



DIGITAL ASSET MANAGEMENT REVIEW

April 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.

Contents

About CryptoCompare	1
About This Report	1
Key Market Insights	3
Latest Digital Asset Investment News	4
Definitions	6
Spotlight: ETC Group	7
AUM – Assets Under Management	8
Trading Volumes	13
Price Performance & Product Information	15
CryptoCompare Index Products	16

Key Market Insights

In April, the price of Bitcoin and Ethereum fell by 16.3% and 14.4% respectively (data up to 27th April), a reversal following two months of positive returns for the two largest cryptocurrencies. Macro sentiment around risk-assets has been the leading narrative in the markets, with the Fed's hawkish behaviour, as well as the ongoing conflict in Ukraine, leading to increased levels of fear amongst market participants. Traditional risk-on assets like equities have also suffered in April, with the S&P 500 falling 7.96% in the same time period.

AUM Remains Stable in 2022

Total aggregate AUM across digital asset investment products fell marginally by 1.34% to \$48.1bn from the end of March to the 27th of April. AUM have remained relatively stable so far this year – with March seeing the highest month-end AUM at \$48.7bn. AUM reached a low of \$43.9bn in January, a 10.0% difference.

The same time period in 2021 saw significantly more volatility amongst AUM, with a 38.7% difference between the lowest month-end AUM in January 2021 (\$36.0bn) and the highest month-end AUM in March 2021 (\$58.7bn).

April Experiences Largest Average Weekly Outflows in 2022

Investors have flooded out of crypto investment products in April with average weekly outflows of \$79.5mn. The vast majority of this came from Bitcoin and Ethereum products, which experienced outflows of \$67.3mn and \$19.8mn, respectively. The largest recorded weekly outflow in April was the week ending April 8th with a net amount of \$134mn leaving crypto-products, and \$132mn leaving Bitcoin products alone. This is the largest weekly outflow since the second week of January 2022.

Multi-asset products have stood out from single-asset investment products, with average weekly flows being positive for three consecutive months: \$18.9mn in February, \$7.08mn in March, and \$4.23mn thus far in April.

Trading Volumes Decline for a Sixth Straight Month

Average daily trading volumes fell 16.3% to \$244mn in April, the sixth consecutive month trading volumes have declined. In total, volumes have fallen 71.0% since October 2021 (\$841mn) and 83.8% since the all-time high reached in January 2021 (\$1.51tn).

Trading volumes on centralised exchanges have also weakened over the last six months, as quoted in our monthly [Exchange Review](#). However, the decline in digital asset investment product volumes is more severe, suggesting market participants have moved further away from these products in preference for more direct exposure to crypto assets.

Latest Digital Asset Investment News

COMPANY	STORY	DATE
21Shares	SEC Rejects Spot Bitcoin ETF Application From Ark 21Shares	April 1
Grayscale	Grayscale Shuffles Mixed Crypto Funds: Adds AVAX, DOT, ATOM; Drops SUSHI, SNX	April 6
MVIS	MV Index Solutions and CryptoCompare Licensed the MVIS CryptoCompare Media & Entertainment Leaders Index to Investo	April 4
MVIS	MVIS and CryptoCompare Licensed the MVIS CryptoCompare Algorand VWAP Close Index	April 6
21Shares	21Shares expands metaverse push with sandbox ETP	April 6
Grayscale	Grayscale makes fresh push for SEC approval to become bitcoin ETF	April 23
Bitwise	Bitwise spot Bitcoin ETF: Despite growing demand, SEC further delays listing	April 24
ETC Group	ETC Group unveils ripple XRP ETP	April 25
Grayscale	Grayscale to Expand Into Europe's Competitive Crypto-Fund Market	April 26
21Shares	21Shares unveils world's first bitcoin and gold ETP	April 27

Sponsored By



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 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.

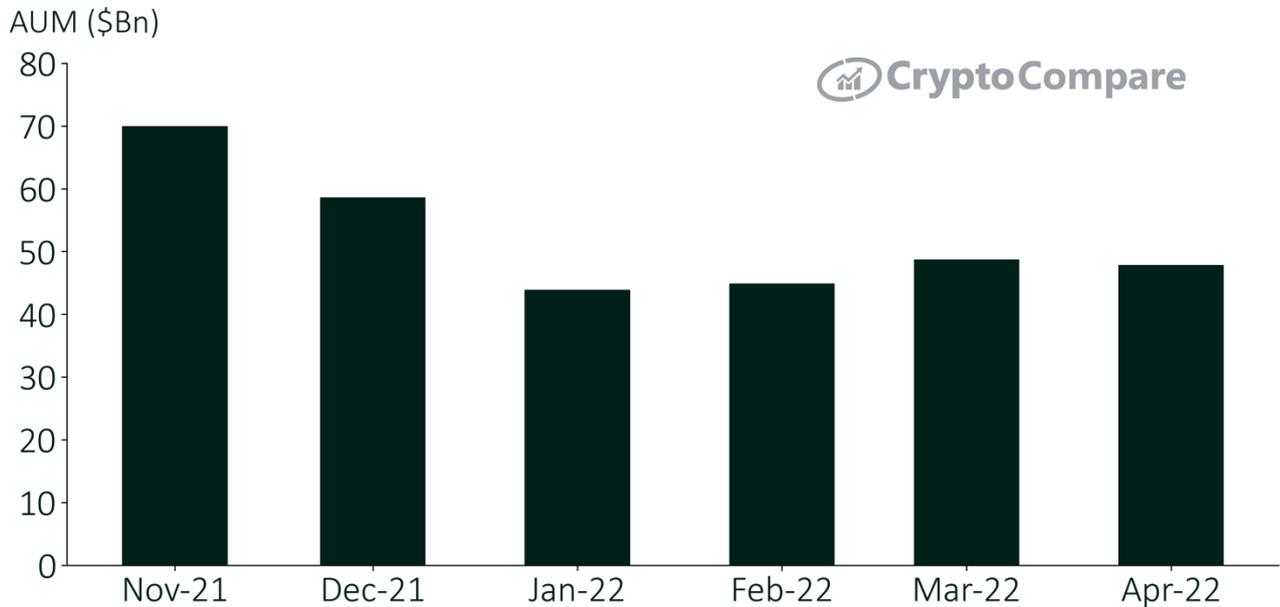
An **Exchange Traded Certificate (ETC)** or Synthetic ETN is a type of non-interest-bearing debt instrument in the form of a bearer certificate that tracks the behaviour of an underlying asset class using derivatives 1: 1. The investor does not necessarily own or is entitled to the underlying asset on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

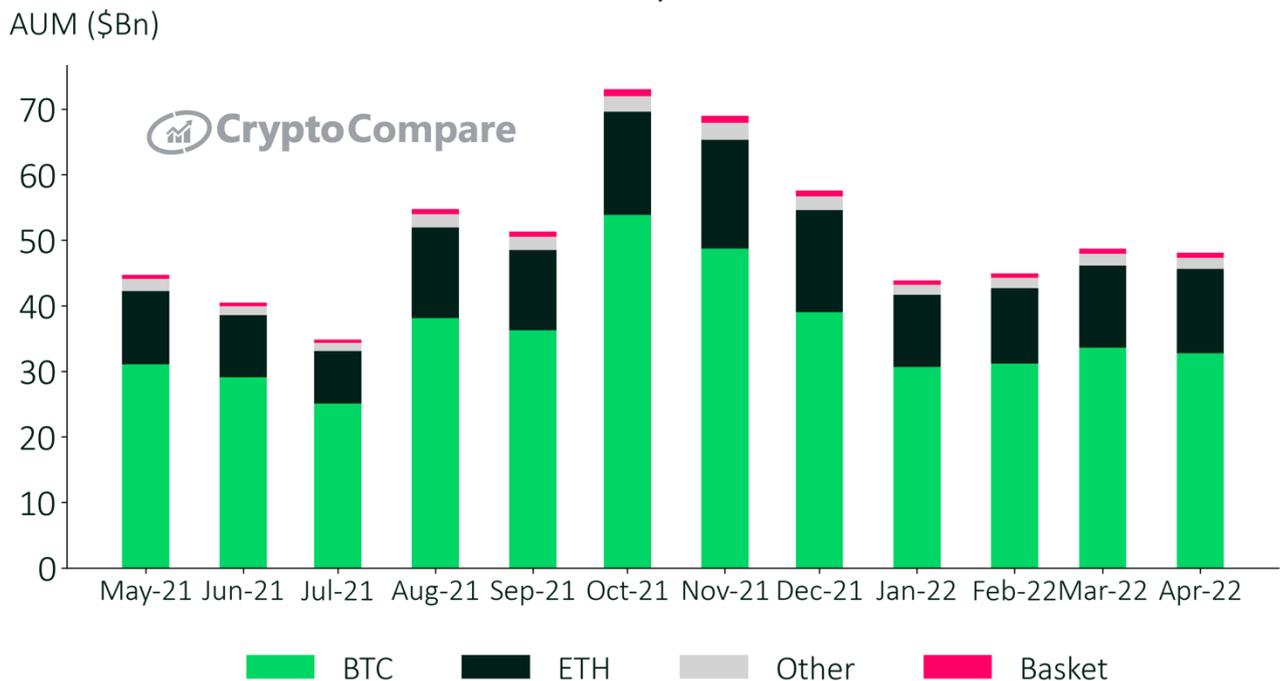
Since March 2022, total AUM across all digital asset investment products has fallen 1.34% to \$48.1bn (as of the 27th of April).

Monthly AUM - Aggregate Exchange and OTC-Traded Products



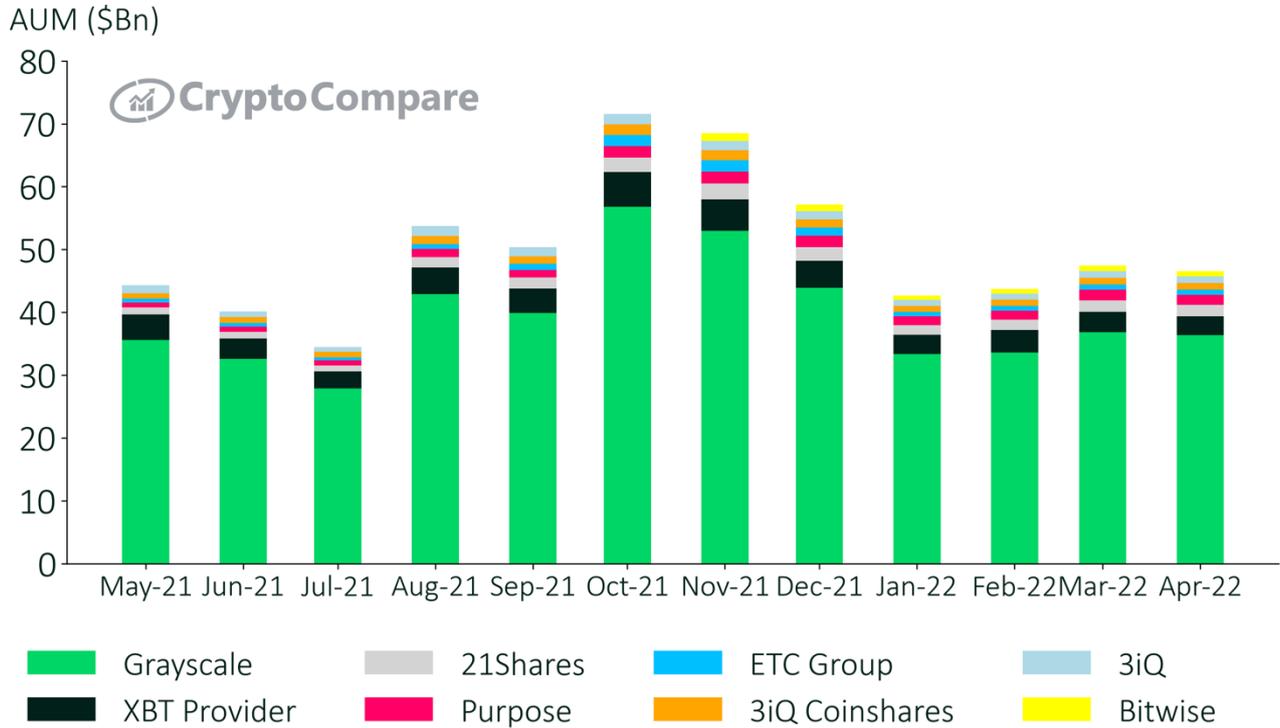
In April, Bitcoin’s AUM fell 2.51% to \$32.7bn. There was no significant change in market share from March (now 68.1% of total AUM vs. 68.9% last month). Ethereum’s AUM rose 2.66% to \$12.9bn while ‘Other’ and ‘Baskets’ AUM fell 7.22% to \$1.68bn and 2.14% to \$757mn, respectively.

AUM by Asset



Grayscale products continue to represent the vast majority of AUM at \$36.3bn (75.6% of total) followed by those of XBT Provider at \$3.06bn (6.35% of total) and 21Shares at \$1.78bn (3.71% of total).

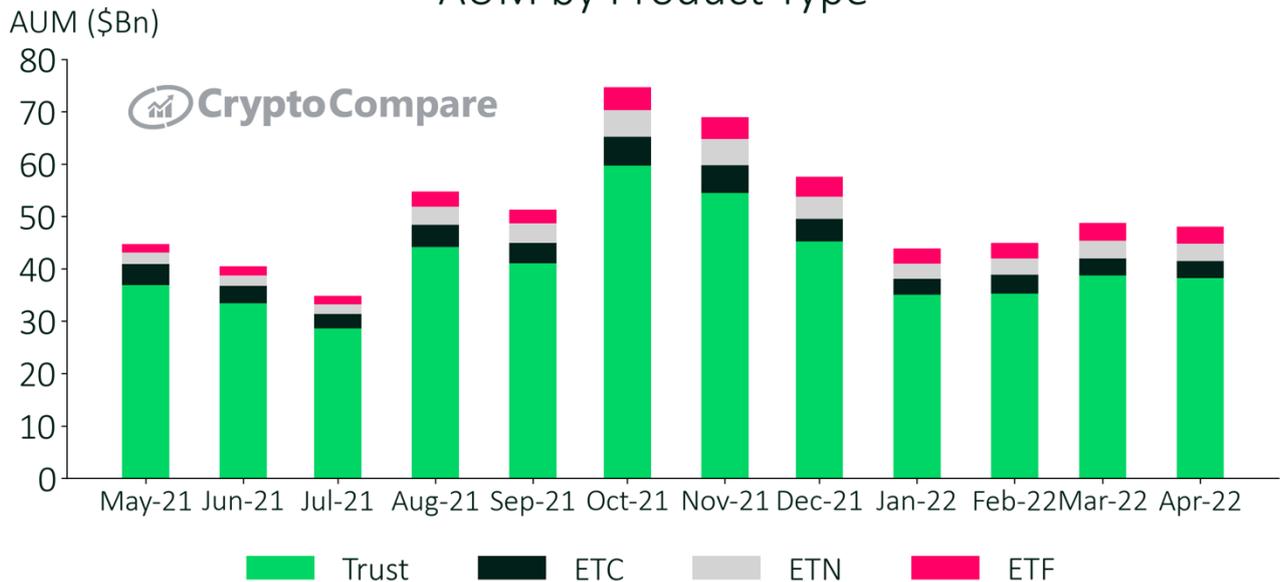
AUM by Company



In terms of product type, AUM in trust products (dominated by Grayscale) fell by 1.42% to \$38.2bn (79.5% of total AUM). Similarly, AUM represented by ETNs fell 0.93% to \$3.34bn (6.94% of total AUM).

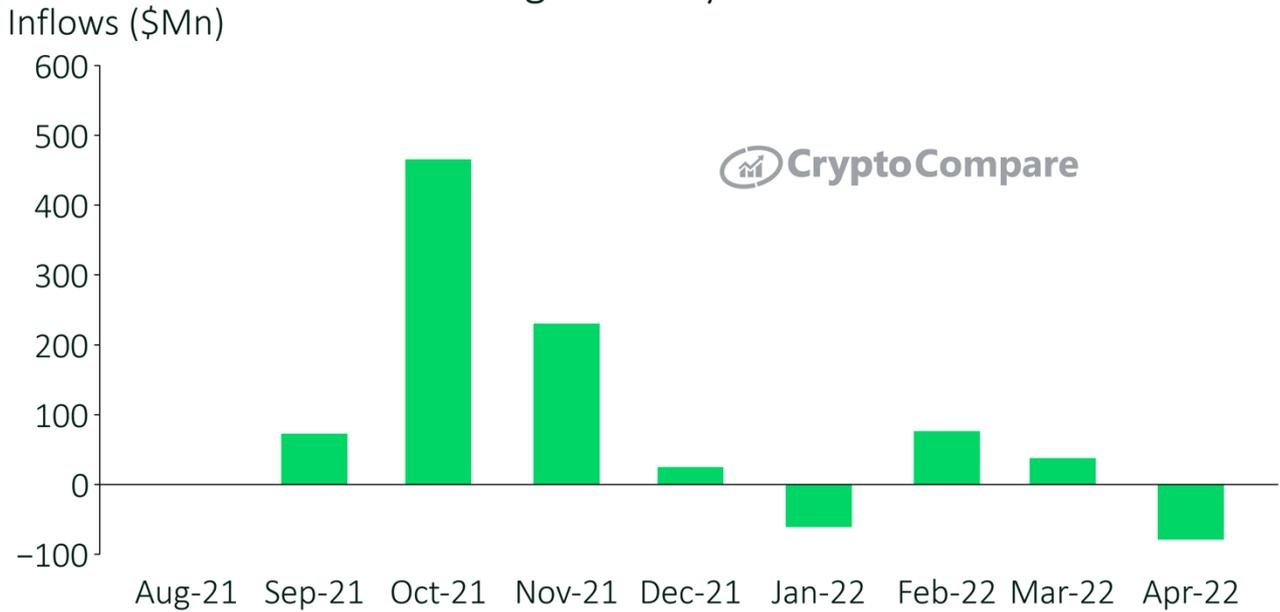
ETFs AUM saw the largest decline of 3.09% to \$3.29bn (6.83% of total AUM), while AUM represented by ETCs (led by XBT Provider) rose 0.95% to \$3.26bn (6.78% of total AUM).

AUM by Product Type



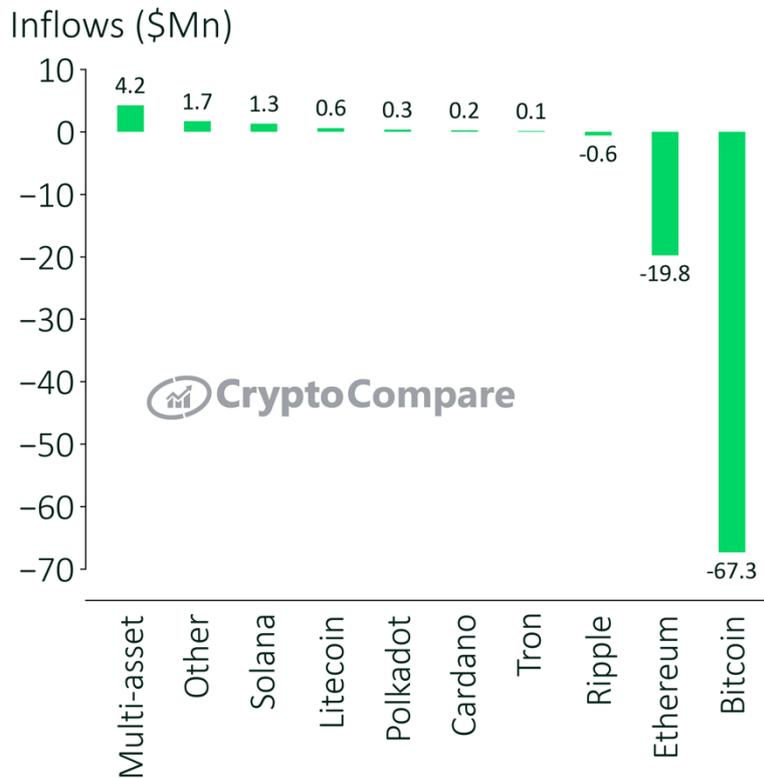
Average weekly net flows fell sharply in April. Weekly net flows averaged -\$79.5mn, in comparison to average weekly inflows of \$37.5mn in March.

Average Weekly Net Flows



Weekly outflows from Bitcoin-based products averaged \$67.3mn in April. Multi-asset based products experienced the biggest inflows, averaging \$4.23mn, followed by 'Other' based products at \$1.67mn. Ethereum saw the second largest average weekly outflows at \$19.8mn. On aggregate, all products (excluding Bitcoin) averaged weekly outflows of \$1.32mn.

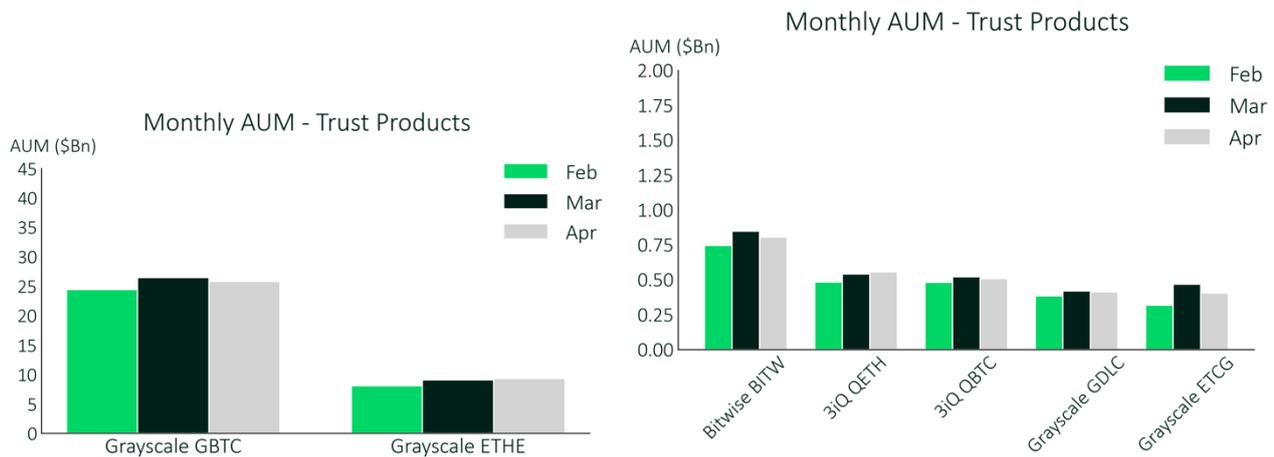
Average Weekly Net Flows by Asset



Trust Products

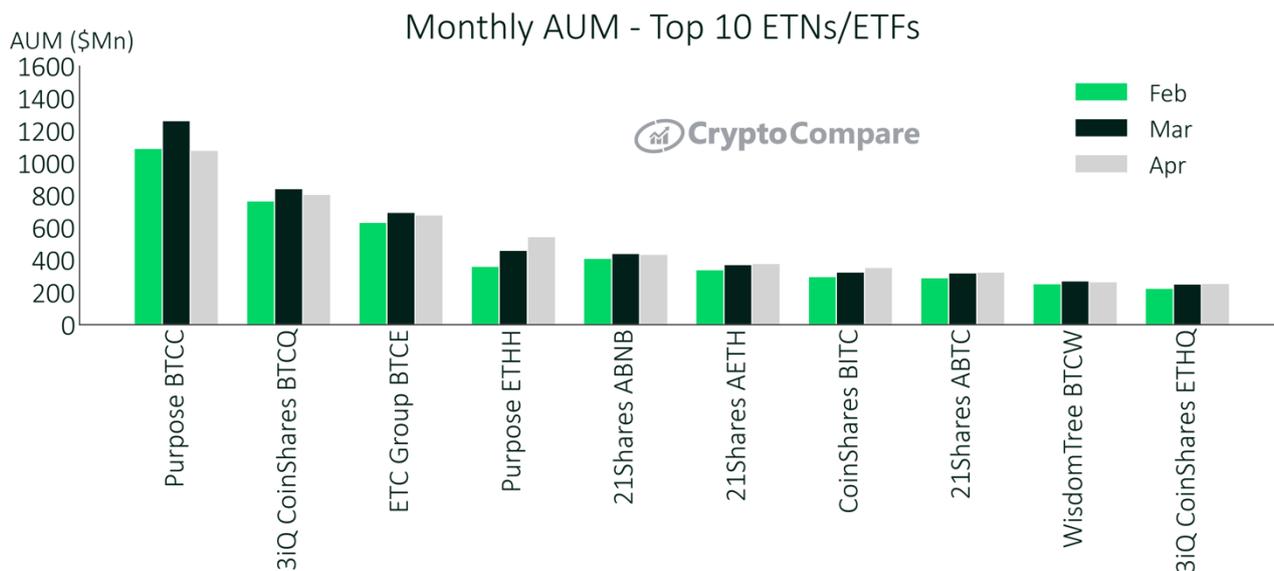
The majority of AUM for trust products continued to reside in Grayscale’s Bitcoin (GBTC - \$25.7bn – down 2.50% since March) and Ethereum (ETHE – \$9.31bn – up 2.99%) products.

Other high AUM trust products include Bitwise’s index product (BITW) which fell 4.96% to \$805mn in April.



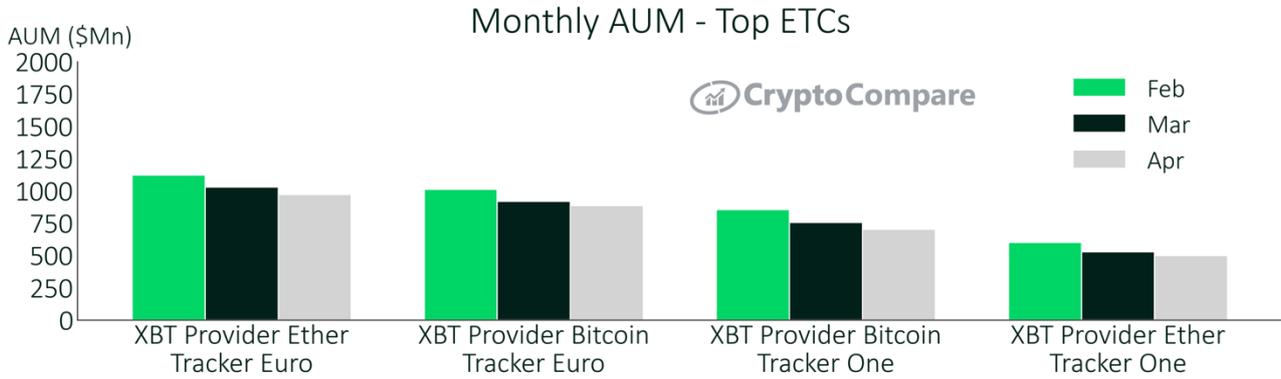
Exchange Traded Notes (ETNs) and Exchange Traded Funds (ETFs)

In April, Purpose’s BTCC product retained the position of highest AUM in an ETN/ ETF product, despite falling 14.6% to \$1.08bn. Purpose’s BTCC product was followed by 3iQ Coinshares’ Bitcoin ETF (BTCQ) and ETC Group’s BTCE product which fell 4.05% and 2.12% to \$806mn and \$679mn respectively.



Exchange Traded Certificates (ETCs)

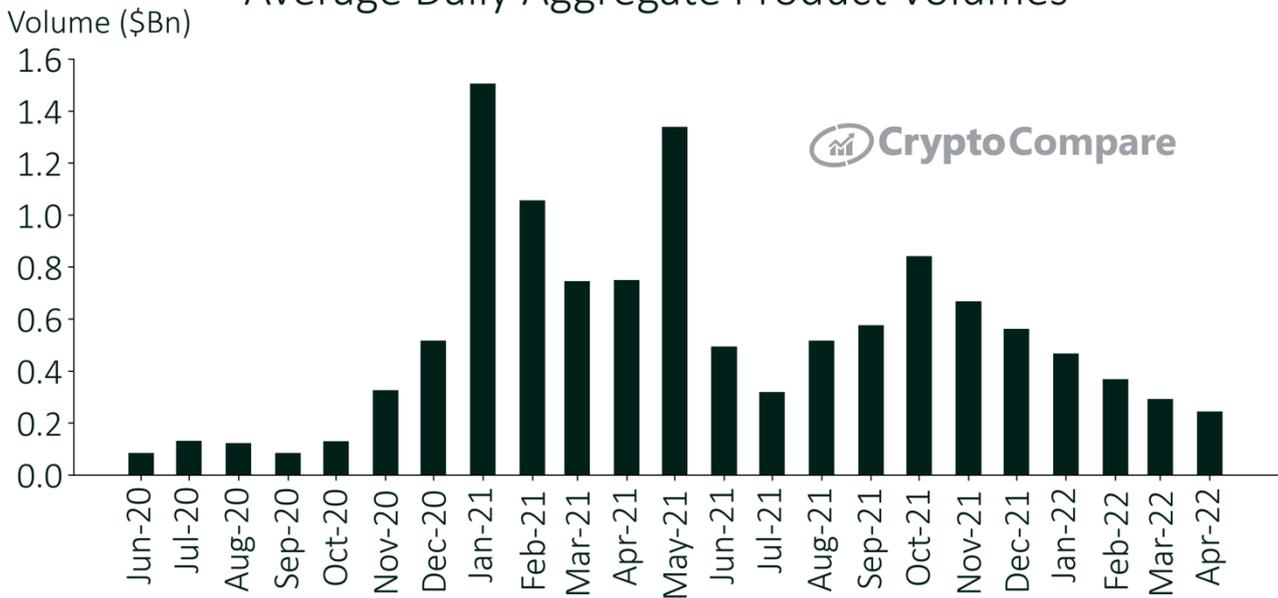
XBT Provider by CoinShares represents the majority of AUM across all ETCs. Its Bitcoin Tracker Euro retained the top spot for highest AUM amongst ETCs after a 5.70% loss to \$970mn. It was followed by the Ether Tracker Euro product which fell 3.56% to \$885mn in April.



Trading Volumes

Aggregate daily volumes across all digital asset investment product types fell by an average of 16.3% from March to April. Average daily volumes now stand at \$244mn.

Average Daily Aggregate Product Volumes

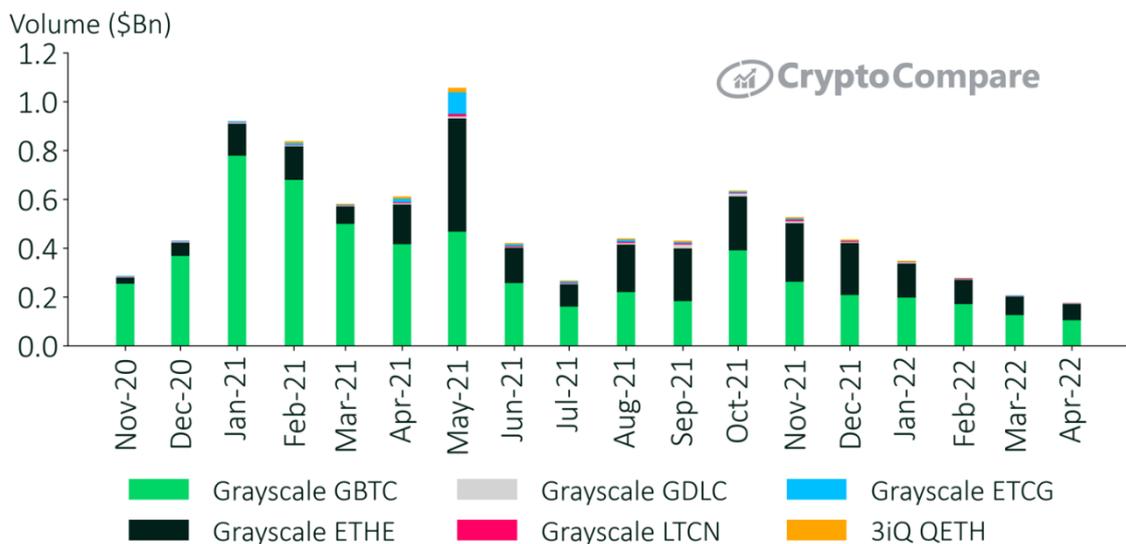


Trust Products

In April, Grayscale’s Bitcoin trust product (GBTC) maintained its position as the highest traded trust product. Average daily volumes of the fund totalled \$104mn (down 17.3%), this was followed by Grayscale’s Ethereum trust with average daily volumes of \$66.3mn (down 11.5%).

Other major trust products, such as Grayscale’s Digital Large Cap Fund (GDLC) and 3iQ’s Ethereum product (QBTC), saw their average daily volumes move to \$1.24mn (down 23.1%) and \$1.37mn (up 27.8%), respectively.

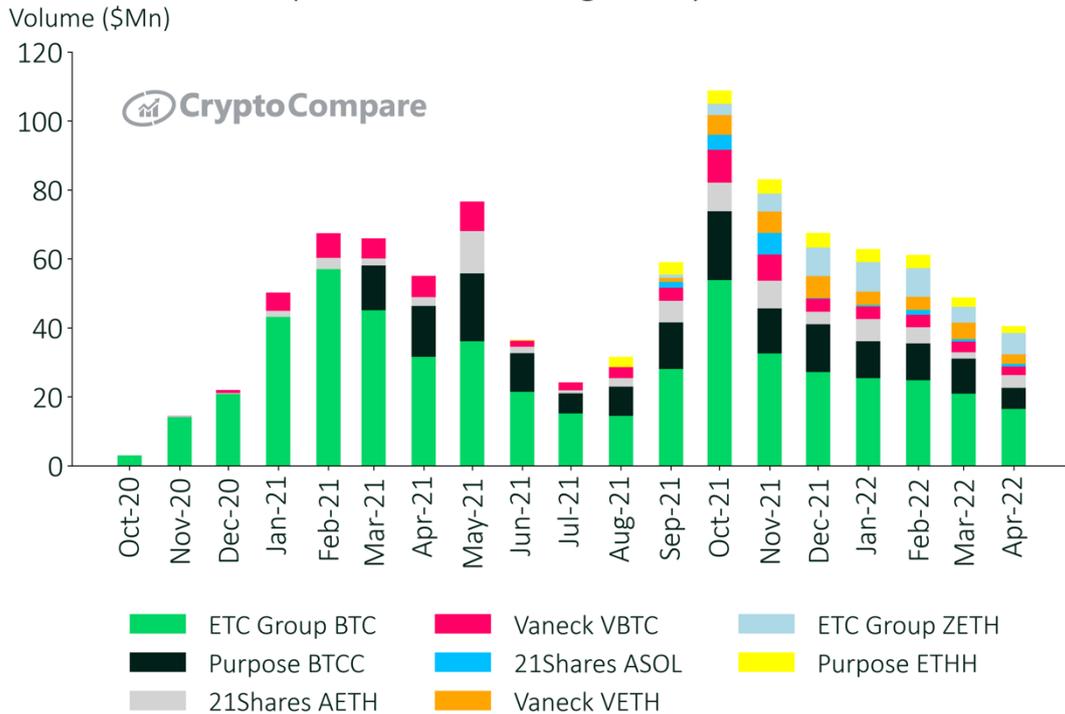
Average Daily Trust Product Volumes



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 April at \$16.4mn (down 21.4%), followed by Purpose’s Bitcoin product (BTCC) at \$6.11mn (down 39.7%) and 21Shares’ Ethereum product (AETH), which rose 101% in volumes to \$3.7mn.

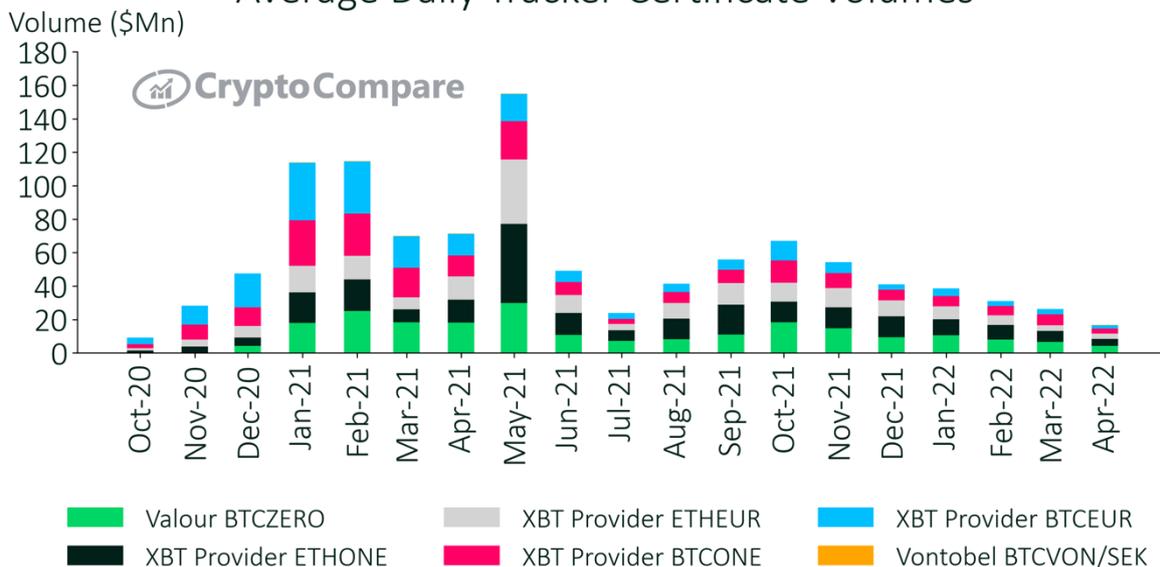
Top ETN/ETFs Average Daily Volumes



Exchange Traded Certificates (ETCs)

Valour’s Bitcoin product (BTCZERO) product claimed position as the largest ETC in terms of average daily volume, followed by XBT Tracker’s Ether Tracker One (BTC/SEK). Each recorded \$4.24mn (down 35.6%) and \$4.23mn (down 35.7%) in average daily volumes respectively. This was followed by XBT Provider’s Ether Tracker Euro (ETH/EUR) with \$3.07mn (down 9.46%).

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	104,108,693	-17.3%	-16.9%
GRAYSCALE ETHE	TRUST	OTC-TRADED	66,322,237	-11.5%	-27.2%
ETCGROUP BTCE	ETN	EXCHANGE-TRADED	16,893,162	-19.1%	-16.0%
PURPOSE BTCC	ETF	EXCHANGE-TRADED	6,462,244	-36.0%	-20.2%
ETCGROUP ZETH	ETN	EXCHANGE-TRADED	6,281,683	36.4%	-11.5%
XBTPROVIDER XETHONE	ETC	EXCHANGE-TRADED	4,444,241	-32.0%	-12.9%
VALOUR BTCZERO	ETC	EXCHANGE-TRADED	4,248,971	-35.6%	-15.9%
21SHARES AETH	ETN	EXCHANGE-TRADED	3,762,129	102.5%	-11.5%
XBTPROVIDER XETHEUR	ETC	EXCHANGE-TRADED	3,129,020	-7.5%	-12.6%
XBTPROVIDER XBTCONE	ETC	EXCHANGE-TRADED	3,123,234	-52.6%	-16.3%
VANECK VETH	ETN	EXCHANGE-TRADED	2,880,651	-39.8%	-11.0%
VANECK VBTC	ETN	EXCHANGE-TRADED	2,516,171	-18.0%	-15.2%
PURPOSE ETHH	ETF	EXCHANGE-TRADED	2,120,977	-20.9%	-16.1%
XBTPROVIDER XBTCEUR	ETC	EXCHANGE-TRADED	2,074,748	-32.2%	-16.4%
3IQ QETH	TRUST	EXCHANGE-TRADED	1,373,354	27.8%	-15.1%
3IQ QBTC	TRUST	EXCHANGE-TRADED	1,369,747	-17.1%	-18.5%
COINSHARES CETH	ETF	EXCHANGE-TRADED	1,345,359	1300.4%	-11.8%
GRAYSCALE GDLC	TRUST	OTC-TRADED	1,246,399	-23.1%	-23.7%
GRAYSCALE ETCG	TRUST	OTC-TRADED	1,213,326	-41.3%	-43.3%
WISDOMTREE BTCW	ETN	EXCHANGE-TRADED	1,045,916	-36.3%	-15.8%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	-16.3%
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	-14.4%
MVDA Index	MVIS INDEX	MVIS	---	---	-14.0%

BTC-based products experienced losses over the last 30 days, ranging from 15.8% to 20.2%, while ETH-based products saw losses ranging from 11.0% to 27.2%. All tracked products experienced losses over the last 30 days, with the worst performer being Grayscale's Digital Large Cap Fund (GDLC) product, with a 43.3% fall. VanEck's Ethereum ETN product was the best performer, with a 11% loss.

The MVDA index experienced a -14.0% decline. 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>	17
21Shares	1.49% - 2.50%	<i>21Shares Bitcoin ETP, Ethereum ETP</i>	29
XBTPProvider	2.50%	<i>Tracker Products</i>	4
ETC Group	1.49% - 2.00%	<i>Ethereum ETC</i>	9
Valour	0.00% - 1.90%	<i>Bitcoin Zero, Ethereum Zero</i>	8
Purpose	1.00%	<i>Purpose Bitcoin ETF</i>	3
3iQ	0.75% - 1.95%	<i>3iQ Global Cryptoasset Fund</i>	6
VanEck	1.00%	<i>VanEck Bitcoin ETN</i>	6
WisdomTree	0.95%	<i>WisdomTree Bitcoin ETF</i>	7
Bitwise	0.85% - 2.00%	<i>Bitwise Crypto Industry Innovators ETF</i>	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 April, the price of Bitcoin and Ethereum fell by 16.3% and 14.4% respectively (data up to 27th April), a reversal following two months of positive returns for the two largest cryptocurrencies. As a risk-on asset class, cryptocurrencies have trended down this month along with traditional risk-on assets like equities, with the S&P 500 falling 7.96% in the same time period. As a result of the downward trend, digital asset investment products have experienced outflows throughout April, averaging -\$79.5mn per week.

Data Sources

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