QuantCT Pro DeFi Fund Performance Report

Introduction

QuantCT Pro is a medium-risk, long-only, and medium-to-long-term algorithmic DeFi fund, designed to catch big moves while maintaining its equity in bearish regimes and market crashes. Right now, it is planned to ONLY trade WETH in this fund.

The vault is deployed on the Enzyme Finance platform and the Polygon network. You can access this vault by the following URL:

https://app.enzyme.finance/vault/0xf5a738440cd11f945b1cfcea587393e9c7e50d0f?network=polygon

This document is the in-sample and out-of-sample performance report of the fund. The same strategies and trading bots are trading in real mode since 2023-05-22.

Performance Summary

The following table is a comparison between the performance summary of in-sample and out-of-sample tests. All returns and PnL are nets of 0.3% transaction costs which is a realistic assumption for swap fees, price impacts, and network fees.

	In-Sample	Out-Of-Sample
Trading Days	1800	150
Date Range	2018-01-01 2022-12-31	2023-01-01 2023-05-18
Net Profit (%)	335.60	9.20
Max. Drawdown (%)	-25.17	-8.51
avg. Returns (%)	0.09	0.07
std. Returns (%)	1.52	1.07
Annualized Return (%)	34.18	26.01
Annualized Volatility (%)	29.13	20.40
Annualized Sharpe Ratio	1.15	1.24
Annualized Sortino Ratio	1.84	1.87
Tail Ratio	1.36	1.11

Returns

The following graphs show the returns of the vault from different points of view. You see that robots did the job as expected – Preserving their equity in market crashes, gaining profits through sustainable moves, and incurring small losses during side ranges.

Figure 1 - Cumulative Returns

The following diagram shows that daily returns are stable and mostly within -8% to +8%, with extremes of +-15% during the end of 2020 and the beginning of 2021.
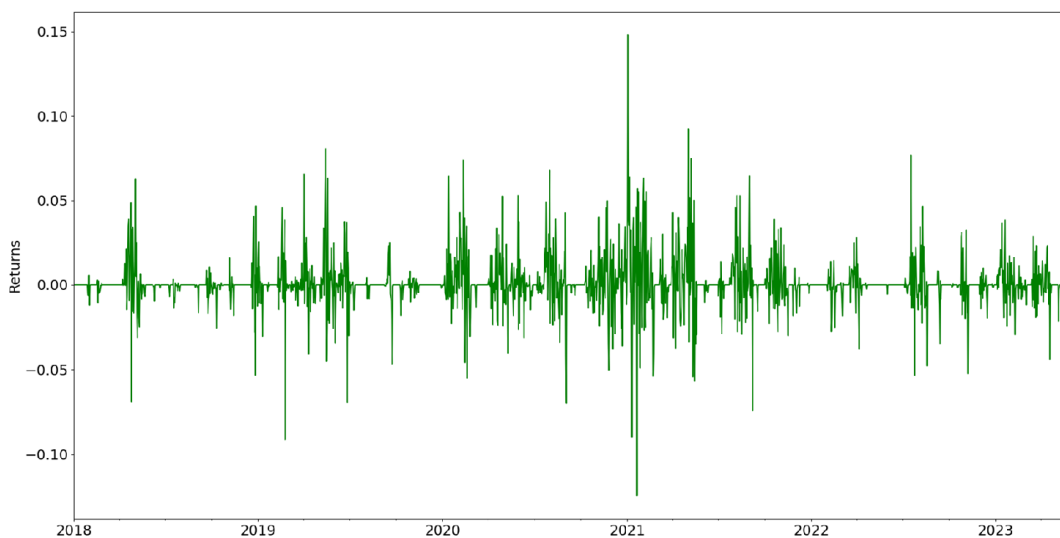

Figure 2- Daily Returns

The following diagram represents the annual returns. It can be seen that the most successful years are the two years after the Bitcoin halving. So, the portfolio did its job to capture sustainable moves. On the other hand, it effectively held the equity during the bearish trends of 2018 and 2022, in which Bitcoin had severe drawdowns of more than 70%.
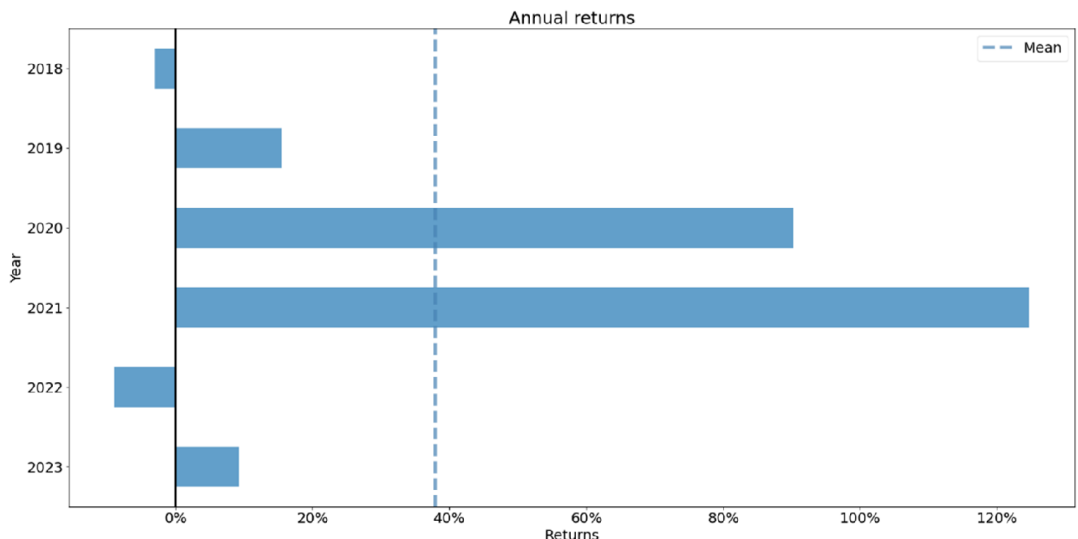

Figure 3 - Annual Returns

In the following diagram, we see that most of the negative months have losses of fewer than -5%, and we have a fat and extended right tail for profitable months which compensates for losses and nets a profit – a typical of most valid trend following systems.
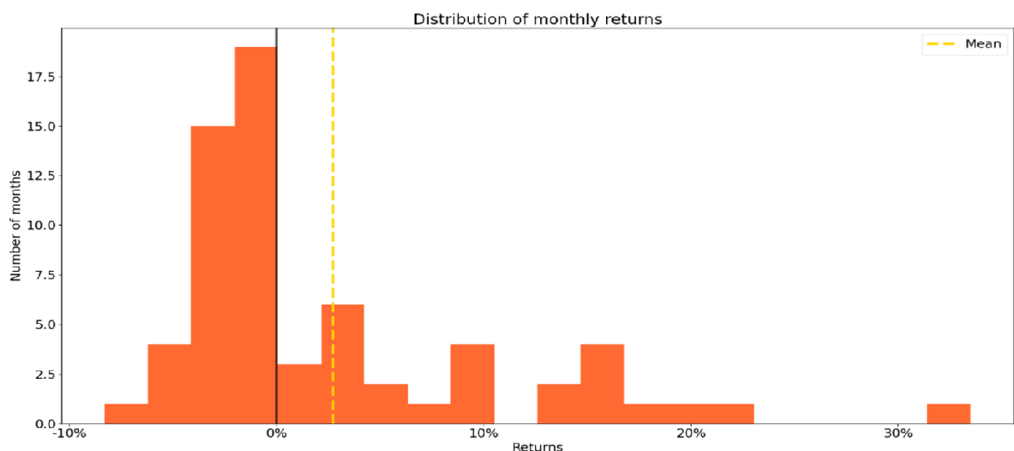

Figure 4 - Distribution of Monthly Returns

In the returns heat map diagram, we see that the system had at least 3 profitable months even in the worst bearish years. This helps reduce drawdowns and recover some of the losses in bearish regimes.

Figure 5 - Heat Map of Monthly Returns

Drawdowns

The following diagrams show the top 5 drawdown periods and the underwater plot. Please note that these are unrealized annual returns, as the worst realized annual return was nearly -12% in the year 2022.
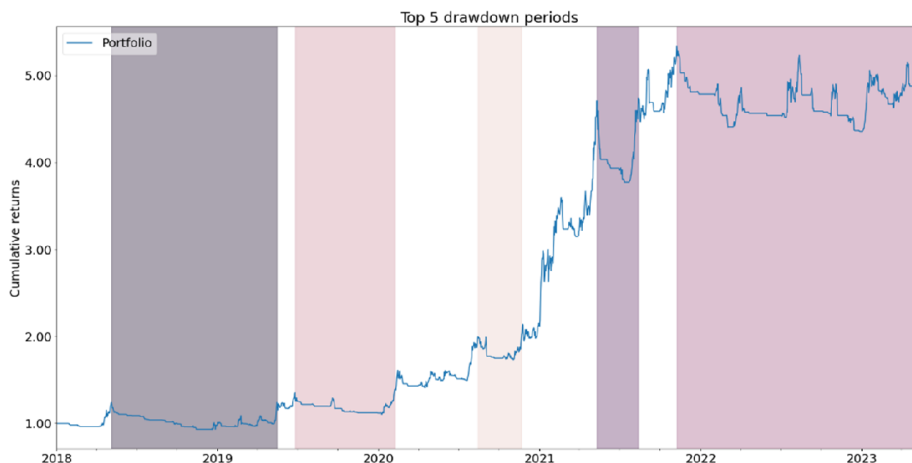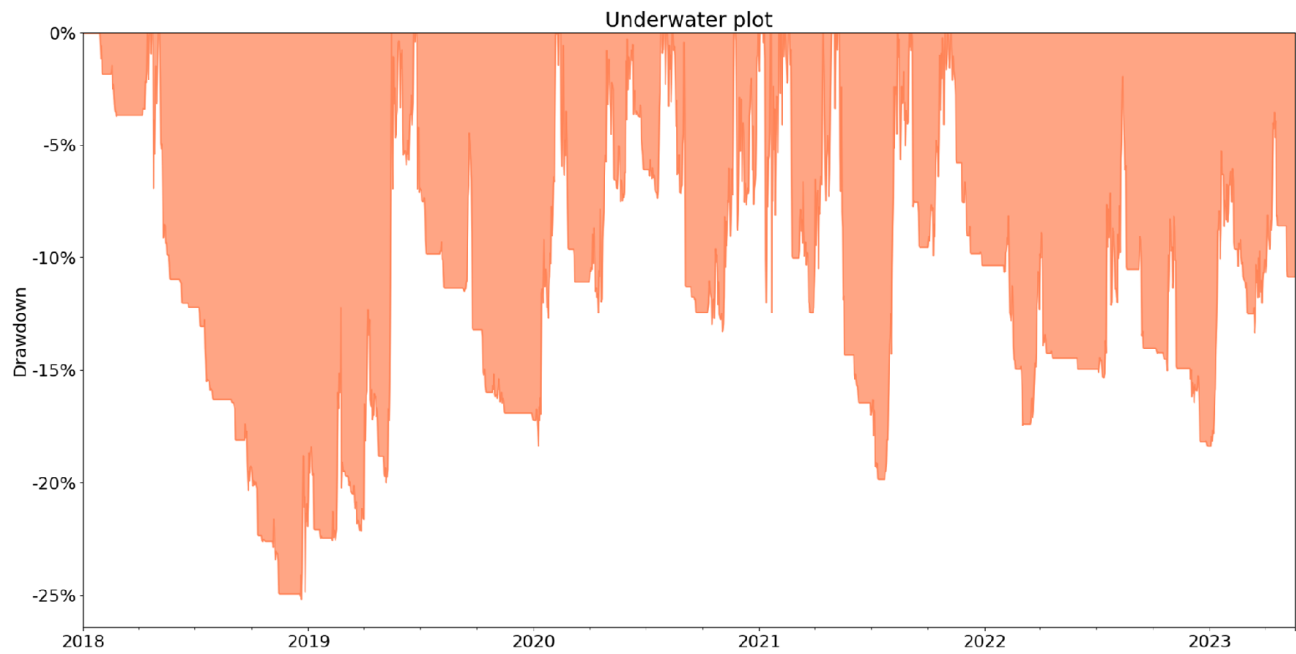

Figure 6 - Top 5 Drawdown Periods

Figure 7 - Underwater Plot

Conclusions

History has shown that the crypto market has a strong positive bias and big moves within two years after the Bitcoin halvings. As long as this is the case for the crypto market, this system will work like what is represented in this document.

Using this algorithmic fund, we can capture almost all of such considerable moves, while preserving our capital during market crashes and incurring small losses during low-volatility side ranges.