



DIGITAL ASSET MANAGEMENT REVIEW

September 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

In September, the price of Bitcoin and Ethereum fell by 9.1% and 14.7% respectively (data up to 24th September) following regulatory concerns from the U.S. Securities and Exchange Commission and a declaration from the People's Bank of China on the 24th stating that all crypto-related transactions are illegal - the latter of which prompted a 4.6% and 7.1% fall in Bitcoin and Ethereum's price, respectively.

For digital asset management products, this meant a 6.3% decrease in total AUMs, although both volumes (+9.6%) and weekly product inflows (\$69.7mn) rose in the month of September.

Bitcoin AUM Dominance Falls to Yearly Lows

AUM in Bitcoin-based products fell 7.8% in September to \$35.1bn (67.9% of current total AUM – the lowest share this year since April at 78.3%). On the other hand, Ethereum-based products reached their highest market share of AUM at 25.9%, following a 3.0% decrease to \$13.5bn. This movement suggests that investors are seeking alternatives to Bitcoin for cryptocurrency exposure.

Grayscale ETH Trust Becomes Most Traded Product in September

In September, Grayscale's Ethereum Trust (ETHE) became the most traded digital asset product overtaking Grayscale's Bitcoin Trust (GBTC), the first time ever the fund has been dethroned. ETHE's average daily volumes increased 29.0% to \$250mn (42.4% market share), while GBTC's average daily volumes rose by only 8.6% to \$201mn (34.1% of market share).

Net Flows Turn Positive in September After 3 Months of Net Outflows

Following 3 months of average weekly outflows, weekly net flows into digital asset investment products averaged \$72.8mn in September, the highest amount since May (\$75.2mn). Bitcoin-based products saw the highest level of inflows out of any asset, averaging \$31.2mn per week. This was followed by Solana at \$17.8mn, which overtook Ethereum (\$10.9mn) in terms of net flows after its first investable product was launched by 21Shares at the end of July.

Latest Digital Asset Investment News

[August 30th](#)

US Global Investors Bought Crypto Exposure Through Grayscale Funds

[September 10th](#)

Bitwise Launches “Ex Bitcoin” Crypto Index Fund

[September 10th](#)

Three More Grayscale Crypto Trusts Have Been Designated SEC-Reporting Companies

[September 14th](#)

Valour Expands Crypto ETP Range with Solana Launch

[September 14th](#)

Bitwise Joins Hunt for Bitcoin ETH Approval With Futures Product Filing

[September 20th](#)

21Shares announces listing of Solana and Polkadot ETPs on Euronext Paris and Amsterdam

[September 21st](#)

VanEck Launches Three Crypto ETNs Including World’s First TRON Exposure

[September 23rd](#)

Invesco & Galaxy Digital Partner To Develop Crypto ETFs

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.

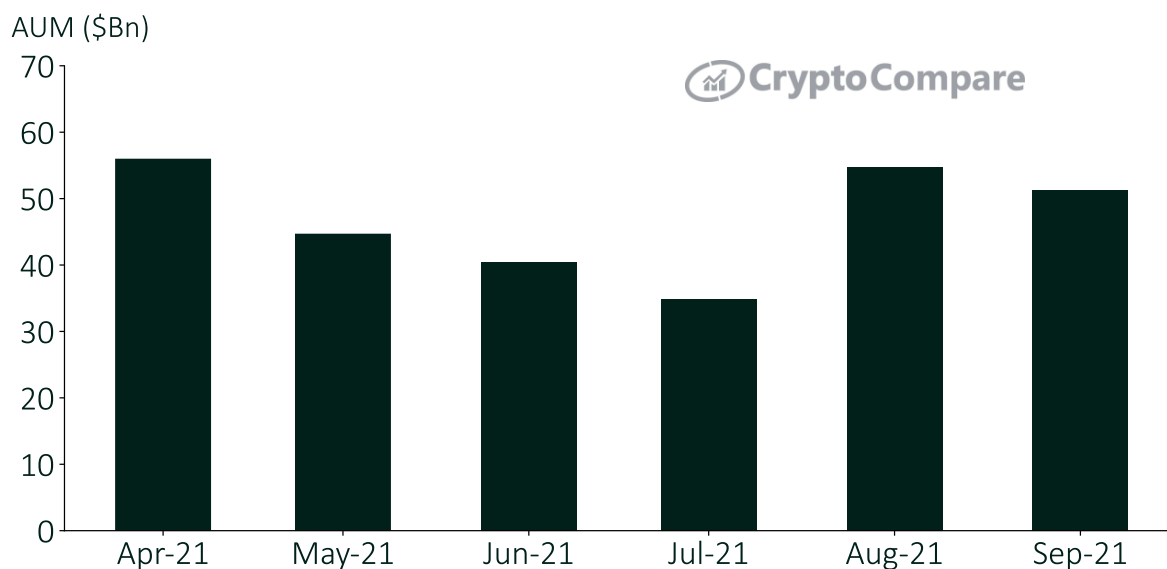
An **Exchange Traded Certificate (ETC)** or Synthetic ETN is a type of non-interest-bearing debt instrument in the form of a bearer certificate that tracks the behaviour of an underlying asset class using derivatives 1: 1. The investor does not necessarily own or is entitled to the underlying asset on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

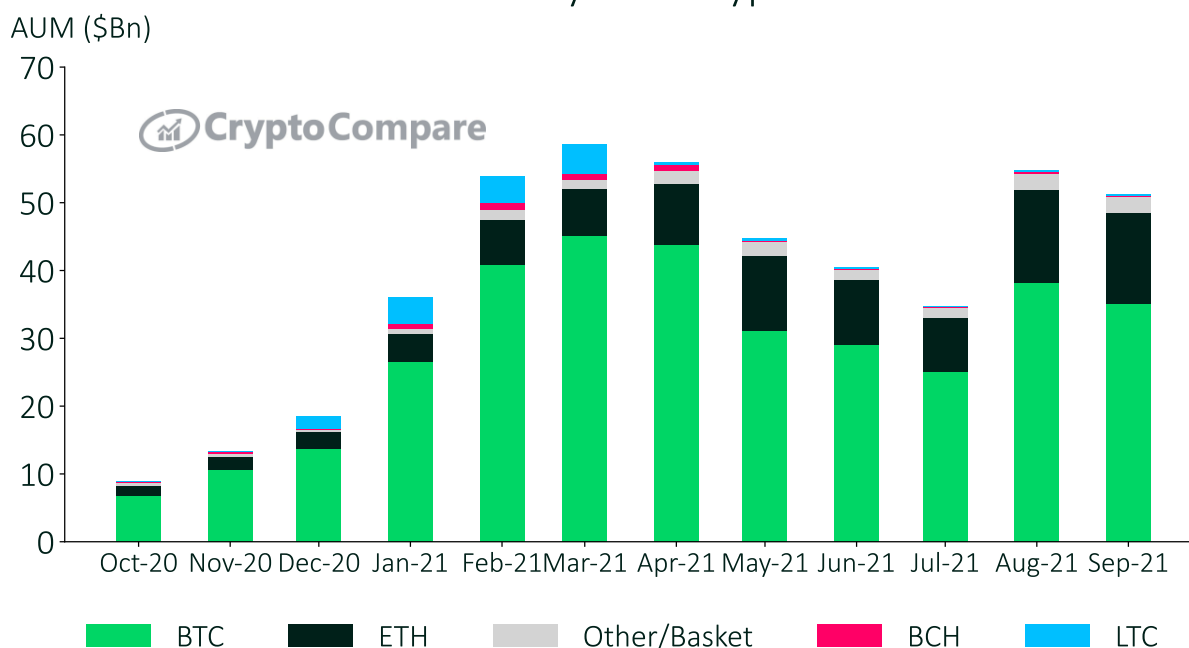
Since August 2021, total AUM across all digital asset investment products has decreased 6.3% to \$51.3bn (as of the 24th of September).

Monthly AUM - Aggregate Exchange and OTC-Traded Products

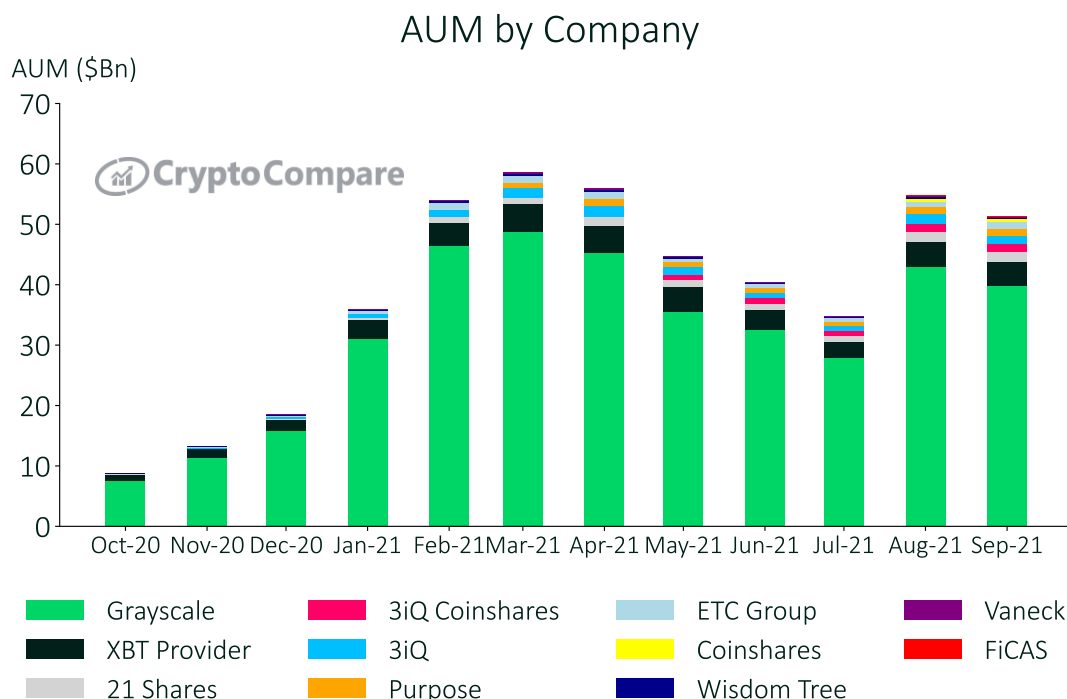


In September, Bitcoin's AUM fell 7.8% to \$35.1bn. As a result, it continued to lose market share (now 67.9% of total AUM vs. 69.0% last month) – the asset's lowest market share in 2021. Ethereum's AUM fell marginally (3.0%) to \$13.4bn while Baskets also fell 1.3% to \$2.8bn.

AUM by Asset Type

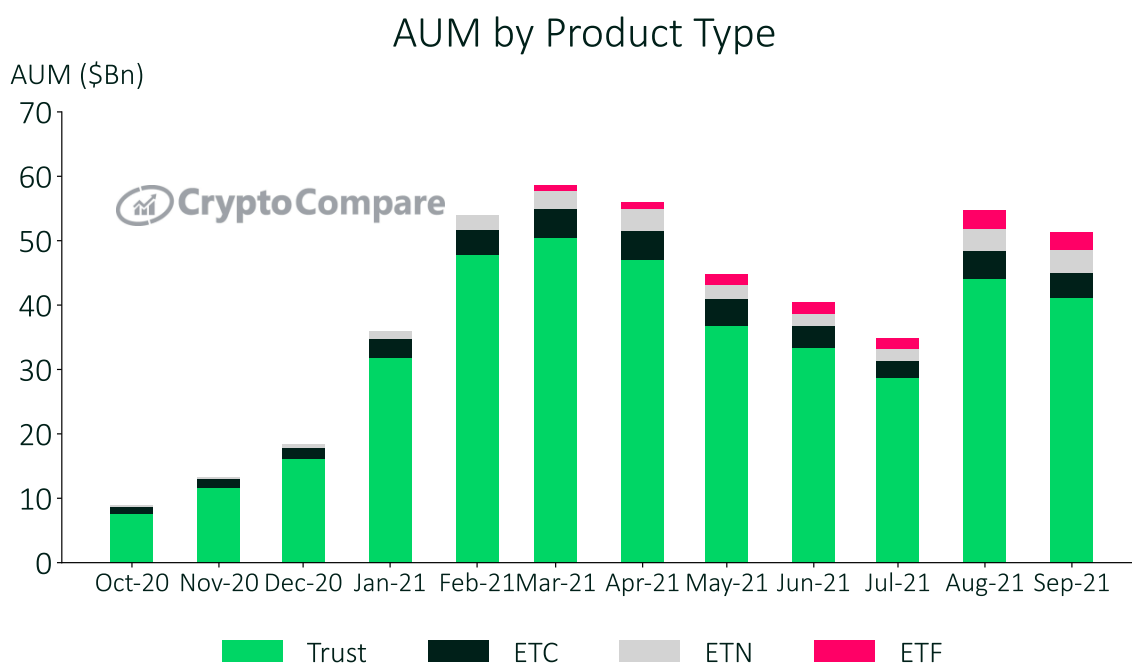


Grayscale products represent the vast majority of AUM at \$39.9bn (77.8% of total) followed by those of XBT Provider (\$3.9bn, 7.5% of total) and 21Shares (\$1.7bn, 3.4% of total).



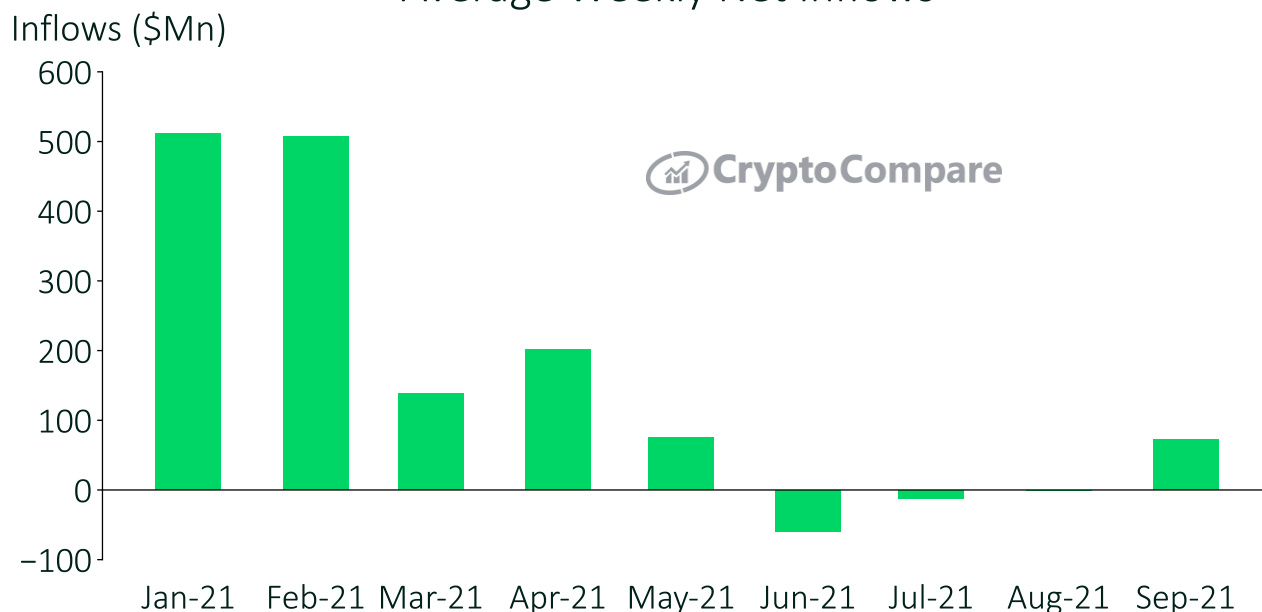
In terms of product type, AUM in trust products (dominated by Grayscale) decreased by 7.0% to \$41.1bn (80.1% of total AUM). Similarly, AUM represented by ETCs (led by XBT Provider) decreased 8.5% to \$3.9bn (7.5% of total AUM).

ETNs were the only product type to experience an increase in AUM in September, growing 7.2% to \$3.7bn (7.2% of total AUM). ETFs experienced the largest decrease in AUM across product types, falling 8.6% to \$2.7bn (5.2% of total AUM).



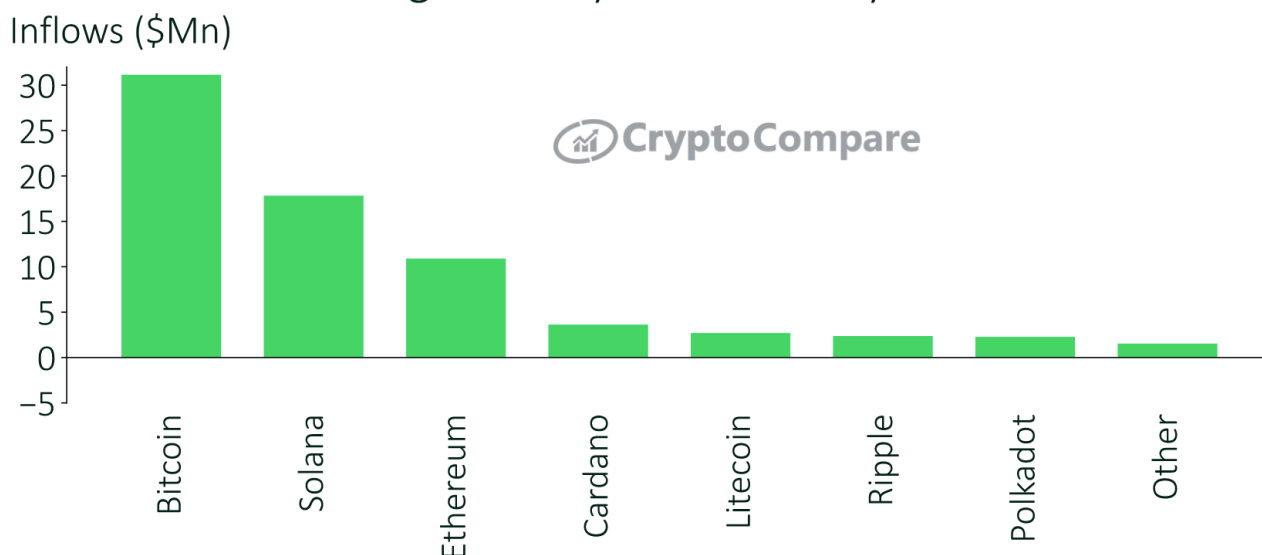
Average weekly net inflows were positive in September as inflows averaged \$72.8mn, breaking a 3-month trend of average outflows (-\$59.5mn in June, -\$12.1mn in July, and -\$0.6mn in August).

Average Weekly Net Inflows



Weekly flows into Bitcoin-based products in September averaged \$31.2mn, while those of Ethereum-based products averaged \$10.9mn. Net weekly flows into Cardano-based products were positive and averaged \$3.6mn, while Solana-based product flows averaged \$17.8mn following the product's debut in mid-August.

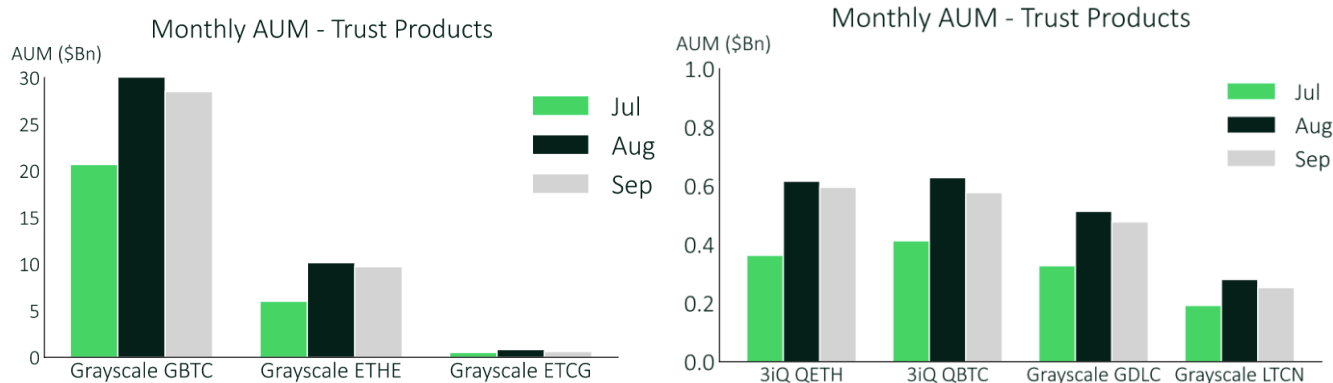
Average Weekly Net Inflow by Asset



Trust Products

The majority of AUM for trust products continues to reside in Grayscale's Bitcoin (GBTC - \$28.5bn - down 7.8% since August) and Ethereum (ETHE - \$9.7bn - down 4.3%) products.

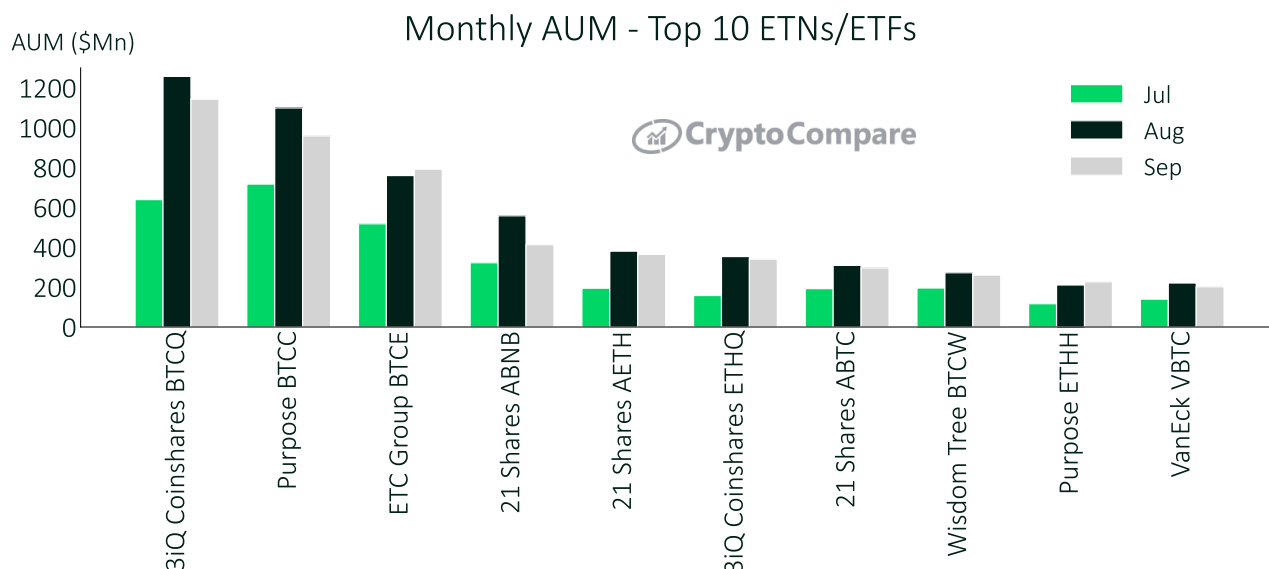
Other trust products include 3iQ's Bitcoin Fund (QBTC), which decreased 8.2% to \$577mn in September.



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

Among ETFs, the 3iQ Coinshares Bitcoin ETF (BTCQ) now represents the highest AUM at \$1.1bn (down 9.1%), followed by the Purpose Bitcoin ETF (BTCC), which saw a 12.8% decrease in AUM to \$959mn.

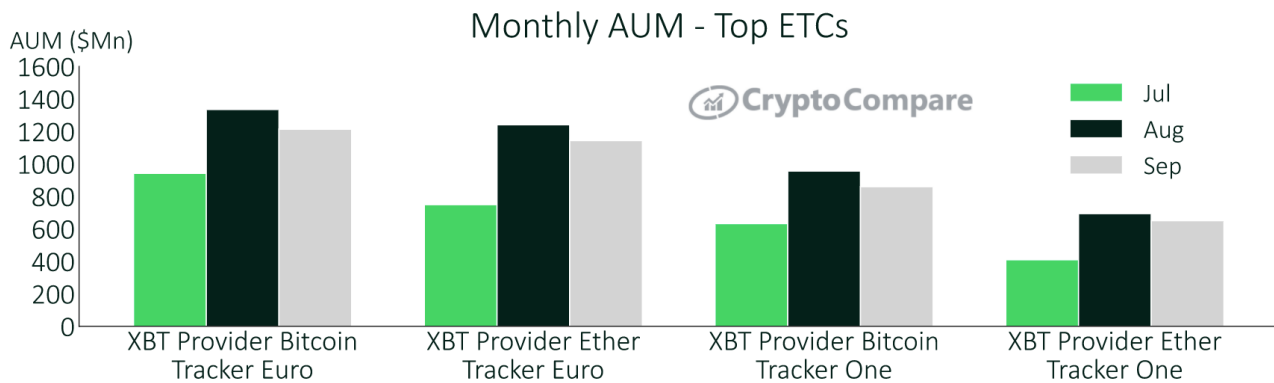
Meanwhile, ETC Group's BTCE product continues to control the largest AUM across all ETNs at \$791mn (up 4.2% since late August). This is followed by 21Shares' ABNB which saw a decrease of 26.0% to \$413mn in AUM, and 21Shares' AETH which decreased 4.2% to \$364mn in AUM.



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 a decrease of 9.1% to \$1.2bn in September.

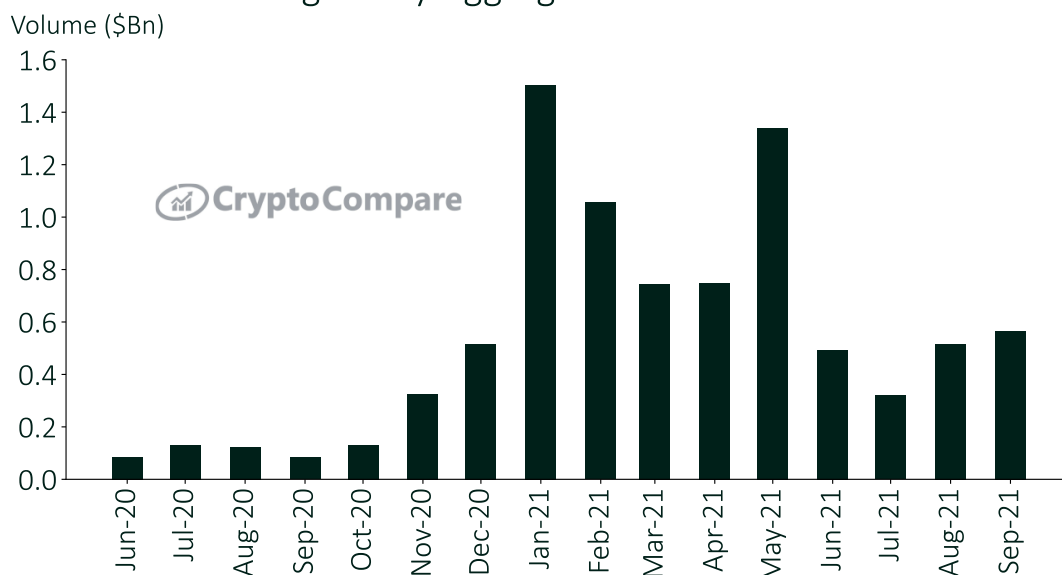
This is followed by its Ether Tracker Euro product at \$1.1bn (down 7.9%) and its Bitcoin Tracker One product at \$859mn (down 10.1%).



Trading Volumes

Aggregate daily volumes across all digital asset investment product types increased by an average of 4.1% from August to September. Average daily volumes now stand at \$566mn.

Average Daily Aggregate Product Volumes

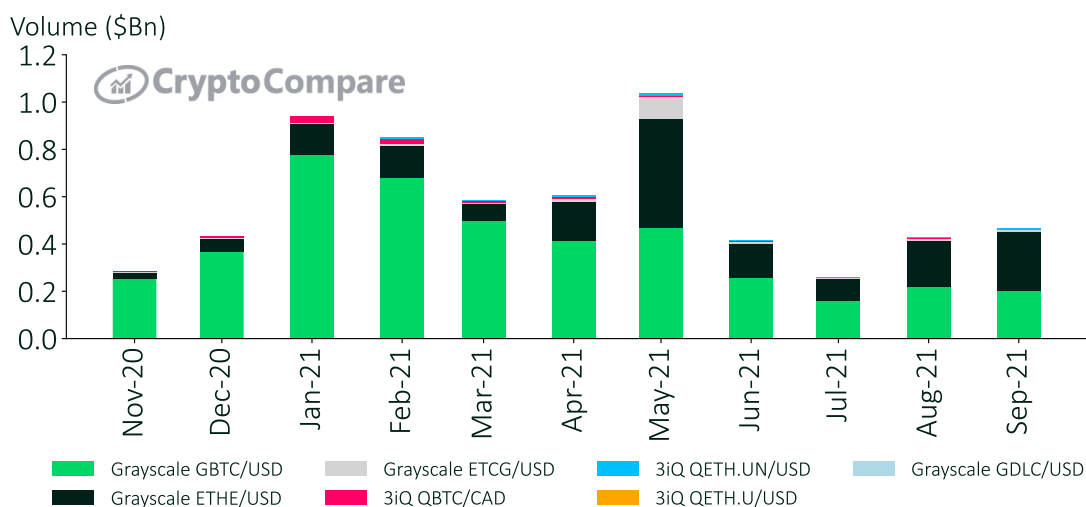


Trust Products

Grayscale's Bitcoin trust product (GBTC) lost its majority market share of trust product volume in August at 40.1%. Average daily volume for GBTC and Grayscale's ETHE stood at \$201mm (down 8.6%) and \$225.3mn (up 29.9%) respectively. All trust product volume rose by an average of 11.5% to a total of \$500mn.

Volume in Grayscale's Digital Large Cap product (GDLC) increased 150.0% in September to \$18.3mn, the largest increase in any trust product for the same period.

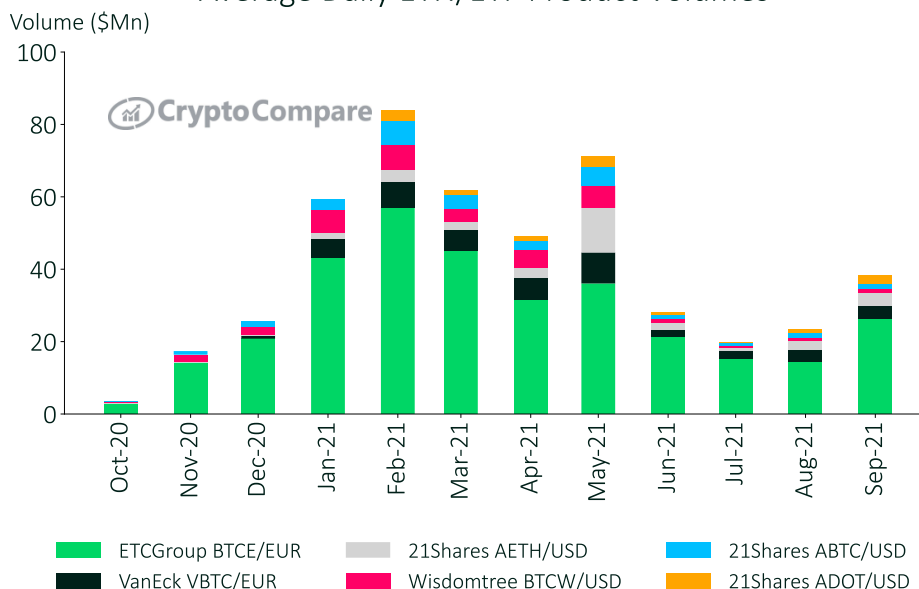
Average Daily Trust Product Volumes



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 September at \$26.3mn (up 81.8%), followed by VanEck's Bitcoin product (VBTC) at \$3.6mn (up 13.2%). Average daily volumes of all ETNs/ETFs increased by an average of 41.9% in September. 21Shares' Polkadot ETN (ADOT) experienced the largest percentage increase in trading volume, up 155.1% to \$2.3mn.

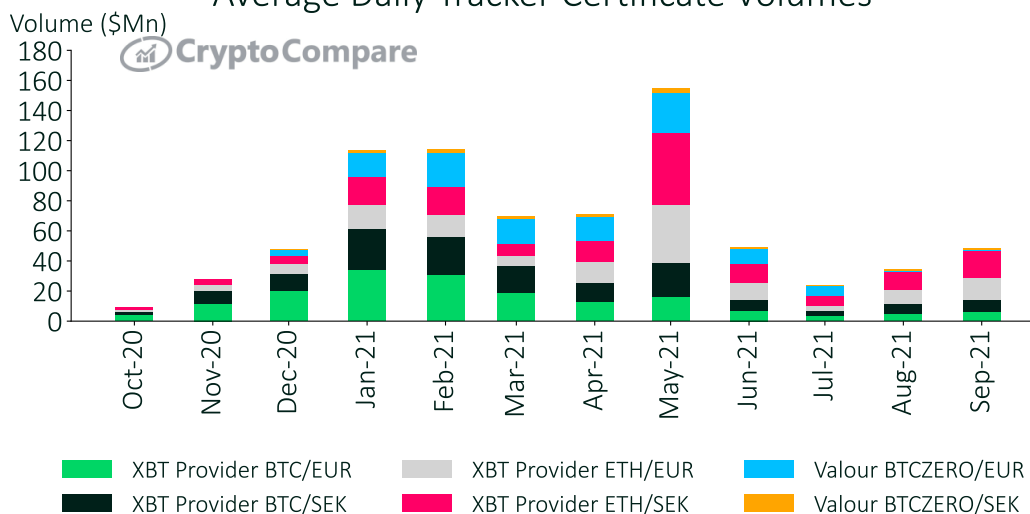
Average Daily ETN/ETF Product Volumes



Exchange Traded Certificates (ETCs)

XBT Provider's Ether Tracker One (ETH/SEK) product remained the highest traded ETC product in September, with an average daily volume of \$17.5mn (up 42.5%). This was followed by XBT Provider's Ether Tracker Euro (ETH/EUR) and BTC Tracker One (BTC/SEK) product, with average daily volumes of \$14.6mn (up 58.0%) and \$8.1mn (up 22.4%) respectively.

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
ETHE/USD	TRUST	GRAYSCALE	32.4	7,180,408	233,458,288	-3.60%
GBTC/USD	TRUST	GRAYSCALE	37.6	5,167,326	193,932,254	-10.00%
BTCE/EUR	ETN	ETCGROUP	38.9	518,636	23,539,176	-11.70%
ETH/SEK	ETC-CERT	XBTPROVIDER	284.8	484,952	15,951,458	-7.30%
GDLC/USD	TRUST	GRAYSCALE	43	401,508	15,762,251	-41.40%
ETH/EUR	ETC-CERT	XBTPROVIDER	279.5	40,386	13,256,543	-6.20%
BTC/SEK	ETC-CERT	XBTPROVIDER	1962.8	35,119	7,964,806	-12.70%
ETCG/USD	TRUST	GRAYSCALE	34.8	217,386	7,670,767	-28.20%
BTC/EUR	ETC-CERT	XBTPROVIDER	1929.5	2,670	6,058,825	-12.00%
LTCN/USD	TRUST	GRAYSCALE	16.8	291,195	5,156,684	-13.90%
QETH.UN/USD	TRUST	3IQ	70.5	58,590	4,141,425	-1.70%
VBTC/EUR	ETN	VANECK	22.1	129,833	3,313,598	-12.90%
AETH/USD	ETN	21SHARES	38	84,348	3,201,140	-6.60%
BCHG/USD	TRUST	GRAYSCALE	5.6	391,352	2,226,144	-16.00%
ADOT/USD	ETN	21SHARES	16.6	122,706	2,099,422	11.30%
QETH.U/USD	TRUST	3IQ	55.6	35,937	1,998,340	-1.10%
QBTC/CAD	TRUST	3IQ	61.4	36,782	1,768,417	-6.40%
ABTC/USD	ETN	21SHARES	16.7	94,161	1,583,638	-11.30%
AXRP/USD	ETN	21SHARES	34.1	39,960	1,380,668	-20.20%
QBTCU/USD	TRUST	3IQ	48.7	22,632	1,095,193	-8.10%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	---	-9.30%
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	---	-5.10%
MVDA Index	MVIS INDEX	MVIS	---	---	---	-8.09%

BTC-based and ETH-based products experienced losses over the last 30 days, ranging from -15% to -6% for BTC products and -8% to -1% for ETH products. 21Shares' ADOT single-asset Polkadot product was the only product to see positive returns (11%) among the largest products by volume. Grayscale's GDLC basket product experienced a loss of 41% over the period.

The MVDA index experienced -8% 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%	Grayscale® Bitcoin Trust	15
21Shares	1.49% - 2.50%	21Shares Bitcoin ETP, Ethereum ETP	15
XBTPProvider	2.50%	Tracker Products	4
ETC Group	1.49% - 2.00%	Ethereum ETC	3
Valour	0.00% - 1.90%	Bitcoin Zero, Ethereum Zero	4
Purpose	1.00%	Purpose Bitcoin ETF	2
3IQ	0.75% - 1.95%	3iQ Global Cryptoasset Fund*	5
VanEck	1.00%	VanEck Bitcoin ETN	1
WisdomTree	0.95%	WisdomTree Bitcoin ETF	1
Bitwise	0.85% - 2.00%	Bitwise Crypto Industry Innovators ETF	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

A number of sharp daily sell-offs in September meant a negative month for cryptocurrencies markets. On the 7th of September, markets fell following glitches in El Salvador's Bitcoin rollout, and China made yet another announcement against cryptocurrencies on the 24th of September. These sell-offs caused a decrease in AUM for digital asset investment products, although a rise in volumes in September coupled with positive weekly inflows for the first time in 3 months suggests there could be upside going into the last quarter of 2021.

Data Sources

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