CASE STUDY against a publicly described mandate - not a past or current client. Simulated results, not live trading.

Market-neutral crypto pod: a 'crowding' long-short strategy

Verdict: promising, not yet proven. Recommended for a paper-trading trial.

What the client needs

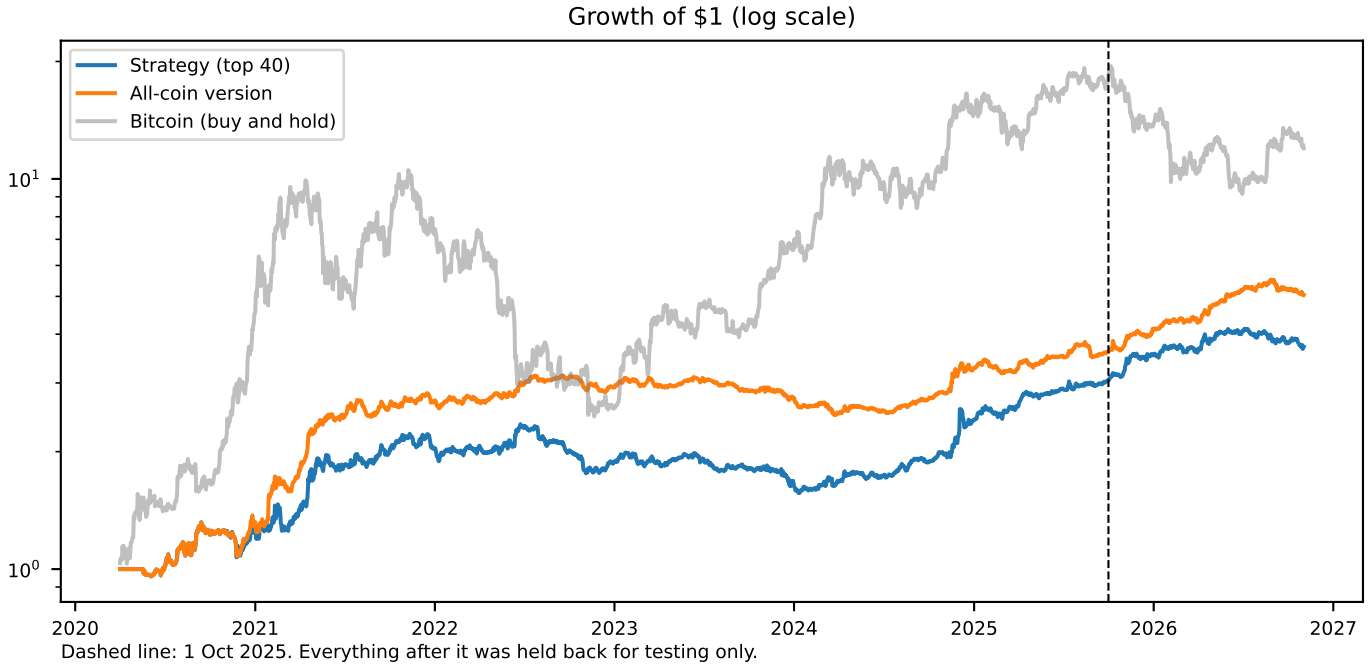
A market-neutral crypto multi-strategy fund wants pods with low correlation to bitcoin, tight drawdowns and a high return per unit of risk (we used a Sharpe target of about 1.5).

Our approach

Each week, among the most traded Binance futures, buy the coins where traders pay the least to hold bullish bets and sell the coins where they pay the most. Sizes are balanced so the book has almost no exposure to bitcoin. All rules were locked in advance, and Oct 2025 onward was never used to design anything.

Results

Main version (top 40 coins): 22%/yr before Oct 2025 and 20%/yr since, worst drop -11% in the test period, while bitcoin fell about 30%. Correlation to bitcoin about -0.16. In this round we checked it on other universe sizes: top 60 coins and all coins also worked (all coins: 36%/yr in the test period, worst drop -9%); only the top-20 version was weak. A fixed 15% risk target gave 25%/yr with a -14% worst drop in the test period.



Dashed line: 1 Oct 2025. Everything after it was held back for testing only.

Honest caveats

It still does not pass our luck check: after 741 ideas tested, the chance its record is real skill is only about 21-54% depending on version (we need 95%). The 1.5 Sharpe bar was not met before Oct 2025. Results assume Binance futures costs at twice normal.

Proposed next step

Three months of paper trading at a pod size you choose, reported weekly against bitcoin and your targets, followed by a fixed-fee review.

Tests: rules fixed in advance; 1-day trading delay; trading costs doubled; luck check adjusted for all 741 ideas tried.