



DIGITAL ASSET MANAGEMENT REVIEW

March 2022

About CryptoCompare

CryptoCompare is an FCA authorised benchmark administrator and 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 March, the price of Bitcoin fell by 0.25% while Ethereum rose 4.43% (data up to 24th March), marking a possible inflection point for Bitcoin and an apparent trend reversal for Ethereum. Macro sentiment around risk-assets has been the leading narrative in the markets, with expectations of rate hikes losing the spotlight to Russia's invasion of Ukraine. These events have resulted in mixed sentiment surrounding cryptocurrencies. As a result, digital asset investment products have experienced marginal outflows throughout March, averaging \$9.9mn.

AUM Continues to Recover from January Lows

Total aggregate AUM climbed 8.57% to \$48.7bn in March, an 11.1% increase from the January lows of \$43.9bn. Interestingly, Bitcoin and Ethereum backed products lagged behind others and basket, which saw the largest relative increase of 17.5% to \$1.81bn and 9.46% to \$773mn respectively. Meanwhile BTC and ETH based ETPs rose only 7.7% (to \$33.6bn), and 9.1% (to \$12.6bn) respectively.

AUM by product type began to diverge from previous months, with ETFs seeing the largest gain of 14.3% to \$3.39bn (6.95% of total AUM). Purpose ETFs experienced the largest month-on-month increase of 27.4% (to \$460mn) for their Ethereum product, and 15.8% (to \$1.26bn) for their bitcoin product. ETCs actually saw a net reduction in assets, falling 9.95% to \$3.23bn (6.63% of total AUM).

Average Weekly Flows Turn Negative Again in March

Average weekly net inflows turned negative again in March, averaging \$9.9mn, having reversed their downward trend for the first time in four months during February. Product flows started the month with an inflow of \$126.8mn (during the first week), however, the next two weeks saw a combined outflow of \$156.5mn.

Ethereum products saw the largest decline in weekly flows, averaging an outflow of \$14.2mn per week. This was followed by Bitcoin products, which saw average weekly outflows of \$2.5mn. The multi-asset based products saw the largest weekly inflow during March with \$7.0mn

Trading Volumes Continue To Fall Despite Increase in AUM

Despite aggregate AUM increasing 8.57% to \$48.7bn in March (as of the 23rd), the average daily aggregate trading volume fell 29.6% to \$259mn. This was the fifth consecutive month in which trading volumes failed to break this trend. 3iQ's Ethereum Product (QETH) saw the biggest fall of the month, dropping 61.1% to \$892k.

CoinShares Physical Bitcoin Product (BITC) saw the largest decline in ETPs/ETNs – down 77.2% to \$469k. XBT Provider's Ether Tracker Euro (ETH/EUR) dropped by the biggest margin in ETCs after it fell 44.5% to \$3.19mn in March

Latest Digital Asset Investment News

COMPANY	STORY	DATE
DeFi Technologies	DeFi Technologies Announces Exchange Traded Product Venture with SEBA Bank AG	March 1
Grayscale	DCG Announces \$250M Share Repurchase for Grayscale Products	March 2
MVIS	MVIS Licensed the MVIS CryptoCompare Optimum Global Cryptoasset Index Exclusively To 3iQ	March 2
ETC Group	ETC Group To Launch Europe's First Metaverse ETF via HANetf	March 10
21Shares	21Shares Hires Trading Head from Mizuho	March 16
Bitwise	Bitwise CIO Predicts 'A Bull Market That Could Last at Least Through This Year'	March 21
One River	SEC Delays Spot Bitcoin ETF Offerings From WisdomTree and One River	March 21
Grayscale	Grayscale Launches Fund Holding Ethereum Alternatives	March 22
CoinShares	CoinShares Expands Staked ETP Range with Solana Launch	March 23

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ETC Group was the first securities issuer to list a cryptocurrency backed exchange-traded product on Deutsche Börse XETRA, Europe's largest ETF trading venue.

The company offers a range of exchange listed securities backed by digital assets such as bitcoin and ether. The product structure (ETC) is very similar to ETFs or precious metal ETCs, including in-kind creation and redemption and offer investors an efficient vehicle to access digital assets while trading on traditional financial markets.



Exchange Traded Crypto

Seamless and secure access to cryptocurrencies while investing through your existing trading platform or bank

Advantages of trading ETCs

Simple trading, with no digital wallet required

Buy and sell like any stock or ETF through your regular broker or bank. No new account needed, just enter the ticker or ISIN on your trading platform.

Regulated and listed on major exchanges

Issued in Germany under German regulatory oversight, the primary listing is on XETRA, the largest ETF exchange in Europe.

Institutional-grade digital asset custody

Digital assets are kept in cold-storage at a regulated custodian and secured by an independent trustee, thus eliminating issuer default risk.

100% backed & physical redemption

Investors are legally entitled to the underlying crypto and can redeem the ETC alternatively to selling on exchange.



What is ETC?

Exchange Traded Crypto, or ETC is a simple and seamless digital asset investment accessed via the stock exchange. Our goal as a company was to create a product class that would enable any investor to efficiently participate in the growth of digital assets while using secure, institutional-grade products traded on major stock exchanges, just like stocks or ETFs. We have effectively given Bitcoin and other major digital assets a German ISIN number.

From a technical point of view, our ETCs are very similar to the popular physical gold ETC securities. However, instead of a certain amount of gold, each ETC unit is backed by a predefined amount of cryptocurrency.



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Important disclaimer: Past performance is no indication of future performance. Your capital is at risk. The above content does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment. An investment in an ETC that is linked to cryptocurrency, such as those offered by ETC Group, is dependent on the performance of the underlying cryptocurrency, less costs, but it is not expected to match that performance precisely. ETCs involve numerous risks including among others, general market risks relating to underlying adverse price movements and currency, liquidity, operational, legal and regulatory risks. ETC Issuance GmbH, incorporated under the laws of Germany, is the issuer of securities issued, under the prospectus dated 17th November 2021 (including various sets of final terms and other series of securities issued under that base prospectus), in each case as supplemented from time to time, and approved by BaFin. Any decision to invest in securities offered by ETC Group (including products and amounts) should take into consideration your specific circumstances after seeking independent investment, tax and legal advice. You should also read the latest version of the prospectus and/or base prospectus before investing and in particular, refer to the section entitled "Risk Factors" for further details of risks associated with an investment. These prospectuses and other documents are available under the "Resources" section at etc-group.com. When visiting this website, you will need to self-certify as to your jurisdiction and investor type in order to access these documents, and in so doing you may be subject to other disclaimers and important information.

Definitions

In the current review we have defined the major available product 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.

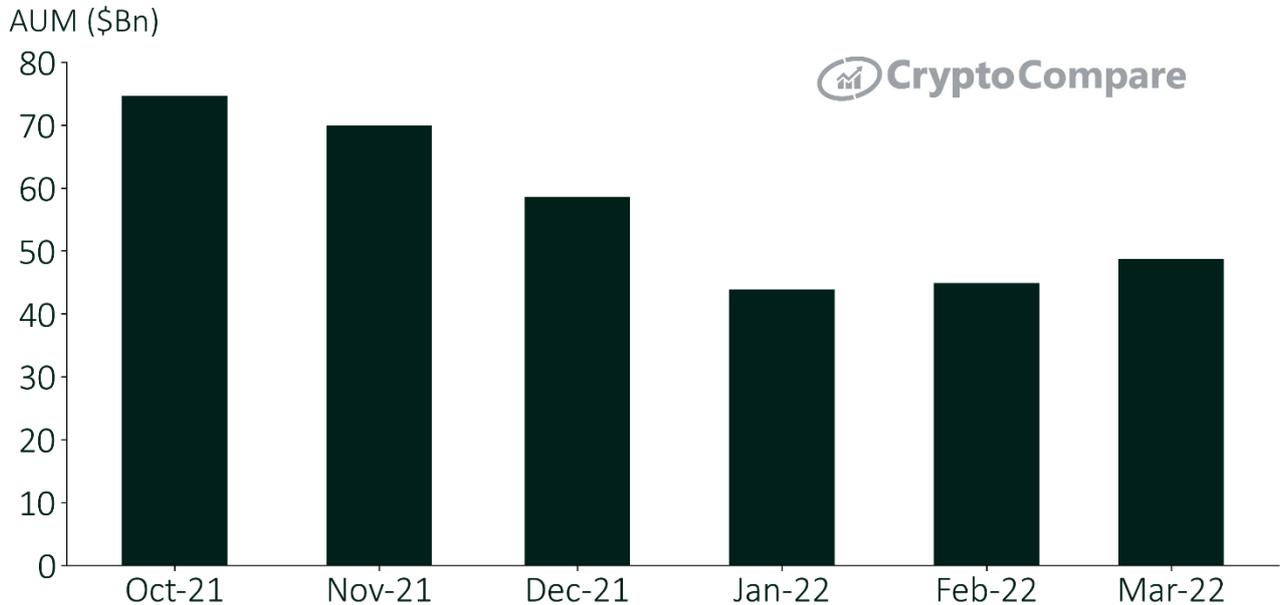
An **Exchange Traded Certificate (ETC)** or Synthetic ETN is a type of non-interest-bearing debt instrument in the form of a bearer certificate that tracks the behaviour of an underlying asset class using derivatives 1: 1. The investor does not necessarily own or is entitled to the underlying asset on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

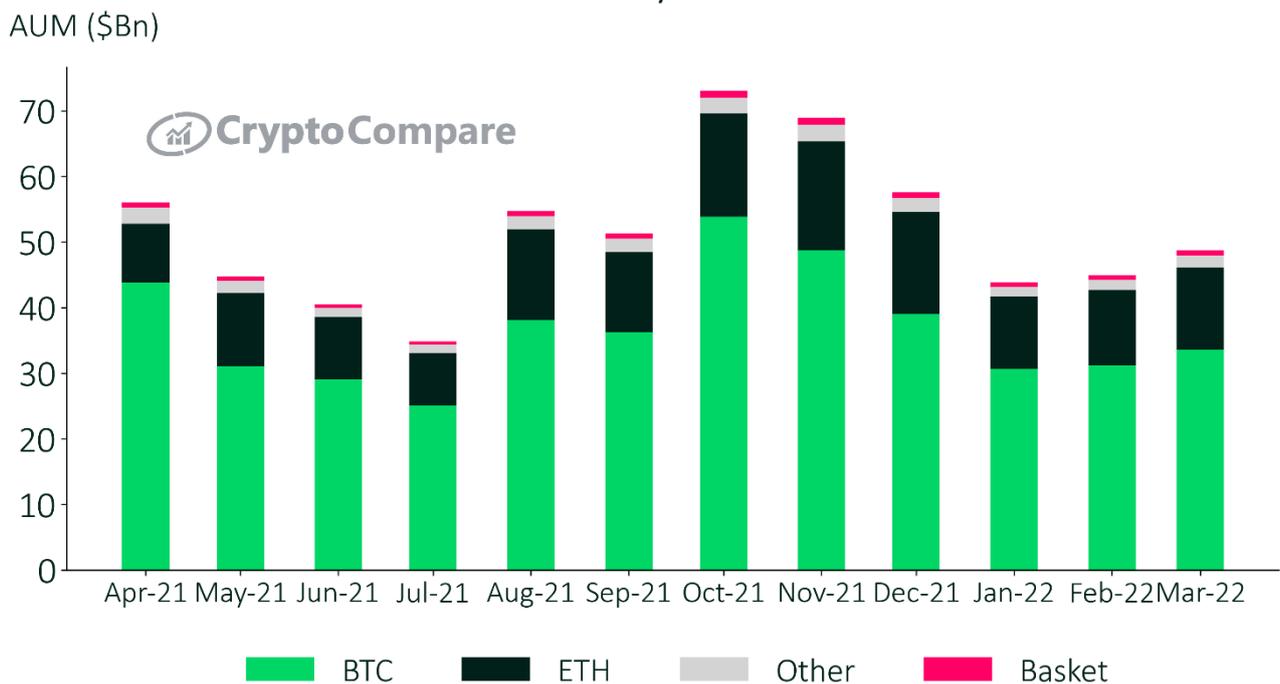
Since February 2022, total AUM across all digital asset investment products has risen 8.57% to \$48.7bn (as of the 23rd of March).

Monthly AUM - Aggregate Exchange and OTC-Traded Products



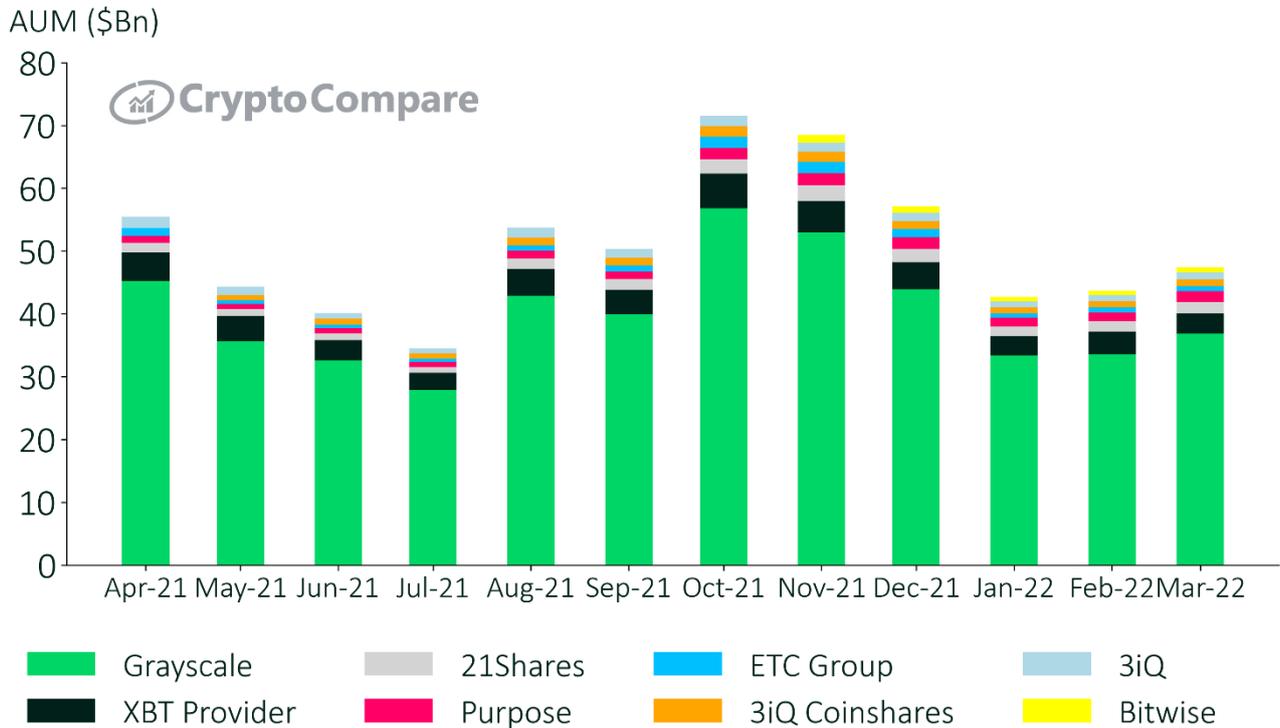
In March, Bitcoin’s AUM rose 7.7% to \$33.6bn. There was no significant change in market share from February (now 68.9% of total AUM vs. 69.4% last month). Ethereum’s AUM also rose 9.1% to \$12.6bn while ‘Other’ and ‘Baskets’ AUM increased 17.5% to \$1.81bn and 9.46% to \$773mn, respectively.

AUM by Asset



Grayscale products continue to represent the vast majority of AUM at \$36.8bn (75.6% of total) followed by those of XBT Provider at \$3.23bn (6.62% of total) and 21Shares at \$1.79bn (3.69% of total).

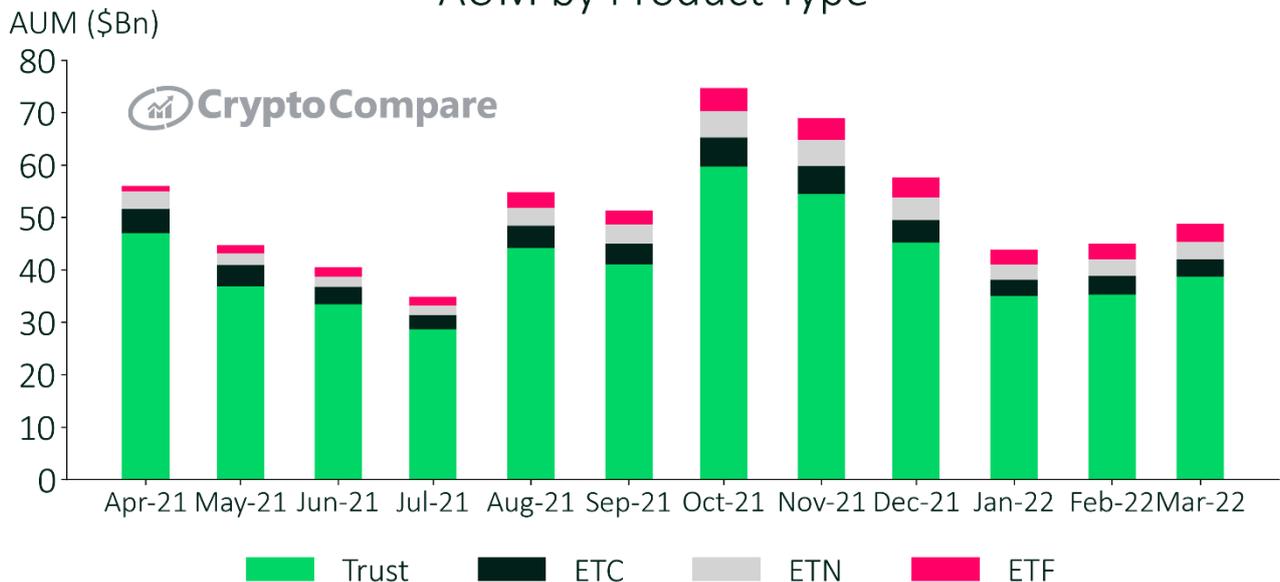
AUM by Company



In terms of product type, AUM in trust products (dominated by Grayscale) rose by 9.83% to \$38.7bn (79.5% of total AUM). Similarly, AUM represented by ETNs increased 8.02% to \$3.37bn (6.91% of total AUM).

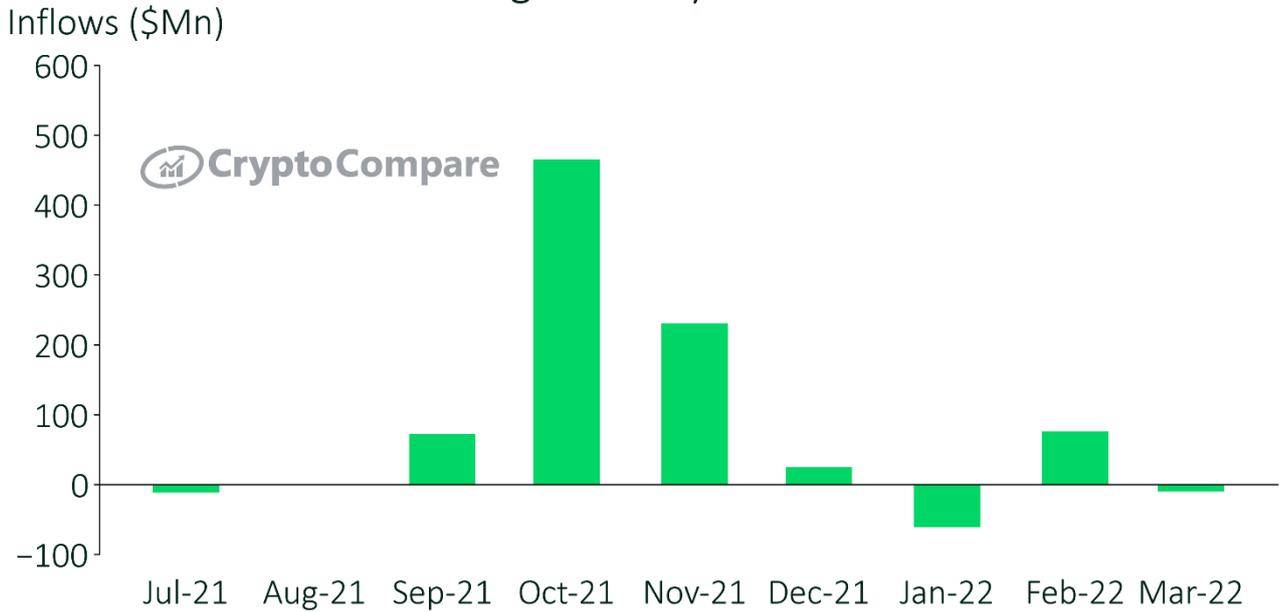
ETFs AUM saw the largest gain of 14.3% to \$3.39bn (6.95% of total AUM), while AUM represented by ETCs (led by XBT Provider) fell 9.94% to \$3.23bn (6.62% of total AUM).

AUM by Product Type



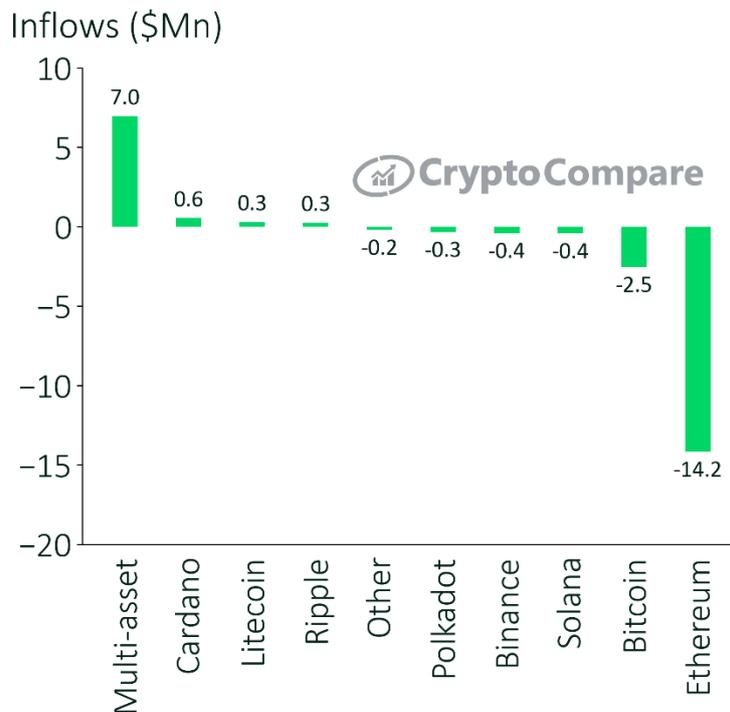
Average weekly net flows turned negative in March after a positive February. Weekly net flows averaged -\$9.9m, in comparison to average weekly inflows of \$76.4mn in February.

Average Weekly Net Inflows



Weekly outflows from Bitcoin-based products averaged \$2.6mn in March. Multi-asset based products experienced the biggest inflows, averaging \$7.0mn, followed by Cardano based products at \$0.6mn. Ethereum saw the largest average weekly outflows at \$14.2mn. On aggregate, all products (excluding Bitcoin) averaged weekly outflows of \$7.3mn.

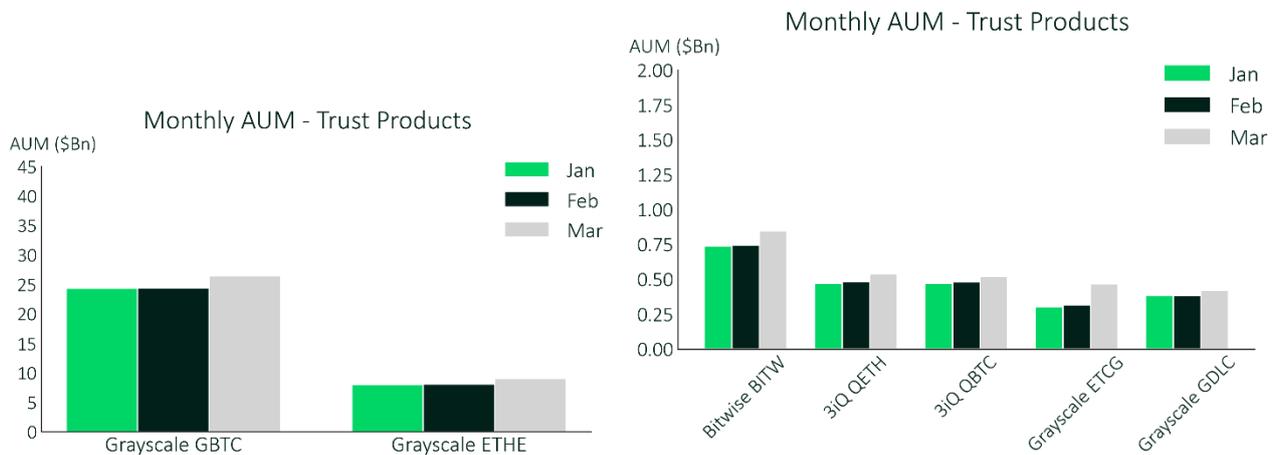
Average Weekly Net Inflows by Asset



Trust Products

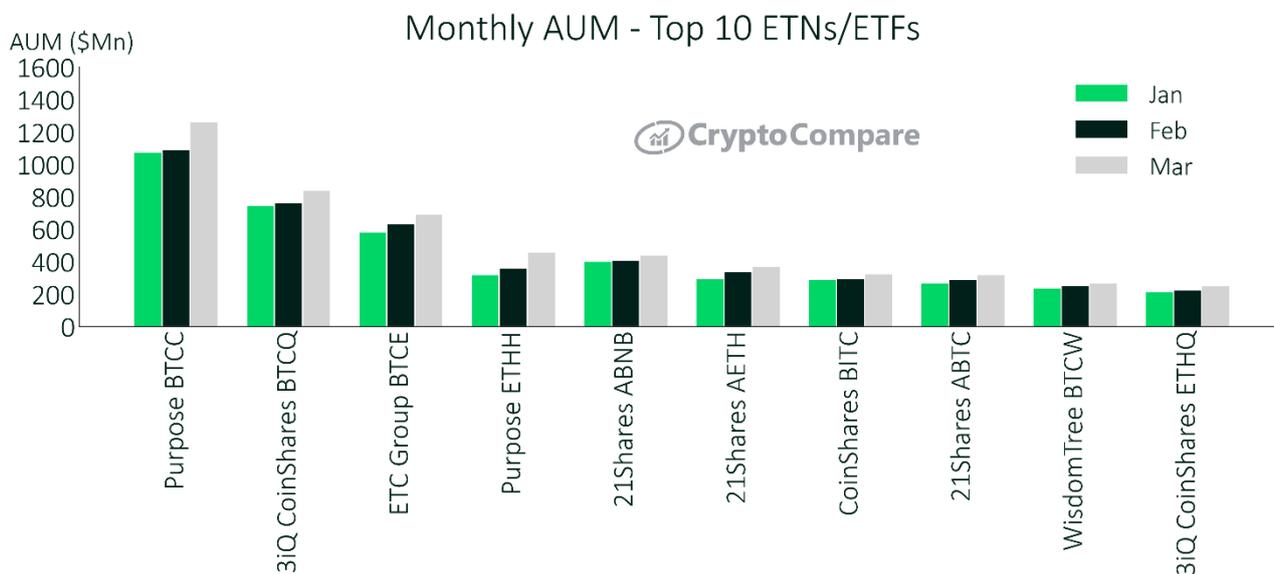
The majority of AUM for trust products continued to reside in Grayscale’s Bitcoin (GBTC - \$26.4bn - up 8.43% since February) and Ethereum (ETHE - \$9.04bn- up 11.9%) products.

Other high AUM trust products include Bitwise’s index product (BITW) which gained 13.7% to \$847mn in March.



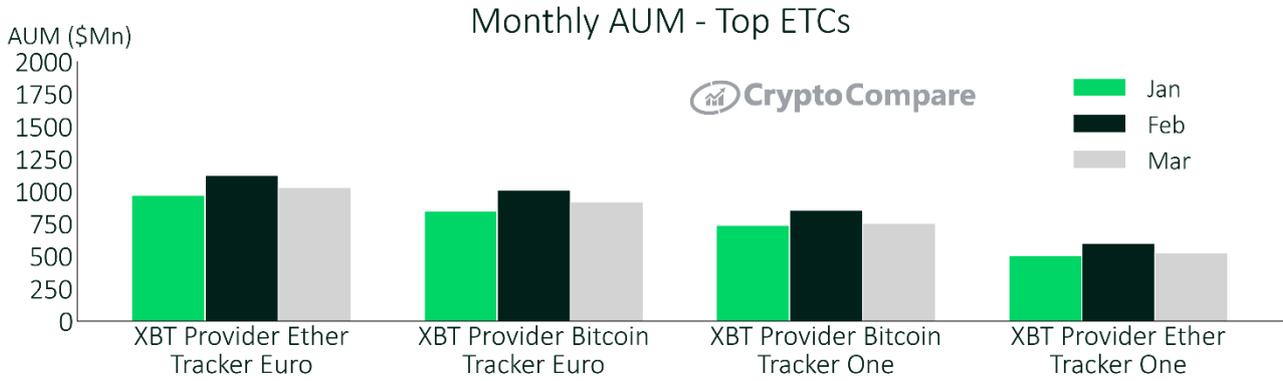
Exchange Traded Notes (ETNs) and Exchange Traded Funds (ETFs)

In March, Purpose’s BTCC product retained the position of highest AUM in an ETN/ ETF product after rising 15.8% to \$1.26bn, followed by 3iQ Coinshares’ Bitcoin ETF (BTCQ) and ETC Group’s BTCE product which gained 9.78% and 9.85% to \$839mn and \$694mn respectively.



Exchange Traded Certificates (ETCs)

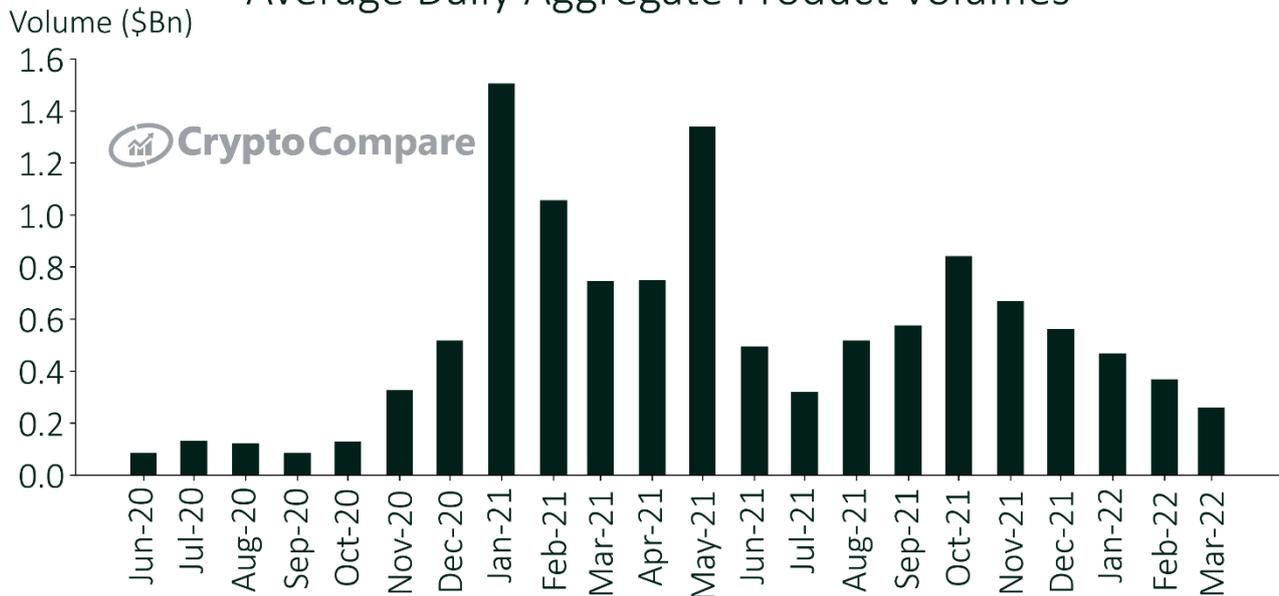
XBT Provider by CoinShares represents the majority of AUM across all ETCs. Its Bitcoin Tracker Euro retained the top spot for highest AUM amongst ETCs after a 8.27% loss to \$1.03bn. It was followed by the Ether Tracker Euro product which fell 9.06% to \$918mn in March.



Trading Volumes

Aggregate daily volumes across all digital asset investment product types fell by an average of 29.6% from February to March. Average daily volumes now stand at \$259mn.

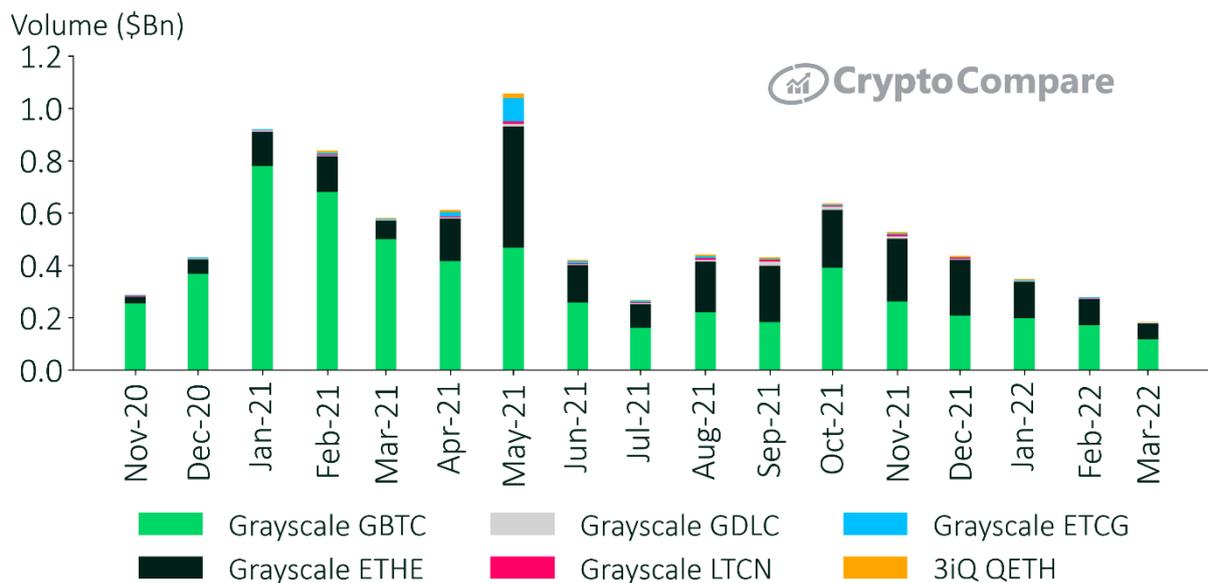
Average Daily Aggregate Product Volumes



Trust Products

In March, Grayscale’s Bitcoin trust product (GBTC) maintained its position as the highest traded trust product. Average daily volumes of the fund totalled \$116mn (down 31.4%), this was followed by Grayscale’s Ethereum trust with average daily volumes of \$61.4mn (down 38.6%). Other major trust products, such as Grayscale’s Digital Large Cap Fund (GDLC) and 3iQ’s Bitcoin product (QBTC), saw their average daily volumes decline to \$1.35mn (down 54.2%) and \$1.18mn (down 33.0%), respectively.

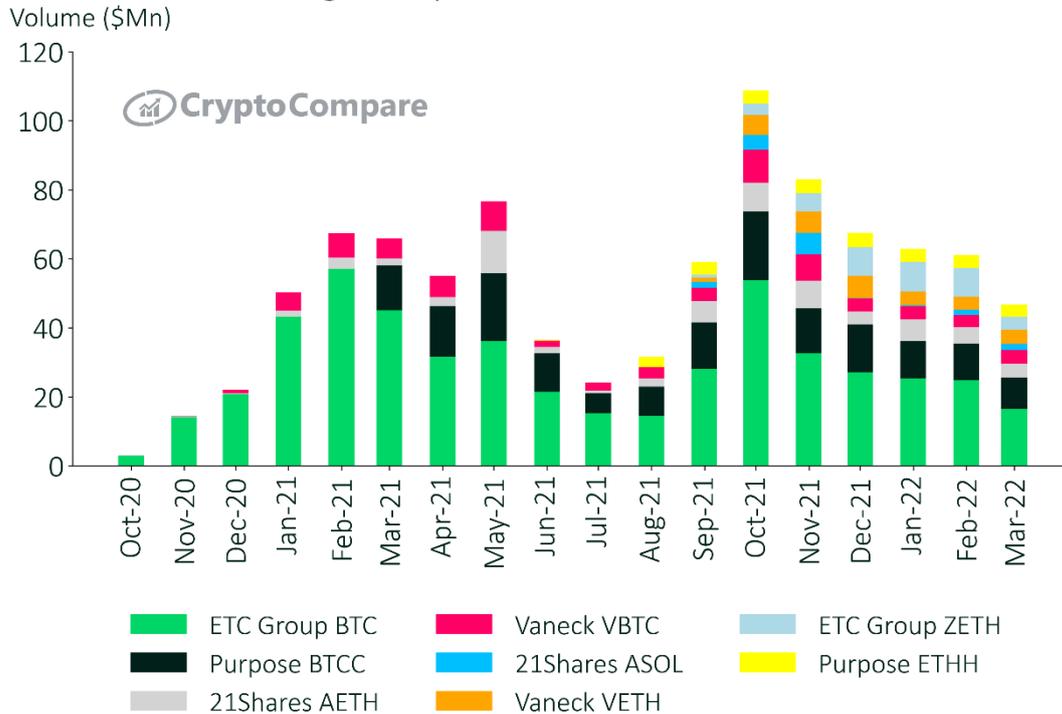
Average Daily Trust Product Volumes



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 March at \$16.4mn (down 33.5%), followed by Purpose’s Bitcoin product (BTCC) at \$9.1mn (down 15.3%) and 21 Shares’ Ethereum product (AETH), which fell 13.0% in volumes to \$4.0mn.

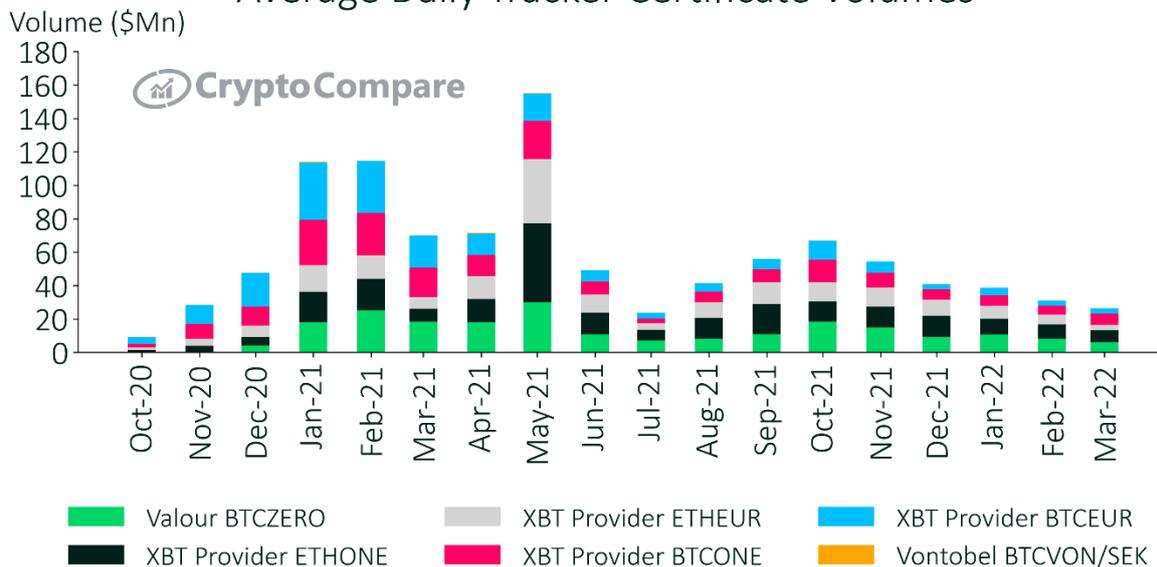
Average Daily ETN/ETF Product Volumes



Exchange Traded Certificates (ETCs)

XBT Provider’s Ether Tracker One (ETH/SEK) product retained its position as the largest ETC in terms of average daily volume, followed by XBT Tracker’s Bitcoin Tracker One (BTC/SEK). Each recorded \$6.97mn (down 19.3%) and \$6.78mn (down 21.9%) in average daily volumes respectively. This was followed by Valour’s Bitcoin product (BTCZERO) with \$6.13mn (down 24.4%).

Average Daily Tracker Certificate Volumes



Price Performance & Product Information

PRODUCT	PRODUCT TYPE	TRADING TYPE	AVG DAILY VOLUME (\$) 30-DAY	% AVG DAILY VOLUME CHANGE	30-DAY RETURNS
GRAYSCALE GBTC	TRUST	OTC-TRADED	116,476,318	-31.4%	6.8%
GRAYSCALE ETHE	TRUST	OTC-TRADED	61,375,755	-38.6%	13.0%
ETCGROUP BTCE	ETN	EXCHANGE-TRADED	14,254,522	-13.3%	8.9%
PURPOSE BTCC	ETF	EXCHANGE-TRADED	8,419,555	-7.5%	8.7%
XBTPROVIDER XETHONE	ETC	EXCHANGE-TRADED	6,976,924	-19.3%	11.8%
XBTPROVIDER XBTCONE	ETC	EXCHANGE-TRADED	6,785,316	22.0%	11.0%
VALOUR BTCZERO	ETC	EXCHANGE-TRADED	6,131,854	-24.4%	6.7%
VANECK VETH	ETN	EXCHANGE-TRADED	5,183,848	26.9%	14.4%
21SHARES AETH	ETN	EXCHANGE-TRADED	3,359,082	-16.2%	11.6%
XBTPROVIDER XETHEUR	ETC	EXCHANGE-TRADED	3,193,156	-44.6%	14.6%
XBTPROVIDER XBTCEUR	ETC	EXCHANGE-TRADED	3,188,118	6.7%	14.1%
VANECK VBTC	ETN	EXCHANGE-TRADED	3,051,334	-22.9%	13.4%
ETCGROUP ZETH	ETN	EXCHANGE-TRADED	2,275,203	-41.3%	14.4%
PURPOSE ETHH	ETF	EXCHANGE-TRADED	2,121,008	-39.9%	12.0%
COINSHARES BITC	ETF	EXCHANGE-TRADED	1,599,624	241.1%	13.4%
WISDOMTREE BTCW	ETN	EXCHANGE-TRADED	1,459,208	-22.3%	11.0%
GRAYSCALE GDLC	TRUST	OTC-TRADED	1,349,584	-54.3%	6.0%
COINSHARES CETH	ETF	EXCHANGE-TRADED	1,187,178	269.5%	14.3%
3IQ QBTC	TRUST	EXCHANGE-TRADED	1,175,868	-33.0%	9.2%
21SHARES ABTC	ETN	EXCHANGE-TRADED	1,089,957	-38.3%	12.2%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	+17.4%
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	+15.1%
MVDA Index	MVIS INDEX	MVIS	---	---	9.4%

BTC-based products experienced gains over the last 30 days, ranging from 6.7% to 14.1% while ETH-based products saw similar gains ranging from 11.8% to 14.6%. All products experienced gains over the last 30 days, with the worst performer being Grayscale's Digital Large Cap Fund (GDLC) product, with a 6.0% gain. XBTPProvider's Bitcoin-Euro product was the best performer, with a 14.6% gain.

The MVDA index experienced a 9.4% gain. 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	17
21Shares	1.49% - 2.50%	21Shares Bitcoin ETP, Ethereum ETP	29
XBTPProvider	2.50%	Tracker Products	4
ETC Group	1.49% - 2.00%	Ethereum ETC	9
Valour	0.00% - 1.90%	Bitcoin Zero, Ethereum Zero	8
Purpose	1.00%	Purpose Bitcoin ETF	3
3IQ	0.75% - 1.95%	3IQ Global Cryptoasset Fund	6
VanEck	1.00%	VanEck Bitcoin ETN	6
WisdomTree	0.95%	WisdomTree Bitcoin ETF	7
Bitwise	0.85% - 2.00%	Bitwise Crypto Industry Innovators ETF	11

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 March, the price of Bitcoin fell by 0.25% while Ethereum rose 4.43% (data up to 24th March), marking a possible inflection point for Bitcoin and a definitive trend reversal for Ethereum. Macro sentiment around risk-assets has been the leading narrative in the markets, with expectations of rate hikes sharing centre stage with the military conflict in Ukraine. These events have resulted in mixed sentiment surrounding cryptocurrencies. As a result, digital asset investment products have experienced outflows throughout the month, averaging \$9.9mn in March.

Data Sources

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