

CF CRYPTO FUND RESEARCH

2021

Crypto Fund Survey



Table of Contents

Introduction	3
<hr/>	
Survey Results	4
<hr/>	
About the Survey	23

Introduction

Purpose

Crypto Fund 2021 Survey

Crypto Fund Research's 2021 Crypto Fund Survey is its second annual survey of crypto fund managers and was conducted in Q3 with over 60 respondents. Survey respondents represent 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 17 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 remain bullish on the near-term outlook for cryptoasset prices with more than three fourths of crypto funds expecting to see Bitcoin surge to over \$64,000 in the next 12 months. They also are generally optimistic about the continued growth of institutional interest in the sector.

Notes

63 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.

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 63 respondents. Due to rounding and the ability to select multiple answers for certain questions, figures may not always add up to 100%.

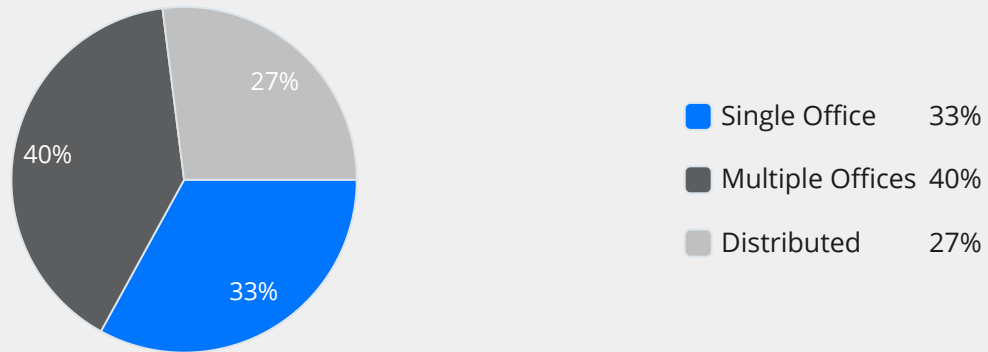
On select all questions, some answers that had limited or no response, are omitted from the relevant charts.

The survey was conducted between July 13 and August 26, 2021.

Survey Question 1

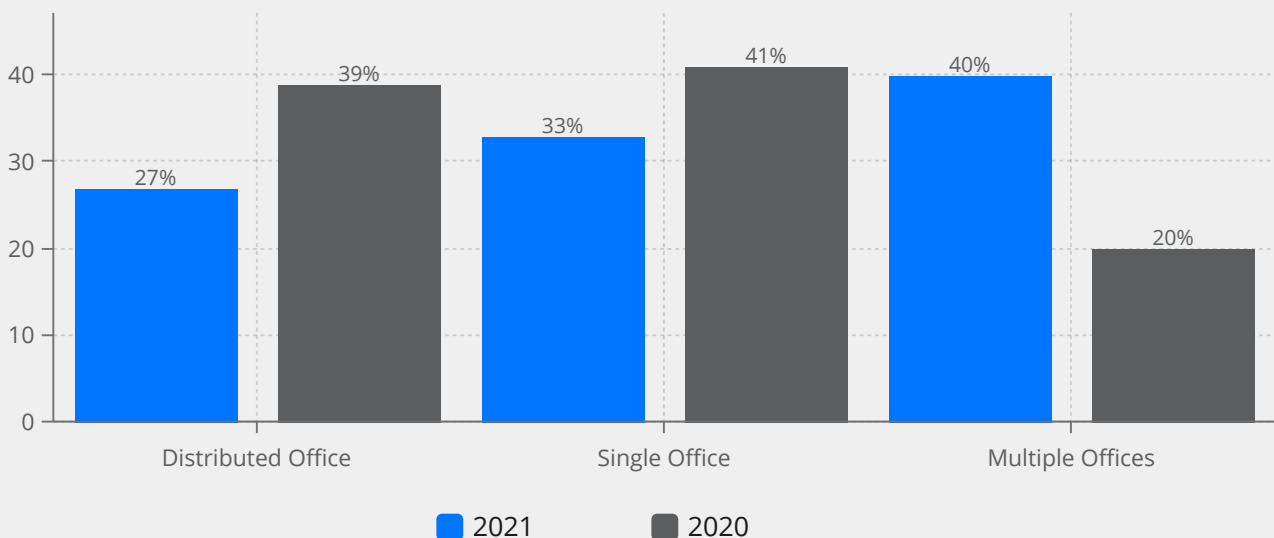
Is your team operating out of a single location, multiple locations, or distributed globally?

Crypto Fund Team Location
All Fund Types



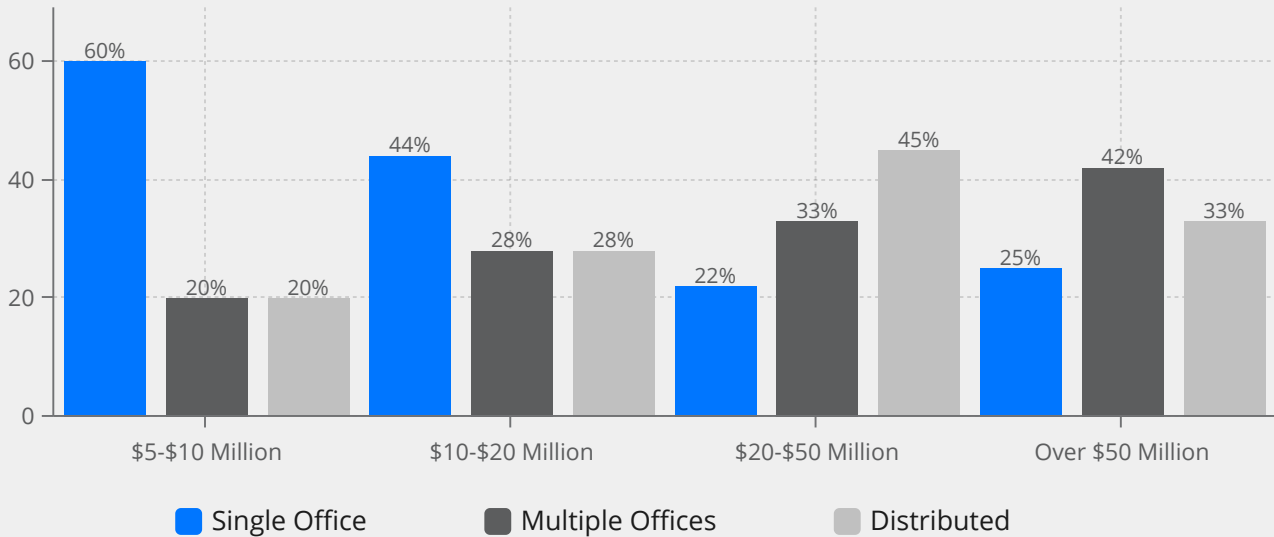
A plurality of crypto funds now maintain multiple offices. In fact, the number of funds operating multiple offices has doubled since last year - potentially reflecting the maturation and globalization of the space. The share of funds with distributed workforces as well as single office locations both fell versus our 2020 survey.

Crypto Fund Team Location
2021 vs. 2020



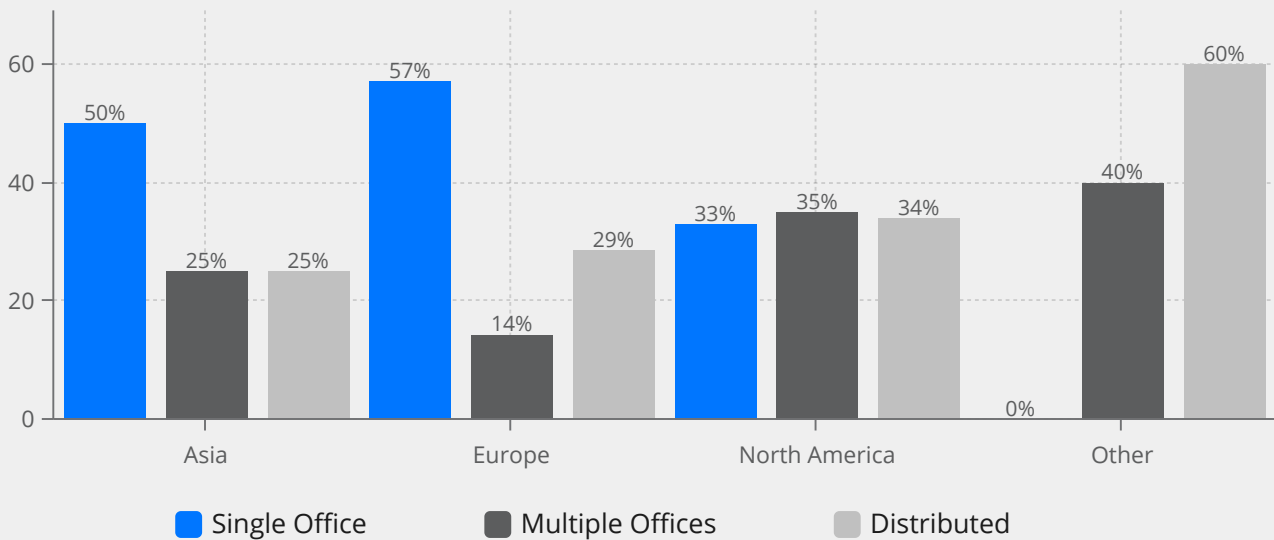
Survey Question 1 (cont.)

**Crypto Fund Team Location
By Fund Size (AUM)**



Unsurprisingly, funds with greater assets under management are more likely to operate from multiple physical offices. Similarly, smaller funds are most likely to have a single office location. However, there is not a clear correlation between fund assets and whether they operate distributed offices.

**Crypto Fund Team Location
By Primary Fund Location**

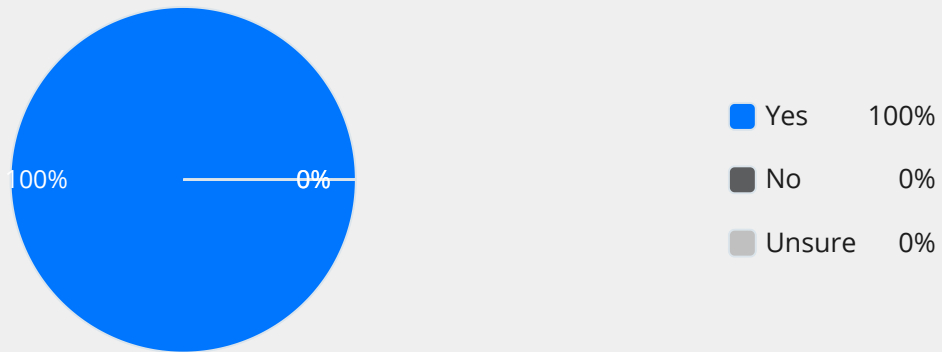


Survey Question 2

Do you anticipate the fund/fund company will increase assets under management (AUM) in 2021?

Crypto Fund Expectations to Increase AUM in 2021

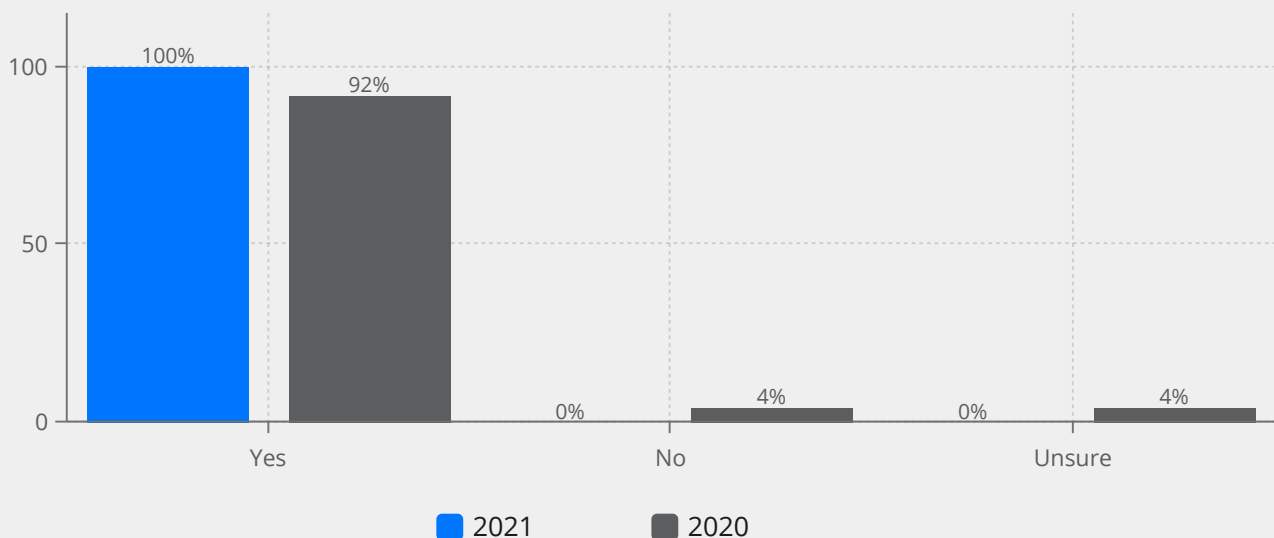
All Fund Types



100% of funds believe they will see fund assets under management increase in 2021. This compares to 92% in our 2020 survey. Bullish market conditions are probably not the root cause of this optimism, given the average price of BTC during our survey period (\$29,990 USD), was almost unchanged from BTC's opening price of \$28,994 to start the year.

Crypto Fund Expectations to Increase AUM

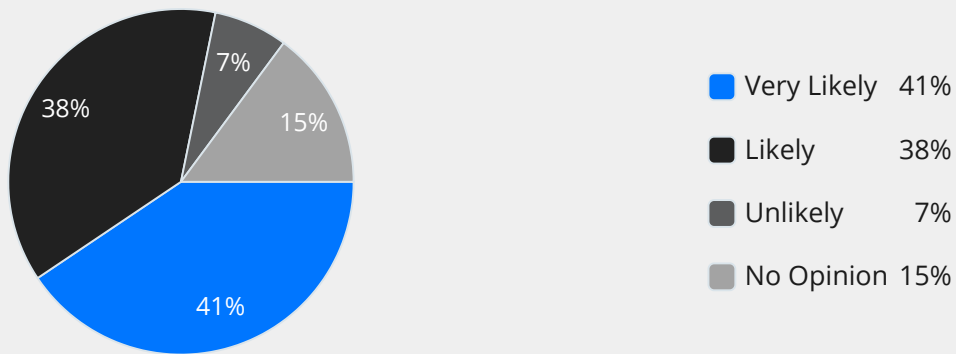
2021 vs. 2020



Survey Question 3

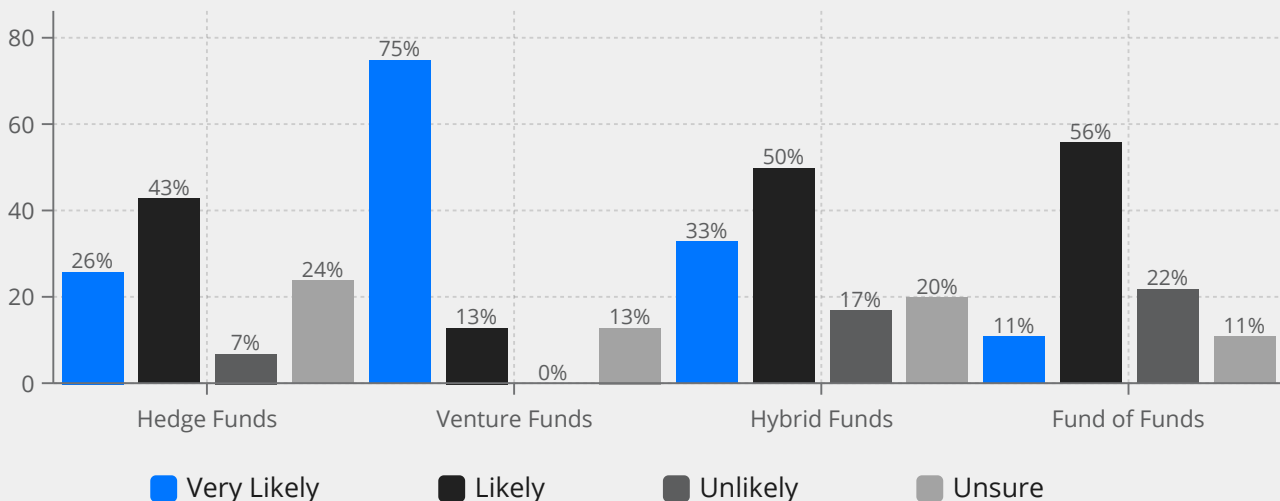
How likely is it that Bitcoin will surpass its all-time-high price of approximately \$64,000 in the next 12 months?

Crypto Fund Expectations for Bitcoin to Surpass \$64,000 in Next 12 Months
All Fund Types



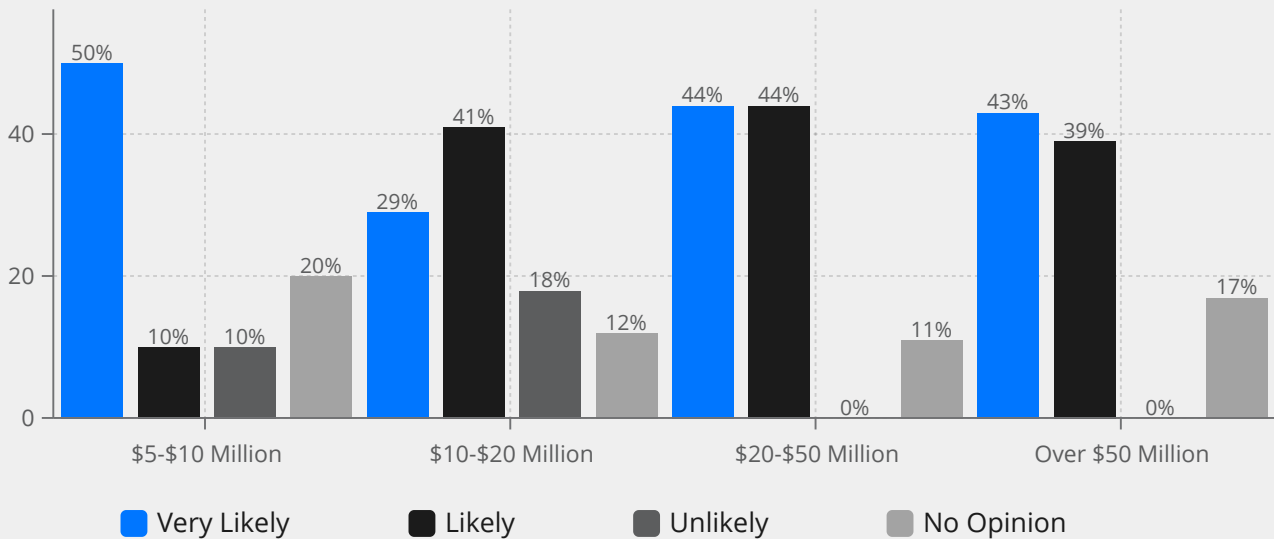
78% of crypto funds think its likely or very likely that Bitcoin will surpass its all-time-high price of approximately \$64,000 USD in the next 12 months (this is more than double the average price at the time of the survey). Crypto funds are significantly more bullish than in 2020 when about 60% thought Bitcoin would more than double over the following 12 months (it took about 5 months for this to occur).

Crypto Fund Expectations for Bitcoin to Surpass \$64,000 in Next 12 Months
By Fund Type



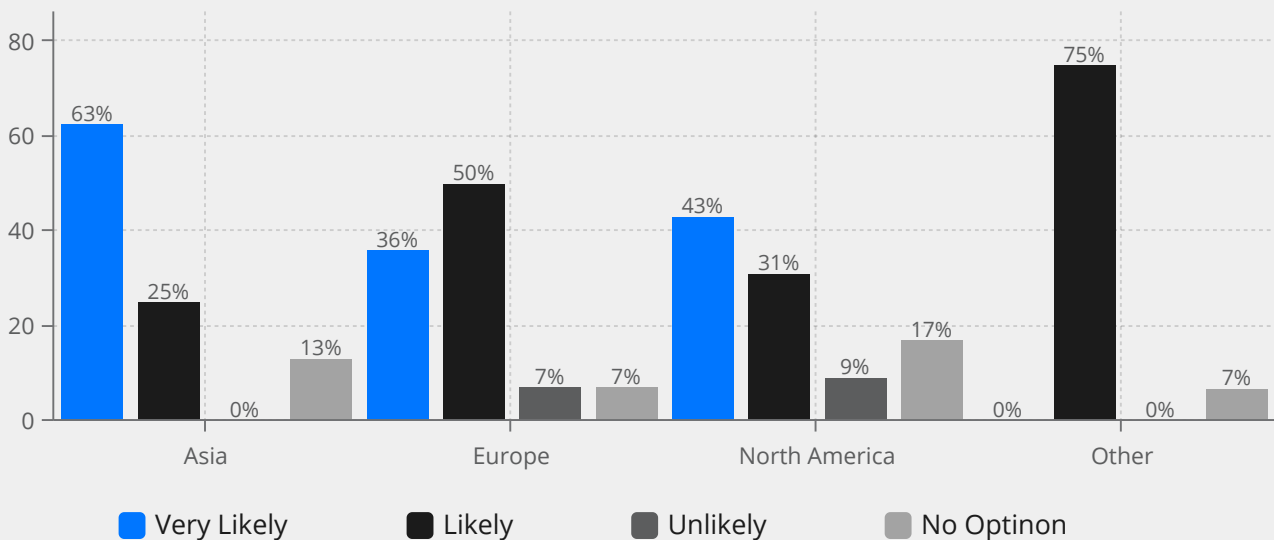
Survey Question 3 (cont.)

**Crypto Fund Expectations for Bitcoin to Surpass \$64,000 in Next 12 Months
By Fund Size (AUM)**



Larger funds tend to be somewhat more bullish on Bitcoin's 12 month price appreciation than smaller funds. No funds with more than \$20 million in assets believe it's unlikely for Bitcoin to more than double in price in the next 12 months.

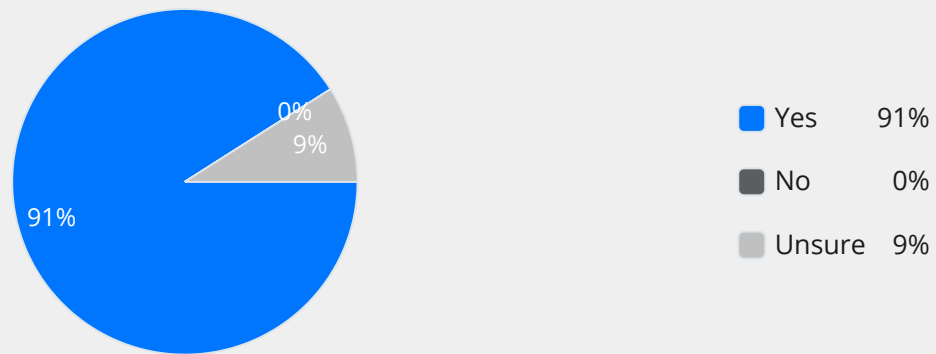
**Crypto Fund Expectations for Bitcoin to Surpass \$64,000 in Next 12 Months
By Fund Location**



Survey Question 4

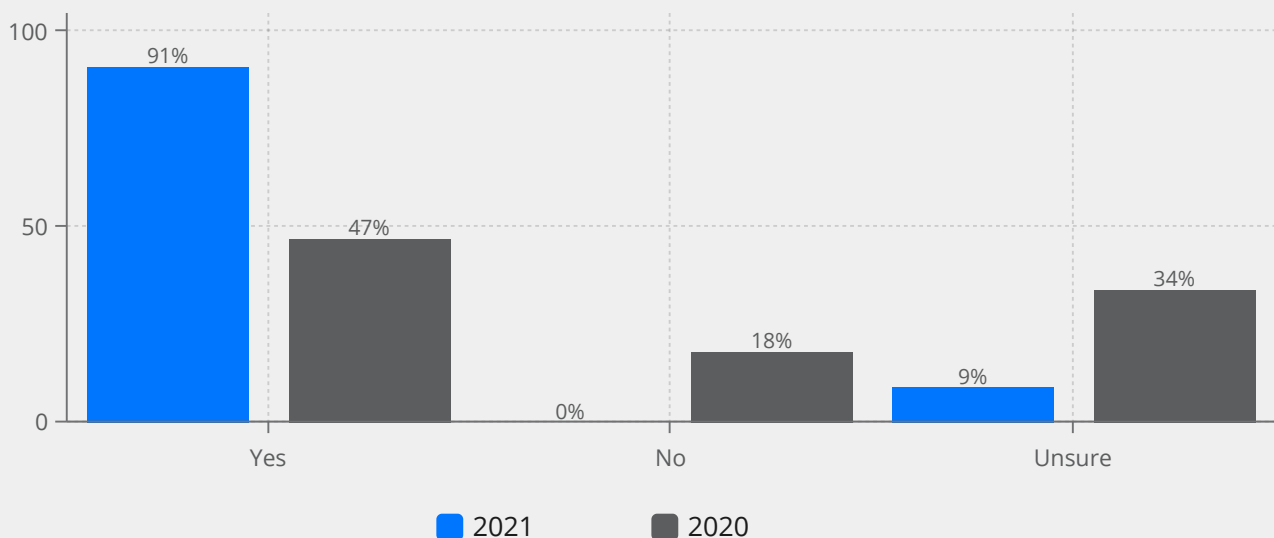
Do you anticipate making more investments in blockchain companies in 2020 vs. 2019?

**Crypto Fund Expectations to Increase # of Blockchain Investments
Venture Capital and Hybrid Funds**



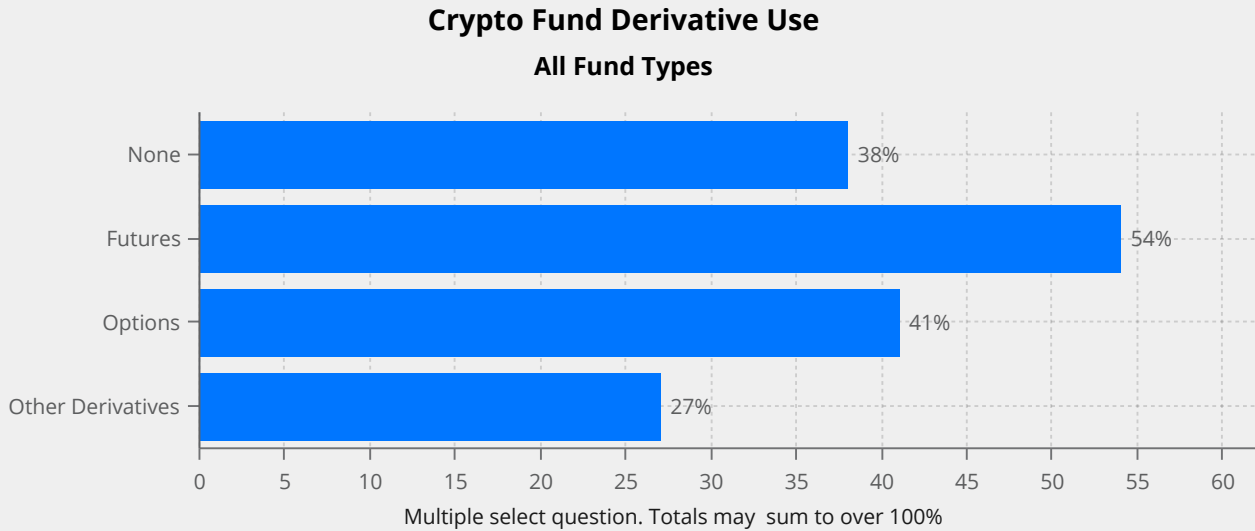
Over 90% of venture funds surveyed anticipate making more venture investments in blockchain/crypto companies in 2021 than they did in 2020. In our 2020 survey less than half of respondents believed they'd make more of these investments than in the previous year.

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

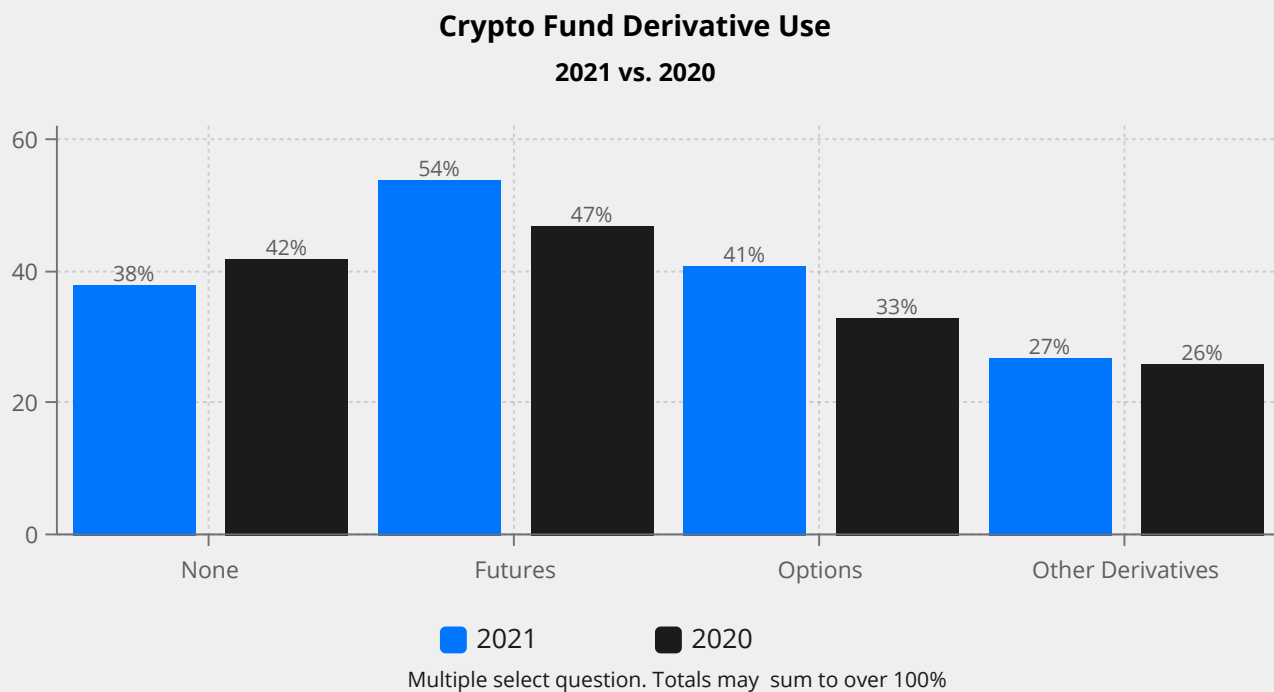


Survey Question 5

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



Nearly two thirds of crypto funds use at least one derivative product as part of their investment process. Relative to 2020, more funds are now including options and futures in their investment portfolios.



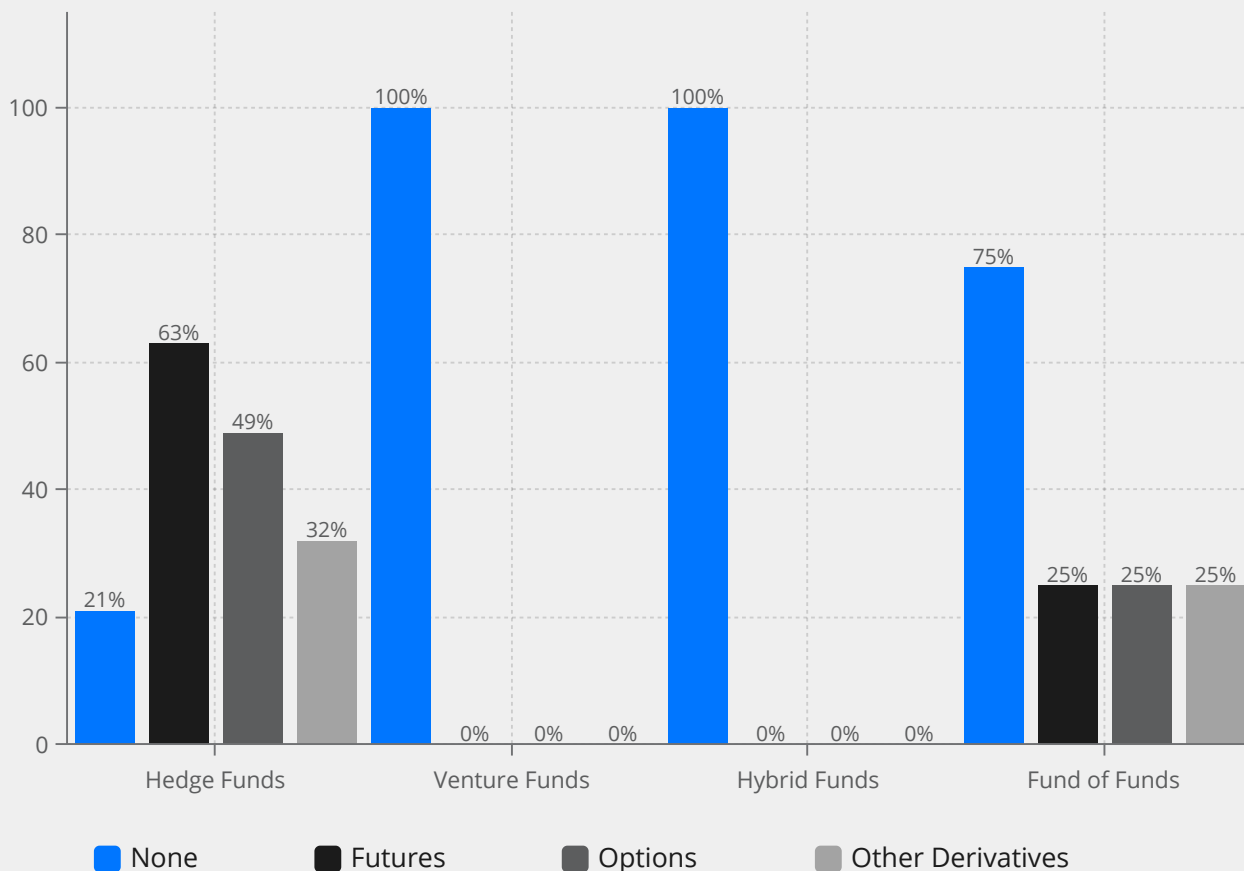
Survey Question 5 (cont.)

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

Crypto hedge funds are the most likely type of fund to use futures, options, or other derivatives. Nearly two thirds of crypto hedge funds utilize futures and just under half utilize options. Other derivatives, which can include forwards, swaps, and some other DeFi products are used by about one third of crypto hedge funds.

Crypto venture and hybrid funds did not report using any of the above products. Only one quarter of crypto fund of funds report using futures, options or derivatives. However, many of the underlying funds they invest in likely do use these products.

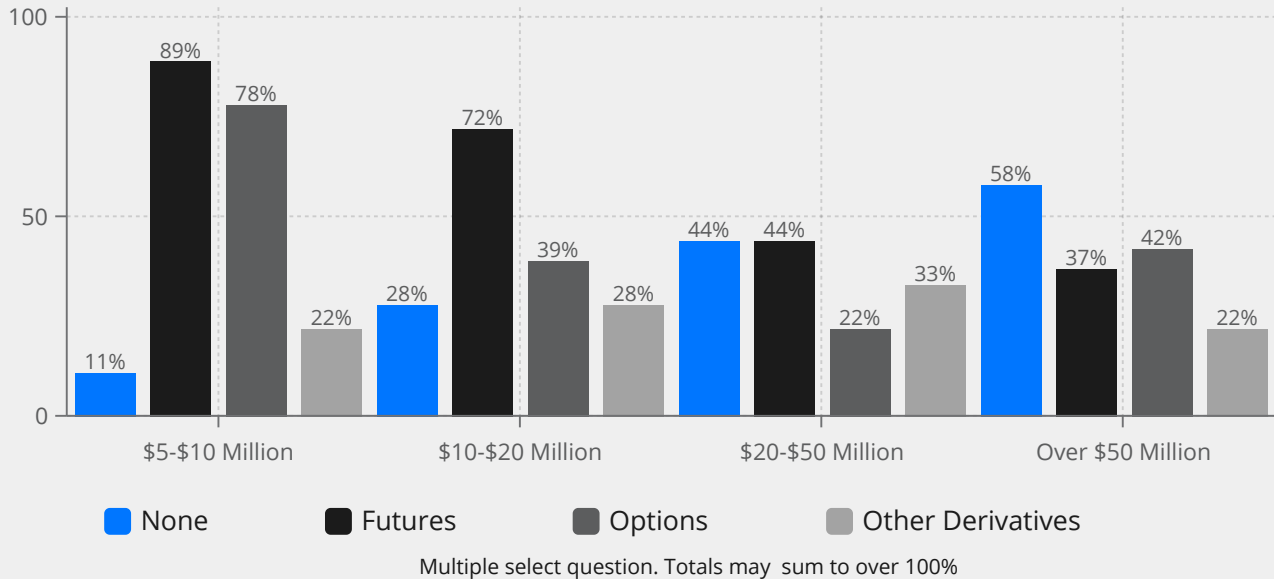
**Crypto Fund Derivative Use
By Fund Type**



Multiple select question. Totals may sum to over 100%

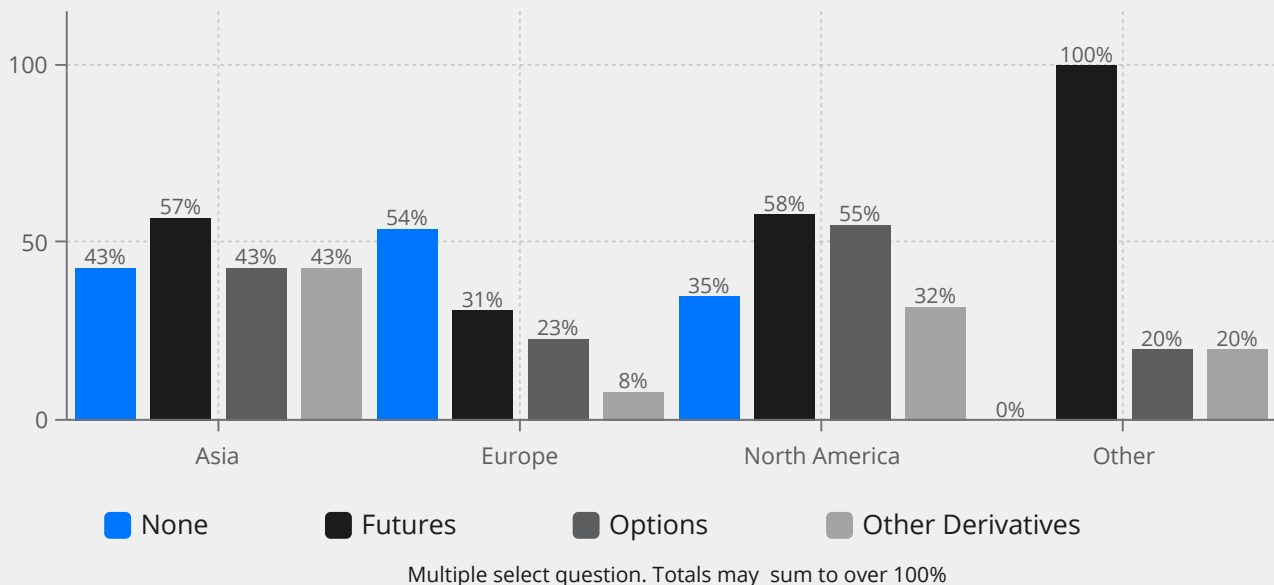
Survey Question 5 (cont.)

**Crypto Fund Derivative Use
By Fund Size (AUM)**



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.

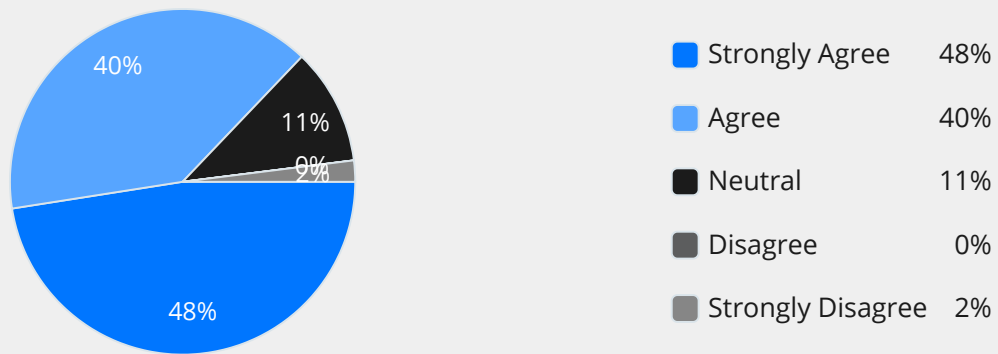
**Crypto Fund Derivative Use
By Fund Location**



Survey Question 6

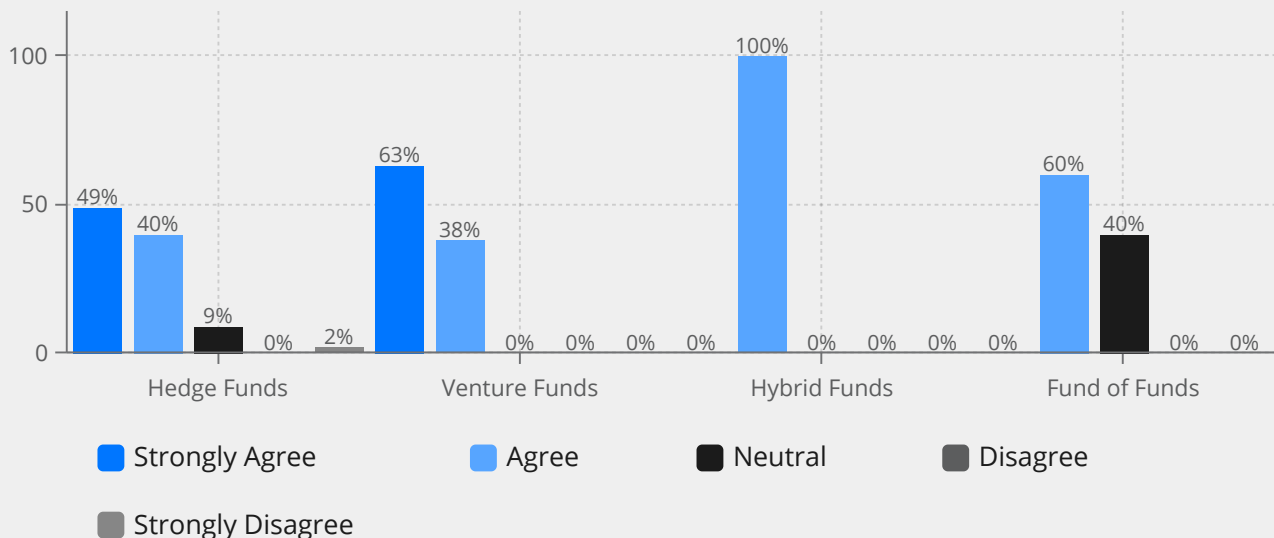
Do you agree that derivative and structured products are a healthy component of the crypto investment space?

Crypto Funds View Derivatives as Healthy for Space
All Fund Types



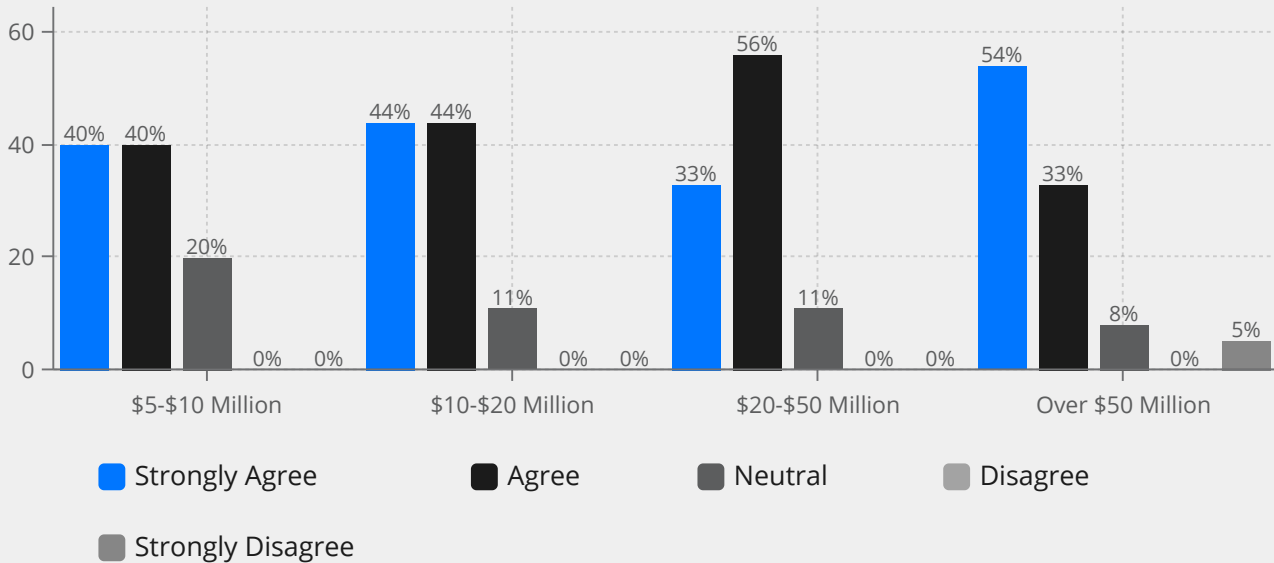
Though under two thirds of crypto funds use futures, options or derivatives in their portfolios, nearly 90% believe they are a healthy component of the crypto investment space. This percentage is up slightly from our 2020 survey which found 84% agreed or strongly agreed that derivatives are healthy. Only around 2% believe derivatives are unhealthy.

Crypto Funds View Derivatives as Healthy for Space
By Fund Type



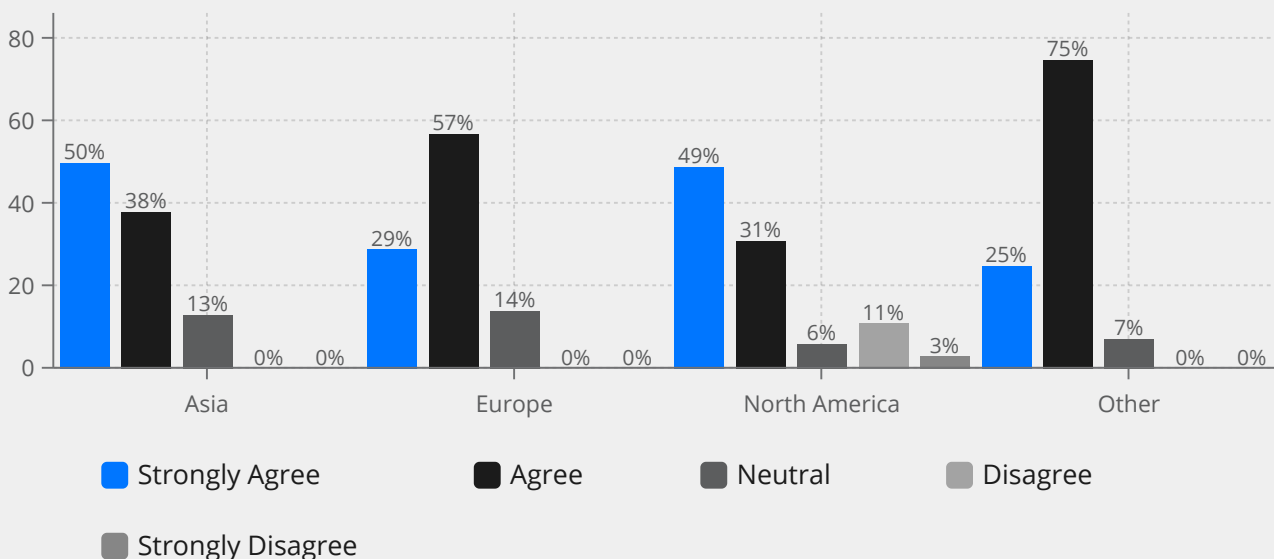
Survey Question 6 (cont.)

**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, despite significant differences in actual utilization of derivatives. Funds headquartered in Asia and North America are most likely to strongly agree that derivatives are healthy.

**Crypto Funds View Derivatives as Healthy for Space
By Fund Location**

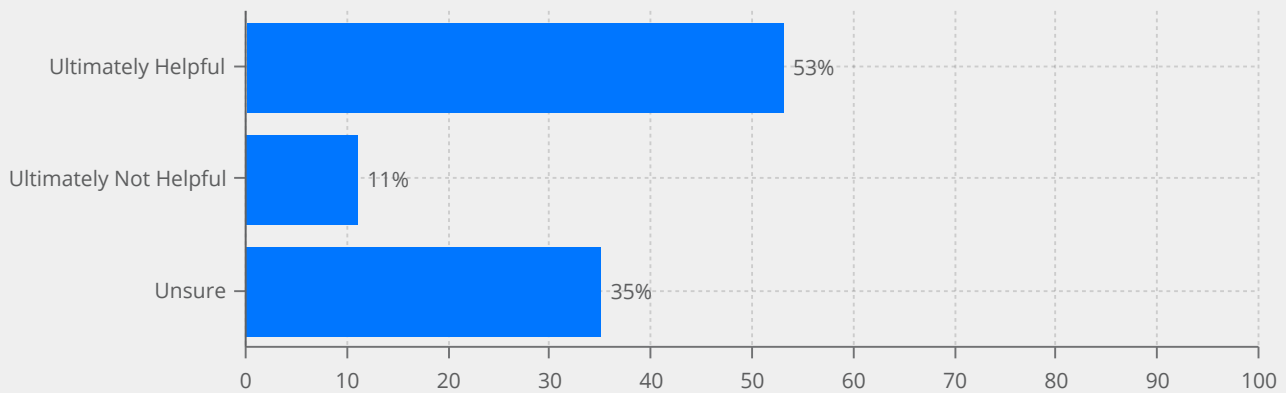


Survey Question 7

Is China's ban on cryptocurrency mining helpful or harmful to the long-term success of Bitcoin?

Crypto Fund Views on Impact of China's Mining Ban on Long-Term Success of Bitcoin

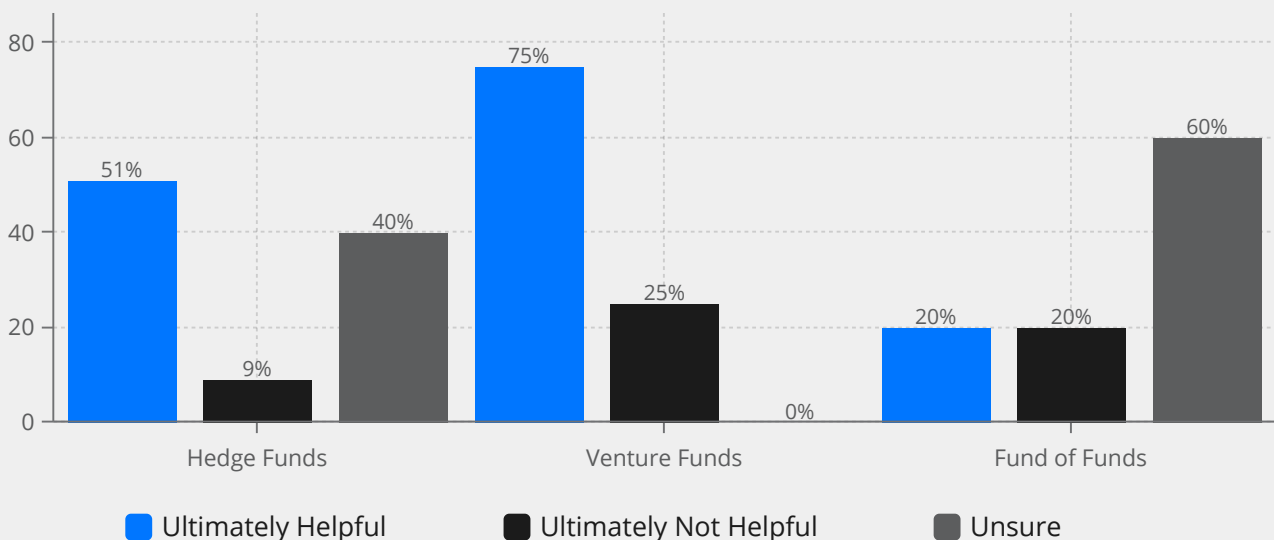
All Fund Types



While many funds remain agnostic or unsure of the long-term effects of China's ban on cryptocurrency mining, the overwhelming majority of funds expressing an opinion believe the ban will ultimately be helpful to the long-term success of Bitcoin. Venture funds were most likely to think the ban would be helpful, but also most likely to see it as unhelpful.

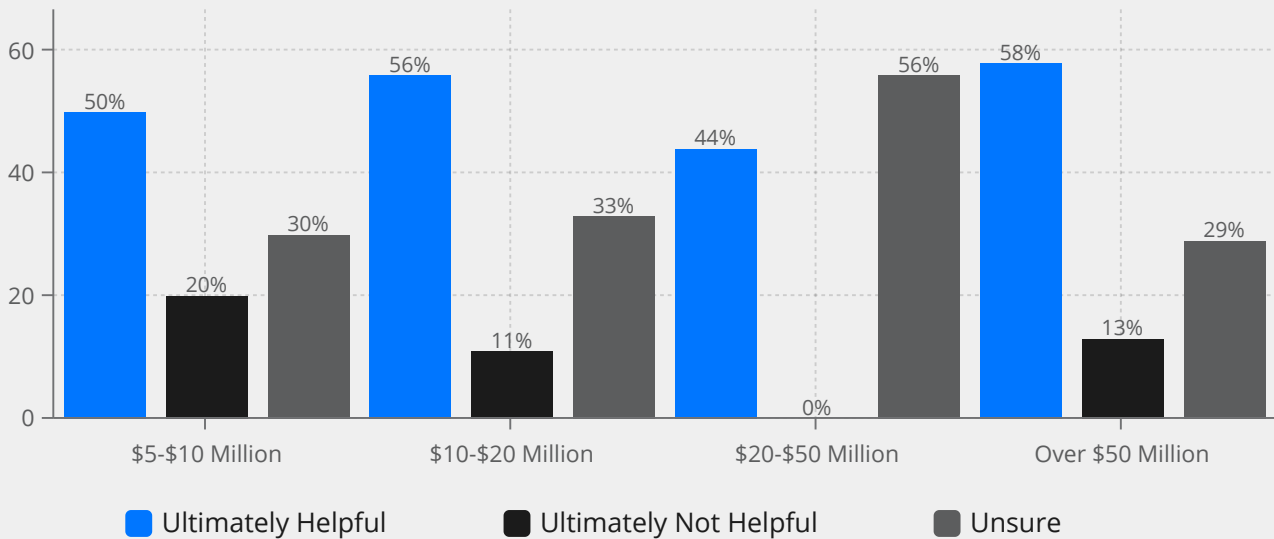
Crypto Fund Views on Impact of China's Mining Ban on Long-Term Success of Bitcoin

By Fund Type



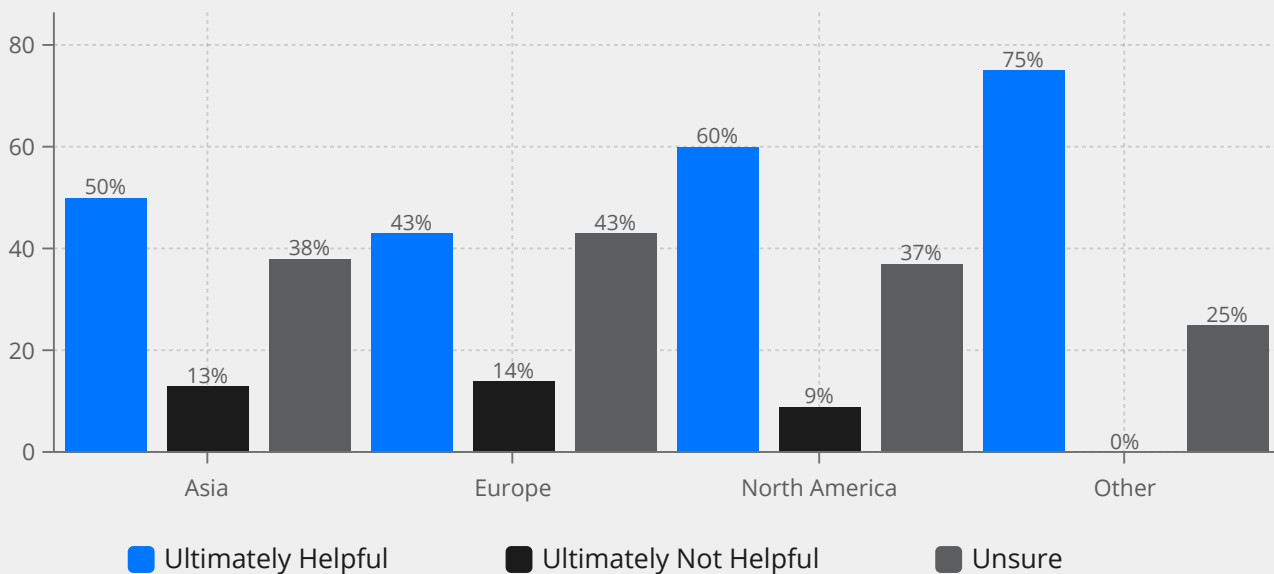
Survey Question 7 (cont.)

**Crypto Fund Views on Impact of China's Mining Ban on Long-Term Success of Bitcoin
By Fund Size (AUM)**



Crypto funds with more than \$50 million in assets are most likely to believe China's ban on cryptocurrency mining will ultimately be helpful, though variations across fund size are modest. Funds based in Europe are least likely to think the ban will ultimately be helpful.

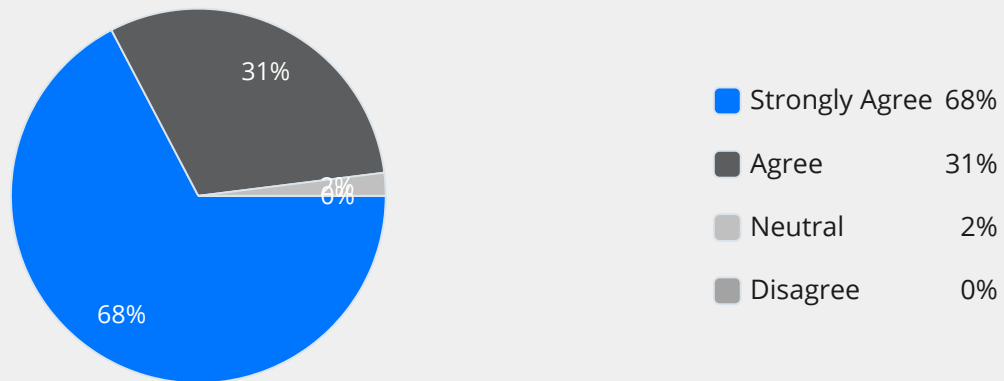
**Crypto Fund Views on Impact of China's Mining Ban on Long-Term Success of Bitcoin
By Fund Location**



Survey Question 8

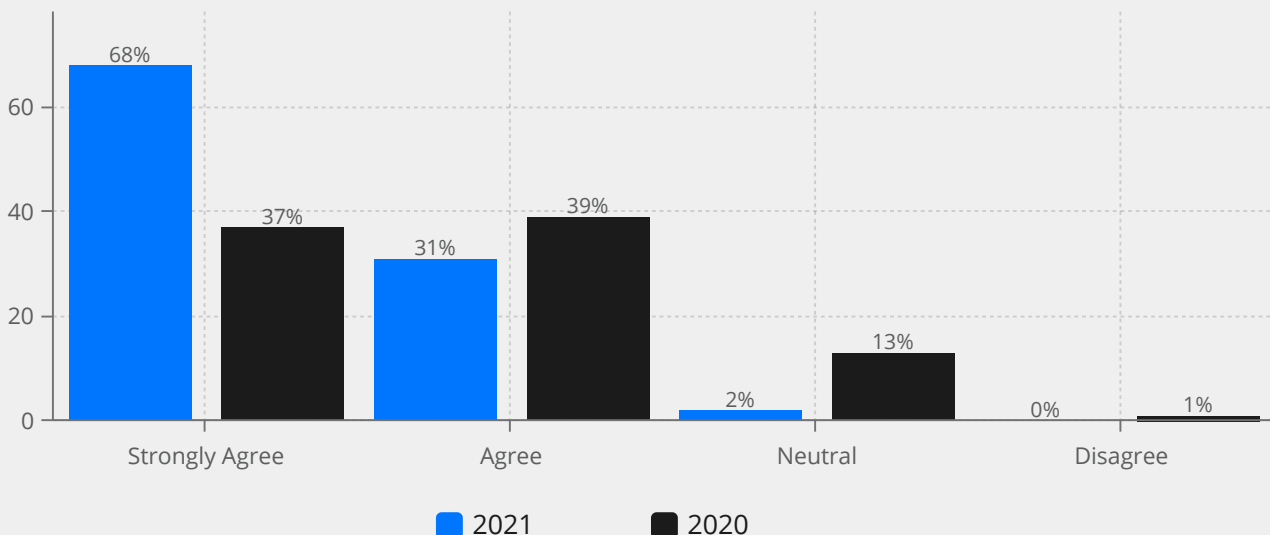
Do you agree that institutional interest in cryptocurrencies increased in the first half of 2021?

Crypto Funds Believe Institutional Interest in Crypto Increased in H1 2021
All Fund Types



98% of crypto funds agree that institutional interest in cryptocurrencies increased in the first half of 2021 - the closest to unanimous consent in any of our survey questions. This view is consistent across fund type, size, and location.

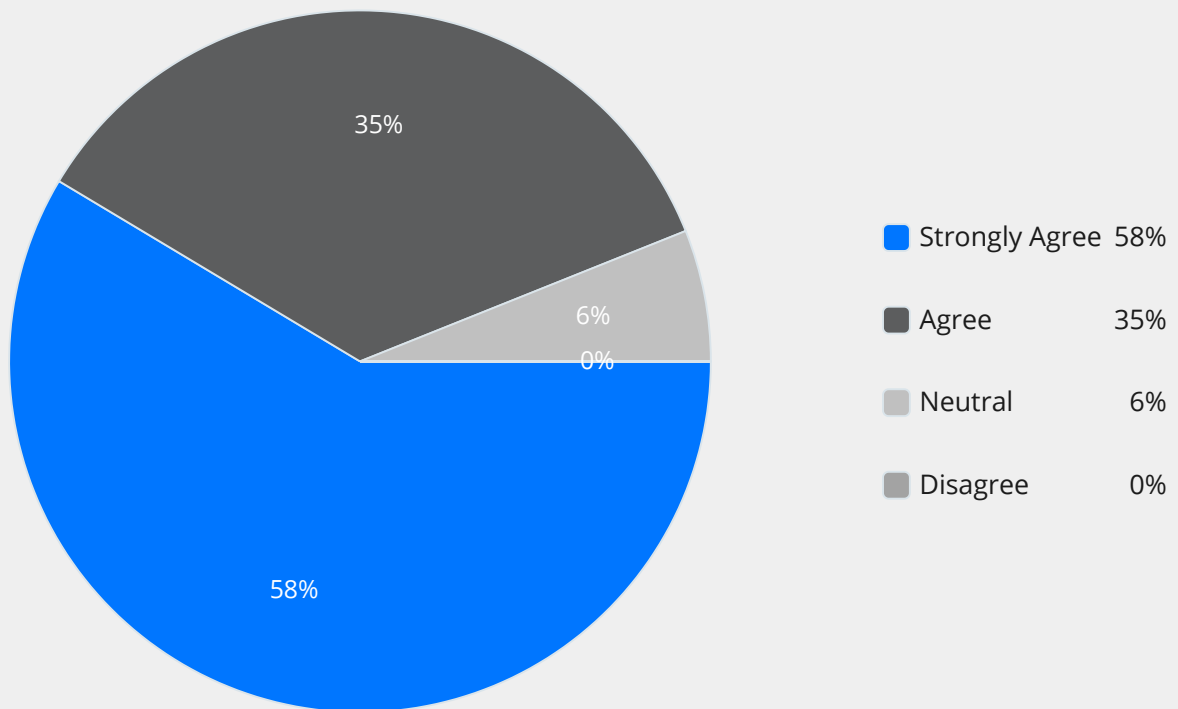
Crypto Funds Believe Institutional Interest in Crypto Increased in First Half of Year
2021 vs. 2020



Survey Question 9

In the next 5 years, a majority of foundations and endowments will have some cryptocurrency exposure in their portfolios. Agree or disagree?

Crypto Funds Believe Most Foundations/Endowments Will Have Crypto Exposure by 2026 All Fund Types



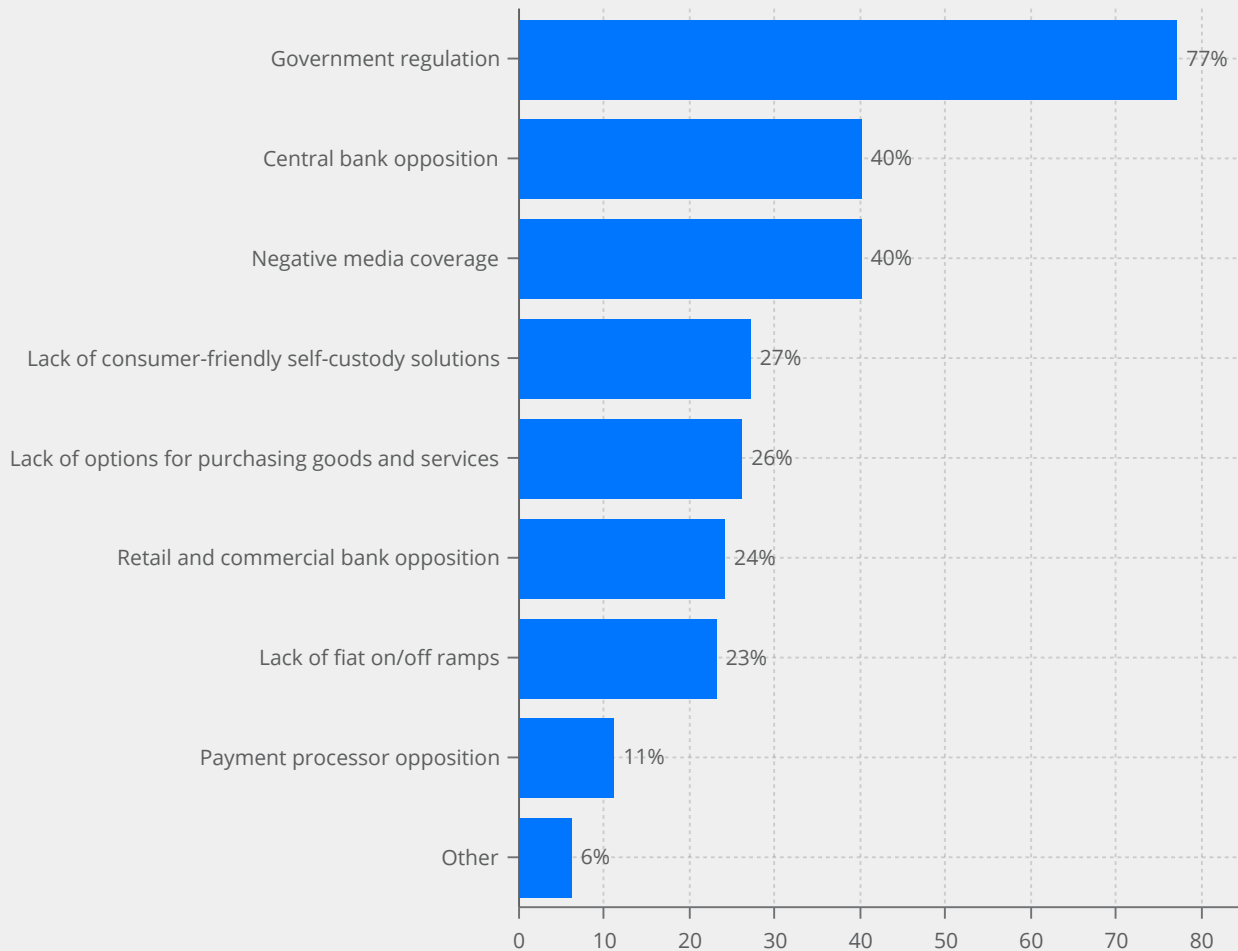
93% of crypto funds believe a majority of foundations and endowments will have some cryptocurrency exposure by 2026. No funds disagree with this prediction and results are consistent across fund type, size, and location.

Survey Question 10

Which of the following are significant obstacles to widespread crypto adoption?

Crypto Fund Views of Top Obstacles to Widespread Crypto Adoption

All Fund Types

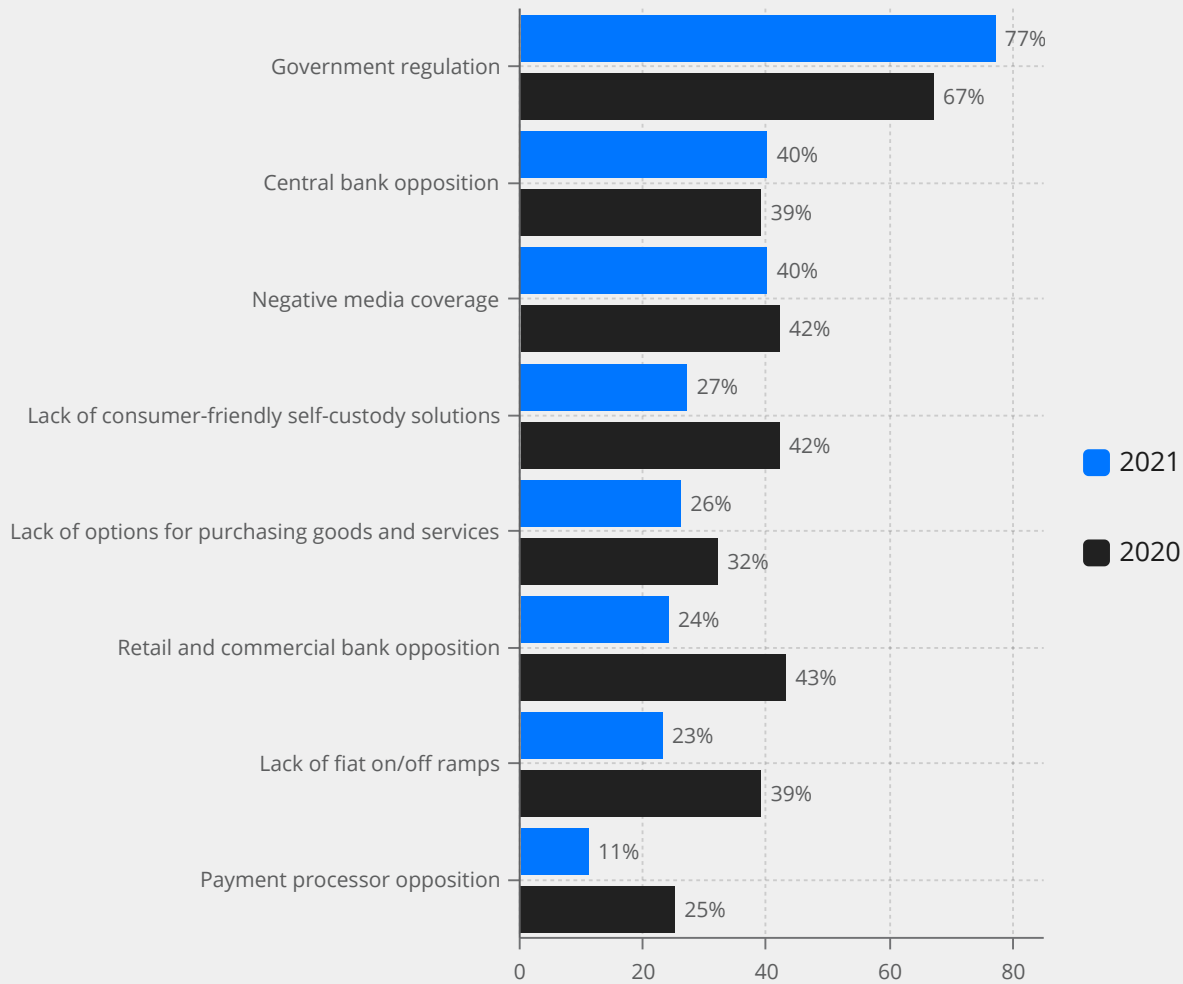


Crypto funds see government regulation as by far the largest obstacle to widespread crypto adoption. This was also the primary concern for crypto funds in 2020, though the percentage of funds reporting it as a concern in 2021 increased to 77% from 66% in 2020.

Central bank opposition and negative media coverage are also significant concerns for crypto funds. The percentage of funds citing these as obstacles, however, is little changed from 2020

Survey Question 10 (cont.)

Crypto Fund Views of Top Obstacles to Widespread Crypto Adoption
All Fund Types



While government regulation, central bank opposition, and negative media coverage remain among the top concerns of crypto funds with regard to widespread adoption, other categories saw larger sentiment shifts between 2020 and 2021. Lack of self-custody solutions and fiat on/off ramps appear to now be significantly less of a concern than in 2020. Likewise, the percentage of funds citing payment processor and bank opposition as an obstacle has fallen by more than half since 2020.

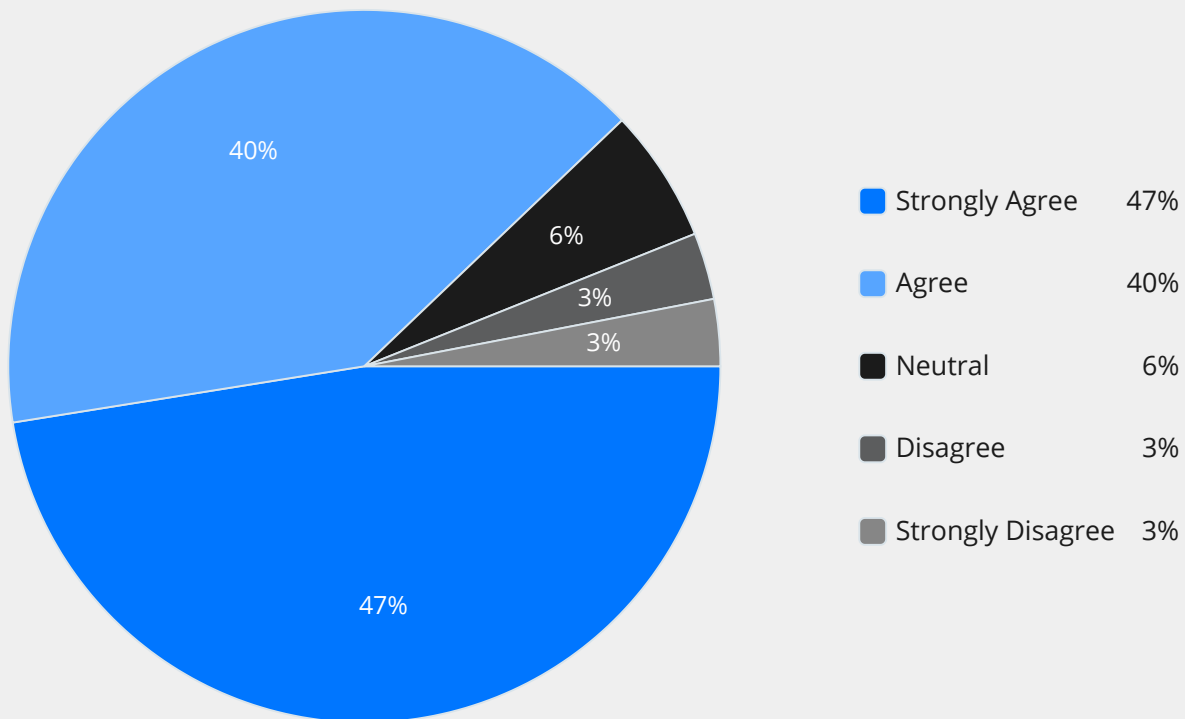
Though not shown in the above chart, a couple of points are worth noting:

- 100% of funds based in Asia reported government regulation as an obstacle
- 86% of funds based in Asia reported central bank opposition as an obstacle

Survey Question 11

Do you agree that increases in money supply and inflation expectations will drive adoption of cryptocurrencies as stores of value.

Crypto Funds Agree Increases in Money Supply and Inflation will Drive Crypto Adoption All Fund Types



A question on the role of increased money supply and inflation expectations in shaping crypto adoption, particularly as a store of value, was added to our survey for 2021. 87% of funds believe such increases will drive adoption while only 4% disagree.

Though not shown above, there was no disagreement from funds based in Europe/Other. Funds based in Asia were somewhat more likely to disagree.

Crypto Fund Survey

Thank you to the more than 60 crypto fund respondents that completed our 2021 crypto fund survey including:



Altana Digital Currency Fund
ARCA
Astronaut Capital
Baekdu Technologies
Belton Capital
Bitrock Capital Partners, LP
BKCoin Capital
Blockchain Coinvestors
Blockchain Strategies Fund
Blockforce Capital
Bohr Arbitrage Crypto Fund
Cambrian Asset Management
CityBlock Capital
Coincident Capital
Crypto Fund AG
DFi Labs
Digital Capital Management
Galois Capital
Hartmann Capital
Icoinic Algorithmic Fund
Kenetic
Lavalier Capital Management
Leonidas Cryptocurrency Fund

Liberty Bitcoin Fund
Liquibit USD Market Neutral Arbitrage Fund
M31 Capital
MaiCapital - Blockchain Opportunity Fund
MVPQ Limited
NamNar Alternatives fund lp
ODIN88 Elite Crypto Fund
Off the Chain LP
Permian Capital Fund, LP
ProChain Capital
Protein Capital Fund
Proxima Investments
Pure Crypto LP
Pythagoras Investment Management LLC
Rivemont Crypto Fund
S2F CAPITAL LP
Smart Index Crypto Fund Limited
Stylus Capital
Tally Capital
The Bitcoin Fund (TSX:QBTC)
Tradecraft Crypto Asset Fund
Waterdrip Capital

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](#).

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For partnership opportunities, or to be included in our next survey, please contact us at institutional@cryptofundresearch.com

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