CryptoCompare

DIGITAL ASSET MANAGEMENT REVIEW

April 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 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 of 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 product landscape. Our review focuses on key developments across various product types 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 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

April has been a volatile month; Bitcoin set a new all-time high of $64,773 on the 14th but later crashed to below $52,000 a few days later. Compared to March, trading volumes across all products have decreased by 5.3% to $706mn/day while total AUM has decreased 4.5% to $56bn. Ethereum has performed well, and now represents 13% of total AUM across all digital asset investment products.

1. Total AUM Decreases to $56bn while Assets Represented by ETNs Grow 21.1% to $3.4bn

Since the end of March 2021, total AUM across all digital asset investment products have decreased 4.5% to $56.0bn (as of 20 Apr). By product type, AUM represented by Trust products (dominated by Grayscale) decreased by 7.4% to $47bn (84% of total AUM). Meanwhile AUM represented by ETCs (dominated by XBT Provider) decreased by 0.7% to 4.6bn (now 8% of total).

AUM represented by ETNs grew 21.1% to $3.4bn and now represent 6% of total AUM. ETC Group's BTCE product continues to control the largest AUM across all ETNs and ETFs at $1.3bn (up 3.6% since late March). This is followed by Purpose's Bitcoin ETF with $1.05bn in AUM (up 26%). ABNB by 21Shares was the third largest ETN in April with an increase of 122.6% to $659mn in AUM.

2. ETH-based AUM Grows to 16% of Total

Bitcoin's share of AUM dropped by 2.9% to $43.8bn (78% of total AUM) while Ethereum's share grew 30.5% to $8.96bn (now 16% of total AUM).

Bitcoin's drop in AUM was largely driven by Grayscale's GBTC product which now represents $36.2bn in AUM (down 3.2%). The largest Ethereum-based products include Grayscale's Ethereum Trust product (ETHE – $6. 9bn – up 27.7%) and XBT Provider's Ether Tracker Euro product with $969mn AUM (up 20.9%).

3. 21Shares' BNB Tracker Product Sees Highest 30-Day Returns at 112%

The highest performing product was 21Shares ABNB ETN with 112% returns since March. This was followed by Grayscale's Ethereum Classic Trust product (ETCG) with 62.9% returns.

ETH-based digital asset investment products performed well this month, with Grayscale's ETHE experiencing the highest 30-day returns 40.2%. This was followed by XBT Provider's Ethereum Tracker Euro product (ETH/EUR) and 3iQ's Ethereum Fund (QETH.UN/USD) with 27.9% and 27.7% returns respectively.

BTC-based products generally underperformed, with losses ranging from 0.7% to 5.3% across the top products. Grayscale's GBTC product experienced a 30-day loss of 5%, ETC Group's BTCC experienced a loss of 4% and VanEck's VBTC experienced a loss of 3.7%. The MVDA index outperformed all Bitcoin-based digital asset investment products with 10.9% returns.

Latest Digital Asset Investment News

Mar 31st 2021
Coinbase wins custody mandate for WisdomTree bitcoin ETP

Apr 5th 2021
Grayscale Says It's 100% Committed to Converting GBTC into an ETF

Apr 6th 2021
Grayscale® Digital Large Cap Fund Announces Rebalancing of Fund

Apr 14th 2021
WisdomTree Lists Bitcoin ETP on Deutsche Boerse as ETF

Apr 16th 2021
Canada Approves Three Ethereum ETFs in One Day

Apr 19th 2021
Bitcoin ETF from 3iQ and CoinShares, Canada's 4th, Begins Trading on TSX

Apr 20th 2021
Purpose Investments Launches World's First Ether ETF

Apr 21st 2021
21Shares Successfully Completes Stock Split on Its Crypto ETPs

Apr 22nd 2021
21Shares to Launch Two First-in-kind ETPs - Physically Backed Stellar and Cardano – on April 26

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.

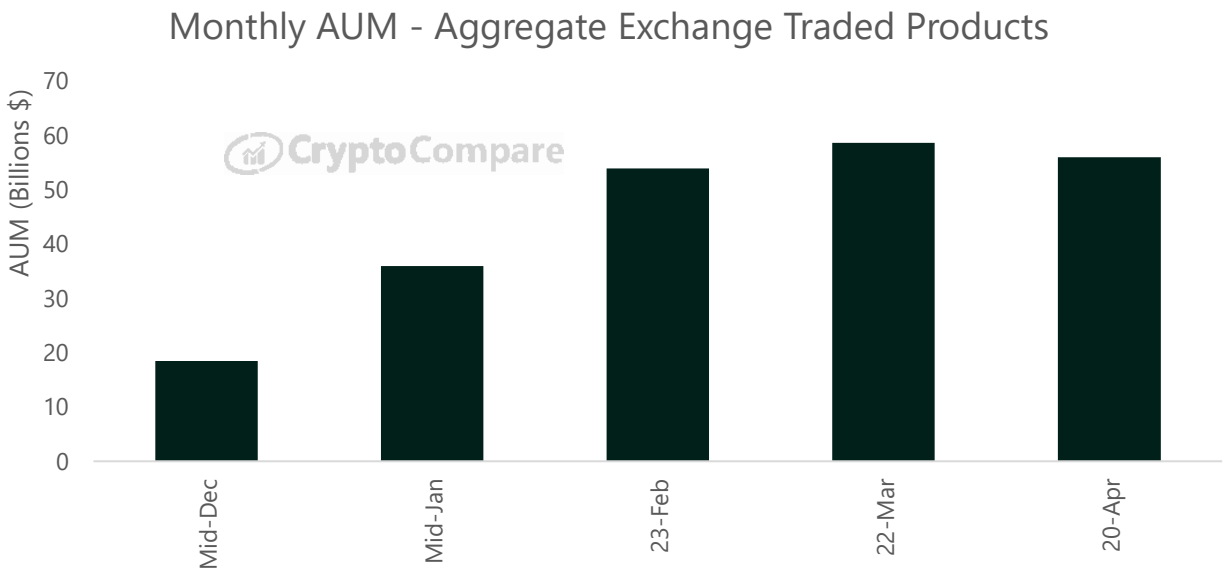
An **Exchange Traded Note (ETN)** on the other hand is similar to an ETF in the sense that it can be easily traded on exchanges. A major distinction between the two is that you don't own the underlying for an ETN - it is a debt security backed by a bank or institution and usually comes in the form of 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.

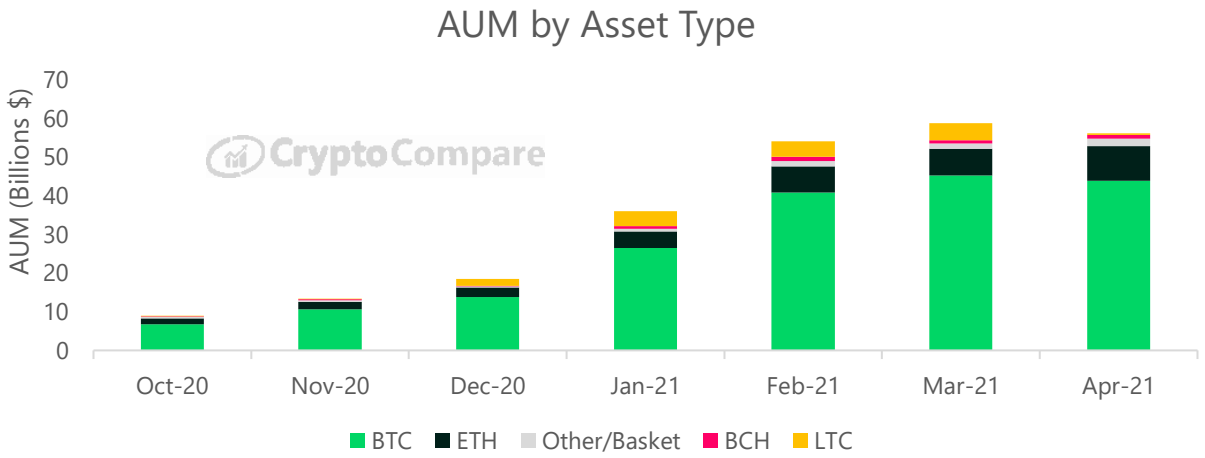
An **Investment Trust** is a type of closed-ended fund set up as a company, such that its shares can be bought and sold on an exchange or OTC market. This investment trust invests in a portfolio of assets, and hence the value of the share of the company is tied to the value of the underlying assets that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

AUM – Assets Under Management

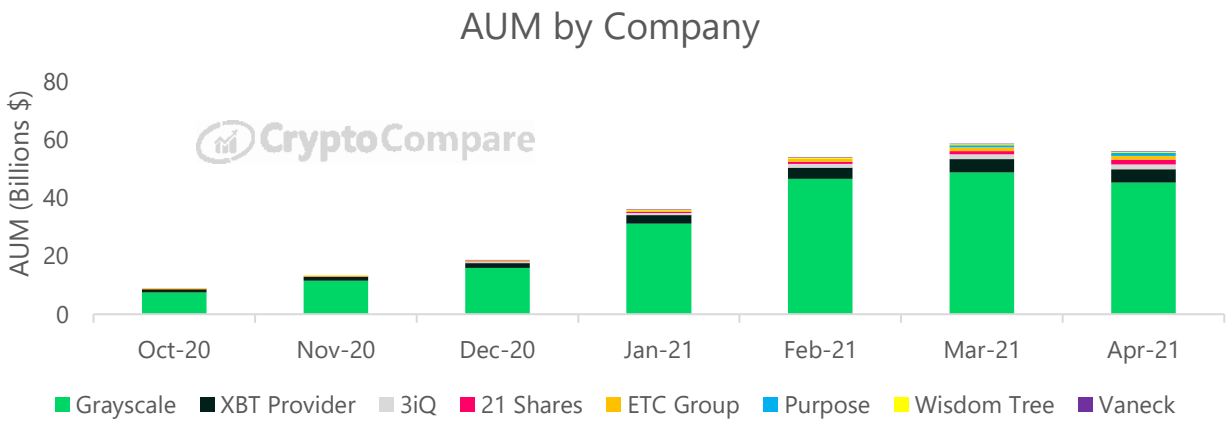
Since the end of March 2021, total AUM across all digital asset investment products have decreased 4.5% to $56.0bn (as of 20 Apr).



Bitcoin's share of AUM dropped by 2.9% to $43.8bn (78% of total AUM) while Ethereum's share grew 30.5% to $8.96bn (now 16% of total AUM).

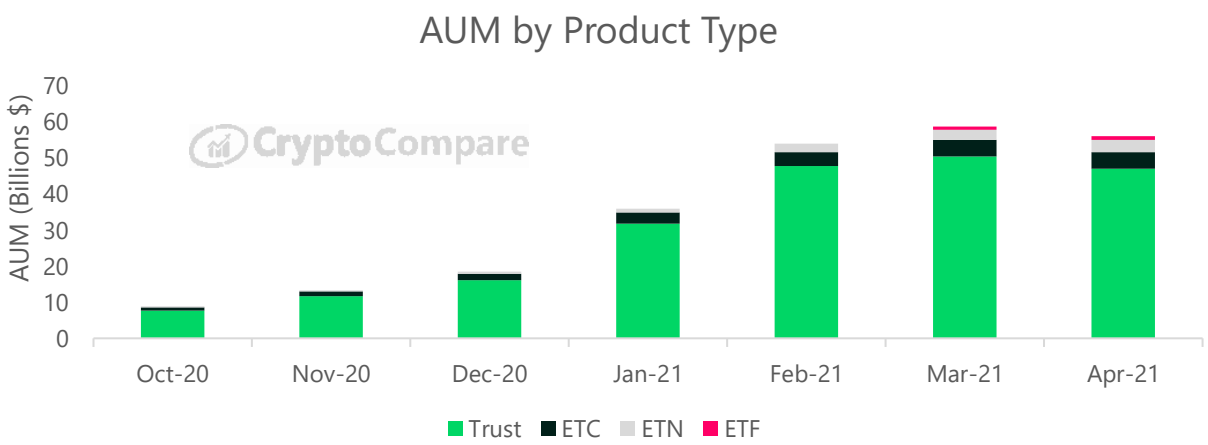


Grayscale represents the vast majority of AUM at $45.2bn (81% of total) followed by XBT Provider with $4.5bn (8% of total) and 3iQ with $1.8bn (3%)

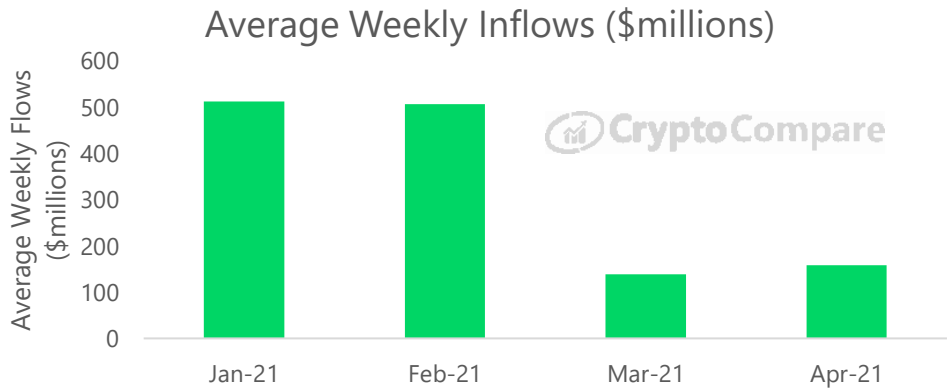


In terms of product type, AUM represented by Trust products (dominated by Grayscale) decreased by 7.4% to $47bn (84% of total AUM). Meanwhile AUM represented by ETCs (dominated by XBT Provider) decreased by 0.7% to 4.6bn (now 8% total).

AUM represented by ETNs grew 21.1% to $3.4bn and now constitute 6% of total AUM.



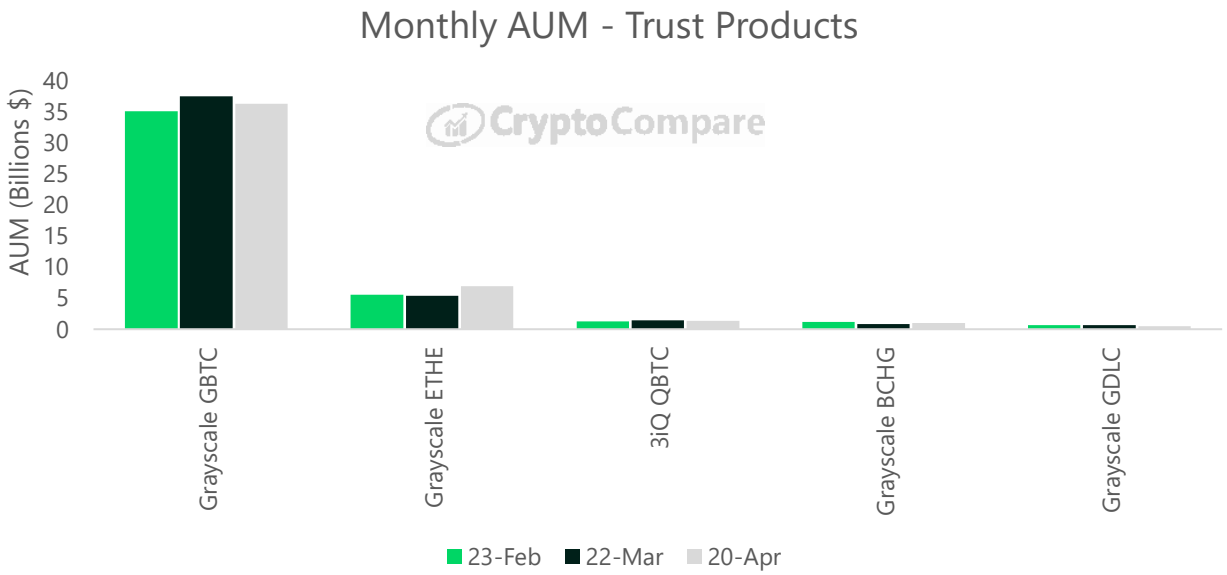
Average weekly asset inflows across all major digital asset investment product providers increased by 14% since March to $158mn.



Trust Products

The majority of AUM for trust products continued to reside in Grayscale's Bitcoin (GBTC – $36.2bn – down 3.2% since last month) and Ethereum (ETHE – $6. 9bn – up 27.7%) products.

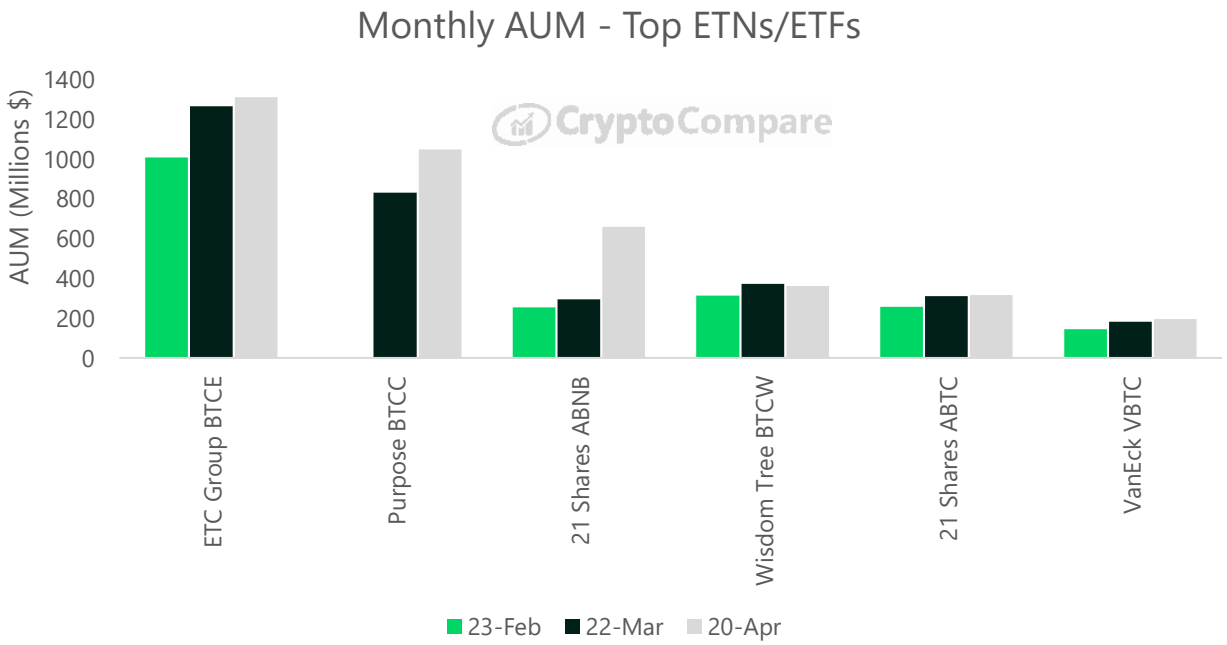
Other trust products include 3iQ's Bitcoin Fund (QBTC), which decreased 8.6% to $1.3bn.



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

ETC Group's BTCE product continues to control the largest AUM across all ETNs and ETFs at $1.3bn (up 3.6% since late March). This is followed by Purpose's Bitcoin ETF with $1.05bn in AUM (up 26%).

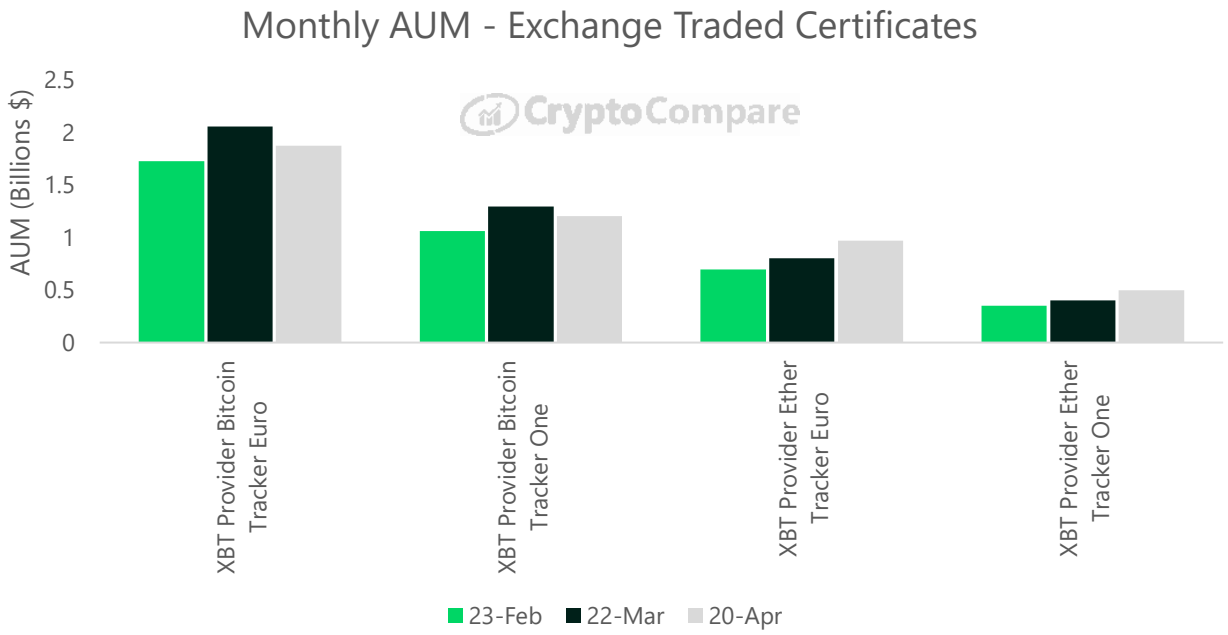
ABNB by 21Shares was the third largest ETN in April with an increase of 122.6% to $659mn AUM.



Exchange Traded Certificates (ETCs)

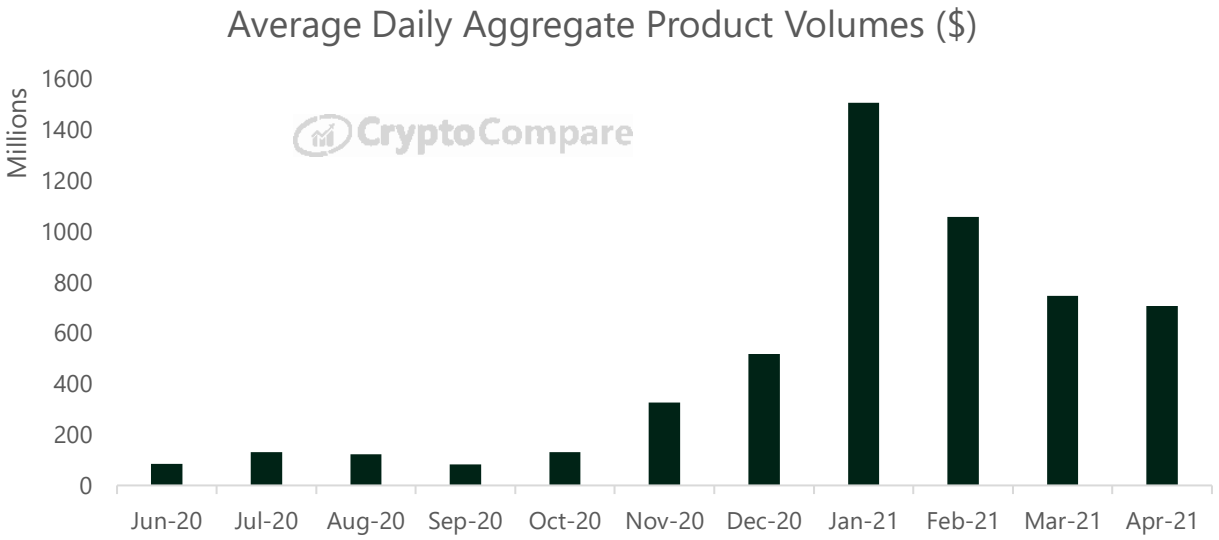
XBT Provider by Coinshares represents the majority of AUM across all ETCs. Its Bitcoin Tracker Euro product holds the highest AUM and saw a decrease of 8.8% to $1.9bn in April.

This is followed by its Bitcoin Tracker One product at $1.2bn (down 6.9%) and its Ether Tracker Euro product at $969mn (up 20.9%).



Trading Volumes

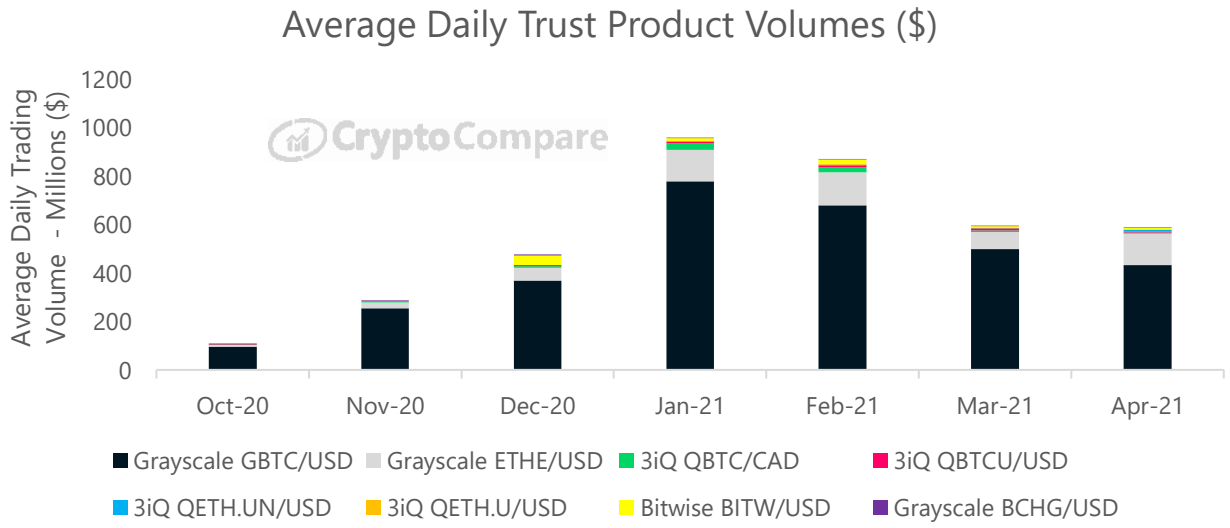
Aggregate daily volumes across all digital asset investment product types have decreased by an average of 5.3% in April 2021 compared to March 2021. Average daily volumes for April now stand at $706mn.



Trust Products

Grayscale's Bitcoin Trust Product (GBTC) represented the majority of trust product volume in April at 71% (vs 82% in March). Grayscale's Ethereum Trust product (ETHE) gained market share and now represents approximately 21% of trust volume (vs 11.7% in March).

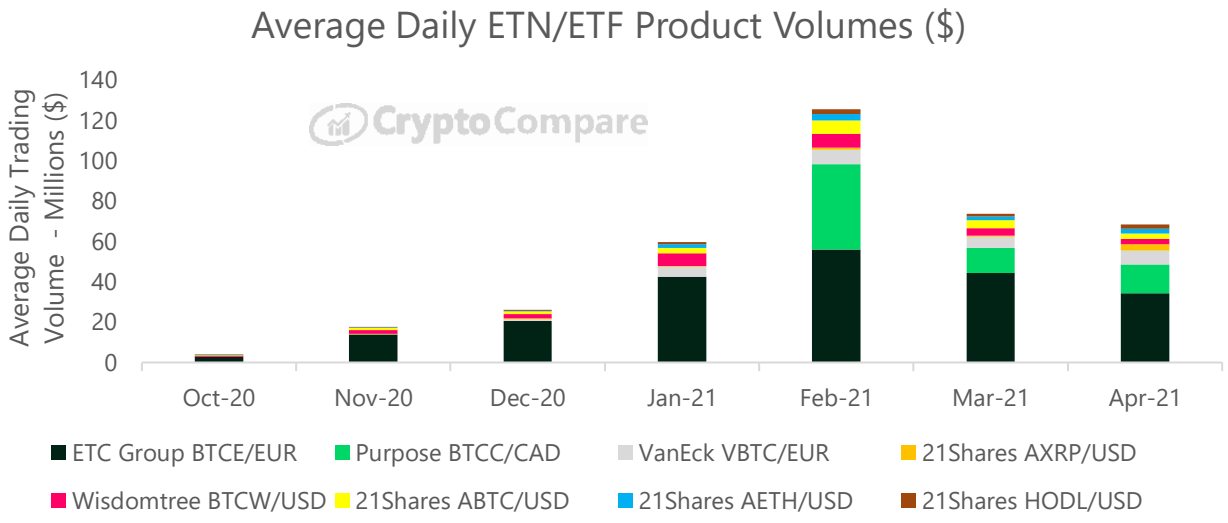
Grayscale's GBTC volume amounted to a daily average of $432mn (down 13.4% since March). This is followed by its Ethereum Trust Product (ETHE) at $130.3mn (up 84.1%) and its Ethereum Classic (ETCG) product at $11. 6mn (up 249%).



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

Among the top ETNs/ETFs, ETC Group's BTCE traded the highest daily volume in April at $34.48mn (down 22.4%) followed by Purpose's Bitcoin ETF (BTCC) at $14.2mn (up 13.9%) and VanEck's VBTC/EUR at $5.23mn (up 23.2%).

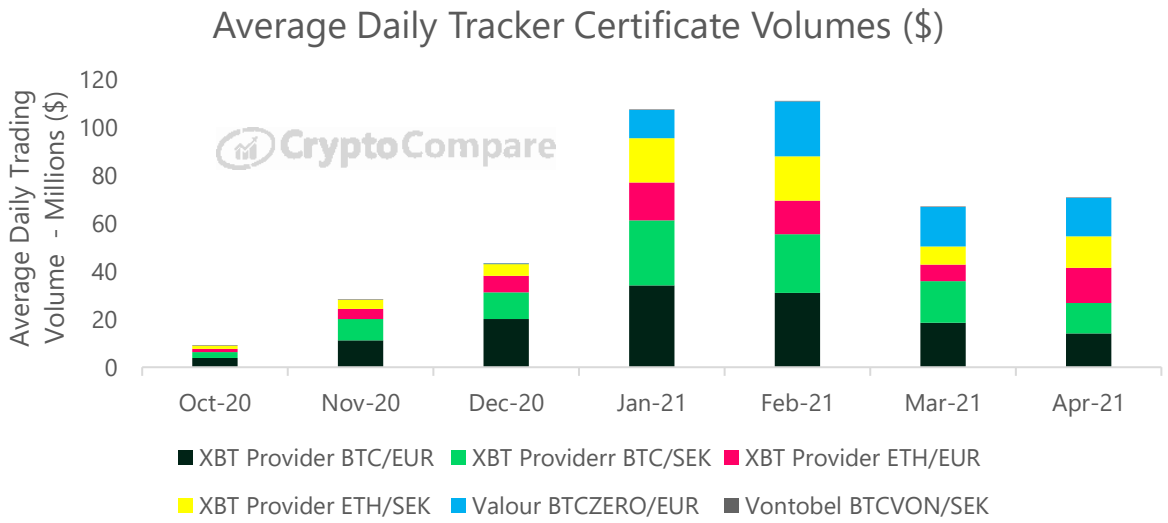
This was followed by 21Shares AXRP/USD market with daily volumes of $2.9mn (up 670%) and Wisdom Tree's BTCW/USD market with $2.6mn (down 30.9%).



Exchange Traded Certificates (ETCs)

Valour's Bitcoin Zero product (BTCZERO/EURO) represented the most traded product among all ETCs at a daily volume average of $16.2mn (down 2%).

XBT Provider's Ether Tracker Euro (ETH/EUR) and Bitcoin Tracker Euro followed with $14.7mn (up 113%) and $14.1mn (down 24%) traded respectively.



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	TRUST	GRAYSCALE	49.5	8,970,080	441,489,662	-5.00%
ETHE/USD	TRUST	GRAYSCALE	19.5	5,000,938	101,905,721	40.20%
BTCE/EUR	ETN	ETCGROUP	47.8	672,255	38,136,508	-4.00%
BTCZERO/EUR	ETC-CERT	VALOUR	49.7	273,860	16,168,210	-3.90%
BTC/EUR	ETC-CERT	XBTPROVIDER	2374.7	5,486	15,574,574	-4.70%
BTC/SEK	ETC-CERT	XBTPROVIDER	2421.8	49,758	14,113,574	-5.30%
BTCC/CAD	ETF	PURPOSE	10.9	1,601,547	13,865,494	-0.67%
ETH/EUR	ETC-CERT	XBTPROVIDER	166	58,606	12,000,893	27.90%
ETH/SEK	ETC-CERT	XBTPROVIDER	168.7	530,992	10,799,754	26.70%
ETCG/USD	TRUST	GRAYSCALE	16.2	428,028	8,068,565	62.90%
VBTC/EUR	ETN	VANECK	27	209,868	6,804,882	-3.70%
QBTC/CAD	TRUST	3IQ	79.7	84,079	5,320,378	4.40%
GDLC/USD	TRUST	GRAYSCALE	39.7	125,409	5,170,859	6.00%
BITW/USD	TRUST	BITWISE	84.1	59,993	5,119,146	-1.30%
QETH.UN/USD	TRUST	3IQ	45.4	89,073	4,296,325	27.70%
LTCN/USD	TRUST	GRAYSCALE	198.8	21,047	4,103,211	-20.70%
ABTC/USD	ETN	21SHARES	20.6	155,480	3,160,816	-4.20%
AETH/USD	ETN	21SHARES	22.8	90,642	2,094,314	27.30%
AXRP/USD	ETN	21SHARES	43.6	42,259	2,020,988	11.30%
ABNB/USD	ETN	21SHARES	30.5	22,023	764,888	112.00%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	---	**-3.60%**
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	---	**31.40%**
MVDA Index	MVIS INDEX	MVIS	---	---	---	**10.9%**

The highest performing product was 21Shares' ABNB ETN product with 112% returns since March. This was followed by Grayscale's Ethereum Classic Trust product (ETCG) with 62.9% returns.

ETH-based digital asset investment products performed well this month, with Grayscale's ETHE experiencing the highest 30-day returns 40.2%. This was followed by XBT Provider's Ethereum Tracker Euro product (ETH/EUR) and 3iQ's Ethereum Fund (QETH.UN/USD) with 27.9% and 27.7% returns respectively.

BTC-based products generally underperformed, with losses ranging from 0.7% to 5.3% across the top products. Grayscale's GBTC product experienced a 30-day loss of 5%, ETC Group's BTCC experienced a loss of 4% and VanEck's VBTC experienced a loss of 3.7%.

The MVDA index outperformed all Bitcoin-based digital asset investment products with 10.9% returns. 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.

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 ETNs and futures contracts
- Asset allocation
- Research

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Data Sources

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