



DIGITAL ASSET MANAGEMENT REVIEW

August 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

Cryptocurrency markets saw their prices rebound over the last 30 days as Bitcoin and Ethereum rose 49.7% and 57.4% respectively (data up to 23 August), triggered by the implementation of the Ethereum London hard fork on 5 August. For digital asset management products, this meant a 57.3% increase in AUM and a 46.6% increase in average daily trading volumes across all exchange and otc-traded investment product markets.

AUM Increases as ETH Products See Major Boost

Total AUM across all investment product types grew 57.3% to \$54.8bn due to the rise in cryptocurrency prices over the last month, despite average weekly outflows of \$22.5mn in the first three weeks of August. ETH-based products grew at the fastest rate (72.8%) to \$13.8bn, attaining a market share of 25.2%, the highest so far this year. Ether, and ETH-based products, have gained significant momentum following the protocol's recent London Hard Fork, as well as the growth in Non-Fungible Token (NFT) markets. Bitcoin remains the dominant cryptocurrency for digital asset products, with \$38.1bn AUM (69.6% of total AUM).

ETH Drives Total Volumes Higher

In August, average daily aggregate product volumes saw a gain of 46.6% to \$544mn, the largest month-on-month increase since May. This increase was largely driven by Ethereum tracking products, most notably Grayscale's ETHE trust, with average daily volumes increasing 105.9% to \$193.3mn. Grayscale's Bitcoin Trust (GBTC) also grew to \$240mn (up 17.4%), however, other Bitcoin products saw their volumes slide – ETCGroup's BTCE and XBT Provider's Bitcoin Tracker Euro (BTC/EURO), dropped 14.8% to \$14.3mn and 23.9% to \$4.9mn respectively.

Inflows Into Alternative Cryptos Positive, Bitcoin and Ethereum See Net Outflows

Digital asset products experienced average weekly net outflows of \$22.5mn in the month of August, driven by outflows in Bitcoin and Ethereum products (-\$24.9mn and -\$2.6mn on average). However, single-asset products involving Ripple and Cardano, the third and fourth largest cryptocurrencies by market capitalization, experienced net inflows of \$0.7mn and \$0.9mn respectively in the same time period. Similarly, multi-asset products had net inflows of \$2.7mn.

Latest Digital Asset Investment News

[July 19th](#)

ETC Group Listing Entire Crypto ETP Portfolio on Vienna Bourse Exchange Including Vienna's First Listing of a Carbon Neutral Crypto ETP

[July 26th](#)

Goldman Sachs Applies for a DeFi ETF

[July 28th](#)

World's First Active Cryptocurrency ETP Provided by FiCAS Lists on SIX Swiss Exchange

[August 11th](#)

Germany Allows Spezialfonds Holding \$1.8 Trillion To Invest in Bitcoin

[August 11th](#)

Vaneck Files for Bitcoin Strategy ETF Tied to BTC Futures Products

[August 16th](#)

Grayscale ETH holdings Top \$10 Billion

[August 19th](#)

Grayscale's Bitcoin Trust Trades at 16.5% Discount – The Largest Since May

[August 20th](#)

Vaneck and ProShares Withdraw Ether Futures ETF Applications Just 2 Days After Filing

[August 20th](#)

Eurex Announces Launch of Bitcoin ETN Futures for September 13th

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.

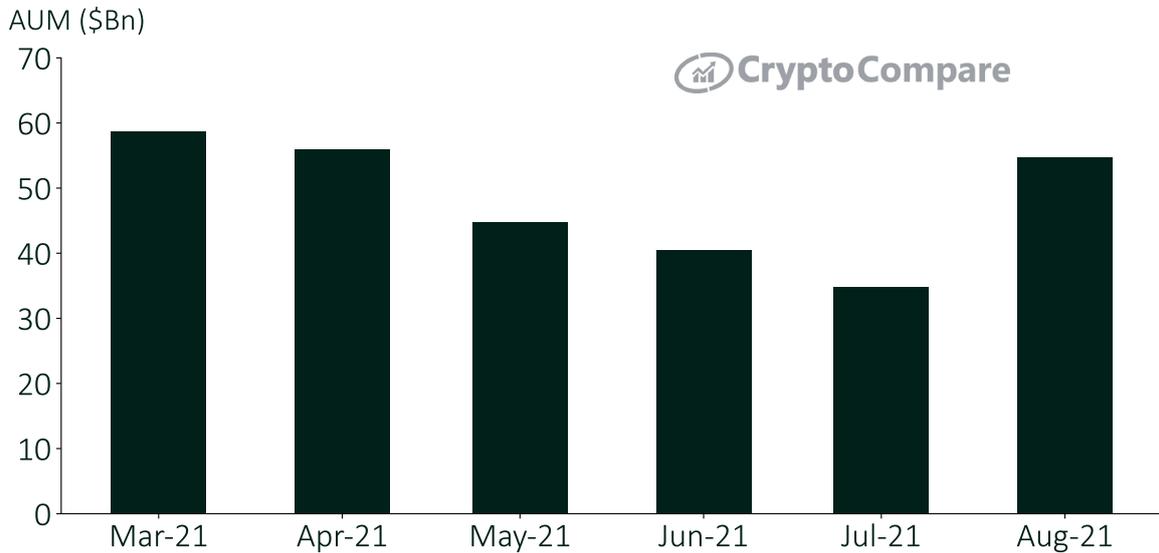
An **Exchange Traded Certificate (ETC)** or Synthetic ETN is a type of non-interest-bearing debt instrument in the form of a bearer certificate that tracks the behaviour of an underlying asset class using derivatives 1: 1. The investor does not necessarily own or is entitled to the underlying asset on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

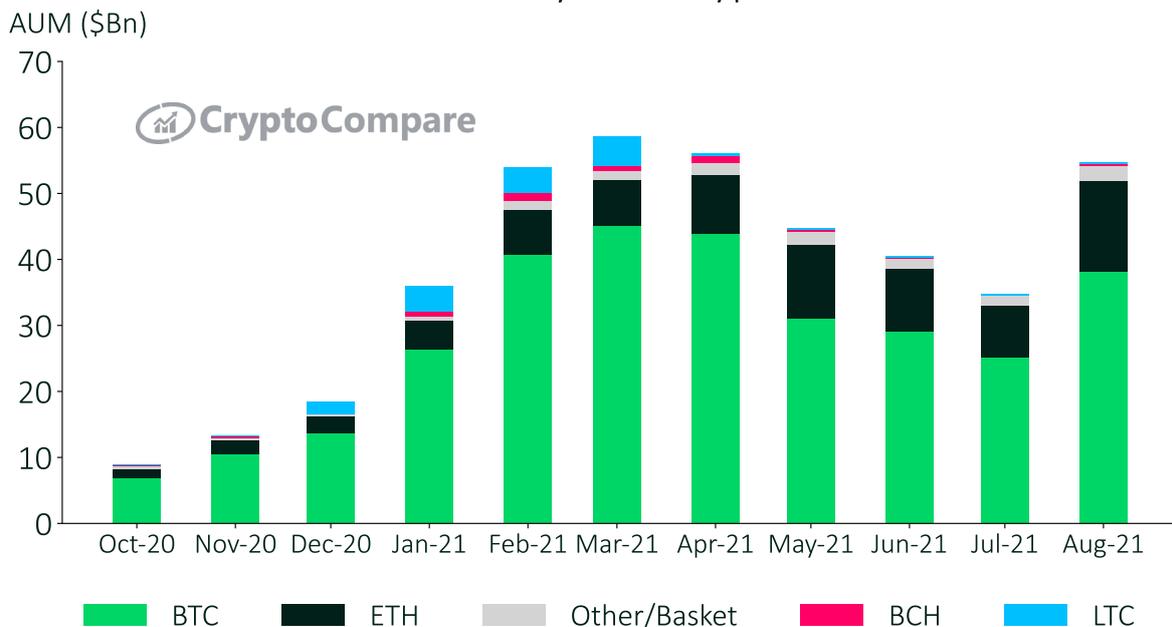
Since July 2021, total AUM across all digital asset investment products has increased 57.3% to \$54.8bn (as of 24 Aug).

Monthly AUM - Aggregate Exchange and OTC-Traded Products



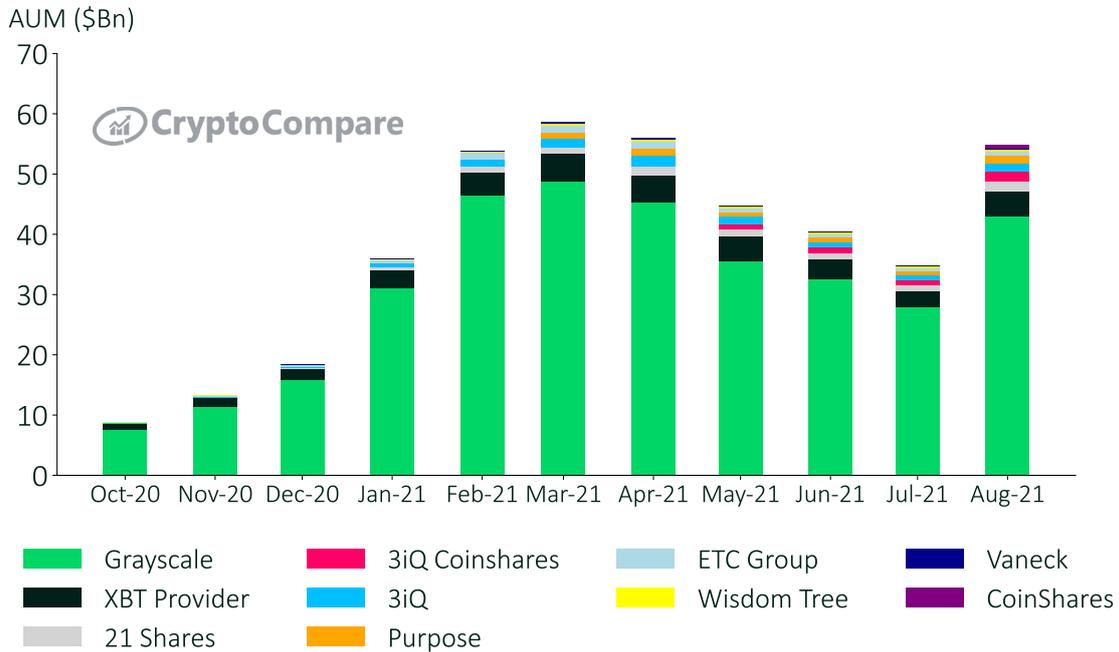
While Bitcoin’s AUM increased 51.9% to \$38.1bn, it lost market share (now 69.6% of total AUM vs. 72.1% last month) as other assets saw greater increases. Ethereum’s AUM rose 72.8% to \$13.8bn while Baskets increased 67.6% to \$2.3bn.

AUM by Asset Type



Grayscale products represent the vast majority of AUM at \$42.9bn (78.4% of total) followed by those of XBT Provider (\$4.2bn, 7.7% of total) and 21Shares (\$1.7bn, 3.1% of total).

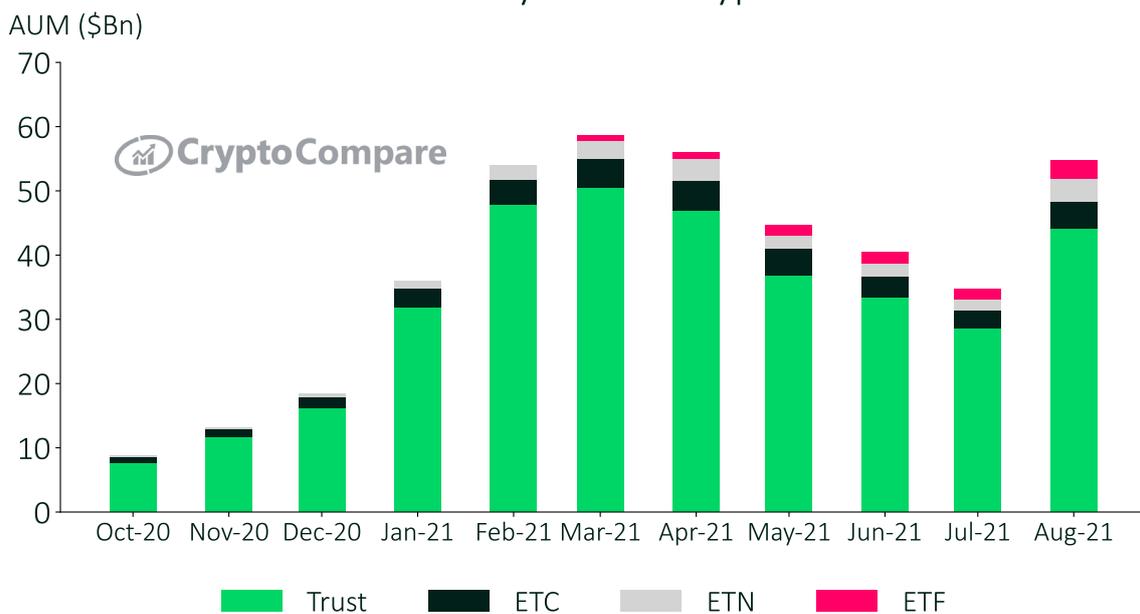
AUM by Company



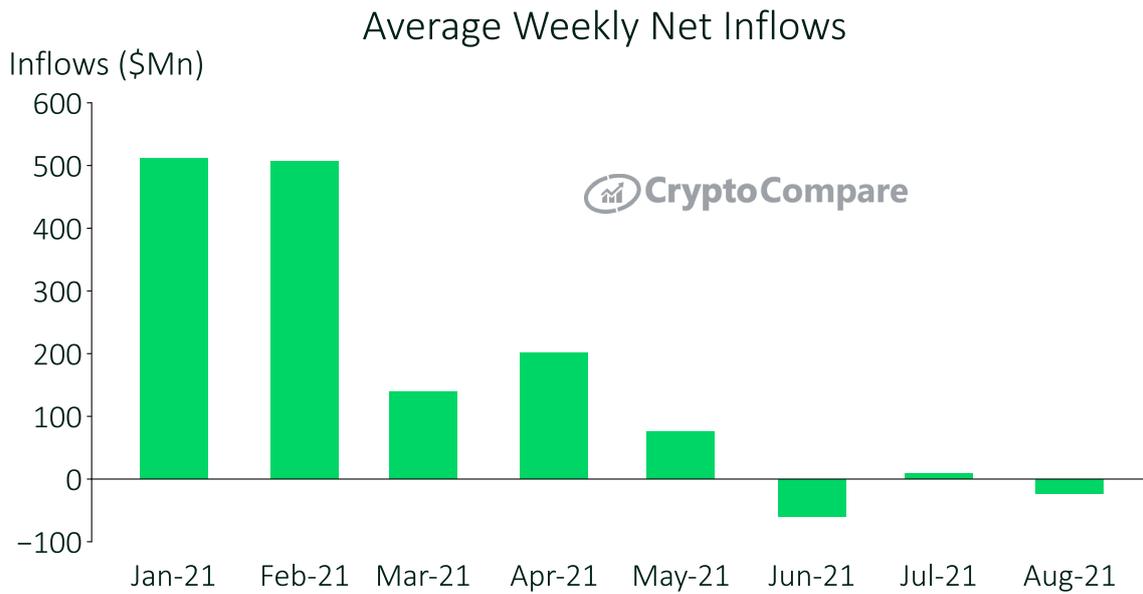
In terms of product type, AUM in trust products (dominated by Grayscale) increased by 54.0% to \$42.9bn (78.4% of total AUM). Similarly, AUM represented by ETCs (led by XBT Provider) increased 55.2% to \$4.2bn (7.7% of total AUM).

ETNs and ETFs saw larger increases of 91.4% and 79.1% respectively, to \$3.4bn and \$2.9bn of AUM. As a result, these products saw their market share increase to 6.3% and 5.3% respectively.

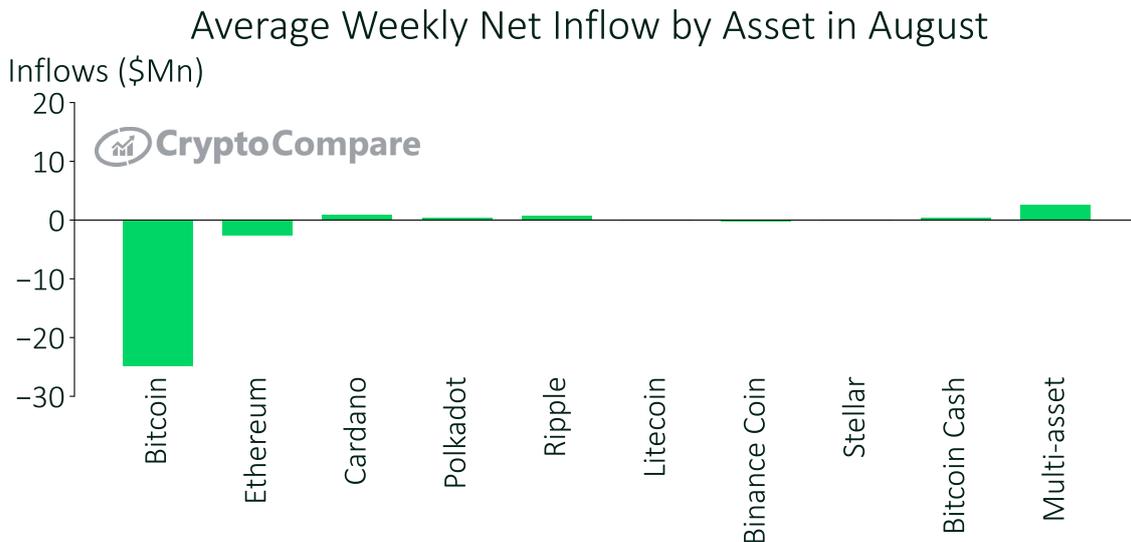
AUM by Product Type



Average weekly net inflows were negative in the month of August as inflows reached -\$22.5mn.



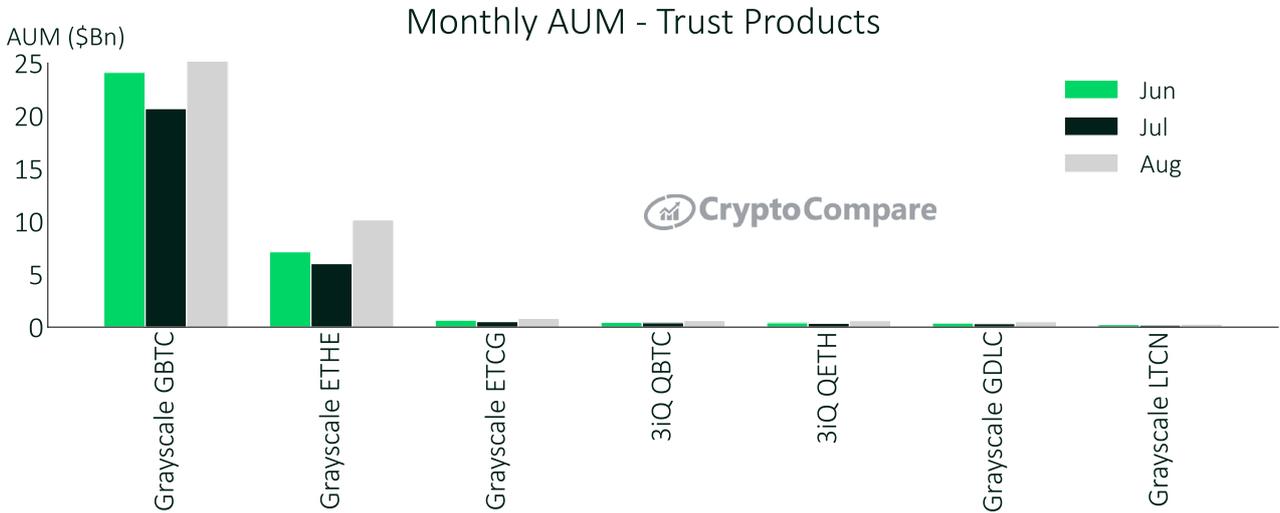
Weekly flows into Bitcoin-based products in August averaged -\$24.9mn, while those of Ethereum-based products averaged -\$2.6mn. Meanwhile, net weekly flows into Cardano-based products were positive and averaged \$0.9mn.



Trust Products

The majority of AUM for trust products continues to reside in Grayscale’s Bitcoin (GBTC - \$30.9bn - up 49.5% since July) and Ethereum (ETHE - \$10.2bn - up 68.9%) products.

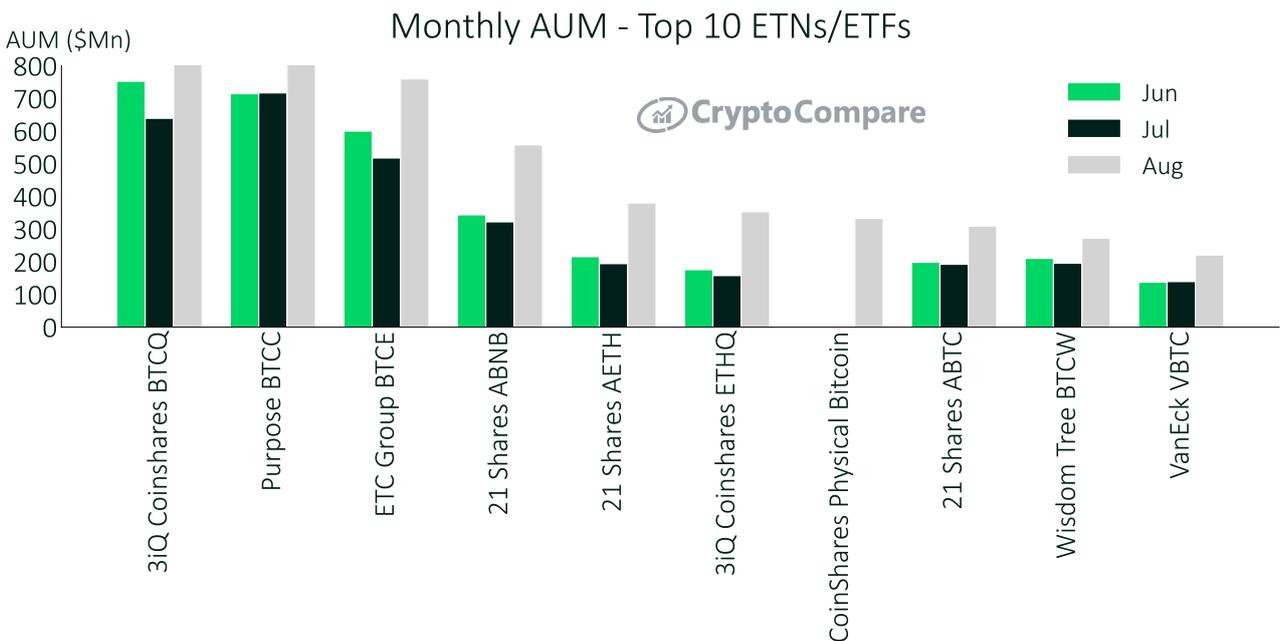
Other trust products include 3iQ’s Bitcoin Fund (QBTC), which increased 52.2% to \$628mn in August.



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

Among ETFs, the 3iQ Coinshares Bitcoin ETF (BTCQ) now represents the highest AUM at \$1.3bn (up 96.7%), followed by the Purpose Bitcoin ETF (BTCC), which saw a 53.3% increase in AUM to \$1.1bn.

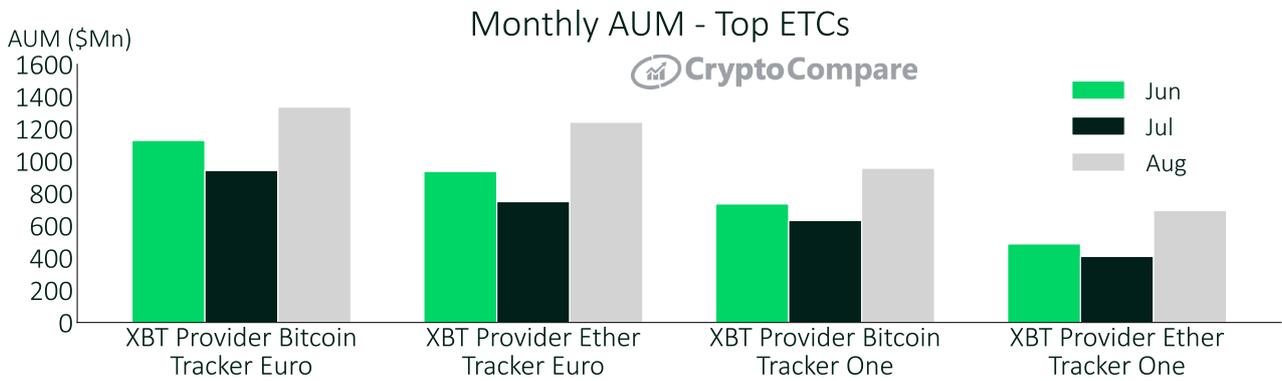
Meanwhile, ETC Group’s BTCE product continues to control the largest AUM across all ETNs at \$760mn (up 46.7% since late July). This is followed by 21Shares’ ABNB which saw an increase of 73.1% to \$558mn in AUM, and 21Shares’ AETH which increased 95.5% to \$380mn in AUM.



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 an increase of 41.7% to \$1.3bn in August.

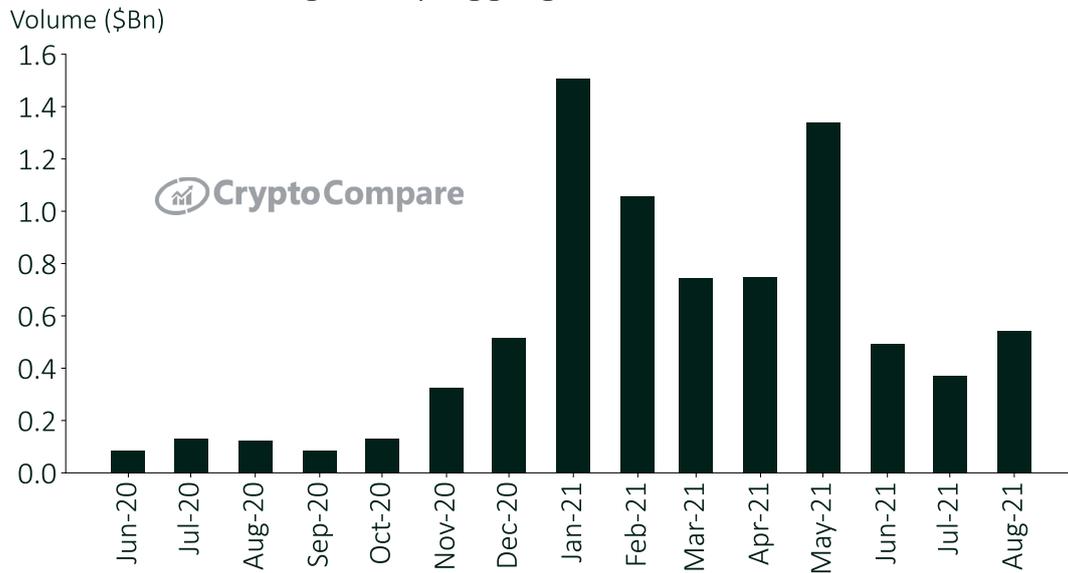
This is followed by its Ether Tracker Euro product at \$1.2bn (up 65.7%) and its Bitcoin Tracker One product at \$956mn (up 51.3%).



Trading Volumes

Aggregate daily volumes across all digital asset investment product types increased by an average of 46.6% from July to August. Average daily volumes now stand at \$544mn.

Average Daily Aggregate Product Volumes

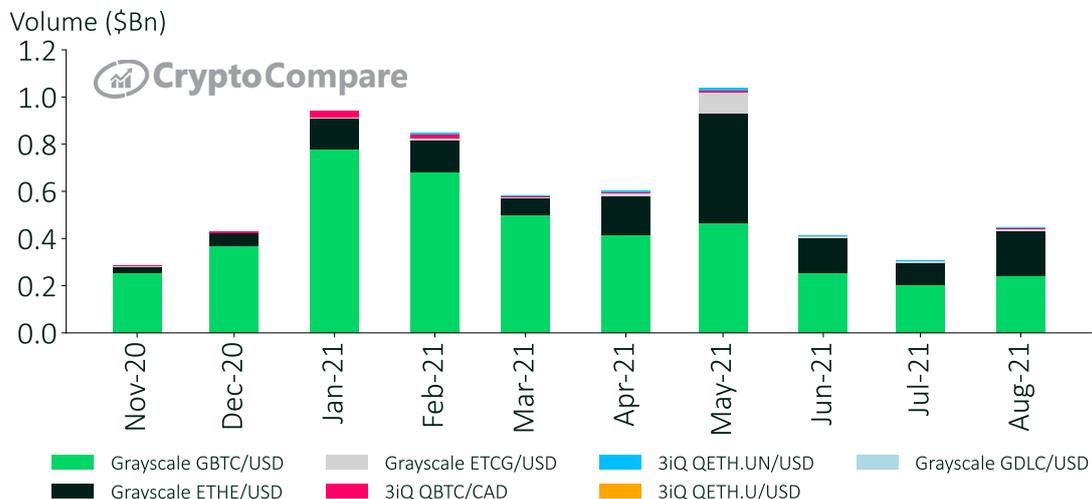


Trust Products

Grayscale’s Bitcoin trust product (GBTC) sustained its majority market share of trust product volume in August at 52.7%. Average daily volume for GBTC and Grayscale’s ETHE stood at \$240mm (up 17.4%) and \$193.3mn (up 105.9%) respectively. All trust product volume rose by an average of 45.3% to a total of \$469mn.

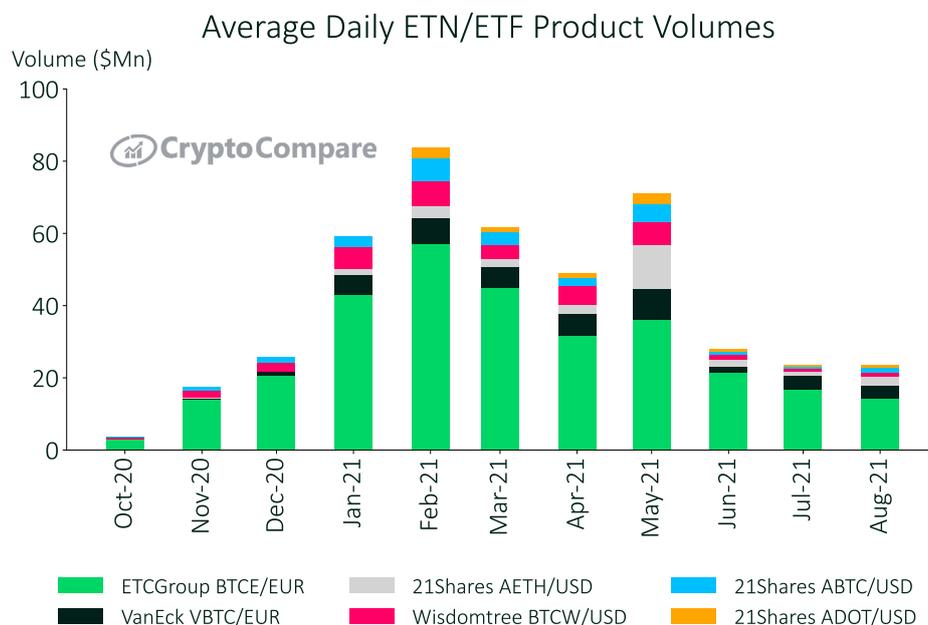
Volume in Grayscale’s Digital Large Cap product (GDLC) increased 117.4% in July to \$6.0mn, the largest increase in any trust product for the same period.

Average Daily Trust Product Volumes



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

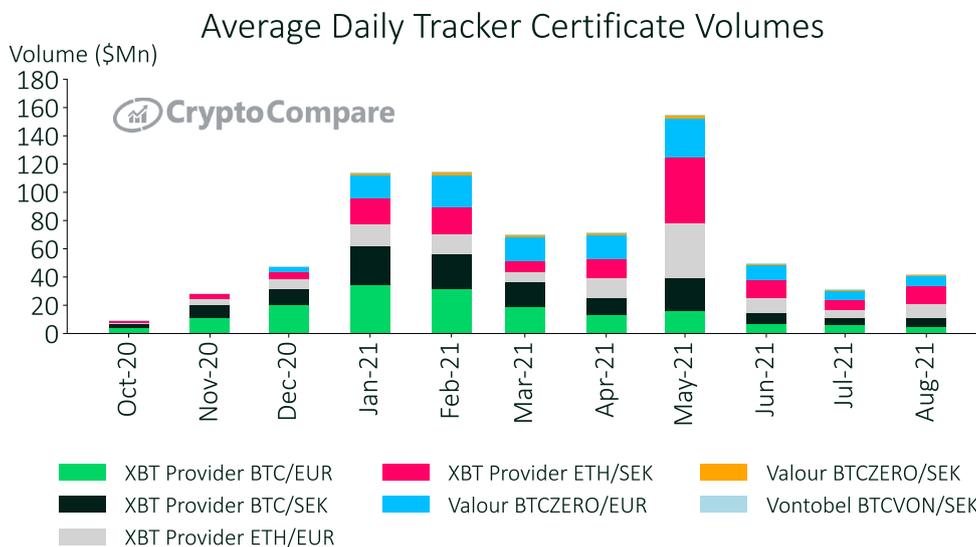
Among the top ETNs/ETFs, ETC Group’s BTCE product traded the highest daily volume in August at \$14.3mn (down 14.8%), followed by VanEck’s Bitcoin product (VBTC) at \$3.6mn (down 6.3%). Average daily volumes of all ETNs/ETFs increased by an average of 0.3% in August. 21Shares’ Ethereum ETN (AETH) experienced the largest percentage increase in trading volume, up 137.4% to \$2.5mn.



Exchange Traded Certificates (ETCs)

XBT Provider’s Ether Tracker One (ETH/SEK) product became the highest traded ETC product in August, with an average daily volume of \$12.5mn (up 91.4%). This was followed by XBT Provider’s Ether Tracker Euro (ETH/EUR) and Valour’s BTC Zero (BTCZERO/EUR) product, with average daily volumes of \$9.5mn (up 50.3%) and \$7.7mn (up 14.4%) respectively.

XBT Provider’s Bitcoin Tracker Euro (BTC/EUR) saw a drop in volume to \$4.9mn, a 23.9% decline compared to the month of July.



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	35.4	7,300,747	256,343,872	45.6%
ETHE/USD	TRUST	GRAYSCALE	26.1	6,351,419	168,586,239	67.1%
BTCE/EUR	ETN	ETCGROUP	35.3	389,766	15,951,364	55.3%
ETH/SEK	ETC-CERT	XBTPROVIDER	238.1	401,747	11,075,054	64.6%
ETH/EUR	ETC-CERT	XBTPROVIDER	233.3	36,873	9,868,283	63.6%
BTCZERO/EUR	ETC-CERT	VALOUR	36.5	183,845	7,861,314	51.8%
BTC/EUR	ETC-CERT	XBTPROVIDER	1733.6	3,740	7,308,409	57.3%
ETCG/USD	TRUST	GRAYSCALE	35.8	199,847	7,205,629	40.6%
BTC/SEK	ETC-CERT	XBTPROVIDER	1774.2	30,169	6,150,916	57.3%
LTCN/USD	TRUST	GRAYSCALE	19.7	318,866	5,830,513	-60.1%
GDLC/USD	TRUST	GRAYSCALE	36.6	129,114	5,027,650	108.3%
BCHG/USD	TRUST	GRAYSCALE	6	772,695	4,342,296	-44.6%
VBTC/EUR	ETN	VANECK	20.2	154,861	3,647,056	31.1%
QETH.UN/USD	TRUST	3IQ	58.5	47,913	2,846,837	40.1%
BITW/USD	TRUST	BITWISE	44.1	62,366	2,803,181	5.0%
QETH.U/USD	TRUST	3IQ	46.6	58,951	2,701,883	35.9%
QBTC/CAD	TRUST	3IQ	55.8	53,235	2,319,247	27.7%
AETH/USD	ETN	21SHARES	31.8	69,729	2,263,421	61.3%
QBTCU/USD	TRUST	3IQ	43.9	42,068	1,854,927	50.0%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	---	49.7%
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	---	57.4%
MVDA Index	MVIS INDEX	MVIS	---	---	---	50.0%

Both BTC-based and ETH-based products experienced significant gains over the last 30 days, ranging from 36% to 67% for ETH products and 28% to 57% for BTC products. Grayscale's GDLC basket product experienced the highest positive returns of 108% over the same period amongst the largest products by volume, while the company's Litecoin and Bitcoin Cash based products (LTCN and BCHG) experienced losses of 60.1% and 44.6% respectively.

The MVDA index experienced 50% 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.

PROVIDER	FEE RANGE	CHEAPEST FUND AVAILABLE	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>	2
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

Conclusion

In contrast to a generally downward trend over the past couple months, digital asset investment products experienced a boost in both AUM and Volumes in August as cryptocurrencies began to rally following positive market news. Ethereum-based products performed particularly well following the recent London fork update.

Data Sources

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