



DIGITAL ASSET MANAGEMENT REVIEW

July 2021

About CryptoCompare

CryptoCompare is a global leader in digital asset data providing institutional and retail investors with high-quality real-time and historical data. Leveraging its track record of success in data expertise, CryptoCompare's thought-leadership reports and analytics offer objective insights into the digital asset industry.

About This Report

Bitcoin has proven itself to be a viable asset class with which investors can diversify their existing portfolios. Over the last few years, it has attracted significant attention from investors in the traditional markets. With its limited supply schedule that cannot be manipulated by any central government, it has become a popular asset class for those concerned about inflation and monetary expansion in a post-Covid world.

On the whole, regulatory frameworks for exchanges and cryptocurrency are becoming clearer. However, compared to traditional asset classes, digital asset markets have a long way to go before more risk-averse investors are fully at ease.

Institutional investors looking to gain regulated exposure to digital assets are likely to turn to the growing number of crypto investment products, such as ETNs and ETFs, that have gained popularity over the last couple of years across Europe and the US. These products make crypto more accessible to investors because they can be traded on traditional stock exchanges, with the complexities of custody and storage abstracted away from the end user.

Given the rapid rise of available products and the lack of clarity around the size and characteristics of the major market players, CryptoCompare's Digital Asset Management Review aims to provide an overview of the global digital asset investment product landscape. Our review focuses on key developments across various product types and tracks the adoption of these products by analysing assets under management, trading volumes, and price performance.

This review is conducted on a monthly basis and caters to institutional investors, analysts and regulators. For questions related to this research or any potential requests, feel free to contact CryptoCompare's research department at research@cryptocompare.com.

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Key Market Insights

Markets continued to decline in July as Bitcoin and Ethereum fell below \$30,000 and \$2000 respectively. AUM has dropped by 14.0% compared to the month prior, and aggregate trading volumes have dwindled by 35.4% across all investment product markets. Despite this, average investment flows have been net positive in July to date, with BTC and ETH accounting for most inflows.

Total AUM Drops to \$34.8bn

AUM across all digital asset investment products decreased by 14.0% to \$34.8bn (as of 19 July). AUM in trust products (dominated by Grayscale) decreased by 14.3% to \$28.6bn (82.3% of total AUM). Similarly, AUM represented by ETCs (dominated by XBT Provider) fell 16.9% to \$2.7bn (7.8% of total AUM). ETNs and ETFs saw marginally smaller decreases of 8.5% and 7.7% respectively, to \$1.8bn and \$1.6bn of AUM.

Monthly Trading Volumes Continue to Slow

Aggregate daily volumes decreased by 35.4% in July to \$319mn. Grayscale's Bitcoin trust product (GBTC) sustained its majority market share of trust product volume at 59.1%. Average daily volume for its GBTC and ETHE products stood at \$160mm (down 37.7%) and \$90.7mn (down 37.1%) respectively.

Meanwhile, among the top ETNs/ETFs by volume, ETC Group's BTCE product traded the highest daily volume in July at \$15.1mn (down 29.4%), followed by VanEck's Bitcoin product (VBTC) at \$2.3mn (down 30.2%). Average daily volumes across all ETNs/ETFs fell in July by an average of 50.4%.

Net Investment Flows Turn Positive in July

Despite a decrease in trading activity and a drop in AUM, average weekly net investment flows turned positive in July as net inflows increased to \$58.5mn (vs net negative inflows of -\$59.5mn in June). Net weekly inflows into Bitcoin-based products in July averaged \$16.0mn, followed by those of Ethereum-based products with \$9.3mn and Polkadot-based products with \$2.1mn.

Latest Digital Asset Investment News

[June 23rd 2021](#)

State Street plans to offer crypto ETF administration services

[June 25th 2021](#)

21Shares launches the first Solana ETP on SIX, Switzerland's largest stock exchange

[June 28th 2021](#)

Compound Labs introduces Treasury product which guarantees a 4% annual interest rate

[July 8th 2021](#)

Elizabeth Warren gives SEC deadline to decide its role in crypto regulation

[July 9th 2021](#)

Bullish Global, a crypto group backed by Peter Thiel, to go public in the NYSE via a SPAC deal

[July 13th 2021](#)

S&P Dow Jones launches 5 more crypto indexes

[July 13th 2021](#)

BNY Mellon reaches agreement to become asset servicing provider for Grayscale's Bitcoin Trust

[July 14th 2021](#)

21Shares partners with Comdirect to offer crypto ETPs in Germany

[July 16th 2021](#)

Jack Dorsey announces plans for Square to release Bitcoin DeFi platform

Definitions

In the current review we have defined the major available products types as follows:

| | |
|--|--|
| ETF - Exchange Traded Fund | Exchange traded open-ended fund that trades like an equity |
| ETN - Exchange Traded Note | Fully collateralised open-ended debt security |
| Trust – Listed/OTC-Traded Trust | Closed-ended investment fund established as a trust |
| ETC - Exchange Traded Certificate | Synthetic exchange traded bearer note |

An **Exchange-Traded-Fund (ETF)** is a type of financial instrument consisting of a collection of securities (e.g. stocks) and is priced relative to the underlying assets on which it is based – usually via an index. In the case of Bitcoin, a Bitcoin ETF would consist of units of Bitcoin – valued based on a Bitcoin index (e.g., MVBTC). The units of this fund can be easily traded on exchanges like stocks can. It is usually passively managed and open-ended (i.e., there is no limit to the number of shares that can be created). Physical ETFs hold the underlying assets that the fund tracks.

An **Exchange Traded Note (ETN)** is similar to an ETF in the sense that it can be easily traded on exchanges. A major distinction between the two is that you don't own the underlying for an ETN - it is a debt security backed by a bank or institution and usually comes in the form of a bearer certificate. An investor can invest their cash in this product and is entitled to returns based on the changing value of the underlying assets on which it is based. These products generally have fewer regulatory collateral requirements compared to ETFs and can be fully collateralised or unsecured. In this case, we will define an ETN as a physically-backed (collateralised) debt security.

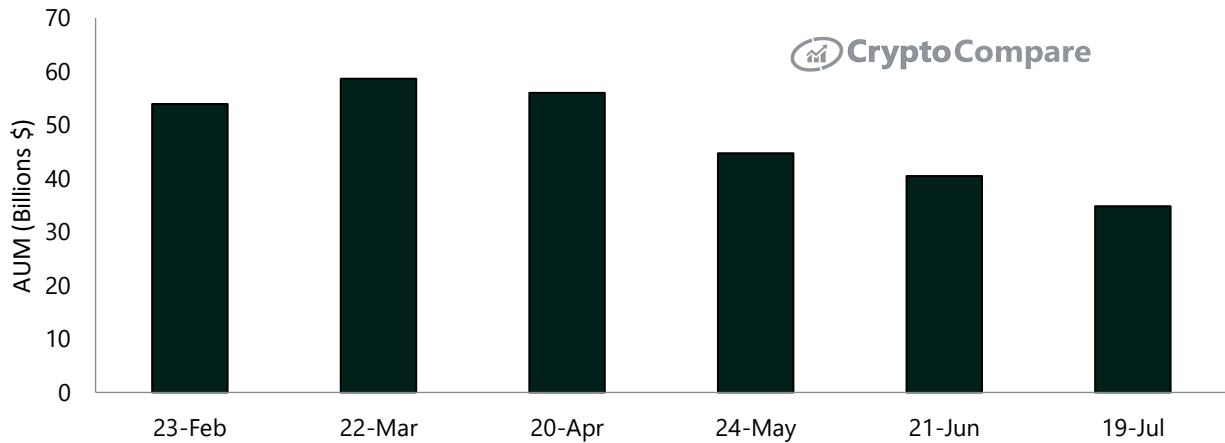
An **Exchange Traded Certificate (ETC)** or Synthetic ETN is a type of non-interest-bearing debt instrument in the form of a bearer certificate that tracks the behaviour of an underlying asset class using derivatives 1: 1. The investor does not necessarily own or is entitled to the underlying asset on which the product is built, but is entitled to returns. These products are largely uncollateralised.

An **Investment Trust** is a type of closed-ended fund set up as a company, such that its shares can be bought and sold on an exchange or OTC market. This investment trust invests in a portfolio of assets, and hence the value of the share of the company is tied to the value of the underlying assets that it holds. Given that it is closed-ended, the NAV of each share can decouple from their market prices.

AUM – Assets Under Management

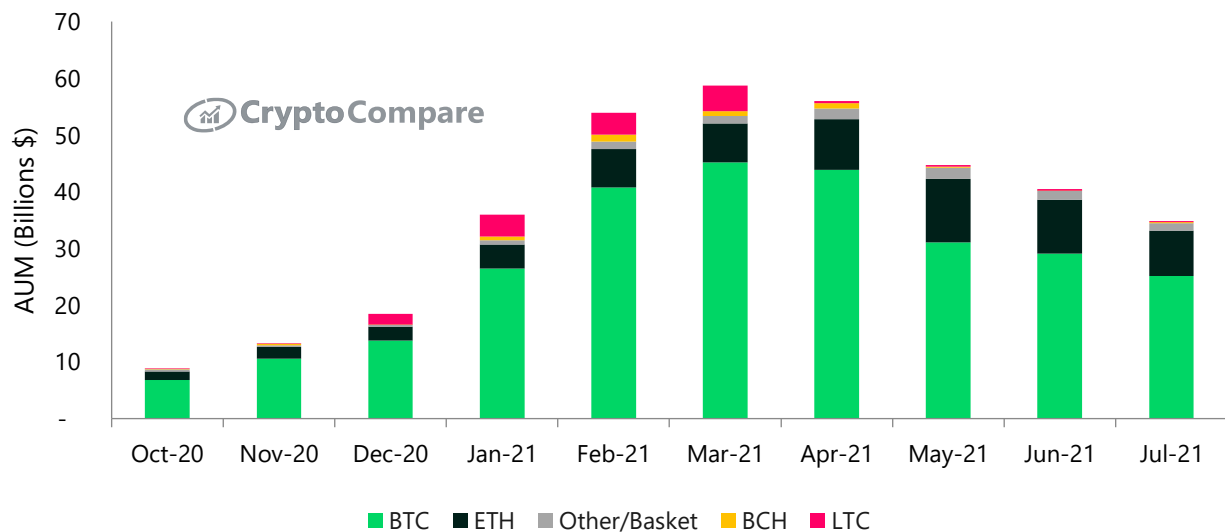
Since June 2021, total AUM across all digital asset investment products has decreased 14.0% to \$34.8bn (as of 19 July).

Monthly AUM - Aggregate Exchange Traded Products

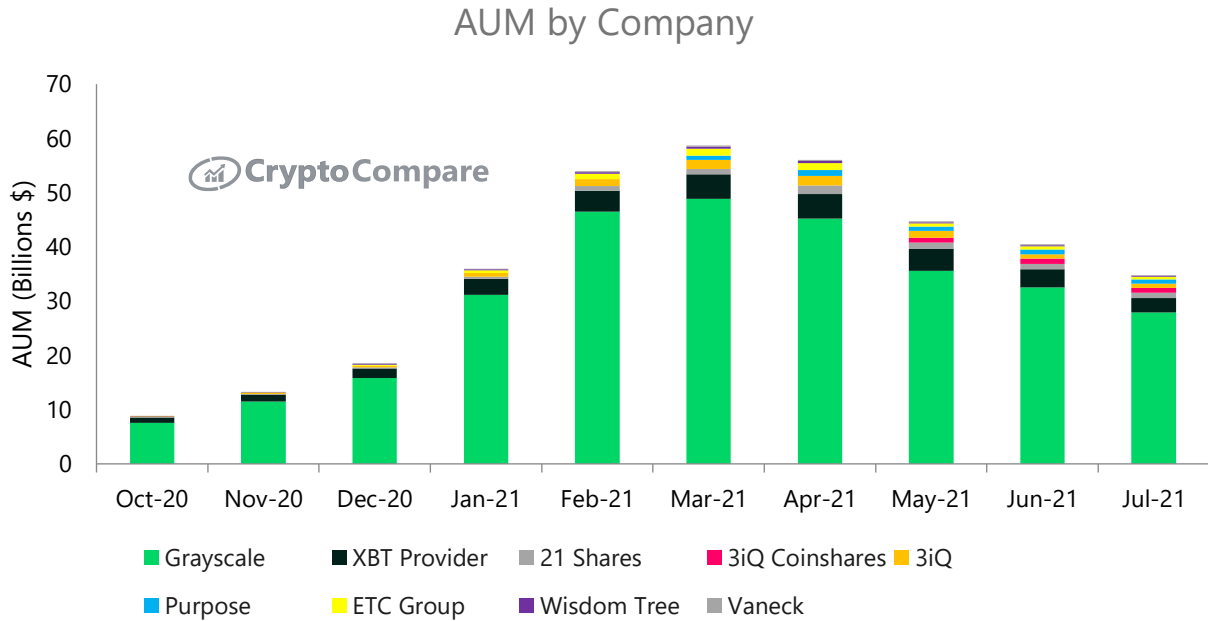


While Bitcoin’s AUM fell 13.7% to \$25.1bn, it gained market share (now 72.1% of total AUM vs. 71.9% last month) as other assets saw greater falls. Ethereum’s AUM fell 15.6% to \$8.0bn while Baskets fell 14.6% to \$1.4bn.

AUM by Asset Type

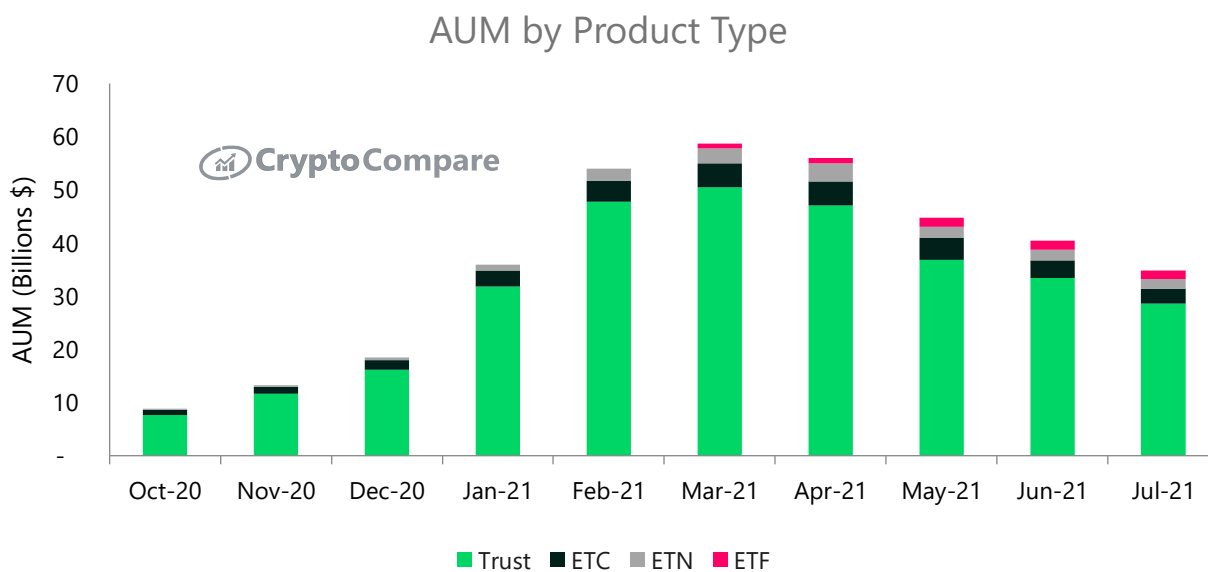


Grayscale products represent the vast majority of AUM at \$27.9bn (80.1% of total) followed by those of XBT Provider (\$2.7bn, 7.8% of total) and 21Shares (\$949mn, 2.7% of total).



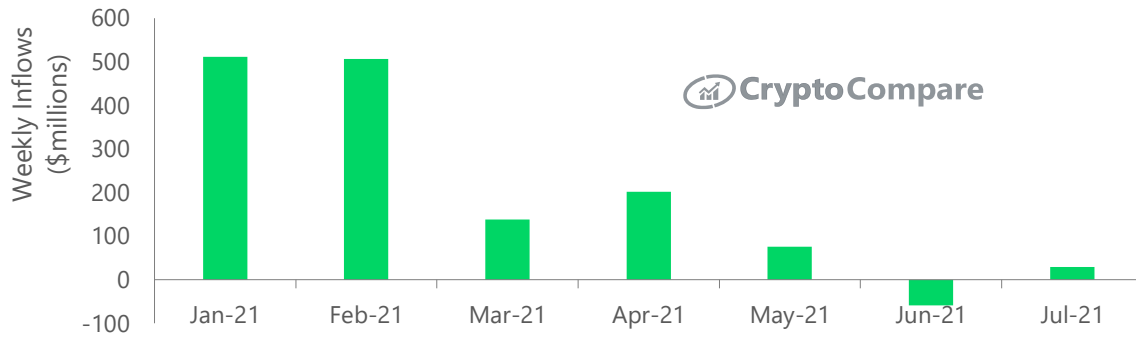
In terms of product type, AUM in trust products (dominated by Grayscale) decreased by 14.3% to \$28.6bn (82.3% of total AUM). Similarly, AUM represented by ETCs (led by XBT Provider) fell 16.9% to \$2.7bn (7.8% of total AUM).

ETNs and ETFs saw marginally smaller decreases of 8.5% and 7.7% respectively, to \$1.8bn and \$1.6bn of AUM. Because of this, these products saw their market share increase to 5.2% and 4.7% respectively.



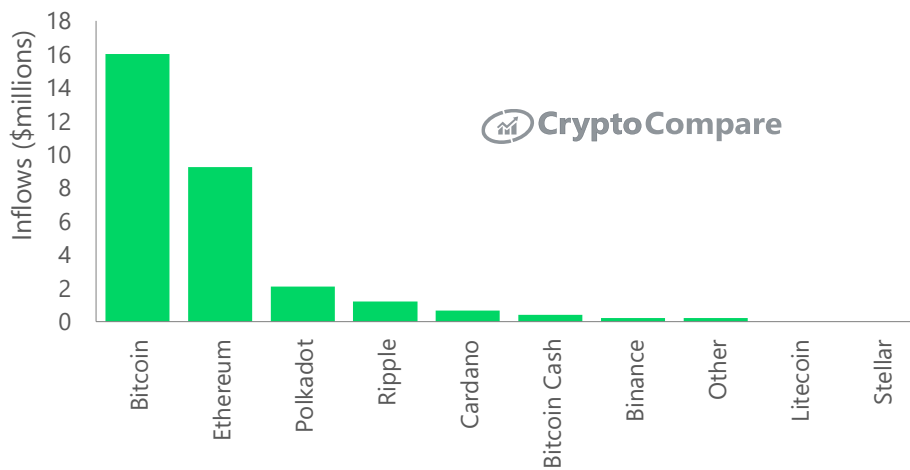
Average weekly inflows were positive in the month of July as inflows increased from an average of -\$59.5mn in June to \$58.5mn in July.

Average Weekly Inflows (\$millions)



Weekly inflows into Bitcoin-based products in July averaged \$16.0mn, followed by those of Ethereum-based products with \$9.3mn and Polkadot-based products with \$2.1mn.

Avg Weekly Inflows by Asset in July

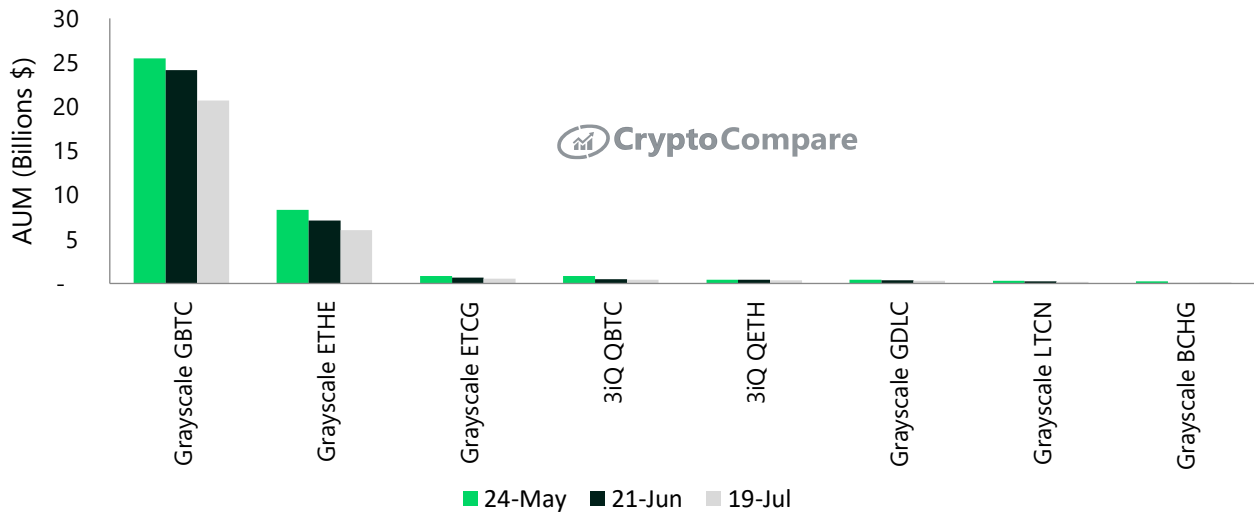


Trust Products

The majority of AUM for trust products continues to reside in Grayscale’s Bitcoin (GBTC - \$20.7bn - down 14.2% since June) and Ethereum (ETHE - \$6.0bn - down 15.7%) products.

Other trust products include 3iQ’s Bitcoin Fund (QBTC), which decreased 9.9% from \$458mn in June to \$413mn in July.

Monthly AUM - Trust Products

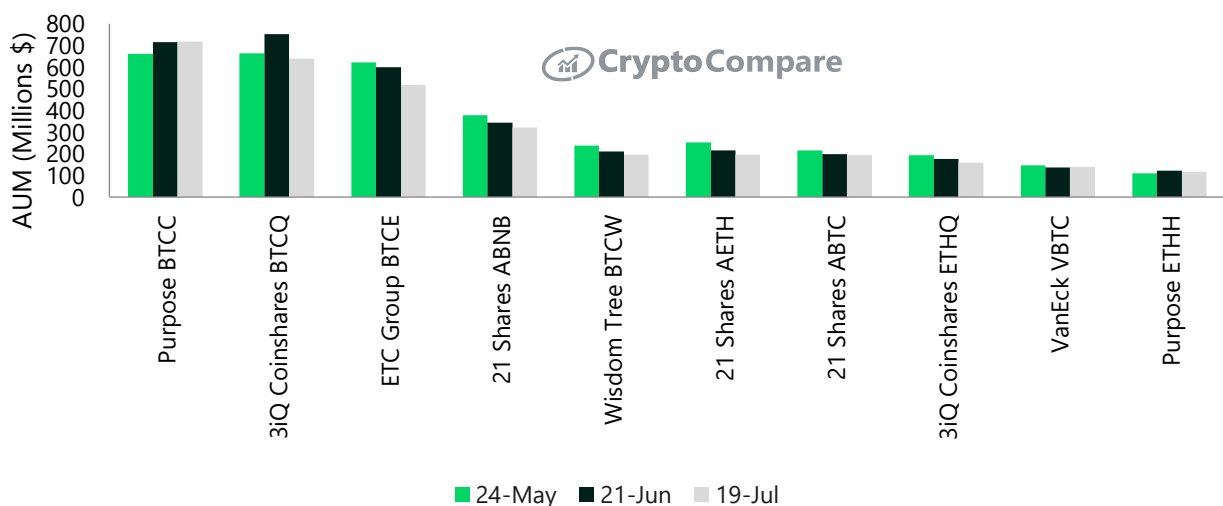


Exchange Traded Notes (ETNs) and Exchange Traded Funds (ETFs)

Among ETFs, the Purpose Bitcoin ETF (BTCC) now represents the highest AUM at \$716mn (up 0.3%), overtaking the 3iQ Coinshares Bitcoin ETF (BTCQ), which saw a 15.1% decline in AUM to \$639mn.

Meanwhile, ETC Group’s BTCE product continues to control the largest AUM across all ETNs at \$518mn (down 13.7% since late June). This is followed by 21Shares’ ABNB which saw a decrease of 6.3% to \$322mn in AUM, and Wisdom Tree’s BTCW which dropped 7.1% to \$196mn in AUM.

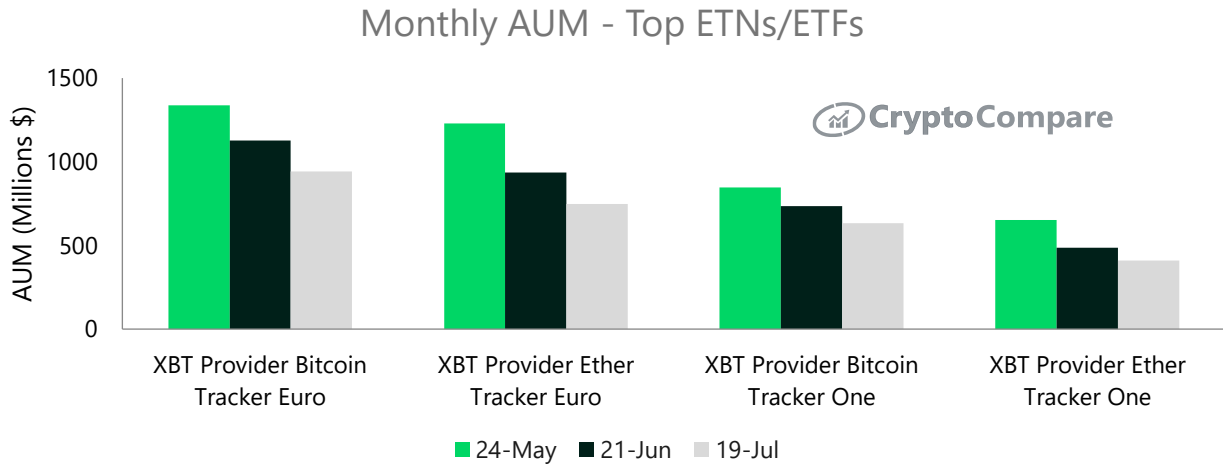
Monthly AUM - Top ETNs/ETFs



Exchange Traded Certificates (ETCs)

XBT Provider by CoinShares represents the majority of AUM across all ETCs. Its Bitcoin Tracker Euro product holds the highest AUM and saw a decrease of 16.5% to \$942mn in July.

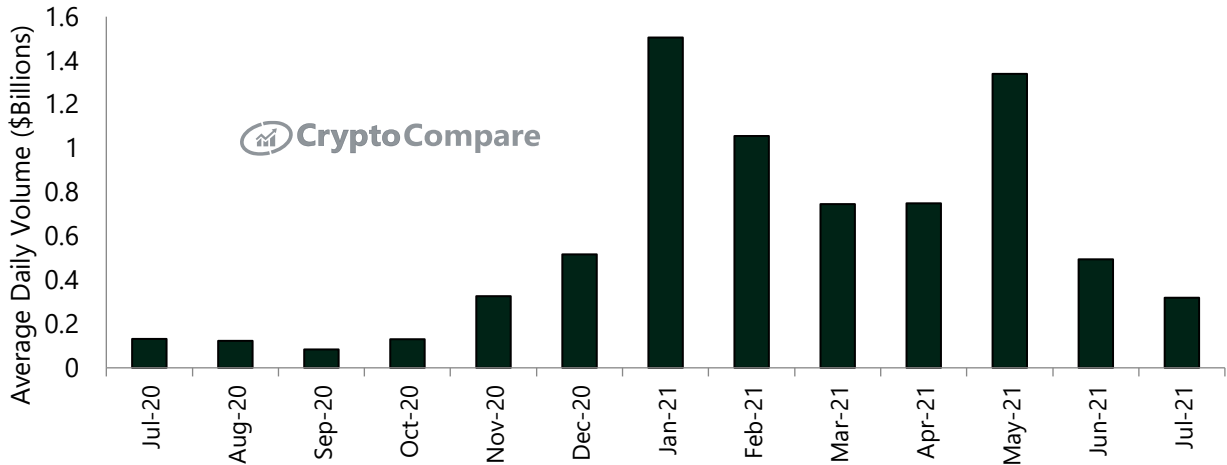
This is followed by its Ether Tracker Euro product at \$749mn (down 20.0%) and its Bitcoin Tracker One product at \$632mn (down 14.0%).



Trading Volumes

Aggregate daily volumes across all digital asset investment product types decreased by an average of 35.4% from June to July. Average daily volumes now stand at \$319mn.

Average Daily Aggregate Product Volumes

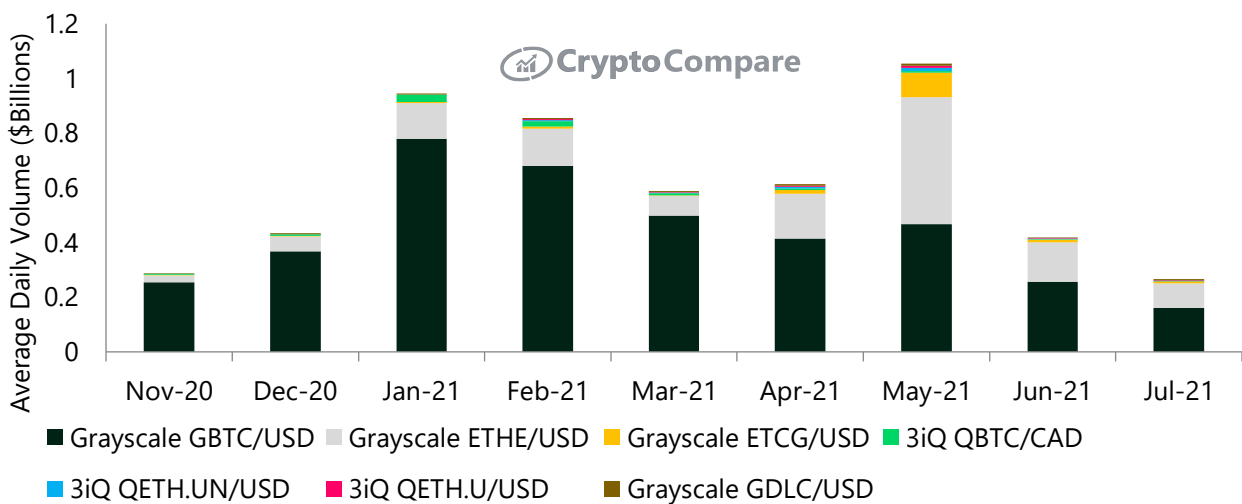


Trust Products

Grayscale’s Bitcoin trust product (GBTC) sustained its majority market share of trust product volume in July at 59.1%. Average daily volume for GBTC and Grayscale’s ETHE stood at \$160mm (down 37.7%) and \$90.7mn (down 37.1%) respectively. All trust product volume fell by an average of 36.9%.

Volume in 3iQ’s CAD Bitcoin product (QBTC) fell 60.0% in July to \$9.4mn, the largest decrease in any trust product for the same period.

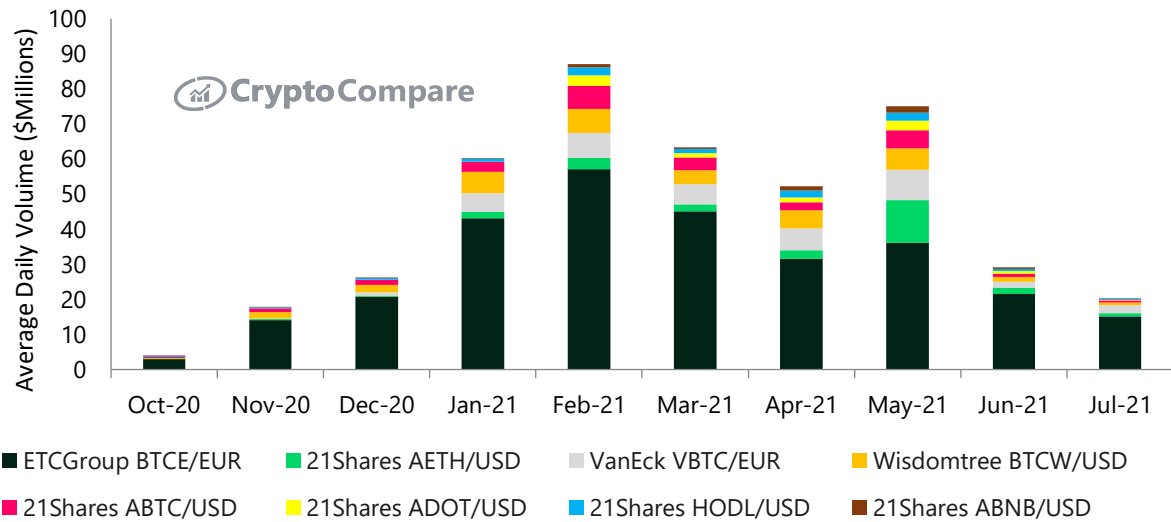
Average Daily Trust Product Volumes



Exchange Traded Notes (ETNs) and Exchange Traded Funds (ETFs)

Among the top ETNs/ETFs, ETC Group’s BTCE product traded the highest daily volume in July at \$15.1mn (down 29.4%), followed by VanEck’s Bitcoin product (VBTC) at \$2.3mn (down 30.2%). Average daily volumes of all ETNs/ETFs fell by an average of 50.4% in July. 21Shares’ Polkadot ETN (ADOT) experienced the largest percentage drop in trading volume, down 71.2% to \$235,000.

Average Daily ETN/ETF Product Volumes

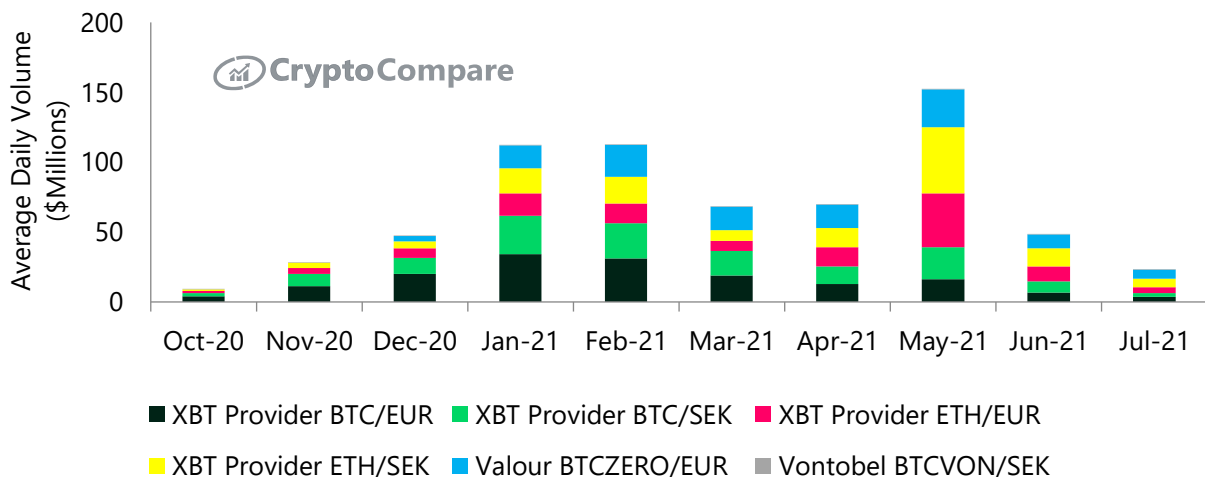


Exchange Traded Certificates (ETCs)

Valour’s Bitcoin Zero product (BTCZERO/EURO) became the highest traded ETC product in July, with a \$6.6mn average daily volume (down 33.1%). This was followed by XBT Provider’s Ether Tracker One (ETH/SEK) and Ether Tracker Euro (ETH/EUR) with average daily volumes of \$6.2mn (down 51.9%) and \$3.9mn (down 63.7%) respectively.

XBT Provider’s Bitcoin Tracker One (BTC/SEK) also saw a steep decline in volume to \$2.9mn, a 62.8% decline compared to the month of June.

Average Daily Tracker Certificate Volumes (\$)



Price Performance & Product Information

| PRODUCT | PRODUCT TYPE | COMPANY | AVG PRICE PER SHARE (\$) | AVG DAILY VOLUME 30-DAY | AVG DAILY VOLUME (\$) 30-DAY | 30-DAY RETURNS |
|-------------------|---------------------|----------------------|--------------------------|-------------------------|------------------------------|----------------|
| GBTC/USD | TRUST | GRAYSCALE | 28 | 7,850,778 | 220,683,245 | -5.40% |
| ETHE/USD | TRUST | GRAYSCALE | 19.9 | 5,723,431 | 112,904,589 | -5.30% |
| BTCE/EUR | ETN | ETCGROUP | 27.5 | 510,026 | 16,461,157 | -3.20% |
| ETCG/USD | TRUST | GRAYSCALE | 33 | 282,600 | 9,272,466 | 5.80% |
| ETH/SEK | ETC-CERT | XBTPROVIDER | 172.9 | 435,916 | 8,526,220 | -5.00% |
| BTCZERO/EUR | ETC-CERT | VALOUR | 28.7 | 245,138 | 8,213,494 | -0.50% |
| ETH/EUR | ETC-CERT | XBTPROVIDER | 169.3 | 41,292 | 7,942,083 | -4.60% |
| BTC/EUR | ETC-CERT | XBTPROVIDER | 1338.8 | 3,252 | 5,038,935 | -4.70% |
| BTC/SEK | ETC-CERT | XBTPROVIDER | 1365.3 | 32,348 | 5,010,428 | -4.00% |
| LTCN/USD | TRUST | GRAYSCALE | 85.8 | 37,647 | 3,353,428 | -29.90% |
| VBTC/EUR | ETN | VANECK | 15.6 | 167,237 | 3,048,850 | -2.80% |
| GDLC/USD | TRUST | GRAYSCALE | 23.2 | 117,021 | 2,762,163 | 16.30% |
| BITW/USD | TRUST | BITWISE | 37.6 | 62,513 | 2,344,919 | -3.90% |
| QETH.U/USD | TRUST | 3IQ | 33.4 | 63,353 | 2,090,769 | -2.10% |
| QBTCU/USD | TRUST | 3IQ | 35.1 | 41,097 | 1,434,044 | -5.90% |
| BTCW/USD | ETN | WISDOMTREE | 327.9 | 4,344 | 1,403,359 | -5.00% |
| QBTC/CAD | TRUST | 3IQ | 43.6 | 41,429 | 1,403,223 | -4.70% |
| AETH/USD | ETN | 21SHARES | 23.2 | 60,780 | 1,373,771 | -6.10% |
| BCHG/USD | TRUST | GRAYSCALE | 12.8 | 85,400 | 1,107,615 | -12.10% |
| BTC/USD | CCCAGG INDEX | CRYPTOCOMPARE | --- | --- | --- | -1.10% |
| ETH/USD | CCCAGG INDEX | CRYPTOCOMPARE | --- | --- | --- | -1.10% |
| MVDA Index | MVIS INDEX | MVIS | --- | --- | --- | -2.50% |

Both BTC-based and ETH-based products experienced losses over the last 30 days, ranging from 0.5% to 6.1% across the top products. Meanwhile, Grayscale products such as GDLC and ETCG experienced positive returns of 16.30% and 5.80% over the same period.

The MVDA index experienced 2.5% in losses. The MVDA index is a market cap-weighted index that tracks the performance of a basket of the 100 largest digital assets. The index serves as a benchmark and universe for the other MVIS CryptoCompare Digital Assets Indices.

| PROVIDER | FEE RANGE | CHEAPEST FUND AVAILABLE | NUMBER OF FUNDS AVAILABLE |
|--------------|---------------|---|---------------------------|
| Grayscale | 2.00% - 3.00% | <i>Grayscale® Bitcoin Trust</i> | 15 |
| 21Shares | 1.49% - 2.50% | <i>21Shares Bitcoin ETP, Ethereum ETP</i> | 14 |
| XBTPProvider | 2.50% | <i>Tracker Products</i> | 4 |
| ETC Group | 1.49% - 2.00% | <i>Ethereum ETC</i> | 3 |
| Valour | 0.00% - 1.90% | <i>Bitcoin Zero, Ethereum Zero</i> | 4 |
| Purpose | 1.00% | <i>Purpose Bitcoin ETF</i> | 1 |
| 3IQ | 0.75% - 1.95% | <i>3iQ Global Cryptoasset Fund*</i> | 5 |
| VanEck | 1.00% | <i>VanEck Bitcoin ETN</i> | 1 |
| WisdomTree | 0.95% | <i>WisdomTree Bitcoin ETF</i> | 1 |
| Bitwise | 0.85% - 2.00% | <i>Bitwise Crypto Industry Innovators ETF</i> | 7 |

*0.75% fee available for institutional investors. 1.25% for all other investors

CryptoCompare Index Products

The MVIS CryptoCompare Digital Assets Indices track the financial performance of the largest and most liquid digital assets and serve as the underlying platform for financial products globally. See all available indices [here](#). Get in touch to learn more about how our indices can help you build innovative products.

The MVIS CryptoCompare Digital Assets Indices can be licensed to clients for a variety of purposes, including:

- Performance measurement and attribution
- Investment product development, as the basis for structured products such as ETNs and futures contracts
- Asset allocation
- Research

Data Sources

Financial Times, 21Shares, Coinshares, XBT Provider, Grayscale, OTC Markets, HanETF, Yahoo Finance, 3iQ, Purpose, VanEck, Nordic Growth Market, Bloomberg, CryptoCompare