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Real-World Asset Perpetuals: Find The Predictive Edge

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Executive Summary

- Real-world asset (RWA) perpetual futures (perps) give traders synthetic exposure to traditional assets, such as equities, gold, and crude oil, directly within the crypto ecosystem, eliminating the need for separate brokerage accounts or complex cross-platform transfers. Research indicates these instruments can act as predictive indicators for traditional market movements at the Monday opening bell.
- This report evaluates two core trading strategies on RWA perps:
 - **Proxied Cash-and-Carry Trade:** A market-neutral strategy capturing funding rate differentials between tokenized perps and spot equivalents.
 - **Equity/Gold Rotation:** A regime-following strategy dynamically allocating capital between S&P 500 proxies and gold using momentum and volatility metrics.
- Backtest results from April to August 2026 show the cash-and-carry trade on gold strategy performed best, achieving 25% annualized return and a 1.92 Sharpe ratio.
- Meanwhile, returns on the S&P 500 ETF (SPY) and Nasdaq 100 ETF (QQQ) were volatile and constrained because of several exit windows. The equity/gold rotation recorded the lowest Sharpe ratio (+0.41).
- All strategies demand disciplined execution and rigorous risk controls. Traders should be mindful of inherent risks, including funding rate volatility, margin erosion, and concentration risk during simultaneous asset declines. Success requires balancing yield opportunities with robust protective measures, such as stop-loss orders.

1. Why RWA Perps Matter

Real-world asset (RWA) perpetual futures (perps) allow traders to gain synthetic exposure by tracking prices without underlying ownership. This gives direct access to equities, gold, and crude oil within the same account used for crypto perpetual trading, eliminating the need for separate brokerage accounts, futures margin approvals, or cross-platform wire transfers.

Our previous report, titled [Real-World Asset Perpetuals: Find The Predictive Edge](#), analyzed the directional and price level prediction accuracy of RWA perpetual futures. Findings concluded that these instruments act as a predictive oracle for traditional finance (TradFi) market movements at the Monday opening bell.

This report outlines accessible RWA perpetual trading strategies, alongside their key operational risks and implementation caveats.

2. Strategies

Cash-and-Carry Trade

This is a delta-neutral funding-rate carry trade. The strategy shorts the more expensive asset between an RWA perpetual (e.g., gold perps) and its spot equivalent (e.g., gold), while buying the cheaper of the two. It aims to remain market-neutral while collecting the funding-rate differential. Profit and loss consist of funding income plus any change in the price gap between the two instruments, net of trading costs.

Equity/Gold Rotation

This strategy allocates a single capital sleeve between an S&P 500 proxy and gold, using a combination of relative and absolute momentum, a risk-off filter, and volatility targeting to size each position. It is best understood as a regime-following strategy rather than a mean-reversion trade.

Assets and Data

To ensure reliability and filter out noise from low-liquidity weekend trading, this study focuses on the most liquid assets in TradFi markets:

- **Asset Classes:** Equities (S&P 500, Nasdaq 100, NVDA, TSLA) and Commodities (Gold, Silver, WTI Crude, Natural Gas).

- **Data Venues:** Perpetual markets on Crypto.com Exchanges.

RWA (Yahoo Finance)	Perps ticker (Crypto.com)	History
Gold (GC=F)	XAU/USD	Apr 2026 – Aug 2026
S&P 500 (^GSPC)	SPX/USD	Apr 2026 – Aug 2026
Nasdaq 100 (QQQ)	QQQ/USD	Apr 2026 – Aug 2026

Backtest Methodology

The backtest is vectorized and avoids look-ahead bias, executing signals generated on a given day on the following trading day.

Trading costs are applied on every rebalance, consisting of a 4-basis-point taker fee plus 2 basis points of estimated slippage per side.

Funding is accounted for on the perpetual leg of each trade, where a long position pays funding when the rate is positive.

Performance is reported using annualized return and volatility, Sharpe ratio, Sortino ratio, maximum drawdown, Calmar ratio, and hit rate.

3. Results

This section presents investment returns from April through August 2026, based on predefined fees alongside historical price and funding rate data from Crypto.com Exchange.

In the backtest, cash-and-carry trading on gold generated the highest annualized return (+29.58%) and Sharpe ratio (+1.92); while the Equity/Gold rotation saw an 8.34% annualized return over the same period.

Strategy	Trades	Cum. Return	Ann. Return	Ann. Vol.	Sharpe	Max. Drawdown
Cash-and-carry trade (Gold)	13	+6.48%	+25.17%	13.07%	+1.92	-4.38%
Cash-and-carry trade (SPY)	13	+0.96%	+3.49%	3.63%	+1.57	-1.12%
Cash-and-carry trade (QQQ)	11	+3.08%	+11.48%	8.67%	+1.79	-2.11%
Equity/Gold rotation	18	+2.61%	+6.66%	26.36%	+0.41	-11.33%

Period: Apr 10 - Sept 1, 2026

3.1 Cash-and-Carry Trade

On Crypto.com, traders can hold an RWA perpetual future (e.g., gold or equity indices), and the spot RWA. When the perp trades at a premium (bullish price action) relative to the underlying asset, long positions pay funding to short positions. This study used one-directional trade to execute the following positions to capture yield:

- Short the perp (collect funding when funding rate > 0)
- Long the assets or their tokenized versions (hedge the price exposure)

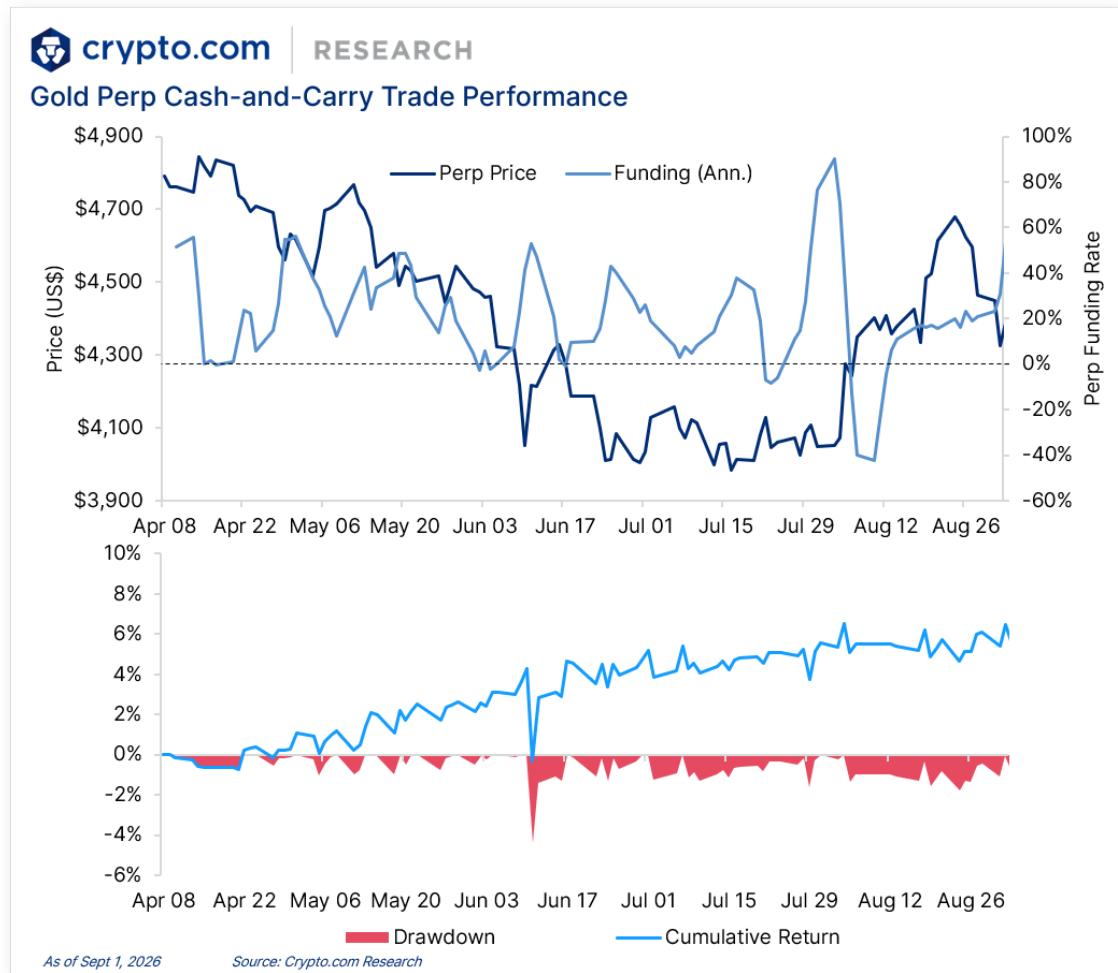
The following parameters were applied to the backtest:

Parameter	Value	Description
Minimum funding rate (annualized)	3%	Minimum expected funding-rate income (after costs) required to enter a position. Below this, the edge isn't worth the risk or cost.
Neutral band rate (annualized)	1%	"Dead zone" around zero. If annualized carry is within $\pm 1\%$, the strategy sits flat rather than trading on noise.
Gross	1	One full short perp position matched by one full long spot position (fully hedged, dollar-neutral).
Funding lookback	3 days	Days of funding-rate history, averaged to smooth the signal and avoid trading on a single noisy funding print.
Taker fees	4 bps	Assumed taker fee per trade, per side, charged whenever a position opens or resizes.
Slippage	2 bps	Assumed slippage per trade from price movement between decision and fill.
Stop-loss percentage	3%	Hard stop-loss: Exit if the trade loses 3% since entry. Carry trades are low-volatility, so the stop is tight.
Stop cooldown	1 day	Required one-day pause after a stop-out before re-entering a trade.
Funding interval (per year)	365	Used to annualize daily funding rates into a yearly rate comparable to APY.

The cost assumptions (taker fees, slippage) dictate the baseline thresholds required for trade entry. As noted earlier, these are round-number heuristics rather than statistically derived optimums, so real-world results will vary with actual fees and slippage on your account tier.

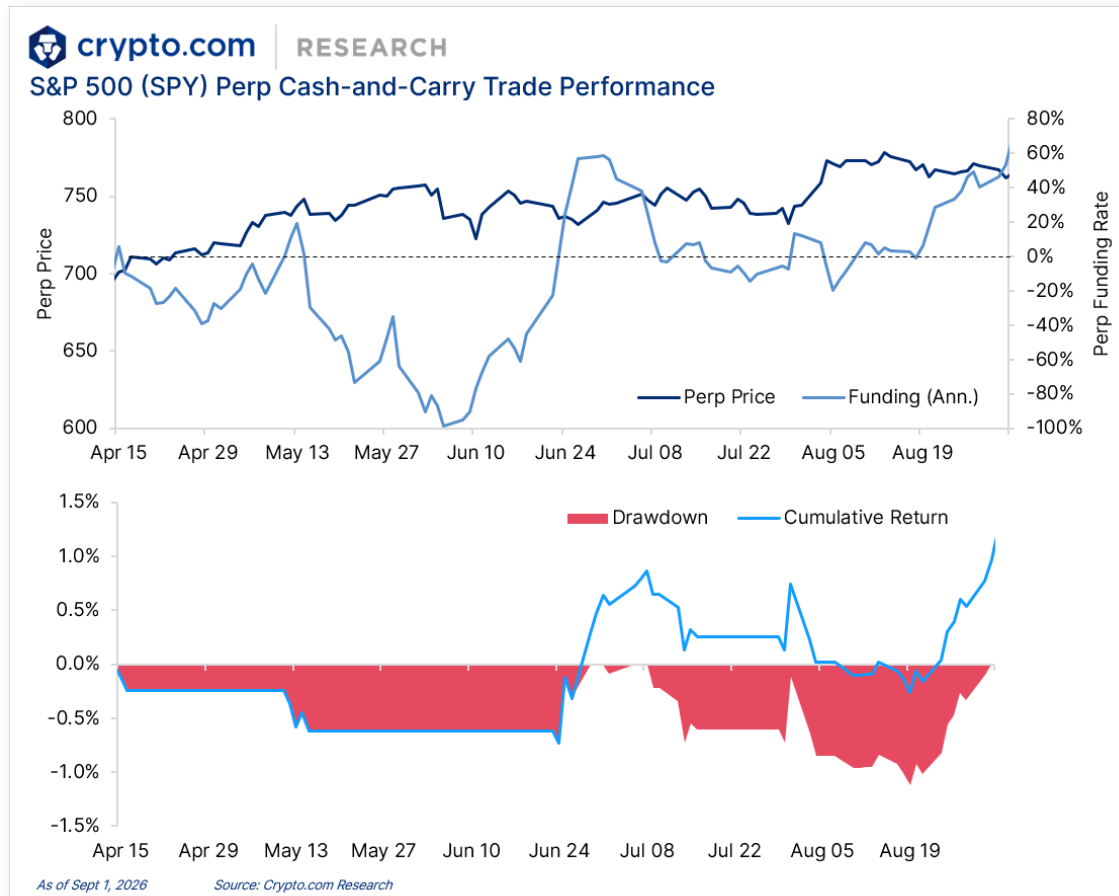
Gold

Cash-and-carry trading on gold displayed steady cumulative return growth during the study period.



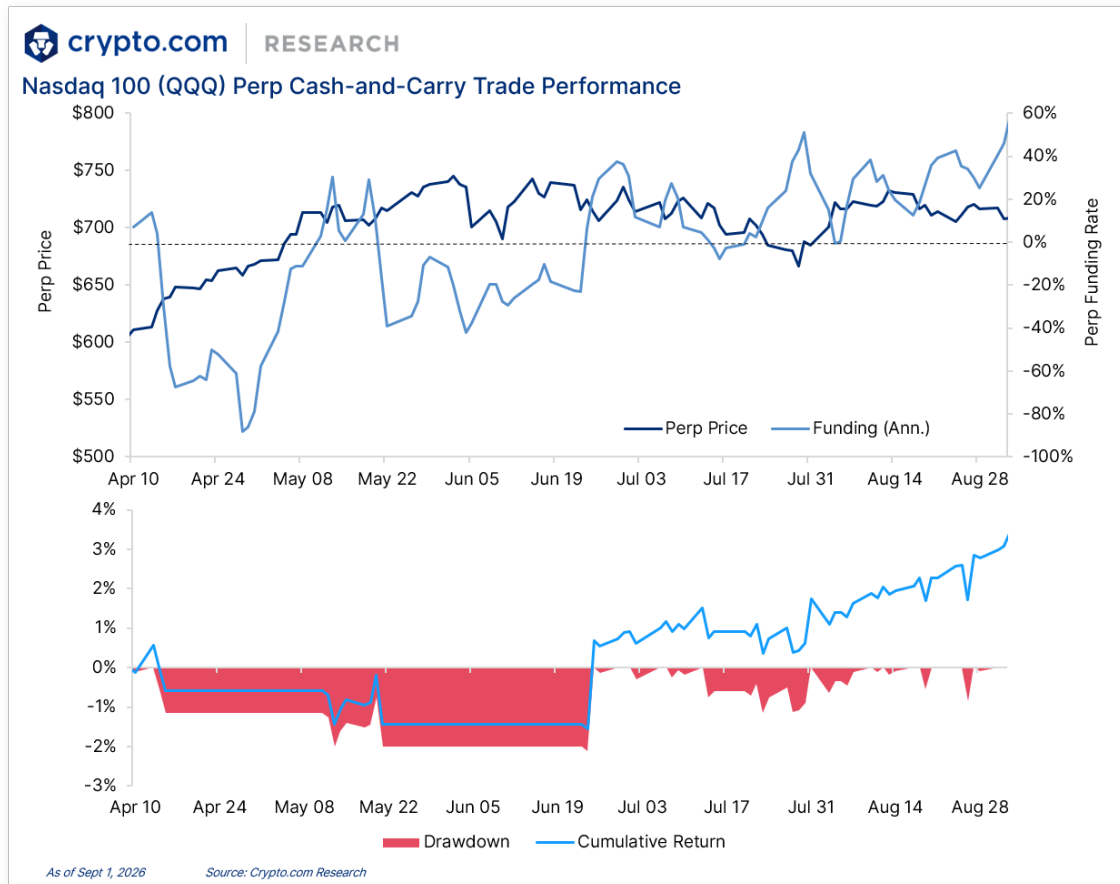
S&P 500 (SPY)

Returns on the S&P 500 were volatile and constrained because of several exit windows (April 17 to May 12, May 15 to May 23, and July 17 to July 29).



Nasdaq 100 (QQQ)

Cumulative returns remained negative prior to June 26, before shifting to approximately +4% by early September. Similarly, the strategy experienced multiple exit windows between mid-April and June.



Limitations and Caveats

- Cash-and-carry trade is not risk-free arbitrage. Even though the position is hedged (short one leg, long the other), funding rates can change or flip direction post-entry, perpetuals never expire to force the two prices back together, and the two instruments aren't perfectly interchangeable. The strategy earns yield by taking basis risk, not by collecting free money.
- Leverage and liquidation risk are not modeled. The backtest excludes margin requirements, borrowing costs, and forced liquidations, all of which apply when executing with leverage on live exchanges.
- Carry edges are typically thin. Transaction fees, slippage, spread, funding timing, and rebalancing costs can erode net profitability.

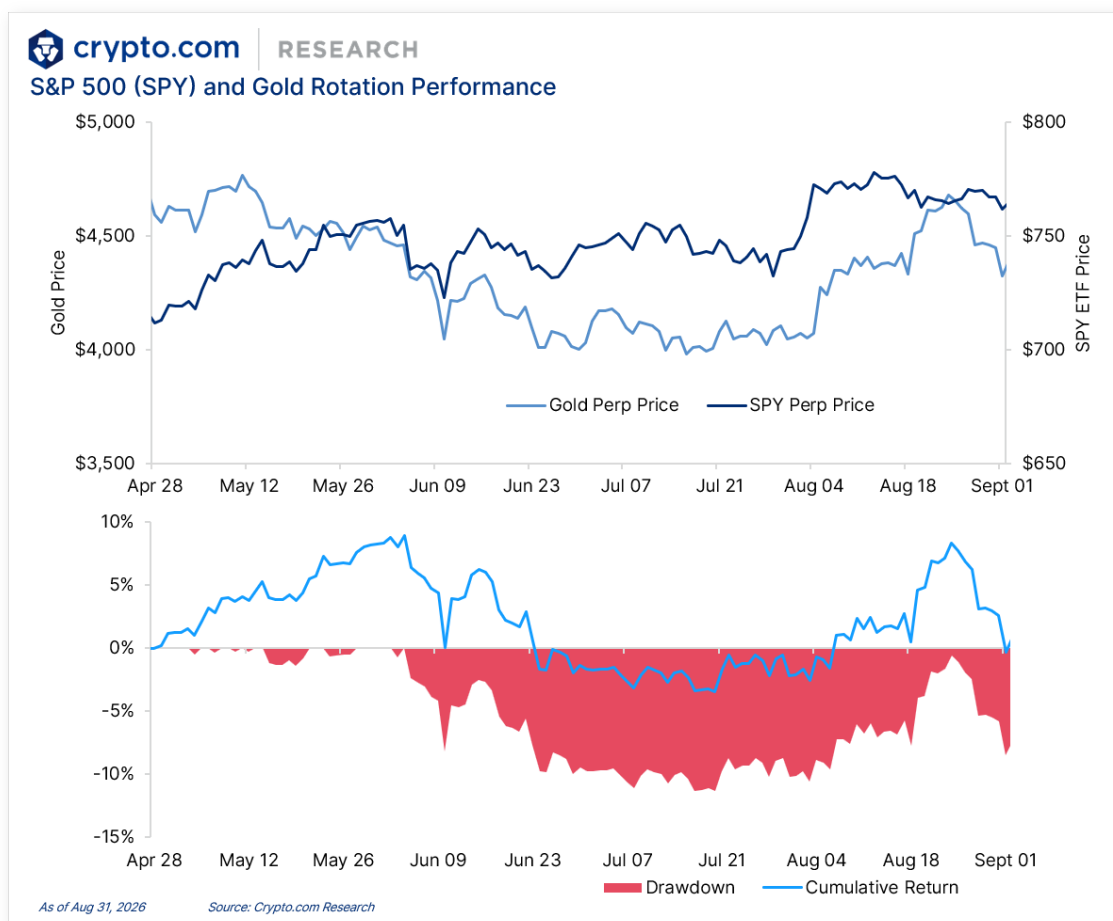
3.2 Equity/Gold Rotation

This demonstration simulates rotational capital allocation between the S&P 500 and gold. Traders executed the following logic:

- Buy gold and sell the S&P 500 if gold displays stronger momentum than the S&P 500; otherwise, execute the reverse trade.

The following parameters were applied to the backtest:

Parameter	Value	Description
Momentum window	20 days	Look-back period for the signal that decides whether to hold equities or gold.
Volatility window	10 days	Look-back period used to measure recent volatility for position sizing.
Target volatility (annualized)	15%	Scales exposure to target 15% annual volatility, sizing down in choppy markets and up in calm ones.
Max. leverage	1.0	Caps position size at 100% of capital (unleveraged).
Stop-loss percentage	10% trailing	Trailing stop that exits the position if it declines 10% from its peak.
Stop cooldown	3 days	Required three-day pause after a stop-out before re-entering a trade.
Funding interval (per year)	365	Used to annualize daily funding rates into a yearly rate comparable to APY.



Limitations and Caveats

- This is a trend and momentum strategy rather than a hedge. Because it holds whichever asset has recently outperformed, the strategy typically enters new trends late and exits old trends late. Consequently, it risks whipsawing (flipping back and forth) during choppy, range-bound markets, generating losing trades on both sides.
- With exposure limited to two assets, the strategy is vulnerable when both assets weaken simultaneously. If equities and gold sell off together, such as during liquidity-driven shocks, the rotation mechanism lacks alternative diversification avenues.
- Volatility targeting relies on recent history. Because position sizing is based on the trailing days of realized volatility, the strategy can lag during sudden volatility spikes, leaving position sizes temporarily calibrated to calmer, pre-shock levels.

- Backtest costs and stops do not guarantee live results. Fees and slippage are held constant throughout the test; in fast-moving or thin markets, actual costs may run higher.

4. Conclusion

In summary, RWA perpetuals provide a powerful mechanism for traders to diversify portfolios by accessing traditional assets directly within the crypto ecosystem. Our analysis confirms that while strategies like carry trading and equity/gold rotation offer viable paths for yield generation and momentum capture, their success depends heavily on disciplined execution. Traders must remain mindful of key operational nuances, including liquidity fluctuations, execution costs, and funding rate volatility. Ultimately, integrating these instruments is most effective when paired with rigorous risk management protocols, such as explicit stop-losses and leverage constraints, to navigate the complexities of both 24/7 crypto markets and traditional trading hours.



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