



# DIGITAL ASSET MANAGEMENT REVIEW

**January 2021**

## About

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 is becoming clearer. However, compared to traditional asset classes the digital asset markets have a long way to go before they will put the more risk-averse investors fully at ease.

Institutional investors who are looking to get regulated exposure to digital assets are likely to turn to the growing number of regulated crypto products such as ETNs and ETFs which have taken off in the last couple years across Europe and the US. These products make it easier for 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 products landscape. Our review focuses on key developments in global digital asset ETPs and tracks 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 interested in more specific analyses of the most innovative institutional products in the industry.

For questions related to our research or any potential requests, feel free to contact our research department at [research@cryptocompare.com](mailto:research@cryptocompare.com).

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## Key Market Insights

Over the last month, Bitcoin broke the \$40,000 barrier, attracting more attention than ever from both retail and institutional investors alike. As a result, ETP products have experienced record investment (\$35.96bn in AUM, up 95% since December) as well as trading volumes \$1.51bn /day, up 191%).

### 1. AUM Across All ETPs Increased 95% to a Record \$35.96bn

The majority of AUM for ETPs resides in Grayscale's Bitcoin Trust Product (GBTC) at \$22.6bn – up 93.7% in the past 30 days. ETC Group's BTCE product controls the largest AUM across all ETNs at \$483.5mn (up 113.8% since mid-December. XBT Provider by Coinshares represents the majority of AUM across all ETCs. Its Bitcoin Tracker Euro product holds the highest AUM and saw an increase of 64.4% to \$1.42bn.

### 2. Aggregate ETP Volumes Almost Tripled in January to \$837mn/day

Grayscale's Bitcoin Trust (GBTC) product volume represents 64% of all ETP volume and 80.6% of Listed Trust Product volume with a daily average of \$972.3mn (up 164% since December). This is followed by its Ethereum Trust Product (ETHE) at \$151.7mn (up 179%) and 3iQ's QBTC/CAD market at \$32.1mn (up 460%).

Among the top ETNs, ETC Group's BTCE which trades on Deutsche Boerse XETRA traded its highest daily volume in January at \$49.8mn (up 140.9%) while WisdomTree's BTCW/USD volume increased 212.7% to reach \$6.98mn. This was followed by VanEck's recently launched Bitcoin Vectors product (VBTC/EUR) with volumes of \$4.9mn (476.4%) and 21Shares ABTC/USD product with \$3.68mn (up 155.6%).

### 3. Grayscale's Listed Trust Products Underperformed Relative to Other Large ETPs while 3iQ's QBTC Outperformed

The best performing Bitcoin product by market price over the last 30 days was 3iQ's Listed Trust Product (QBTC) with 91.3%. This exceeds CryptoCompare's CCCAGG BTC/USD index performance (89.2%).

Relatively poor performing products were Grayscale's Ethereum Trust product (ETHE) with a loss of 13.4% in market price vs 30 days prior and Bitwise's BITW/USD product with losses of 26.1%. Among the top 15 ETP markets by volume, 6 underperformed relative to the MVDA index. These markets include: Grayscale's GBTC, ETH, BCHG, ETCG and GDLC products, and Bitwise's BITW product.

Bitcoin traded at an all-time high (above \$41,000) on the 8th of January. Since then, market premiums for both Grayscale's and 3iQ's Listed Bitcoin products have decreased from 17.4% to 11.6% (Grayscale) and 17.8% to 9.6% (3iQ) respectively by mid-January.

## Latest ETP News

[Dec 10, 2020 – 3iQ](#)

3iQ's The Ether Fund Completes Initial Public Offering

[Dec 17, 2020 – 3iQ](#)

3iQ Ether Fund Commences Trading on the Toronto Stock Exchange

[Dec 21, 2020 – Grayscale](#)

Grayscale Lowers Fees as it Crosses \$15 Billion in Bitcoin and ETH

[Dec 24, 2020 – Grayscale](#)

Grayscale bought more than \$542 million worth of bitcoin last week the company said in a filing with the Securities and Exchanges Commission (SEC).

[Dec 28, 2020](#)

The Bitcoin Treasuries List Exceeds \$30 Billion - 29 Companies Hold BTC Reserves

[Dec 29, 2020 – 21Shares](#)

21Shares removes XRP from flagship HODL ETP following SEC lawsuit against Ripple

[Dec 30, 2020 – VanEck](#)

VanEck trying again for Bitcoin ETF

[Jan 4, 2021 – Bitwise](#)

Bitwise's Crypto Assets Under Management Rise Fivefold in Just 2 Months

[Jan 5, 2021 – CoinShares](#)

Coinshares XBT Provider ETPs Reach Record Trading Volumes

[Jan 6, 2021 – Grayscale](#)

Grayscale Investments Clears Out XRP in Its Digital Large Cap Fund

[Jan 7, 2021 – FiCAS](#)

FiCAS' Actively Managed Crypto ETP Gets Green Light for European Expansion

[Jan 8, 2021 – Grayscale](#)

Grayscale CEO Says Crypto Interest Is Rising from Pension, Endowment Funds

[Jan 11, 2021 – ETC Group, HANetf](#)

ETC Group and HANetf have announced that the BTCetc Bitcoin Exchange Traded Crypto is to list in Zurich on SIX Swiss Exchange.

[Jan 18, 2021 - Coinshares](#)

CoinShares to Launch a Bitcoin ETP on SIX Swiss Exchange

## Definitions

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

<b>ETF</b> - Exchange Traded Fund	Exchange traded open-ended fund that trades like an equity
<b>ETN</b> - Exchange Traded Note	Fully collateralised open-ended debt security
<b>Listed Trust</b> - Listed Trust	Closed-ended investment fund established as a trust
<b>ETC</b> - 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)** on the other hand 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.

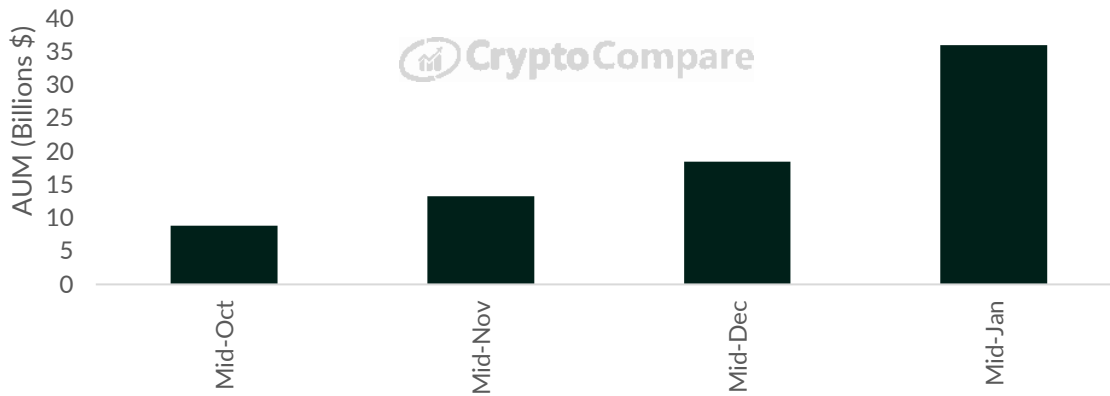
An **Exchange Traded Certificate (ETC)** or Synthetic ETN is a type of non-interest-bearing debt instrument in the form of a bearer certificate that tracks the behaviour of an underlying asset class using derivatives 1: 1. The investor does not necessarily own or is entitled to the underlying asset on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

A **Listed 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 is closed-ended, the NAV of each share can decouple from their market prices.

## AUM – Assets Under Management

Since mid-December 2020, total AUM across all ETPs have increased 95% to \$35.96bn.

Monthly AUM - Aggregate Exchange Traded Products

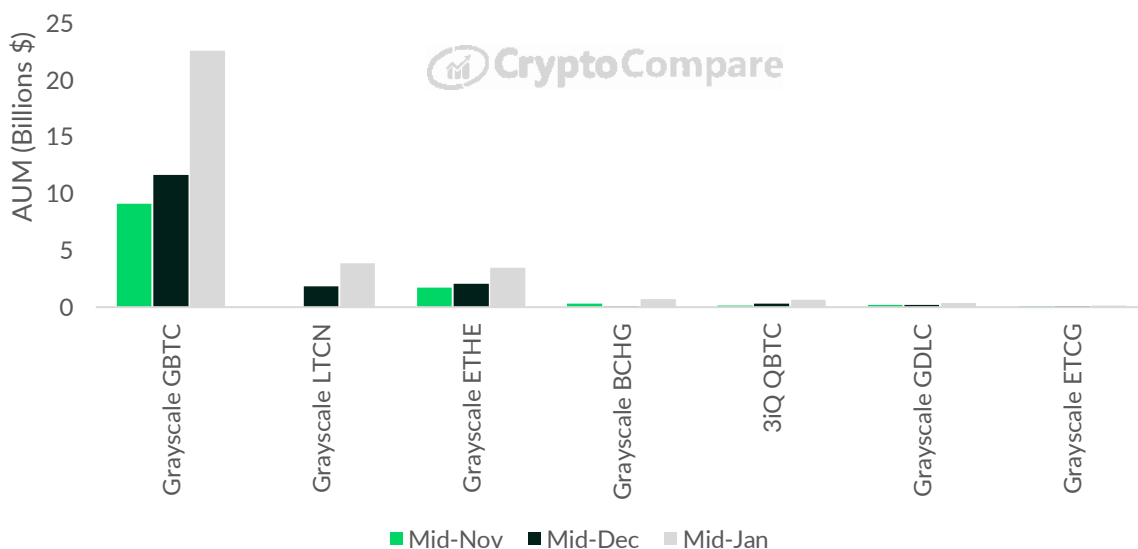


### Listed Trust Products

The majority of AUM for Bitcoin products resides in Grayscale’s Listed Trust Products including Bitcoin (GBTC – \$22.6bn – up 93.7% in the past 30 days), Litecoin (LTCN – \$3.84bn – up 111.3%) and Ethereum (ETHE – \$3.47bn – up 69.4%).

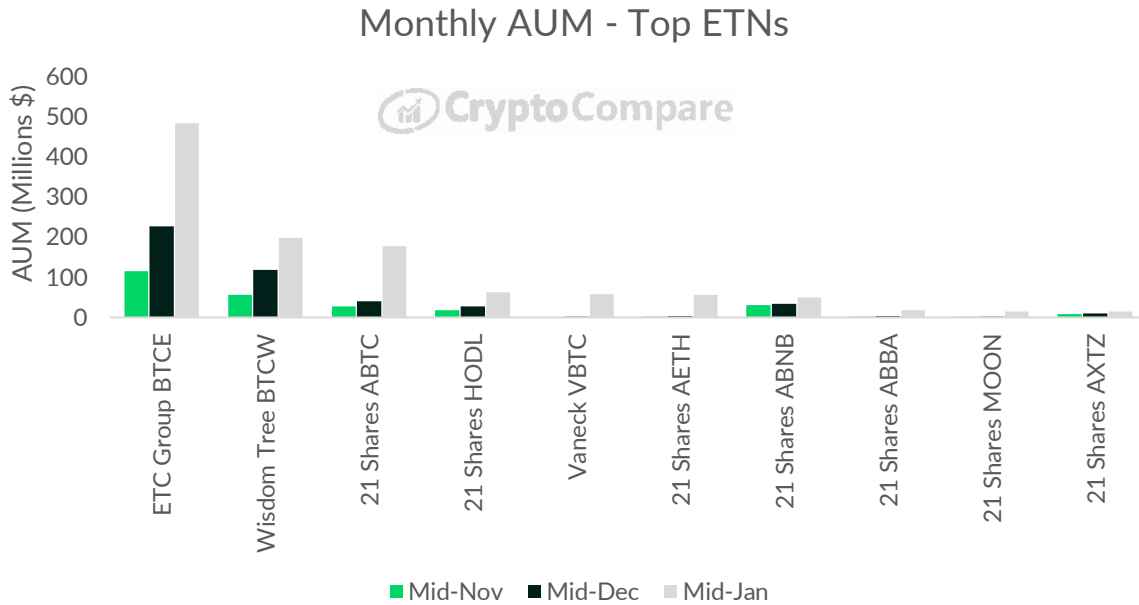
Other listed trust products include 3iQ’s Bitcoin Fund (QBTC), which increased 43% to \$3.47bn.

Monthly AUM - Listed Trust Products



## Exchange Traded Notes (ETNs)

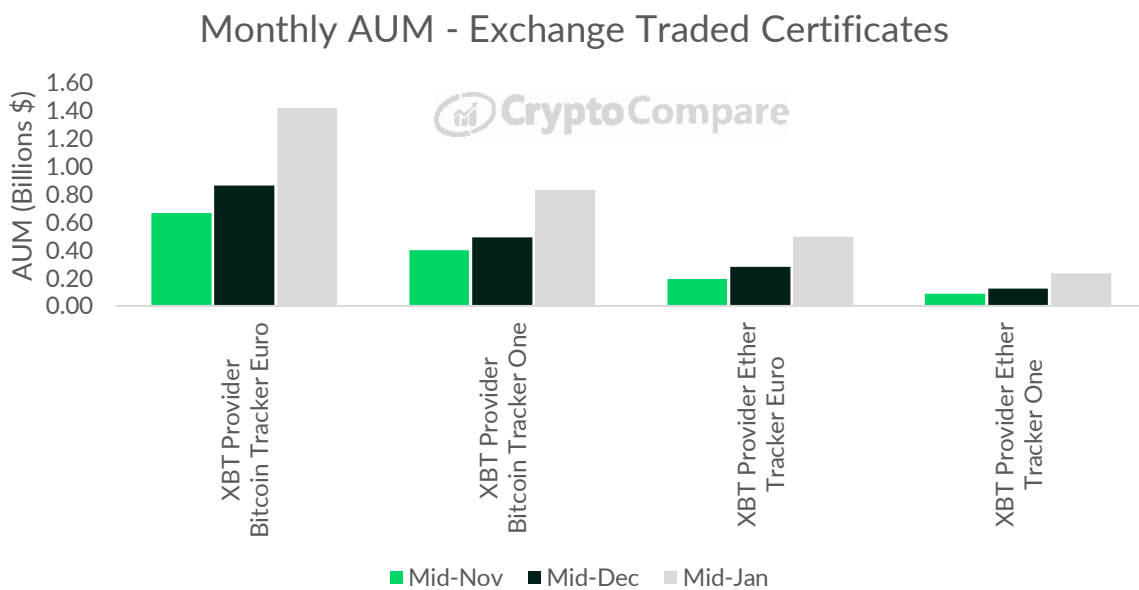
ETC Group’s BTCE product controls the largest AUM across all ETNs at \$483.5mn (up 113.8% since mid-December). This is followed by WisdomTree’s BTCW at \$197.3mn (up 67.5%) and 21Shares ABTC product at \$176.7mn (up 347%).



## 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 an increase of 64.4% to \$1.42bn.

This is followed by its Bitcoin Tracker One product at \$830.6mn (up 68.7%) and its Ether Tracker Euro product at \$495.6mn (up 76.5%).





## ETP Trading Volumes

Aggregate daily ETP volumes across all product types have increased by an average of 191.3% in January 2021 compared to December 2020. Average daily volumes now stand at \$1.51bn compared to \$516.8mn in the previous month.

Aggregate Product Volume (\$)

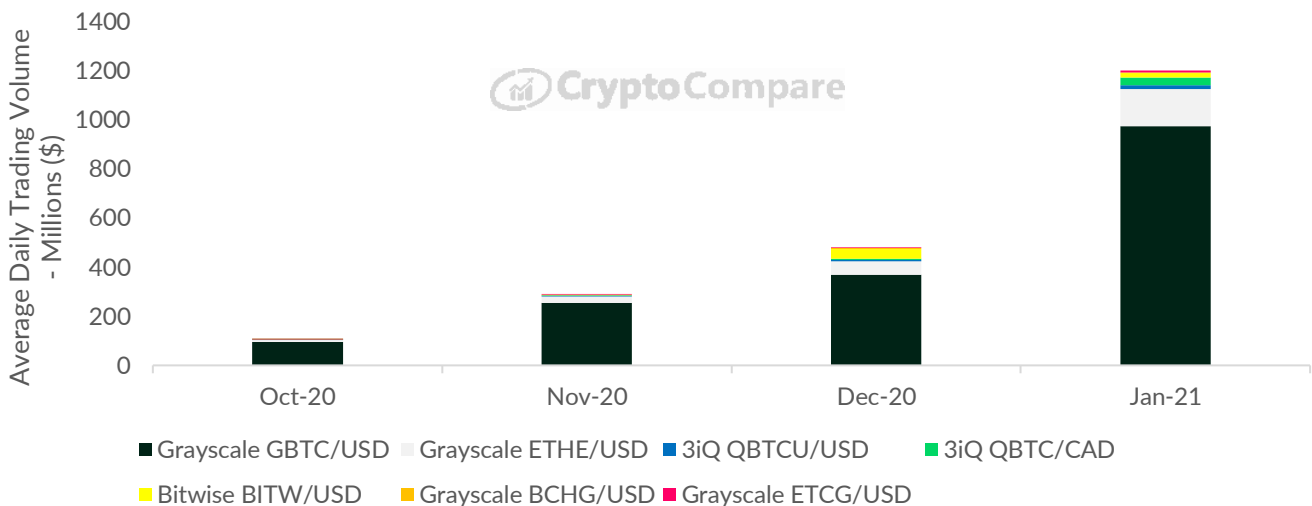


## Listed Trust Products

Grayscale’s Bitcoin Trust product volume represents the majority of all ETP volume in January at 64%, as well as the majority of Listed Trust Product volume at 80.6%.

In January to date, Grayscale’s Bitcoin Trust Product (GBTC) volume amounted to a daily average of \$972.3mn (up 164% since December). This is followed by its Ethereum Trust Product (ETHE) at \$151.7mn (up 179%) and 3iQ’s QBTC/CAD market at \$32.1mn (up 460%).

Listed Trust Product Volumes (\$)

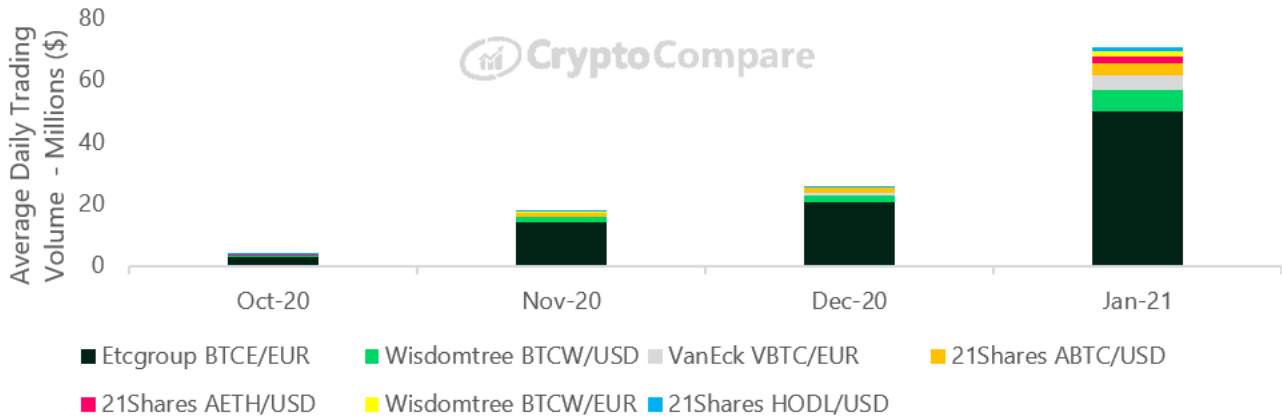


## Exchange Traded Notes (ETNs)

Among the top ETNs, ETC Group’s BTCE which trades on Deutsche Boerse XETRA traded the highest daily volume in January at \$49.8mn (up 140.9%) while WisdomTree’s BTCW/USD volume increased 212.7% to reach \$6.98mn.

This was followed by VanEck’s recently launched Bitcoin Vectors product (VBTC/EUR) with volumes of \$4.9mn (476.4%) and 21Shares ABTC/USD product with \$3.68mn (up 155.6%).

Average Daily ETN Product Volumes (\$)



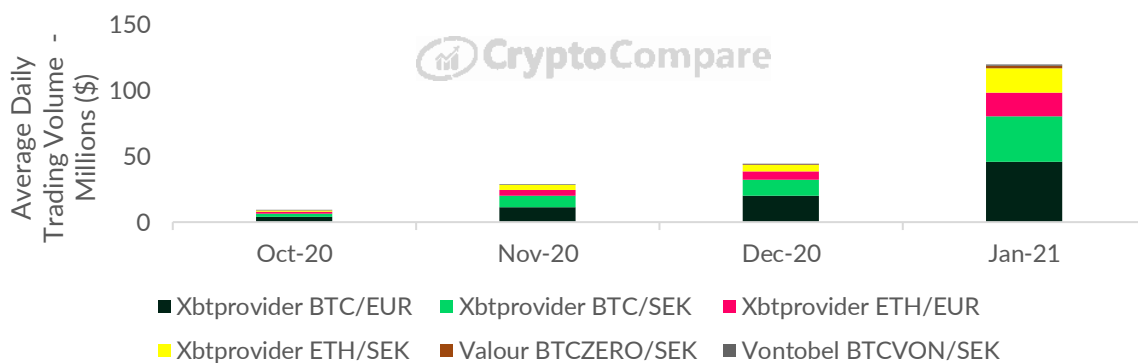
## Exchange Traded Certificates (ETCs)

XBT Provider’s Bitcoin Tracker Euro (trading into EUR) and Bitcoin Tracker One (trading into SEK) represent the most traded products among all ETCs at \$45.6mn (up 128.3%) and \$34.9mn (up 187.9%) respectively.

Their ETH-based products follow in terms of volume and include Ether Tracker One (trading into SEK) and Ether Tracker Euro (trading into EUR). They traded \$18.2mn (up 290.1%) and \$17.8mn (up 168%) respectively.

Other less traded products include Valour’s Bitcoin Zero product (BTCZERO/SEK) with \$2.35mn (up 526.1%) and Vontobel’s Bitcoin product trading under BTCVON/SEK with roughly \$557,000 in volume (up 650.9%)

Average Daily Tracker Certificate Volumes (\$)



## Price Performance

PRODUCT	PRODUCT TYPE	COMPANY	AVG PRICE PER SHARE (\$)	AVG DAILY VOLUME 30-DAY	AVG DAILY VOLUME (\$) 30-DAY	30-DAY RETURNS
GBTC/USD	LISTED TRUST	GRAYSCALE	34.4	19,459,590	695,880,949	69.2%
ETHE/USD	LISTED TRUST	GRAYSCALE	16.2	7,216,745	107,046,326	-13.4%
BTCE/EUR	ETN	ETCGROUP	24.0	1,321,710	39,688,659	84.6%
BTC/EUR	ET-CERT	XBT PROVIDER	1187.8	21,997	32,782,507	84.7%
BITW/USD	LISTED TRUST	BITWISE	73.0	379,459	29,830,823	-26.1%
BTC/SEK	ET-CERT	XBT PROVIDER	1200.7	156,679	23,512,432	83.6%
QBTC/CAD	LISTED TRUST	3IQ	48.6	466,160	19,674,972	91.3%
ETH/EUR	ET-CERT	XBT PROVIDER	70.7	136,130	12,204,294	98.0%
ETH/SEK	ET-CERT	XBT PROVIDER	71.6	1,240,443	11,461,277	96.3%
QBTCU/USD	LISTED TRUST	3IQ	38.1	254,026	10,017,841	91.3%
BTCW/USD	ETN	WISDOMTREE	293.8	17,716	5,367,757	84.8%
GDLC/USD	LISTED TRUST	GRAYSCALE	23.4	206,536	4,928,262	29.0%
BCHG/USD	LISTED TRUST	GRAYSCALE	36.4	138,754	4,770,674	-23.2%
ETCG/USD	LISTED TRUST	GRAYSCALE	8.3	486,550	4,161,451	28.5%
VBTC/EUR	ETN	VANECK	13.6	175,382	3,178,147	85.4%
BTC/USD	INDEX	CCCAGG	---	---	---	89.2%
ETH/USD	INDEX	CCCAGG	---	---	---	98.4%
MVDA Market Index	INDEX	MVIS	---	---	---	70.4%

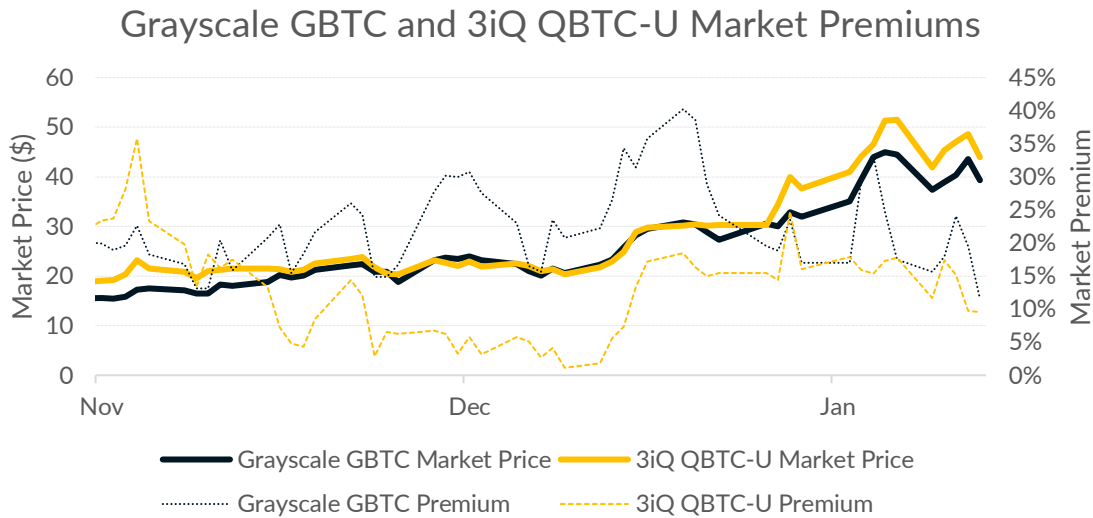
The best performing Bitcoin product by market price over the last 30 days was 3iQ's Listed Trust Product (QBTC) with 91.3%. This exceeds CryptoCompare's CCCAGG BTC/USD index performance (89.2%)

Another top performing product (among the most liquid exchange traded products by volume) include XBT Provider's Ether Tracker Euro (trading into EUR) with 98% 30-day returns in line with CryptoCompare's CCCAGG ETH/USD index performance (98.4%).

Poor performing products relative to others was Grayscale's Ethereum Trust product (ETHE) with a loss of 13.4% in market price vs 30 days prior and Bitwise's BITW/USD product with losses of 26.1%.

Among the top 15 ETP markets by volume, 6 underperformed relative to the MVDA index. These markets include: Grayscale's GBTC, ETH, BCHG, ETCG and GDLC products, and Bitwise's BITW product. 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 benchmark and universe for the other MVIS CryptoCompare Digital Assets Indices.

## Market Premiums – Grayscale and 3iQ Listed Trust Products



Bitcoin traded at an all-time high (above \$41,000) on the 8th of January. Since then, market premiums for both Grayscale’s and 3iQ’s Listed Bitcoin products have decreased from 17.4% to 11.6% (Grayscale) and 17.8% to 9.6% (3iQ) respectively by mid-January.

## CryptoCompare Index Products

The MVIS CryptoCompare Digital Assets Indices family tracks the financial performance of the largest and most liquid digital assets and serves 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 ETPs and futures contracts
- Asset allocation
- Research

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