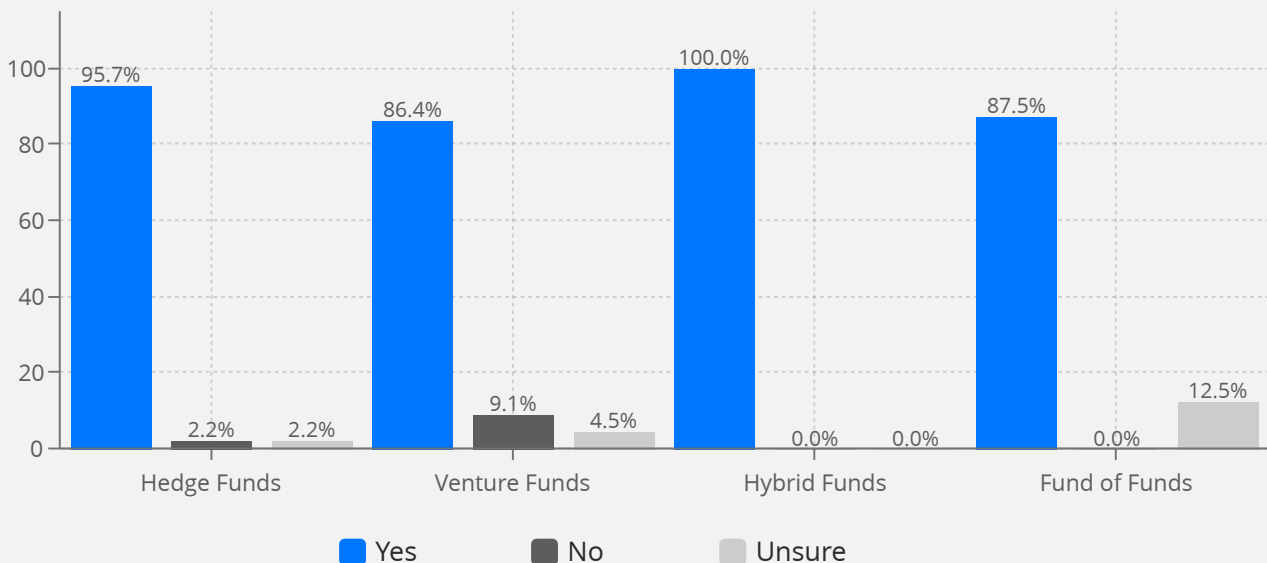
Do you anticipate the fund/fund company will increase assets under management (AUM) in 2020?

Crypto Fund Expectations to Increase AUM in 2020  
All Fund Types

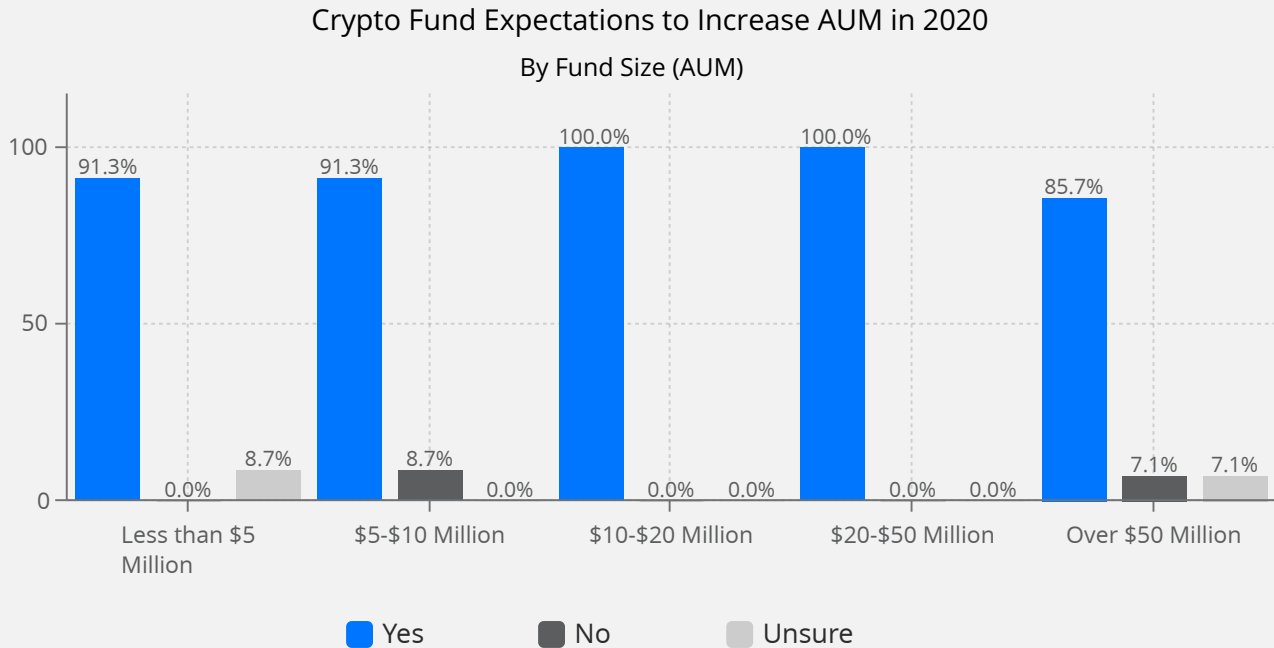


The overwhelming majority of crypto funds expect to have assets under management (AUM) increase in 2020. This optimism likely reflects expectations for not only fundraising, but also projections for the trajectory of the funds' underlying assets.

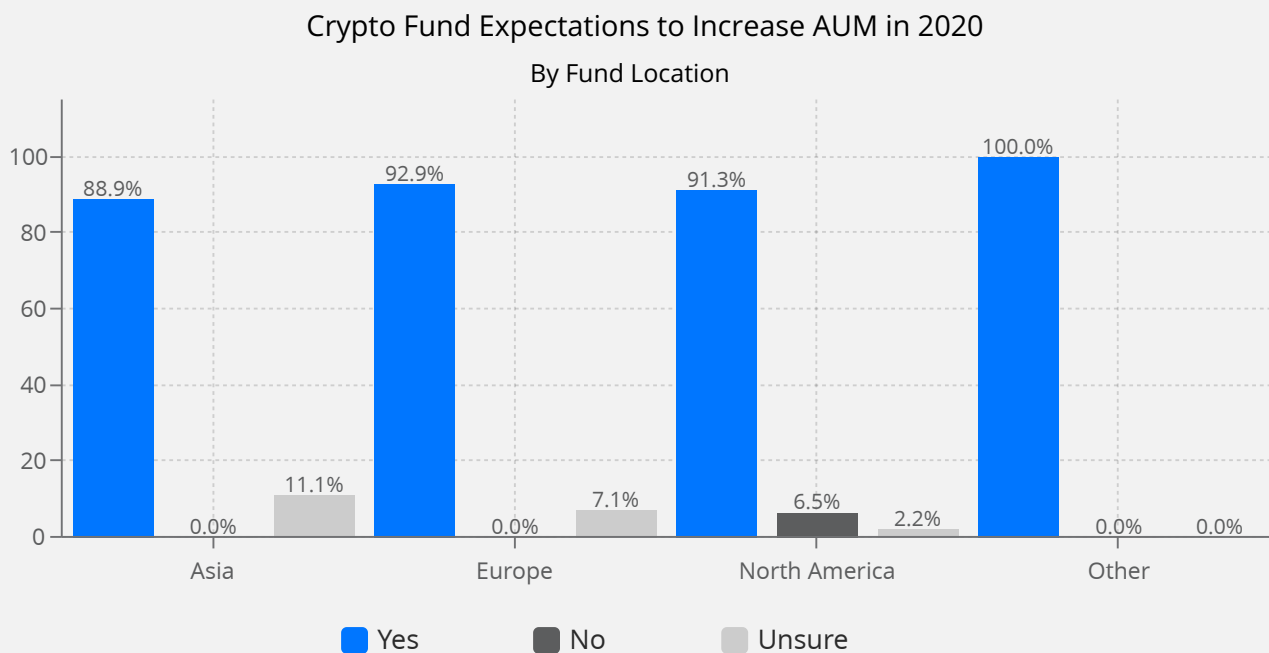
Crypto Fund Expectations to Increase AUM in 2020  
By Fund Type



## Survey Question 2 (cont.)



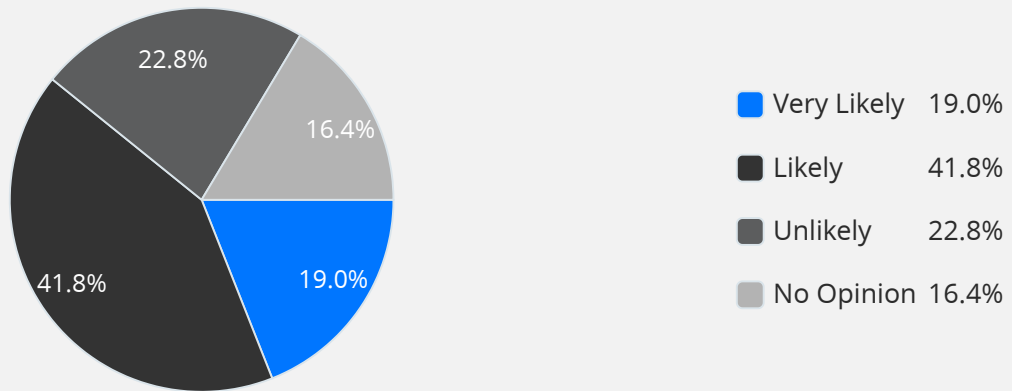
Expectations that funds will increase their assets under management are relatively consistent across fund sizes and primary office locations.



## Survey Question 3

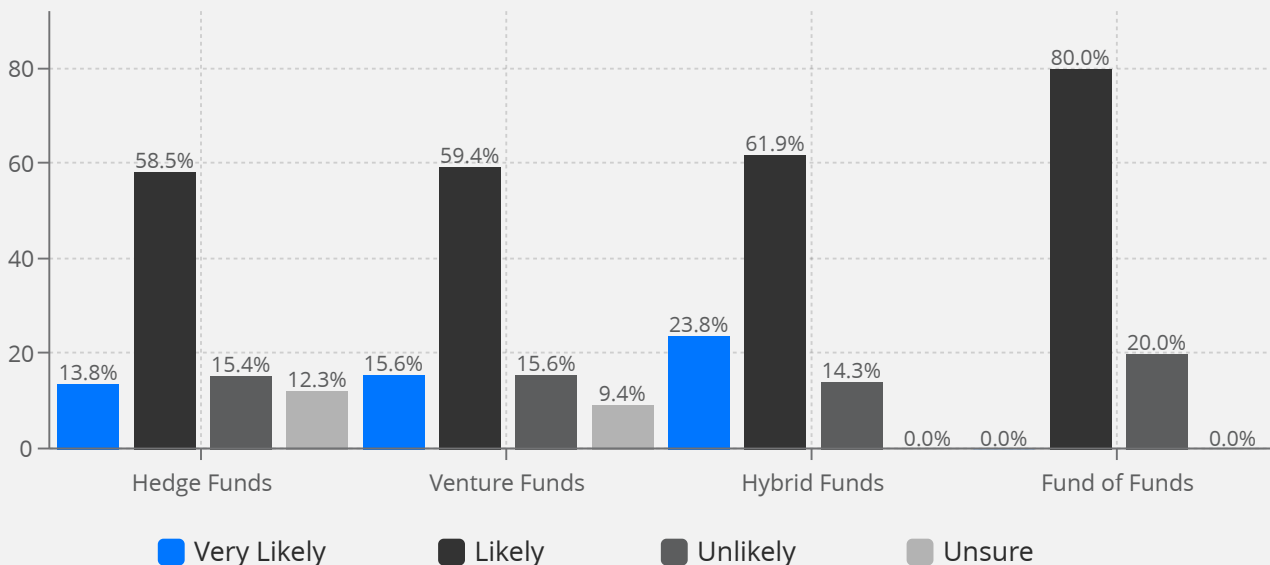
How likely is it that Bitcoin will surpass its all-time-high price of \$19,891 in the next 12 months?

Crypto Fund Expectations for Bitcoin to Surpass \$19,891 in Next 12 Months  
All Fund Types



Just over 60% of crypto funds think its likely or very likely that Bitcoin will surpass its all-time-high price of \$19891 in the next 12 months (this is more than double the average price at the time of the survey).

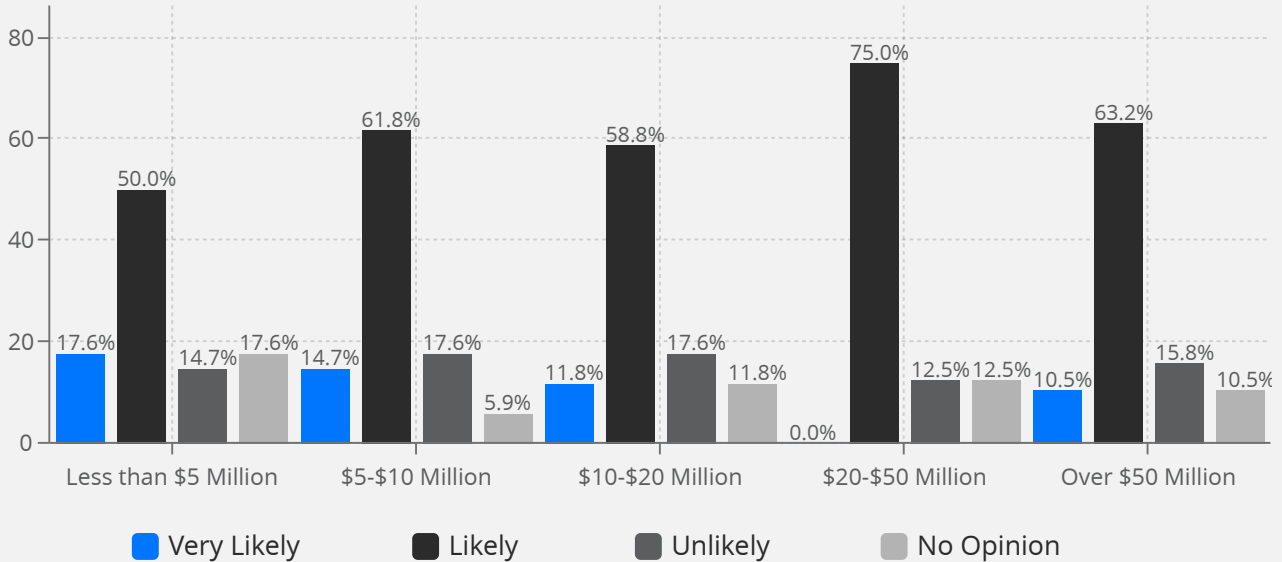
Crypto Fund Expectations for Bitcoin to Surpass \$19,891 in Next 12 Months  
By Fund Type





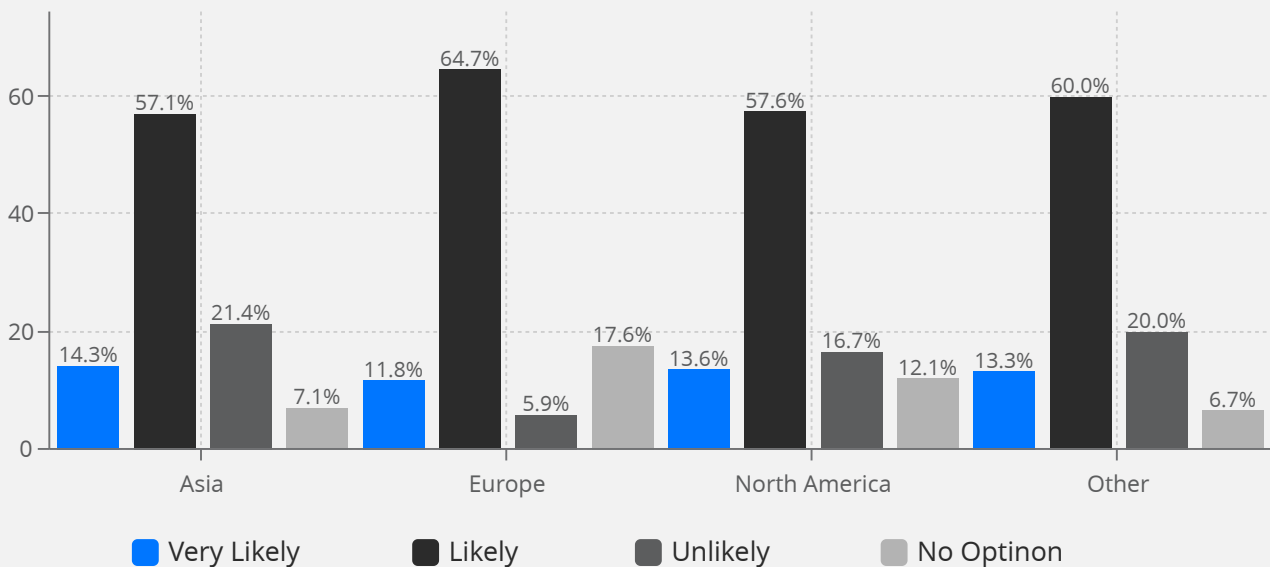
## Survey Question 3 (cont.)

Crypto Fund Expectations for Bitcoin to Surpass \$19,891 in Next 12 Months  
By Fund Size (AUM)



There is little discernable difference in expectations for Bitcoin's price appreciation over the next 12 months by fund size or location.

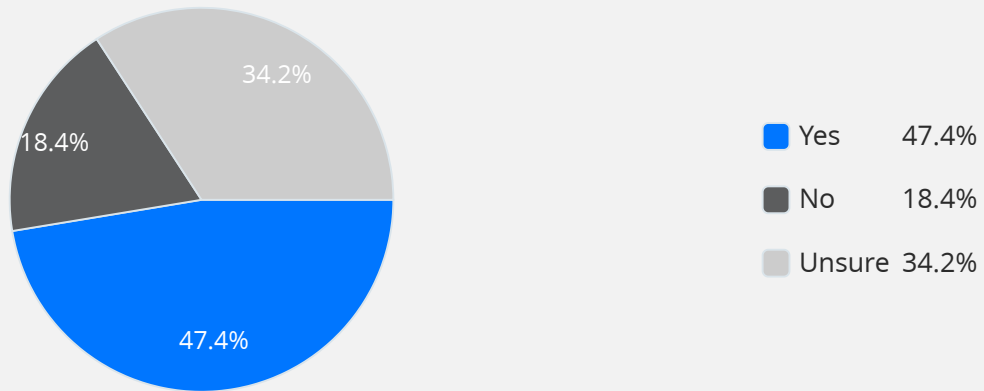
Crypto Fund Expectations for Bitcoin to Surpass \$19,891 in Next 12 Months  
By Fund Location



## Survey Question 4

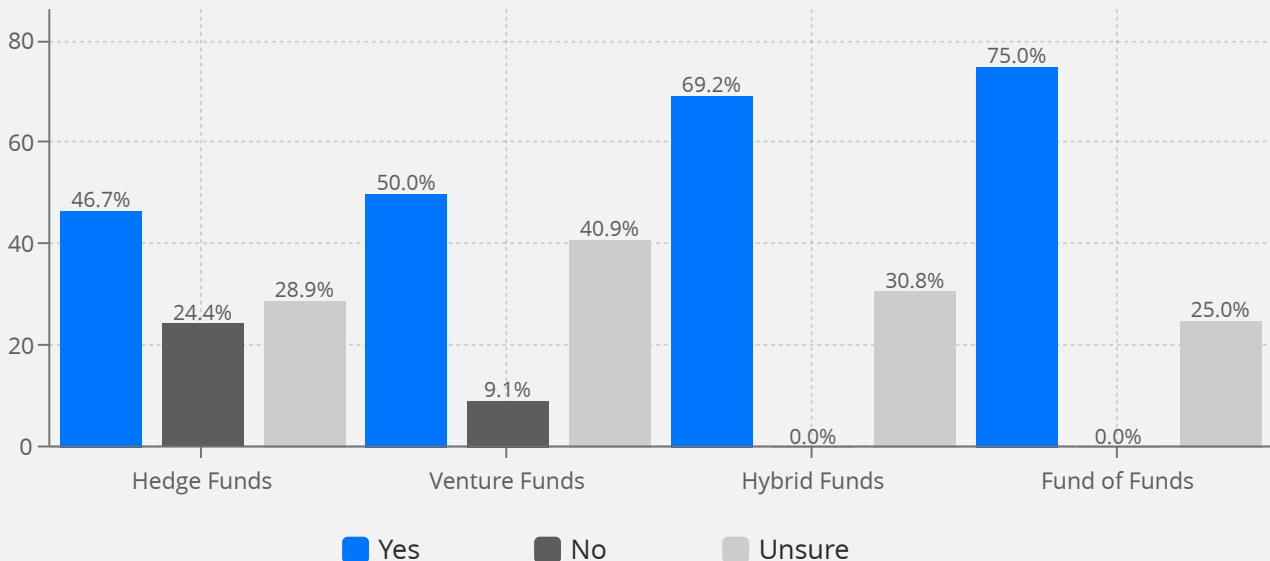
Do you anticipate making more investments in blockchain companies in 2020 vs. 2019?

Crypto Fund Expectations to Increase # of Blockchain Investments  
All Fund Types



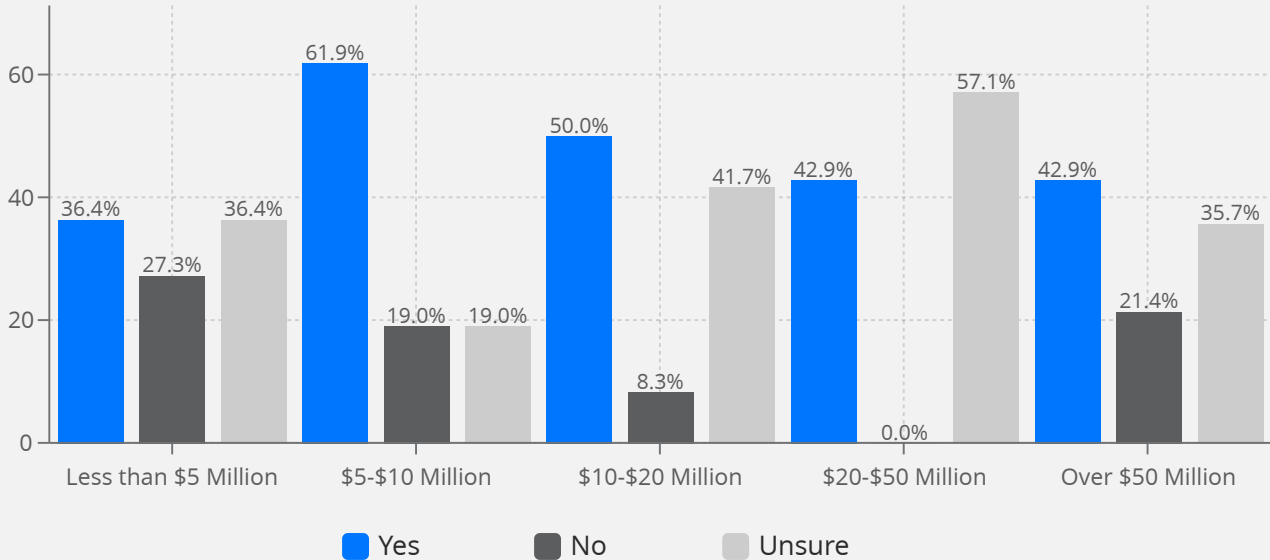
Just under half of crypto funds anticipate making more investments into blockchain companies this year relative to 2019. Crypto fund of funds were most likely to believe their number of investments would go up, though this may reflect broader allocation to managers rather than to blockchain/crypto companies directly.

Crypto Fund Expectations to Increase # of Blockchain Investments  
By Fund Type



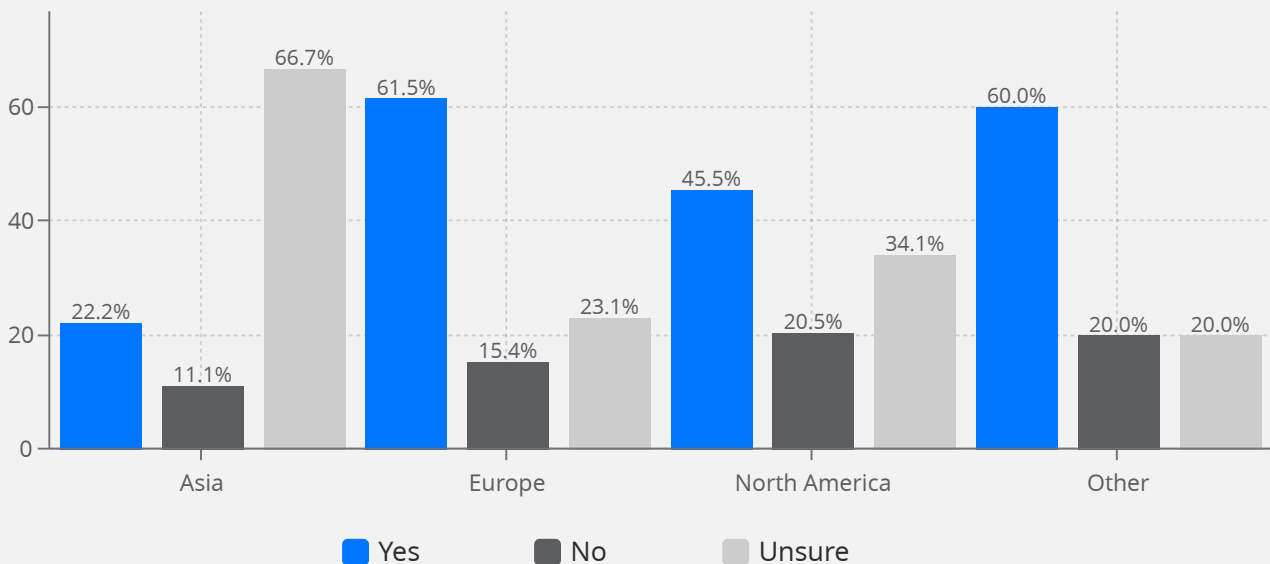
## Survey Question 4 (cont.)

Crypto Fund Expectations to Increase # of Blockchain Investments  
By Fund Size (AUM)



Crypto funds with less than \$5 million in assets, as well as funds based in Asia, are least likely to anticipate making more investments in 2020 vs. 2019. Funds based in Asia were almost twice as likely as funds in other locations to be unsure about the 2020 outlook.

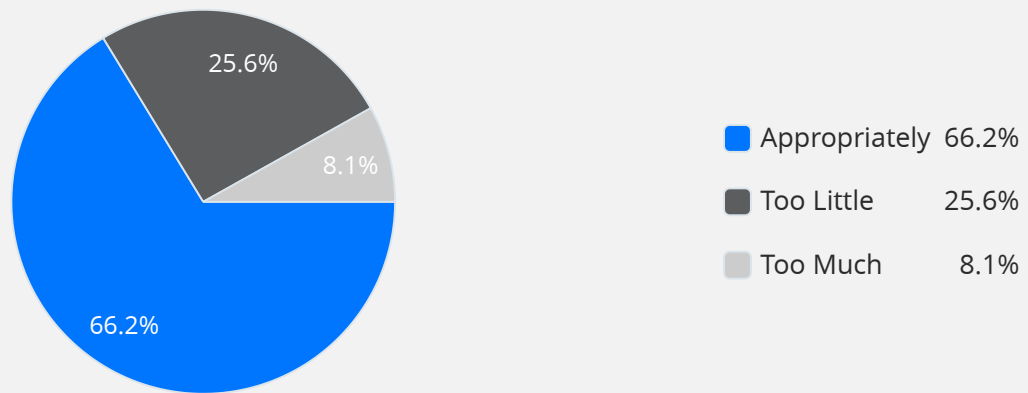
Crypto Fund Expectations to Increase # of Blockchain Investments  
By Fund Location



## Survey Question 5

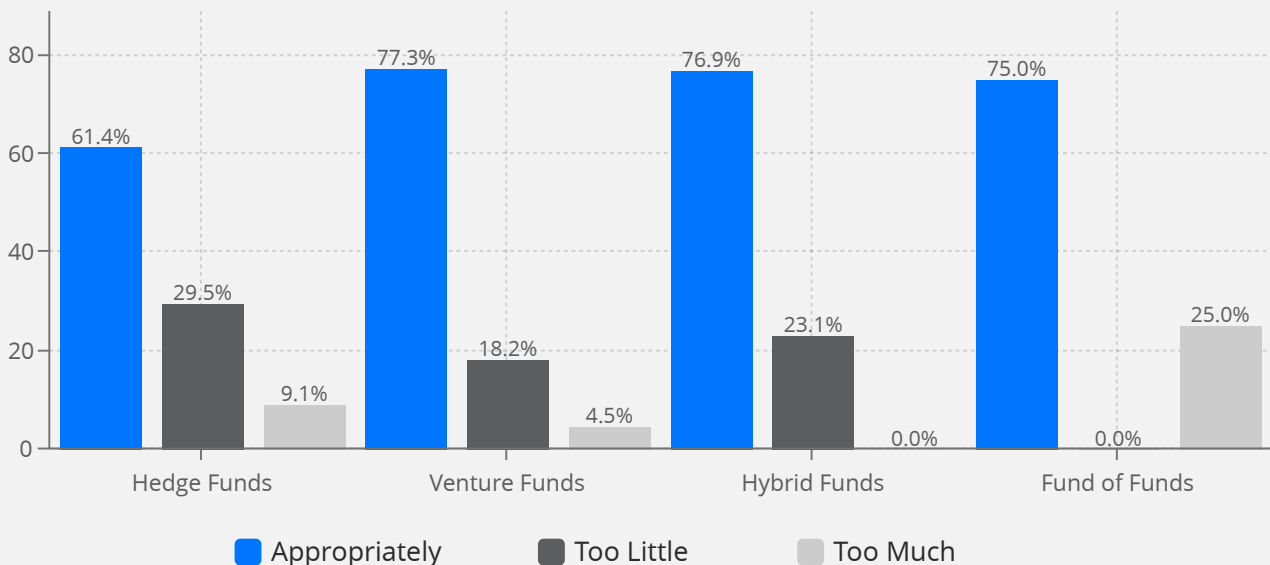
Are current valuations for blockchain companies factoring in the long-term impact of Covid-19 too much, too little, or appropriately?

Crypto Fund Assessments of Covid-19 Impact on Current Valuations  
All Fund Types



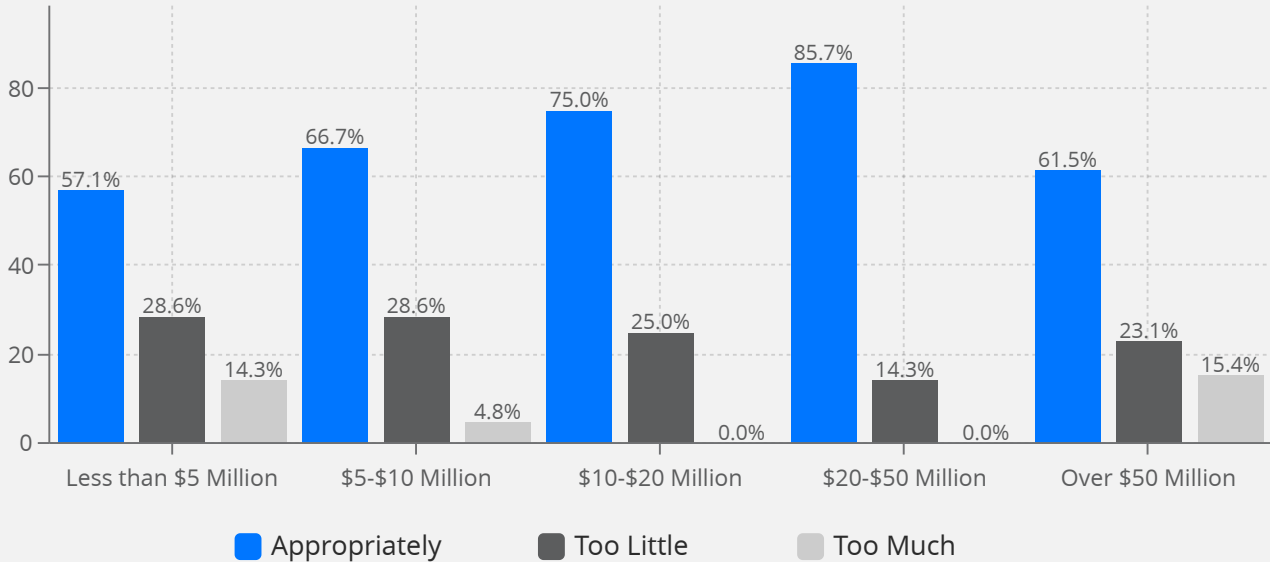
Most crypto funds feel blockchain company valuations appropriately reflect long-term risk and uncertainty due to Covid-19. Crypto hedge funds are less likely than other fund types to feel valuations are appropriate.

Crypto Fund Assessments of Covid-19 Impact on Current Valuations  
By Fund Type



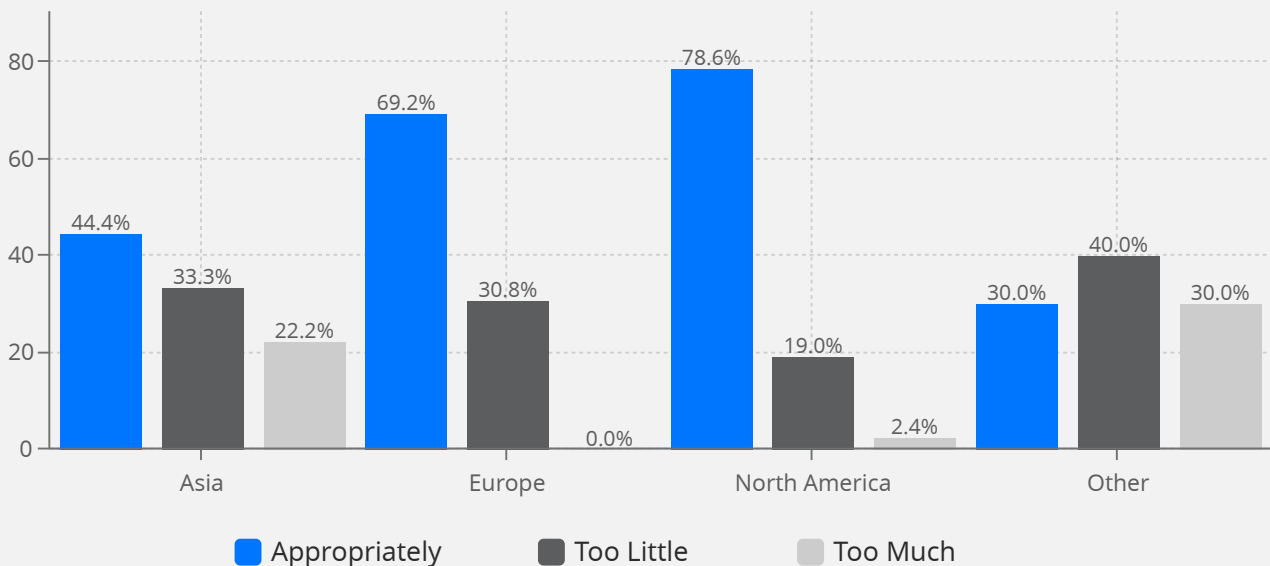
## Survey Question 5 (cont.)

Crypto Fund Assessments of Covid-19 Impact on Current Valuations  
By Fund Size (AUM)



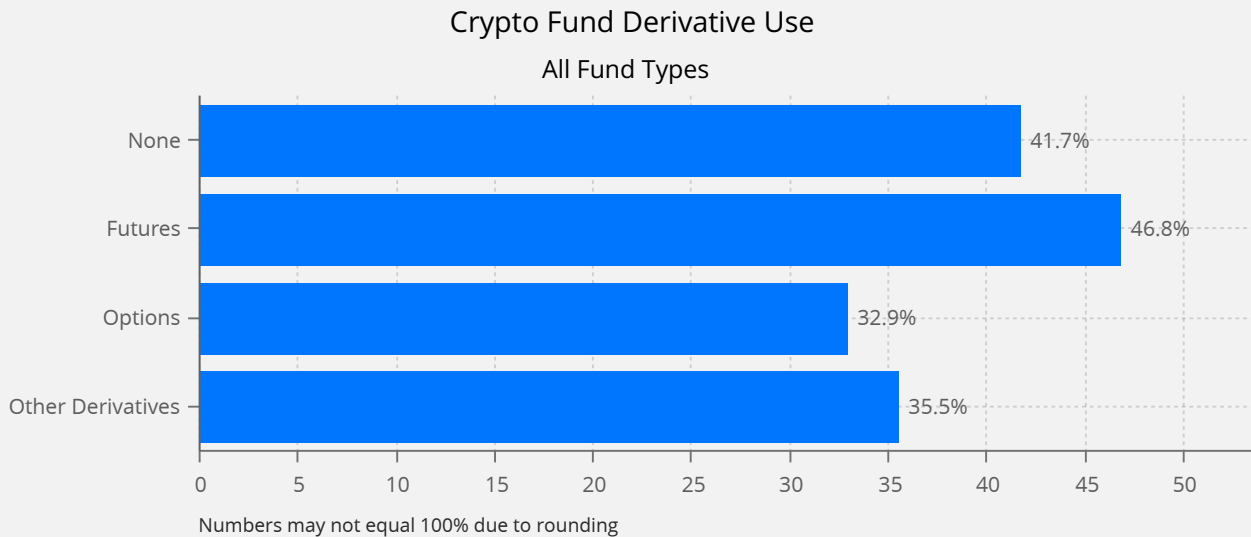
There is significant regional difference in the way crypto funds view current valuations in light of Covid-19. Funds in Asia and offshore locations are far less likely to view current valuations as appropriate relative to funds in Europe or North America.

Crypto Fund Assessments of Covid-19 Impact on Current Valuations  
By Fund Location

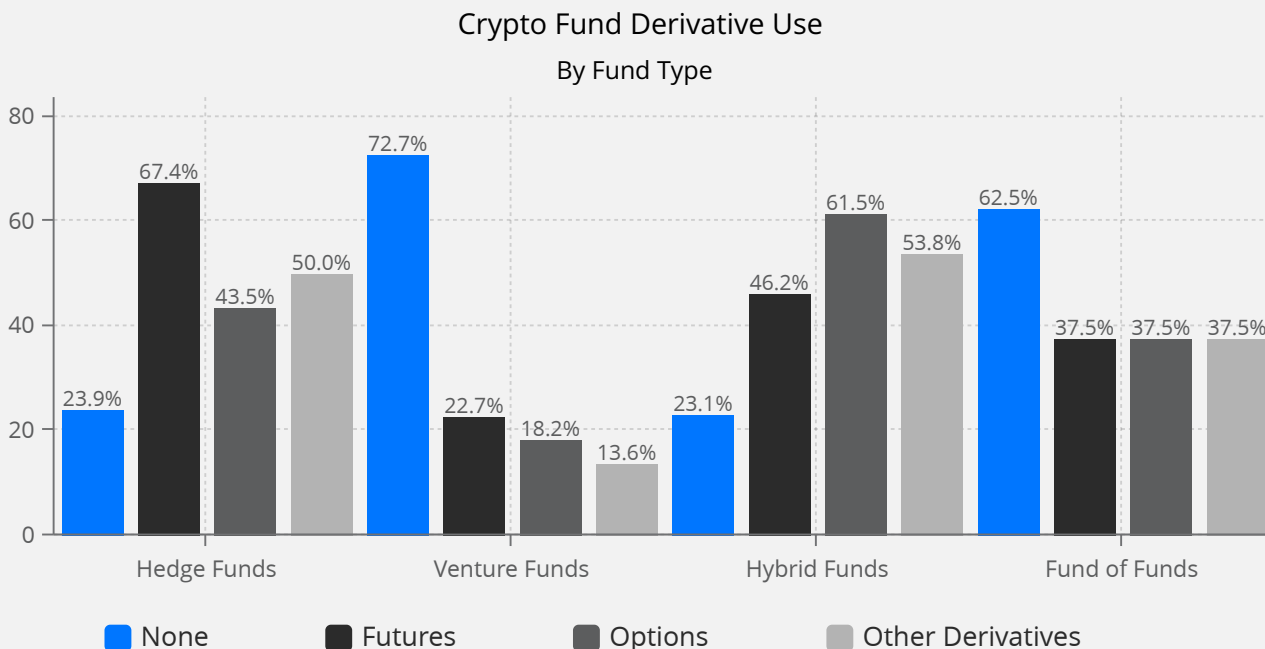


## Survey Question 6

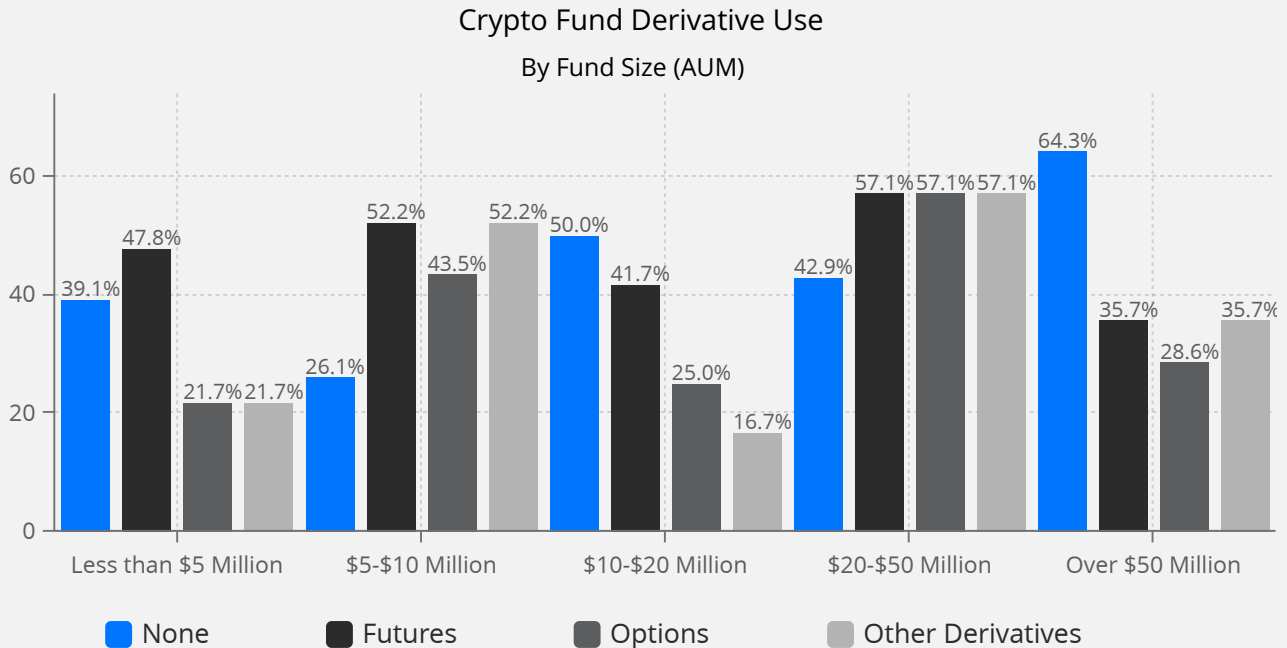
Does your crypto fund trade cryptocurrency options, futures, or other derivatives (select all that apply)?



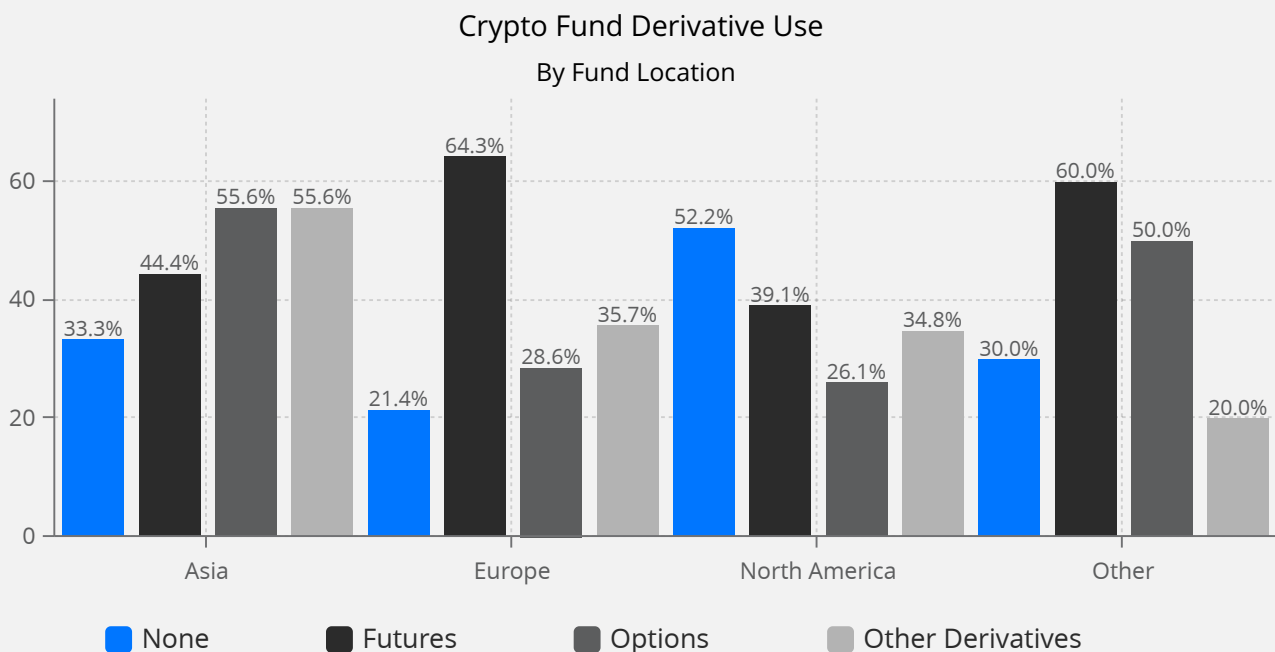
Over half of all crypto funds use at least one derivative product as part of their investment process. Futures contracts are the most commonly used derivative product, with crypto hedge funds the most likely to use some sort of derivative, and venture funds least likely.



## Survey Question 6 (cont.)



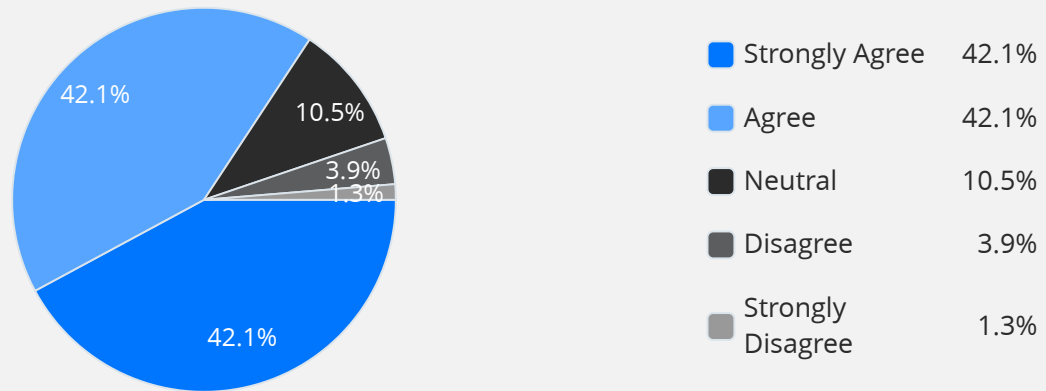
Large funds with over \$50 million in assets are the least likely to use derivative products, although this likely is attributable more to the fund style and type characteristics of respondent funds than to fund size itself. European funds are most likely to use derivatives while less than half of North American funds use them.



# Survey Question 7

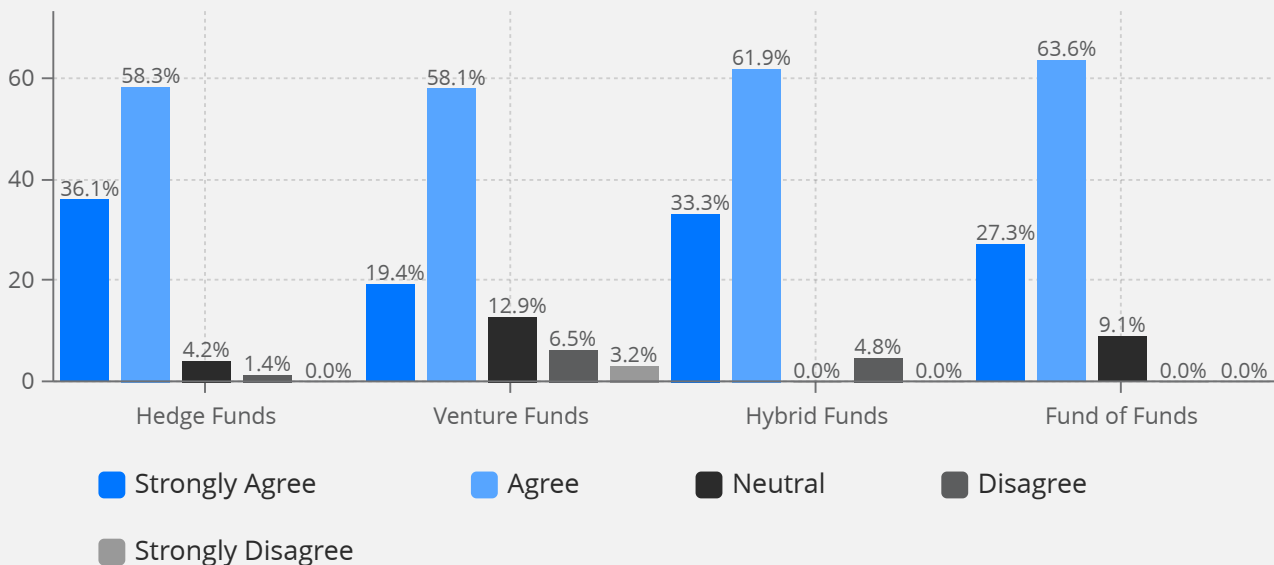
Do you agree that derivative and structured products are a healthy component of the crypto investment space?

Crypto Funds View Derivatives as Healthy for Space  
All Fund Types



While just over half of crypto funds use derivatives, the overwhelming majority believe they are a healthy component of the crypto investment space. Only around 5% believe derivatives are unhealthy, with venture funds (9.7%) most likely to take this position.

Crypto Funds View Derivatives as Healthy for Space  
By Fund Type

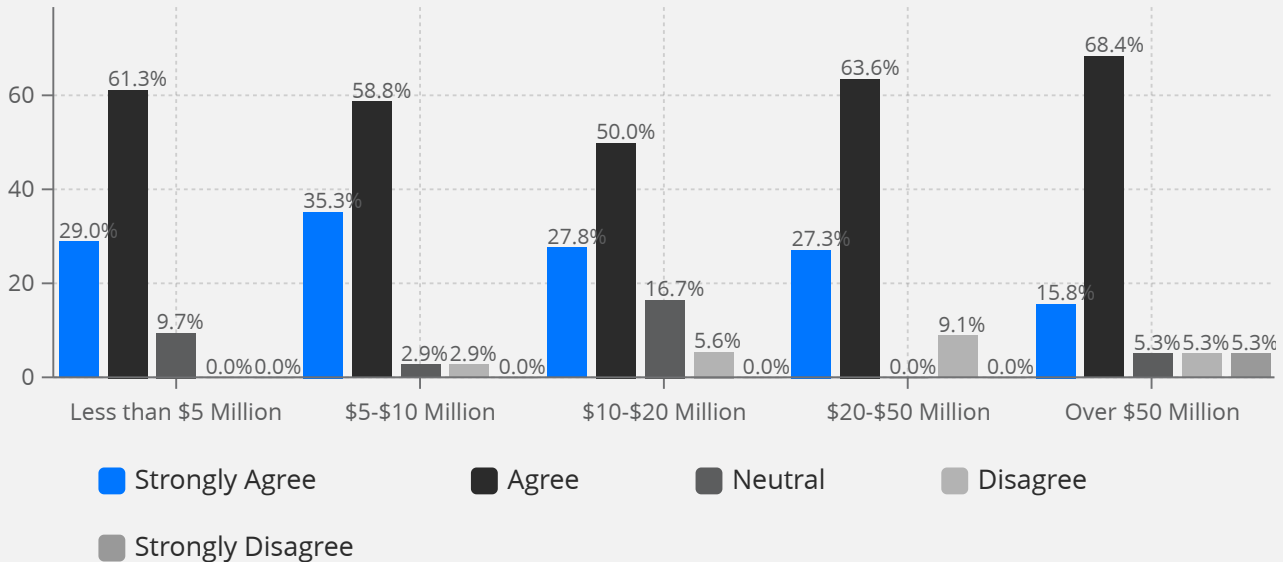


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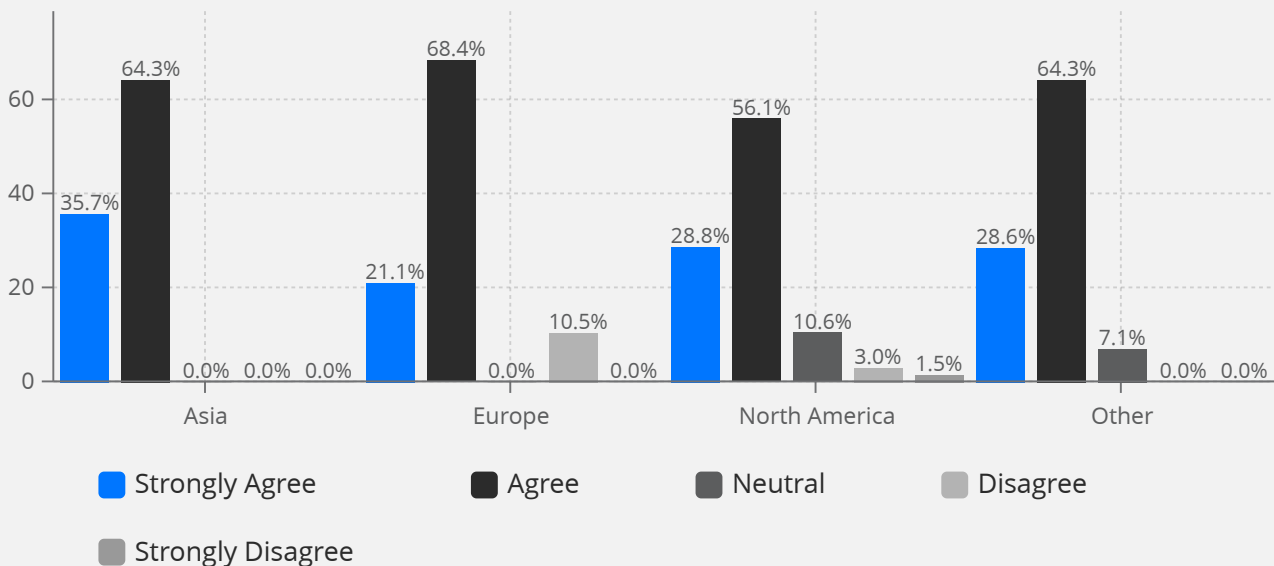
## Survey Question 7 (cont.)

Crypto Funds View Derivatives as Healthy for Space  
By Fund Size (AUM)



The majority of crypto funds of all sizes agree that derivatives are healthy with funds of \$10 million or less being most likely to agree. All respondents from funds based in Asia agree with the statement while North American funds, while still in general agreement, were least likely to do so.

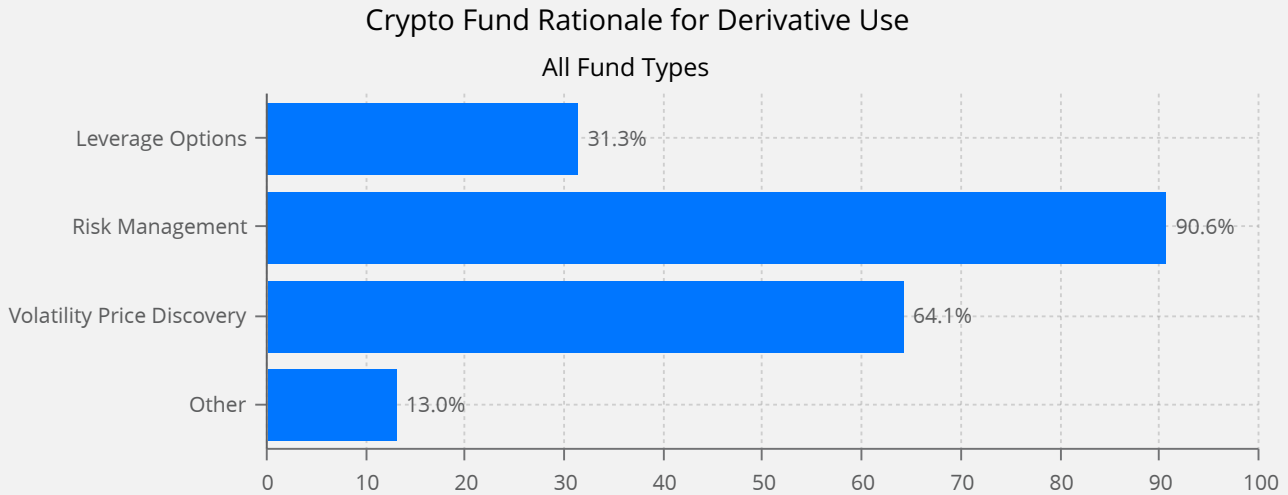
Crypto Funds View Derivatives as Healthy for Space  
By Fund Location



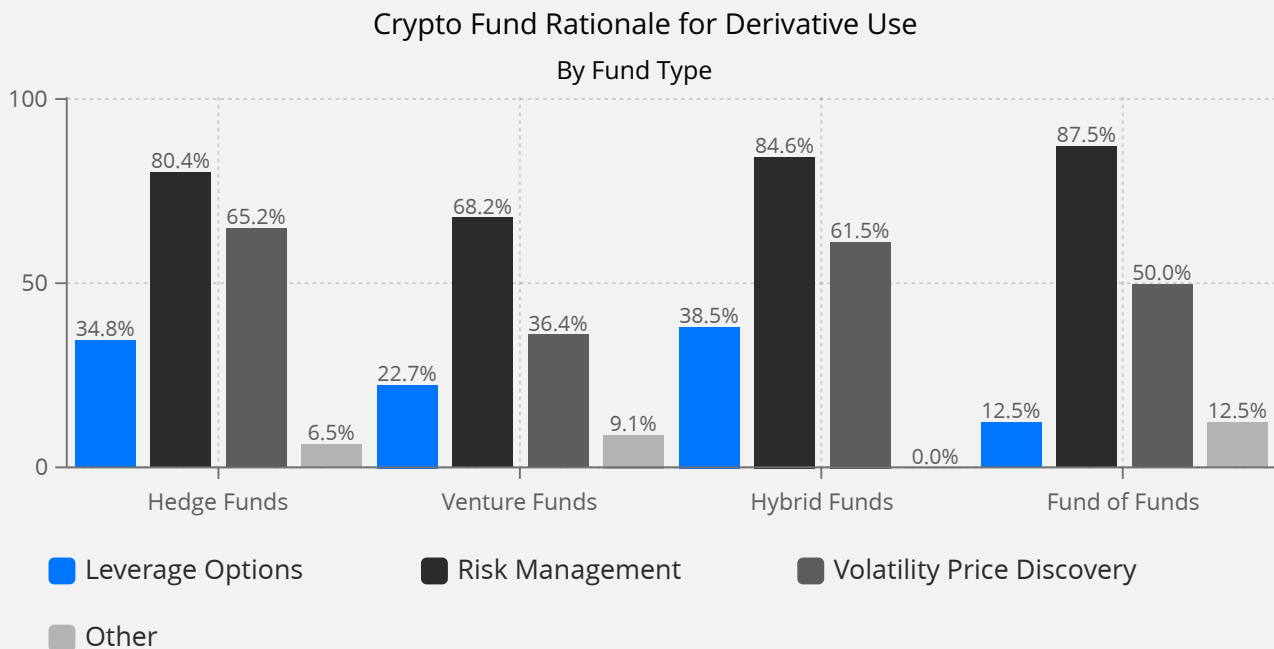
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## Survey Question 8

Why are derivatives and structured products a healthy component of the crypto space (select all that apply)?

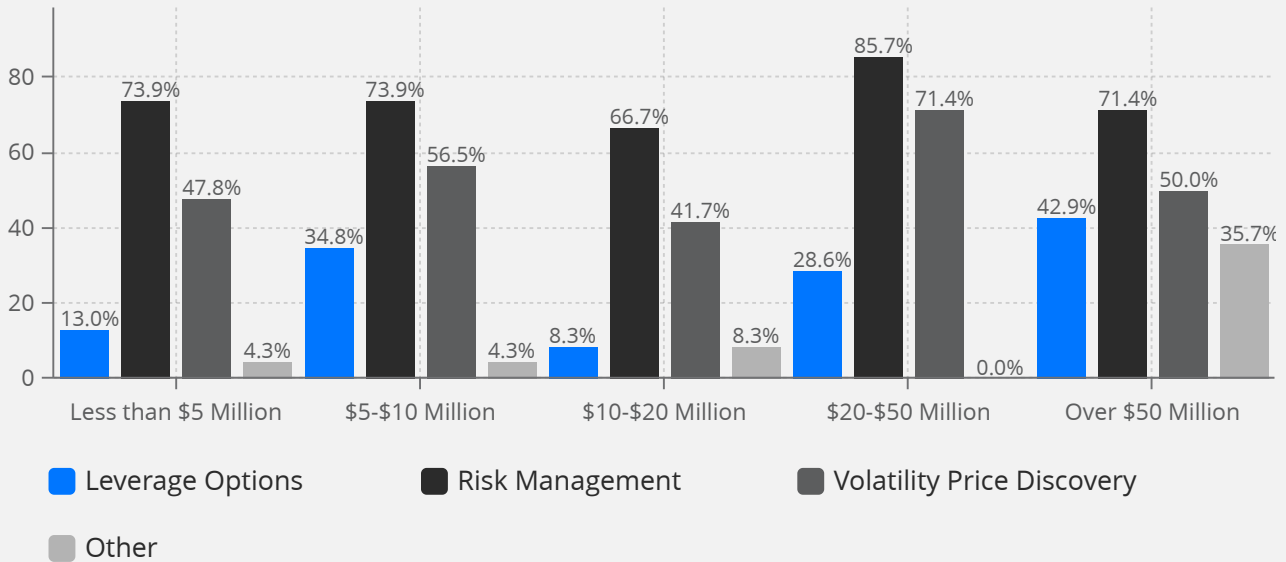


Among crypto funds agreeing that derivative products are healthy for the space, the most common rationale is for risk management purposes, though venture funds are somewhat less likely to hold this view than other fund types. Volatility price discovery is also cited by almost two thirds of funds.



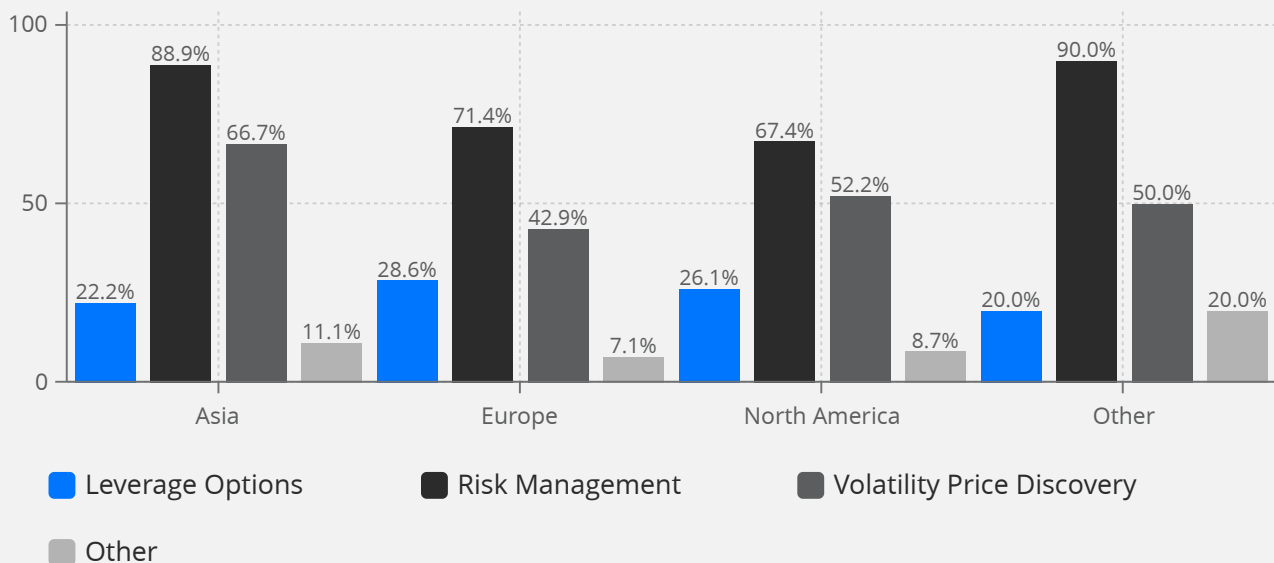
## Survey Question 8 (cont.)

Crypto Fund Rationale for Derivative Use  
By Fund Size (AUM)



Crypto funds with more than \$50 million in assets are more likely than smaller funds to cite leverage as an important use case for derivatives. Funds based in Europe and North America were least likely to cite risk management as a use case, though the majority of funds of all sizes, types, and locations noted derivatives' importance in risk management.

Crypto Fund Rationale for Derivative Use  
By Fund Location

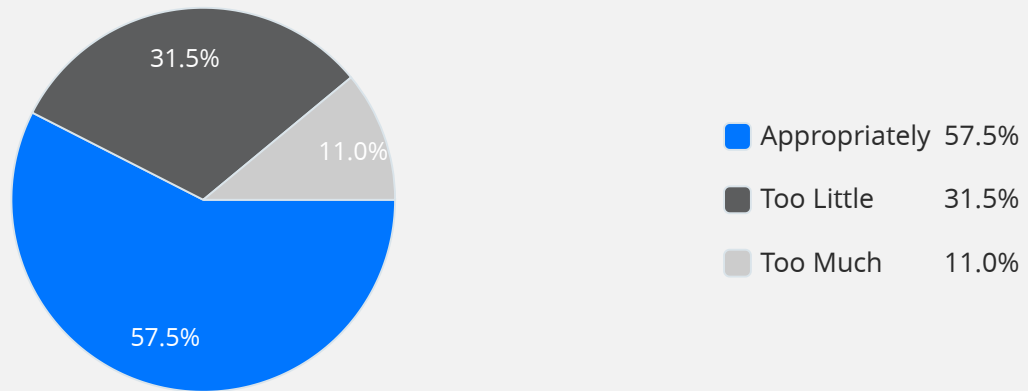


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## Survey Question 9

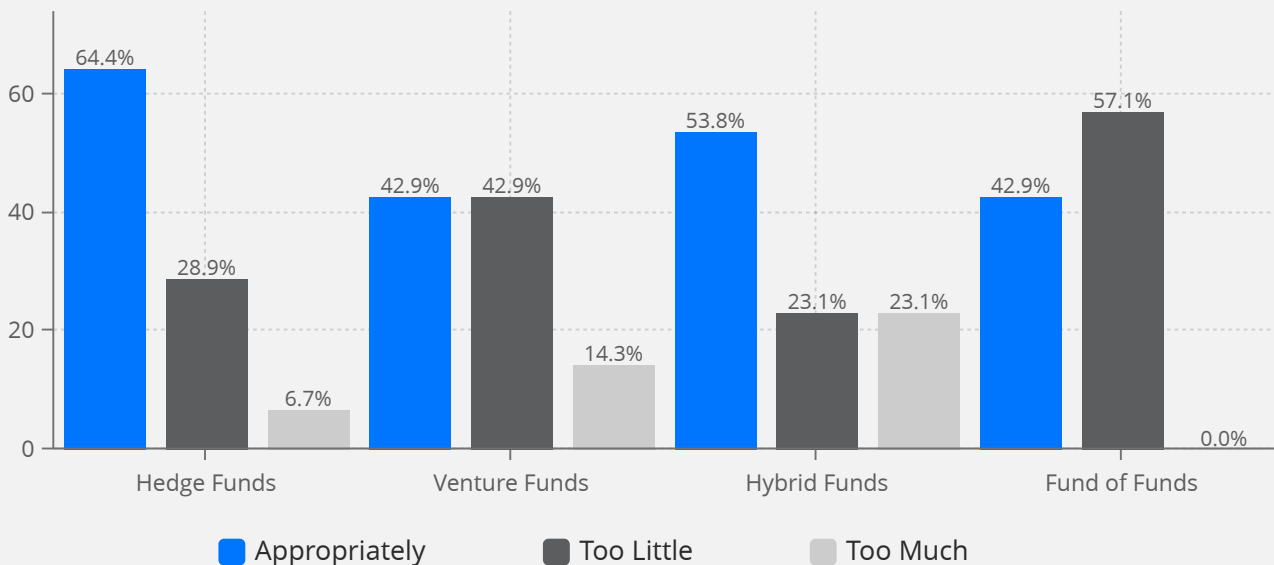
Are current cryptocurrency prices appropriately factoring in the potential long-term impacts and risks of Covid-19?

Crypto Markets Have Priced in Covid-19 Risks  
All Fund Types

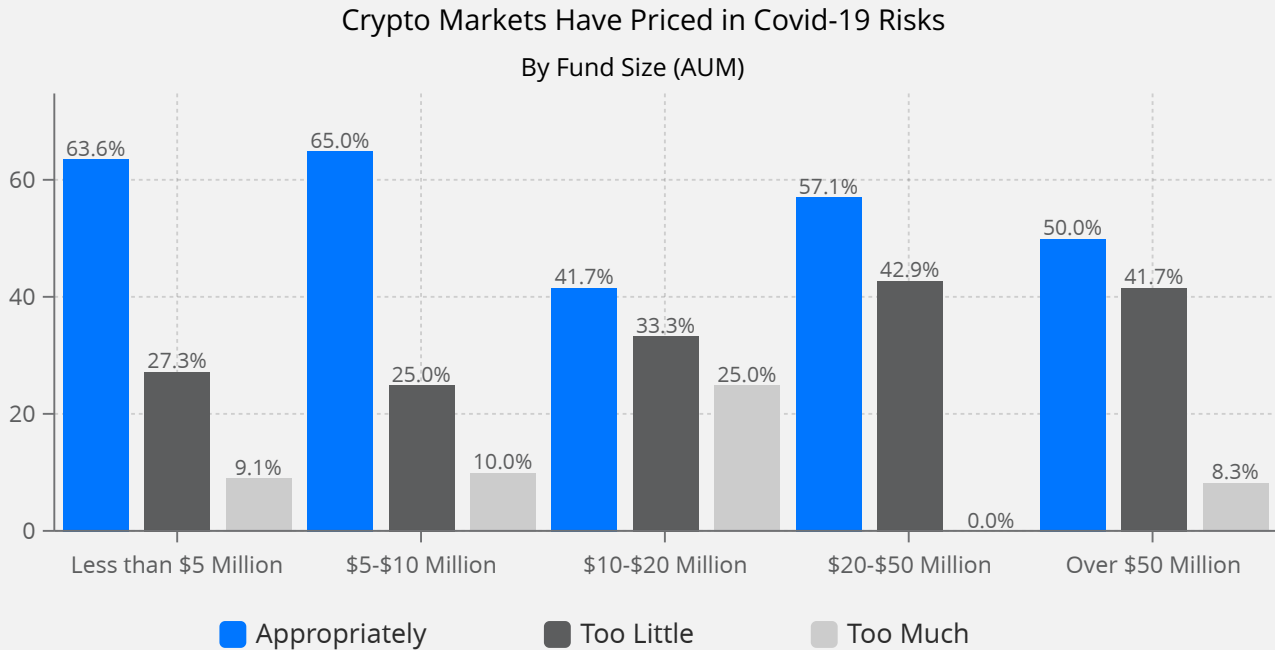


The majority of crypto funds believe cryptoassets are appropriately pricing in the longer-term impacts of Coronavirus with nearly two thirds of crypto hedge funds falling into this category. Fund of funds are the only fund type in which a majority feel markets are pricing in too little impact.

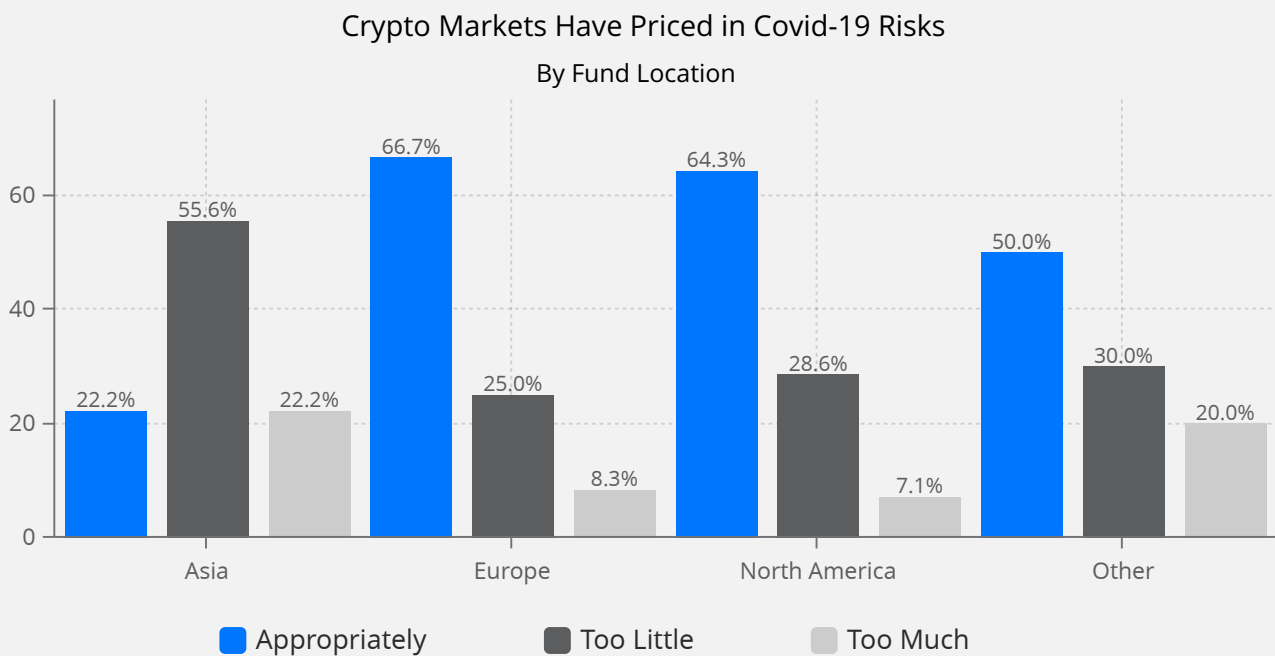
Crypto Markets Have Priced in Covid-19 Risks  
By Fund Type



## Survey Question 9 (cont.)



Smaller crypto funds tend to be more likely to think cryptomarkets have appropriately priced in the impact from Covid-19. European and North American funds are also most likely to share this view.

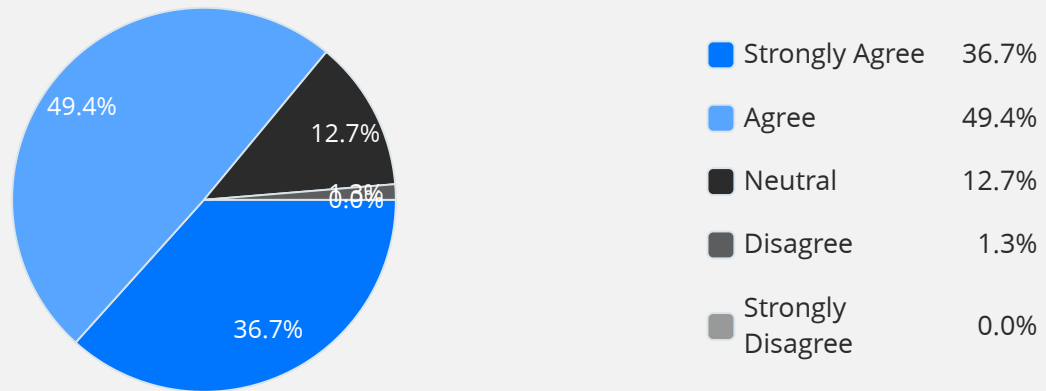


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# Survey Question 10

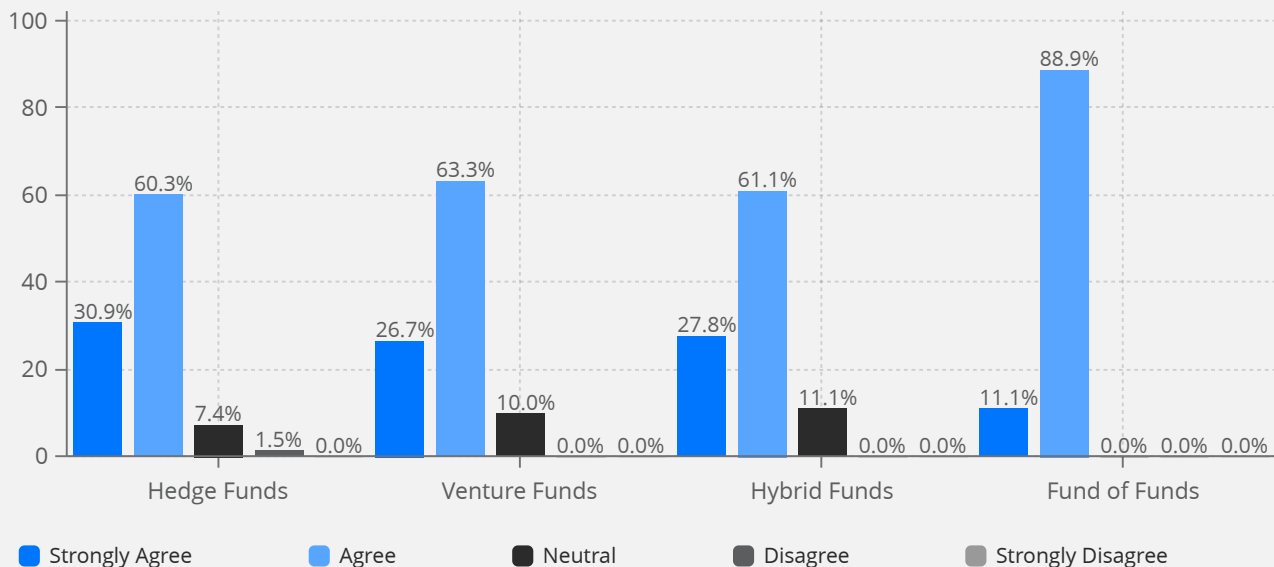
Do you agree that institutional interest in crypto investments increased in the first half of 2020?

Crypto Funds Have Seen Increased Institutional Interest in Crypto in H1 2020  
All Fund Types



86% of crypto funds saw institutional interest in crypto investments increase during the first half of 2020. Crypto hedge funds and fund of funds are most likely to have seen an increase in institutional interest.

Crypto Funds Have Seen Increased Institutional Interest in Crypto in H1 2020  
By Fund Type

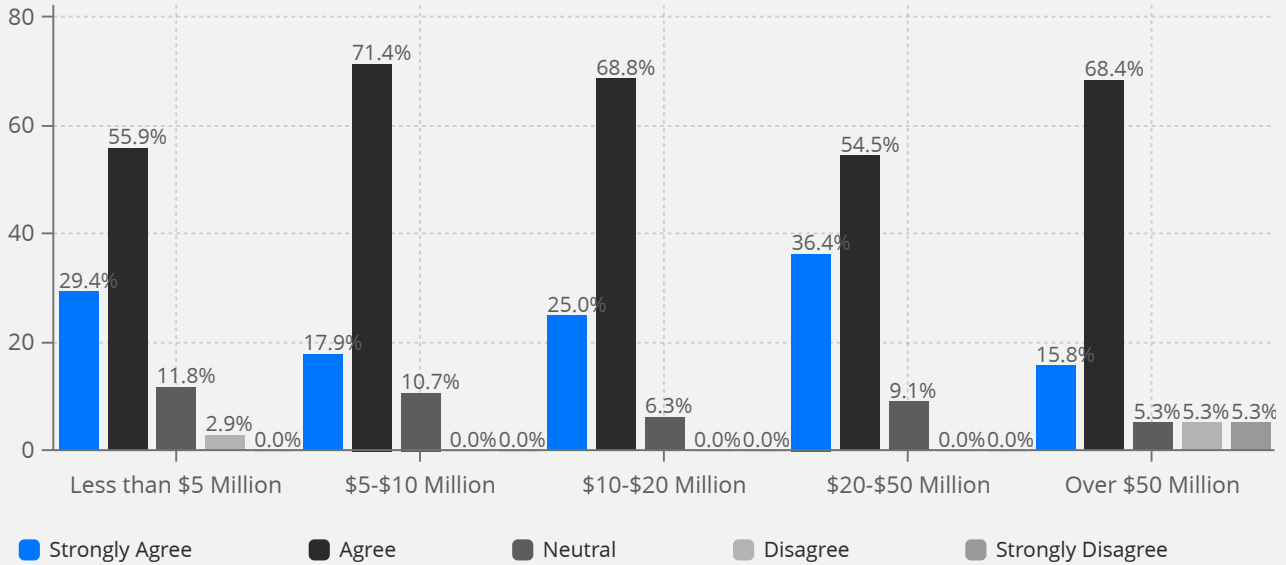


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## Survey Question 10 (cont.)

Crypto Funds Have Seen Increased Institutional Interest in Crypto in H1 2020

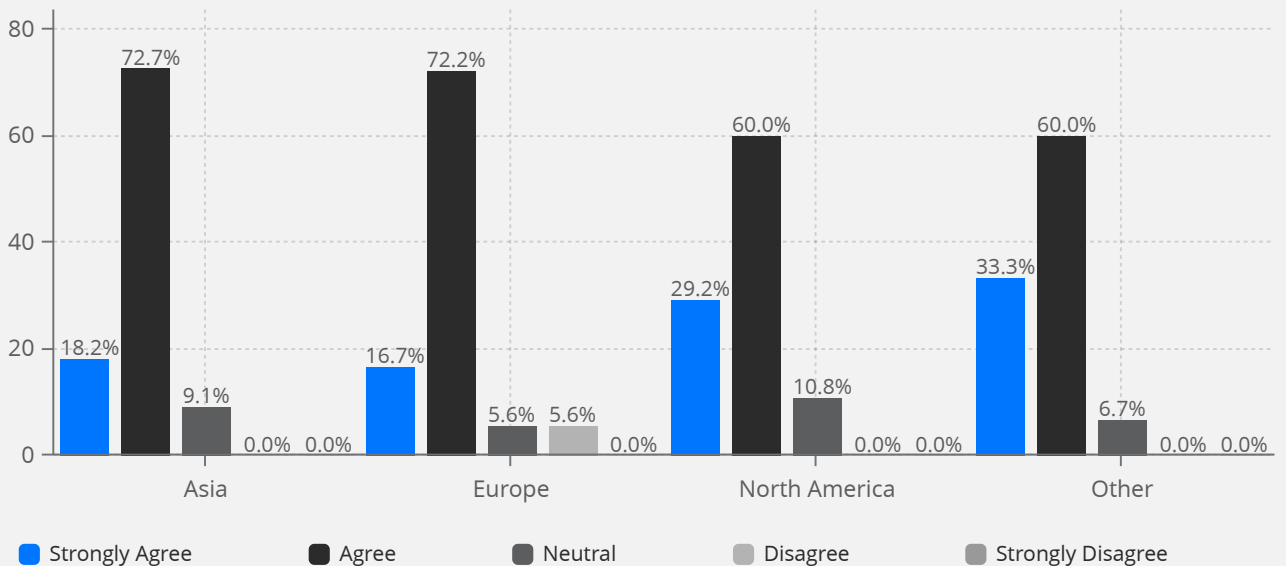
By Fund Size (AUM)



With more than 85% of crypto funds seeing an increase in institutional interest, it's unsurprising that the majority of funds across all regions and fund sizes agree. The only significant dissent comes from slightly over 10% of funds with over \$50 million in AUM.

Crypto Funds Have Seen Increased Institutional Interest in Crypto in H1 2020

By Fund Location

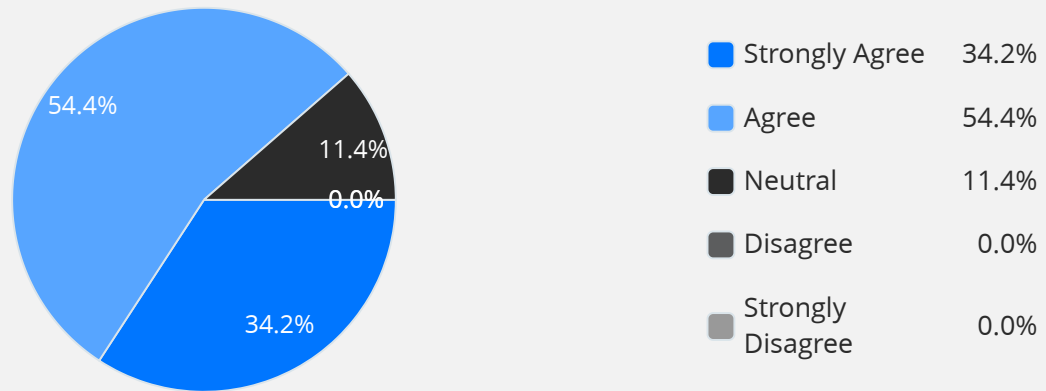


# Survey Question 11

Do you believe that institutional interest in crypto investments will increase in the second half of 2020?

Crypto Funds Will See Increased Institutional Interest in Crypto in H2 2020

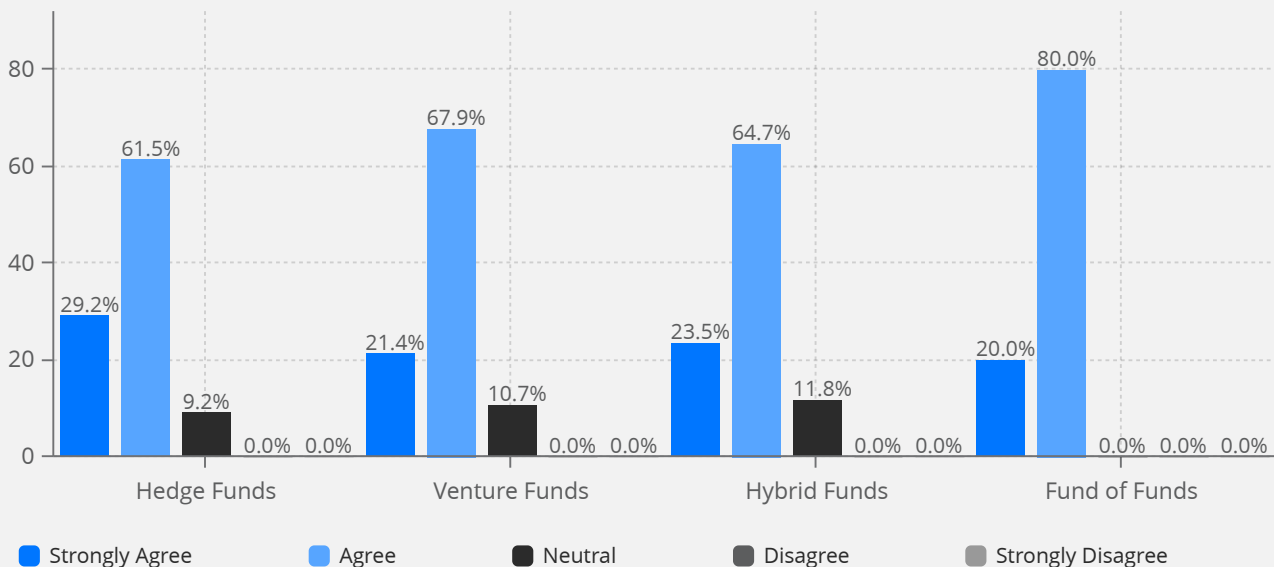
All Fund Types



Almost 90% of crypto funds expect increased institutional interest in crypto investments in the second half of 2020. While a little over 10% were unsure, not a single fund disagreed.

Crypto Funds Will See Increased Institutional Interest in Crypto in H2 2020

By Fund Type

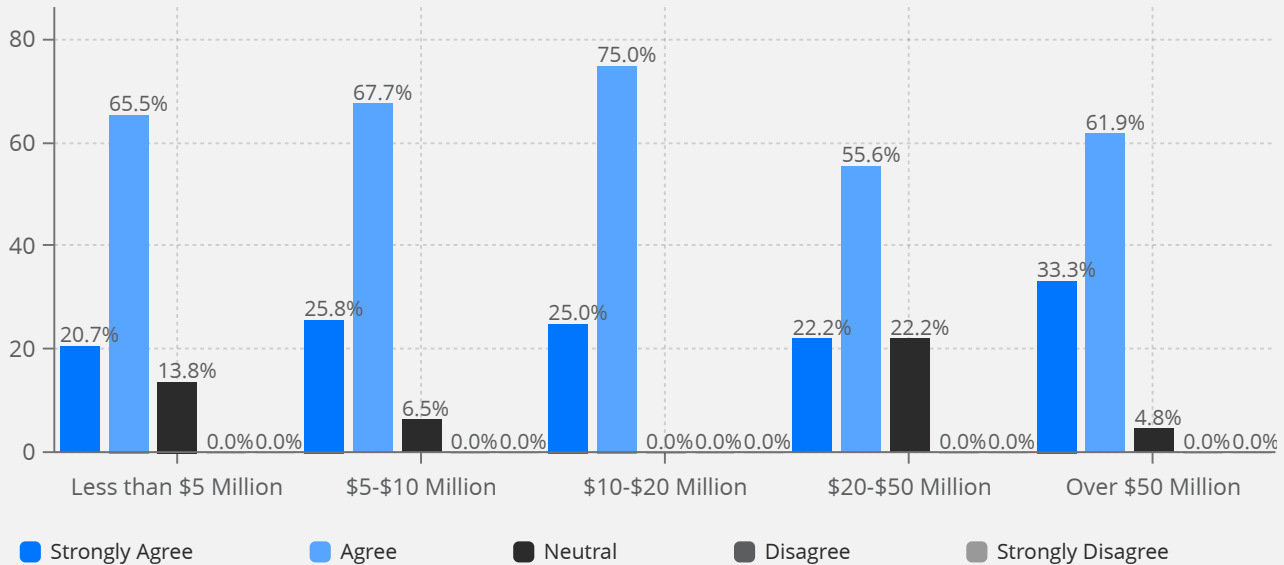




## Survey Question 11 (cont.)

### Crypto Funds Will See Increased Institutional Interest in Crypto in H2 2020

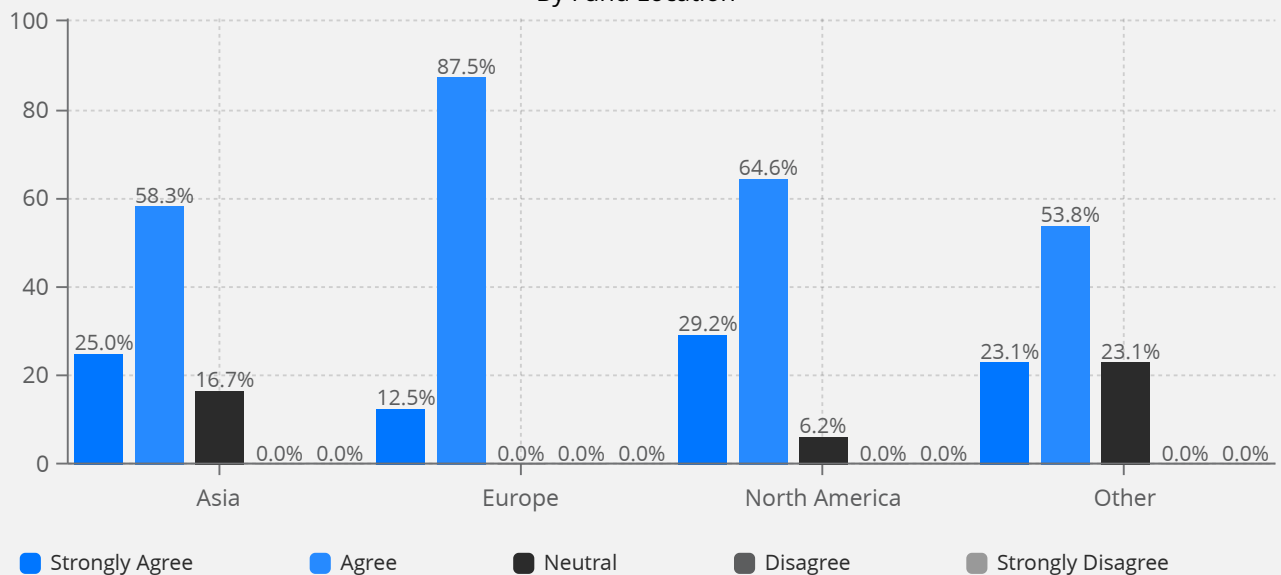
#### By Fund Size (AUM)



There is strong consensus across all fund types, locations and sizes that institutional interest will continue to increase in the second half of 2020.

### Crypto Funds Will See Increased Institutional Interest in Crypto in H2 2020

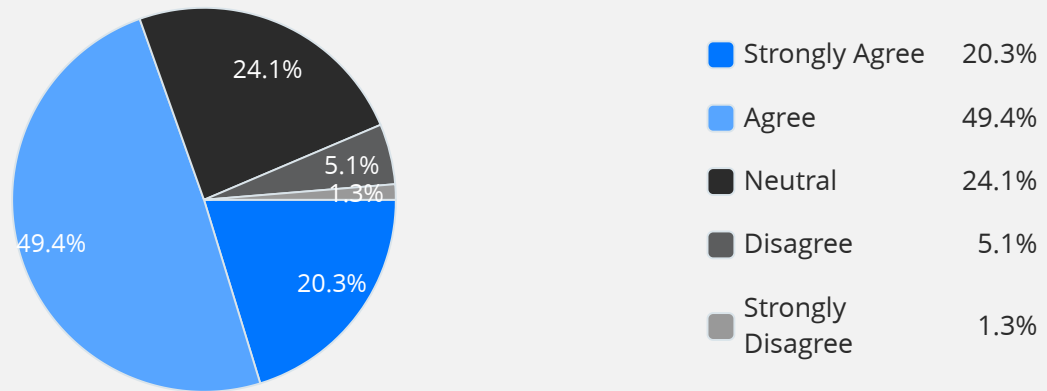
#### By Fund Location



# Survey Question 12

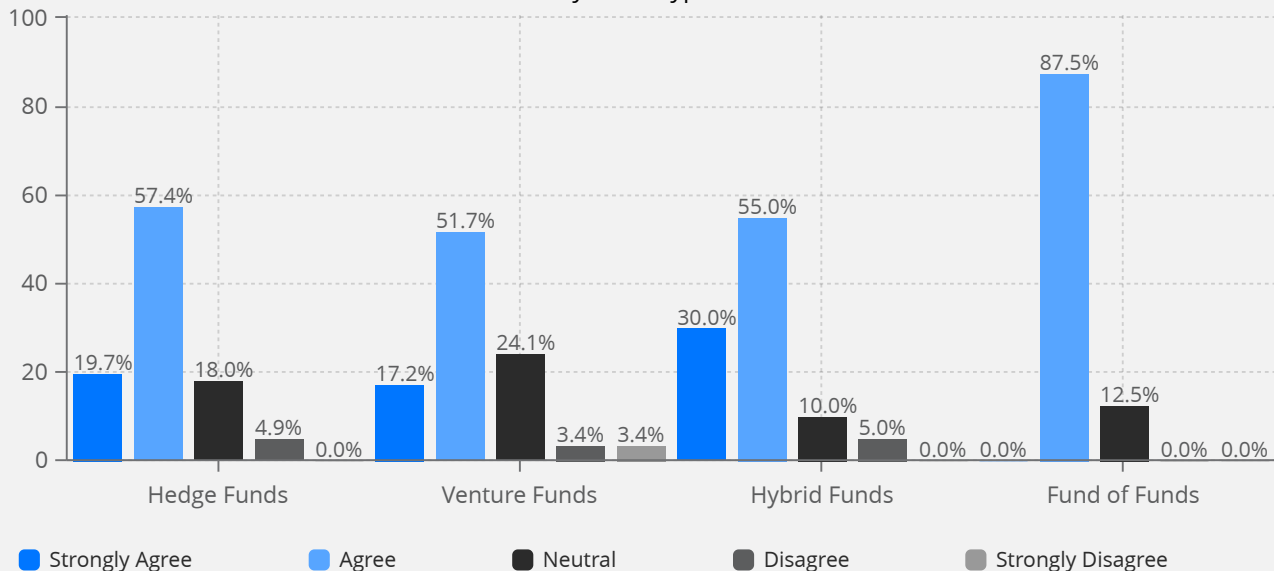
Do you agree that Covid-19 and related economic uncertainty will help increase crypto allocations in institutional portfolios?

Crypto Funds Will See Increased Institutional Interest in Crypto Due to Covid-19  
All Fund Types



Though over two third of funds agree that Covid 19 and related economic uncertainty will spur greater institutional allocations to crypto, only 20% strongly agree. Fund of funds and hybrid funds are most likely to agree with this statement.

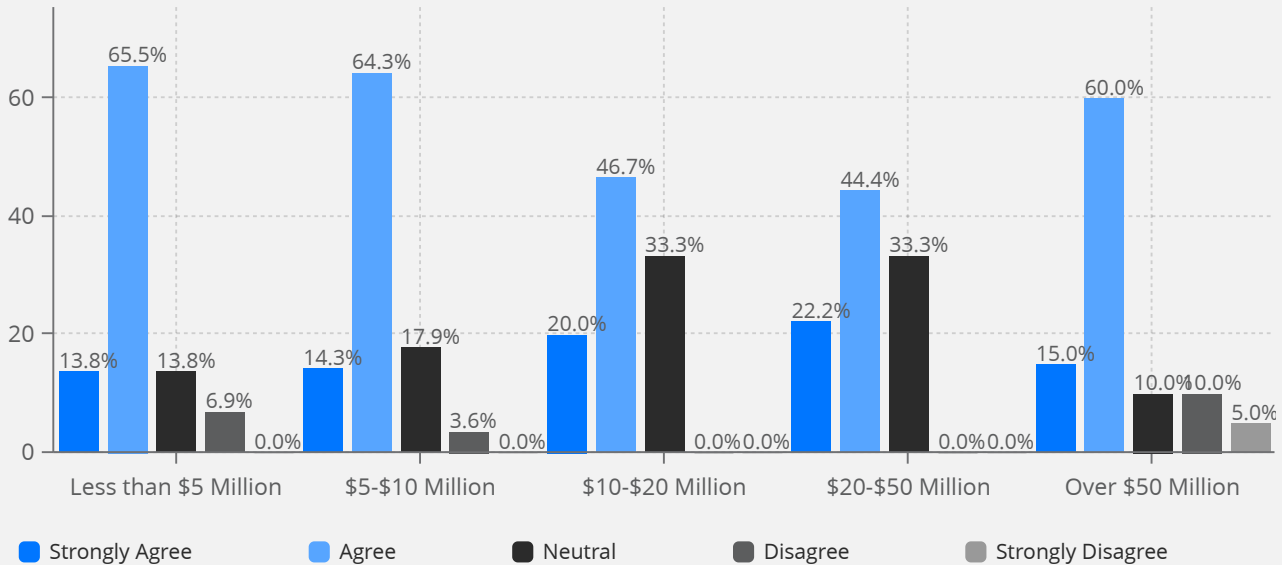
Crypto Funds Will See Increased Institutional Interest in Crypto Due to Covid-19  
By Fund Type



## Survey Question 12 (cont.)

### Crypto Funds Will See Increased Institutional Interest in Crypto Due to Covid-19

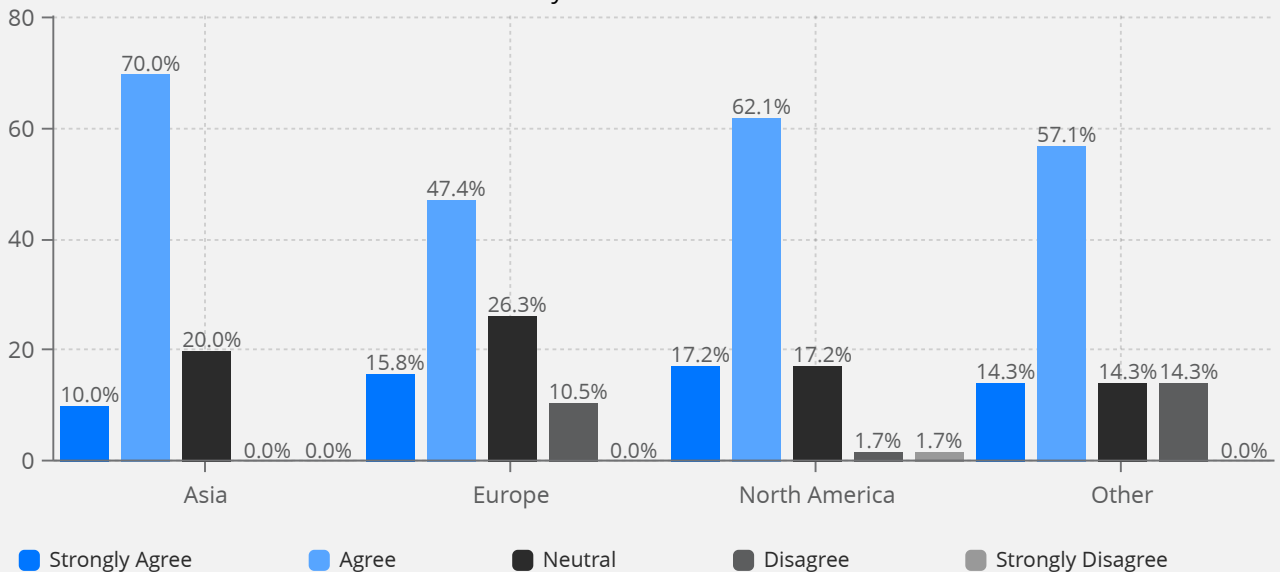
#### By Fund Size (AUM)



Crypto funds based in Asia are most likely to think Covid 19 will lead to greater institutional allocations to crypto. While a majority of European crypto funds agree, they are less convinced than their counterparts around the globe.

### Crypto Funds Will See Increased Institutional Interest in Crypto Due to Covid-19

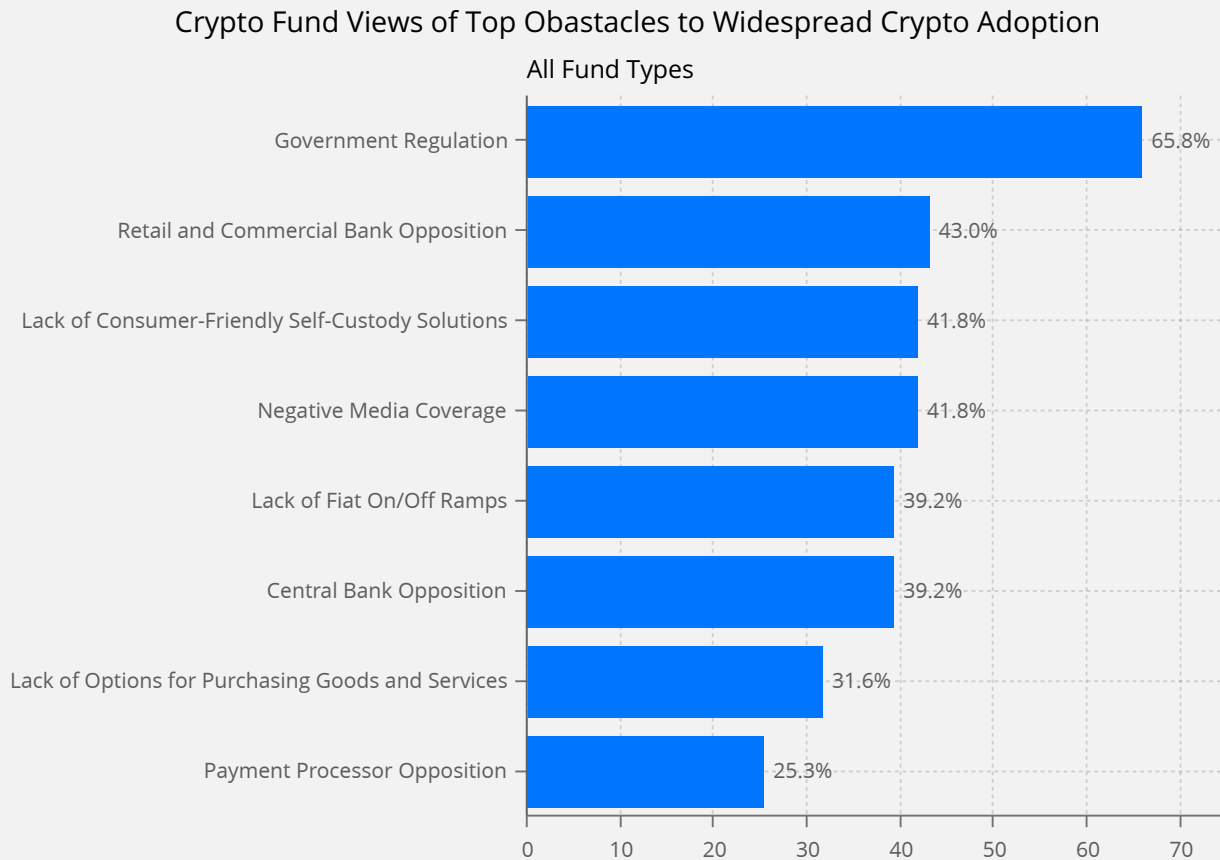
#### By Fund Location



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## Survey Question 13

What are the largest obstacles to widespread crypto adoption (select all that apply)?



The obstacle to widespread crypto adoption most frequently cited by crypto funds is government regulation. Retail and commercial bank opposition, lack of self-custody options, negative media coverage, and central bank opposition are also commonly noted.

Though not shown here, there are a few points of interest.

- Asian funds are far more likely (89%) to cite government regulation than are funds in other locales.
- Funds under \$5 million in AUM are more likely (61%) to cite lack of consumer-friendly self-custody options than are larger funds.
- Funds over \$50 million in AUM are least likely (14%) to cite negative media coverage.

## Crypto Fund Survey (cont.)

Thank you to the more than 80 crypto fund respondents that completed our survey including:



- Aludra Capital
- Arctos Capital Cryptoasset Credit Fund LP
- Astronaut Capital
- Attis Capital LP
- BitBull Fund
- BKCoin Capital LP
- Blockchain Coinvestors
- Blockchain.com Ventures
- Blockforce Capital
- Blockwall Management GmbH
- Cambrial
- Cambrial Capital
- ChainLink Crypto Fund
- CityBlock Capital
- CMCC Global
- Coincident Capital
- CoinFund
- Crypto10 Hedged
- Cryptos Fund
- Digico Capital
- Digital Capital Management
- Ether Capital
- ExoAlpha
- FCP.fund
- Galois Capital
- GDA Fund (GDA Holdings)
- Grasshopper Capital
- Grayscale Investments
- Grayscale Investments
- Hilbert Digital Asset Fund
- Incrementum
- Kenetic
- Liquibit USD Market Neutral Arb Fund
- Lotus Investment Strategies
- M31 Capital
- Multicoins Capital
- Napoleon AM
- Nickel Digital Arbitrage Fund
- Novum Digital Asset Alpha
- ODIN88 Crypto Fund
- Pangea Blockchain International
- Panxora Crypto I Hedge Fund
- Permian Capital Fund, LP
- Protos Asset Management
- Pythagoras Investment Management
- Rivemont Crypto Fund
- Stylus Quantitative Cryptoasset Strategies, LP
- SwissRex Crypto Fund
- Systematic Alpha Cryptocurrency Program
- TOBAM BITCOIN
- Tradecraft Capital
- True Ventures
- Unbounded Capital
- Victory Square Labs

## About the Report

### About Crypto Fund Research:

Crypto Fund Research is an independent research firm founded in 2017. The firm focuses exclusively on crypto funds including crypto hedge funds, venture capital funds, hybrid funds, index funds, and managed accounts. Crypto Fund Research provides a variety of free research and market intelligence, maintains the [CFR Crypto Fund Index](#), and provides the largest and most comprehensive [database of crypto fund performance](#).

Additional [crypto funds reports](#) are available.

### Special Thanks:

This report was prepared by the Crypto Fund Research team with additional assistance from the following:

Ibiso Tariah, MFE Candidate, Western University, London ON

Shaan Bharwani, Co-Founder, BitSilk Investments

For partnership opportunities, or to be included in our next survey, please contact us at [institutional\(at\)cryptofundresearch.com](mailto:institutional(at)cryptofundresearch.com)

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