Making a Quick Buck Was Never Easy

Stockholm (HedgeNordic) – Making a quick buck was never easy. I am a young lad and truth be told, I did think of sinking some money into cryptocurrencies in the hopes of making a quick buck despite having a strong opinion on the utility (or better say, the lack thereof) of Bitcoin and other cryptocurrencies for the world’s financial system. I am really glad I haven’t.

Cryptocurrency hedge funds, as measured by the HFR Cryptocurrency Index, were down a worrying 43.0 percent in March, extending the losses for the first quarter of 2018 to 52.1 percent. Meanwhile, the Eurekahedge Crypto-Currency Hedge Fund Index was down 34.7 percent last month, bringing the performance for the first three months of the year to a negative 50.0 percent.

One might have wrongly assumed that these so-called crypto hedge funds were truly employing hedge fund-like investment styles rather than making speculative bets considering that the HFR Cryptocurrency Index lost merely 4.3 percent in January, when most, if not all, cryptocurrencies plummeted in price. However, there is good reason to believe that most of these hedge funds and other similar vehicles have been simply gambling in cryptocurrencies.

According to a recent Bloomberg article, at least nine crypto funds have been closed as bearish trends in the crypto space continued. Around 226 such funds are currently operating, according to fintech analytics firm Autonomous NEXT, with 167 of those having popped up in 2017 alone. Lex Sokolin, global director of fintech strategy at Autonomous NEXT, believes that up to 10 percent of existing crypto funds could close by the end of the year.

As a young investor, I do care more about long-term returns than about making a quick buck. Hopefully, crypto hedge fund managers across the globe share the same line of thinking, for the sake of capital protection.

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