



DIGITAL ASSET MANAGEMENT REVIEW

May 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 May, the price of Bitcoin and Ethereum fell by 27.3% and 38.1% respectively (data up to 26th May), a large decline following a turbulent month for the two largest cryptocurrencies as the collapse of LUNA and TerraUSD sent shockwaves through the sector. 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 May, with the S&P 500 falling 5.01% in the same time period.

ETC Trading Volumes Spike as AUM Falls

Cryptocurrency ETCs have seen a large decline in assets under management, alongside the broader market sell-off. XBT Provider by Coinshares - which represents the majority of the ETC market - has seen its product's AUM fall to the lowest levels in over a year. Their largest product; Bitcoin Tracker Euro, fell 27.0% to \$708mn. The Ether Tracker Euro product has seen the steepest decline, falling 36.3% to \$564mn.

These huge losses are accompanied by an increase in average daily trading volume, with the largest spike coming from XBT Provider's Bitcoin Tracker Euro product, currently at \$3.37mn (up 59.3% from April). The most-traded ETC in May was Valour's BTCZERO product with an average daily volume of \$6.13mn, up 35.8% since last month.

Purpose Buy their Way out of the Dip

All companies' assets under management fell significantly in May, the largest dollar value being Grayscale whose AUM fell by almost \$10.6bn to \$25.7bn, a month-over-month drop of 29.1%. The largest percentage decrease was seen by Bitwise, with AUM falling 33.8% to \$533mn.

Among these losses, Purpose was the only company to experience a rise in AUM, due to huge amounts of buying during a falling market. The firm purchased 6,277 Bitcoin and 81,436 Ethereum, totalling \$183mn and \$149mn worth of assets respectively (at the date of publishing). This was enough to reduce losses in AUM to only 5.09%, with their ETHH product seeing an AUM increase of 2.69% from April, to \$558mn.

Grayscale Trusts Experience Worst of the Drawdown

Grayscale's single asset trusts experienced larger drawdowns than their underlying assets in May, with Grayscale's Bitcoin Trust (GBTC) falling 29.1% (1.8% more than Bitcoin) and the Ethereum trust (ETHE) falling 38.3% (0.2% more than Ethereum). However, all other products protected investors from the full extent of asset losses - the product that protected investors from Bitcoin losses most was 3iQ QBTC which fell 22.7% (4.6% less than BTC), and that which cushioned Ethereum losses most was 3iQ QETH, which fell 31.0% (7.1% less than ETH).

Latest Digital Asset Investment News

COMPANY	STORY	DATE
WisdomTree	WisdomTree's Q1 Crypto AUM Increases by 23% to \$324M	Apr 29 th
VanEck	VanEck Releases First NFTs, Promising Early Access to Research	May 2 nd
Purpose	Canadian Bitcoin ETF Adds 6.9K BTC in One Day	May 12 th
Grayscale	Grayscale Bitcoin Trust Discount Widens to All-Time Low of 30.79%	May 13 th
3iQ	3iQ Corp. Unveils Metaverse Headquarters in Voxels	May 13 th
Grayscale	Grayscale Adds 5 Digital Currency Products to OTC Markets Line-up	May 16 th
21Shares	21Shares Dives into US Market Launching 2 Index Funds	May 18 th
21Shares	21Shares Launch USDY, the World's First USD Yield ETP	May 25 th

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.

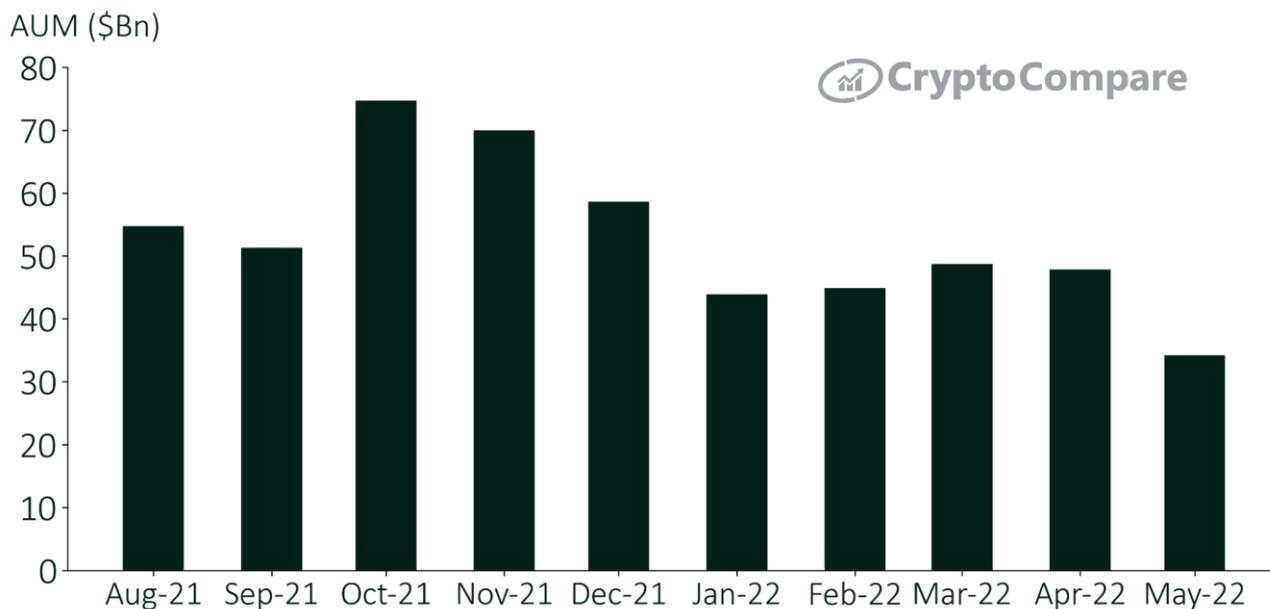
Disclaimer

Due to the nature of API endpoints and backfilling of data by exchanges, there may be discrepancies in data between previous reports. This data is correct up to the date of the current release of the report.

AUM – Assets Under Management

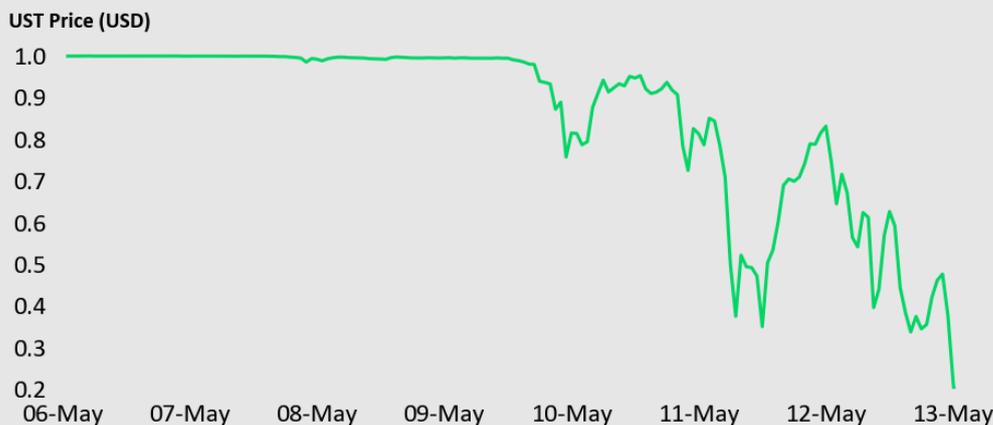
Since April 2022, total AUM across all digital asset investment products has fallen 28.6% to \$34.2bn (as of the 26th of May).

Monthly AUM - Aggregate Exchange and OTC-Traded Products



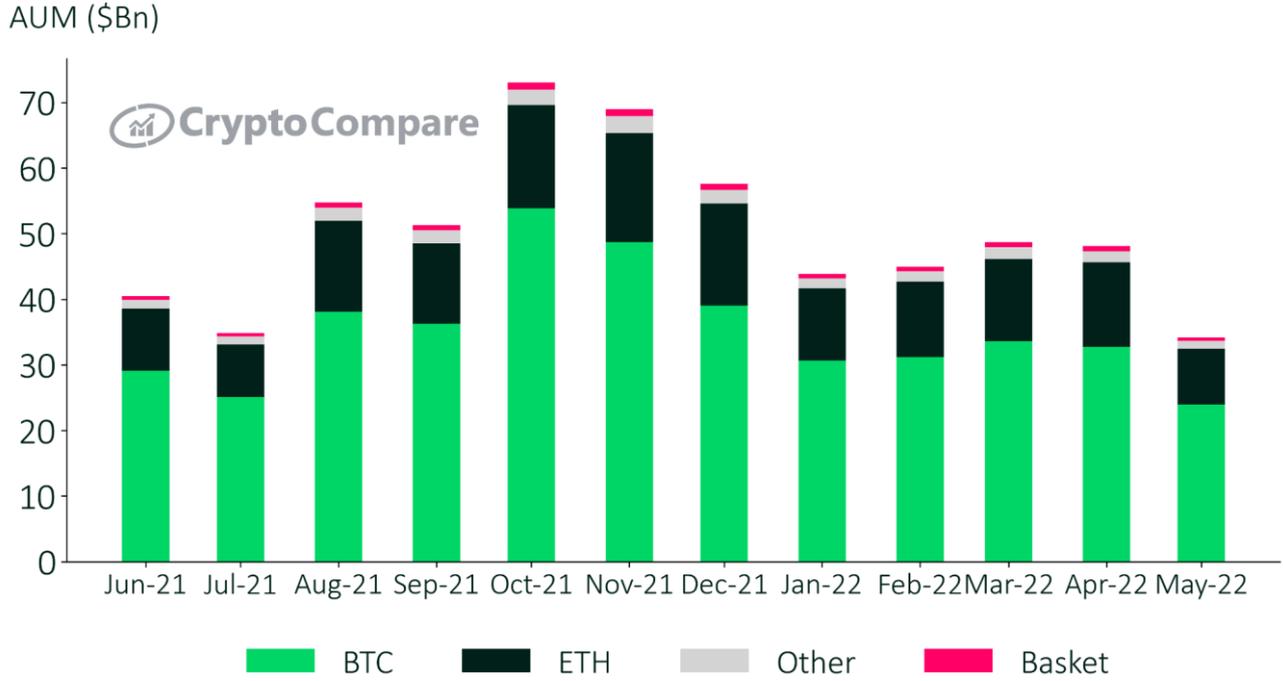
Luna Crypto Catalyst

The crypto market experienced one of the largest month-on-month declines this May after wiping c\$460bn in market capitalization (data up to 26th May), with the majority of this decline occurring within a 4-day period beginning May 8th. The LUNA token, which propped up the algorithmic stablecoin TerraUSD, crashed to under 1 cent wiping billions from the ecosystem in hours. This event sent ripples across the cryptocurrency industry as the most catastrophic depegging of a stablecoin we have ever seen transpired. These events coupled with persisting negative macroeconomic sentiment has catalysed a large sell off within the sector. CPI remains at a multi-decade high, Tether’s peg was stress tested,, UST completely debased, and Bitcoin tested its lowest support level this year. For a more in depth analysis of the events that transpired this month, read our latest commentary report, [Exploring UST’s Fall From Grace](#).

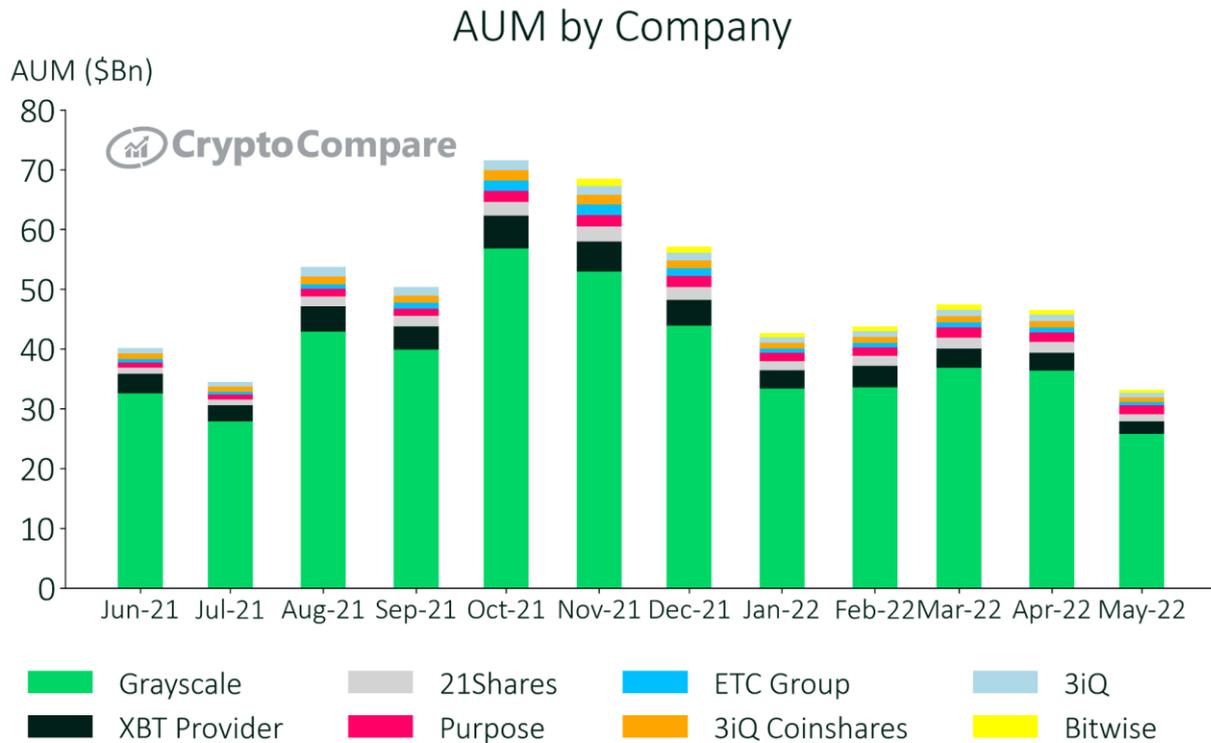


In May, Bitcoin’s AUM fell 26.8% to \$24.0bn, while slightly gaining market share, currently at 70.1% of total AUM, up from 68.1% in April. Ethereum’s AUM fell 33.9% to \$8.52bn while ‘Other’ and ‘Baskets’ AUM fell 30.1% to \$1.18bn and 32.7% to \$509mn, respectively.

AUM by Asset

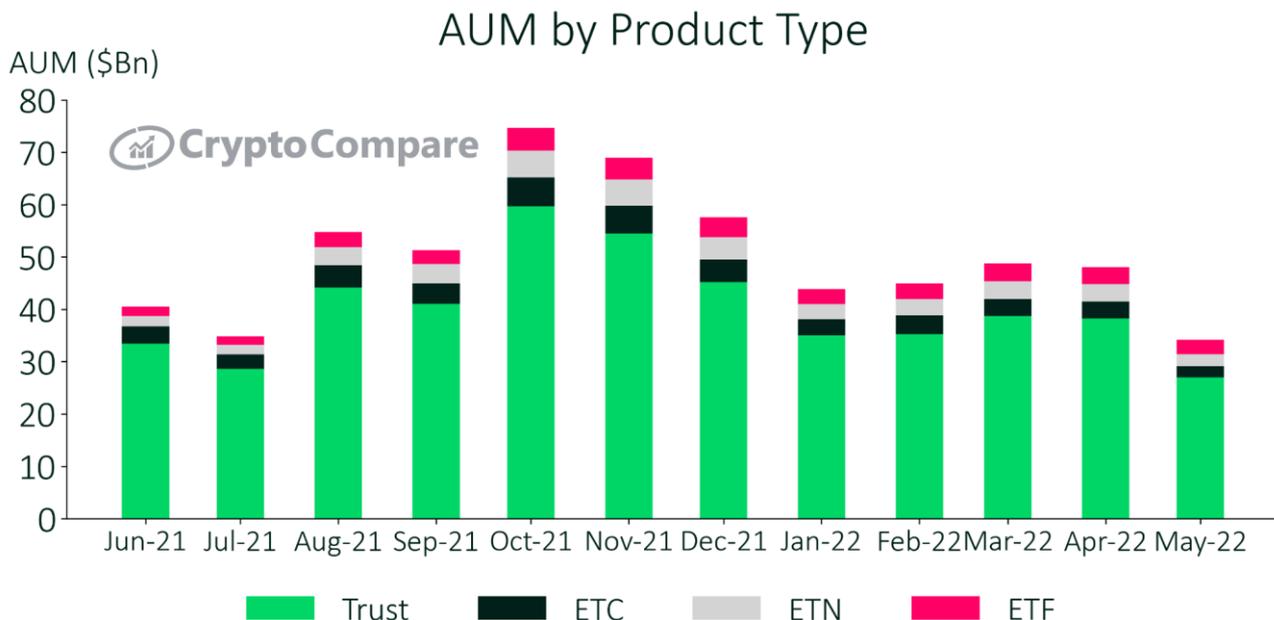


Grayscale products continue to represent the vast majority of AUM at \$25.7bn (75.3% of total) followed by those of XBT Provider at \$2.11bn (6.18% of total) and 21Shares at \$1.21bn (3.53% of total).

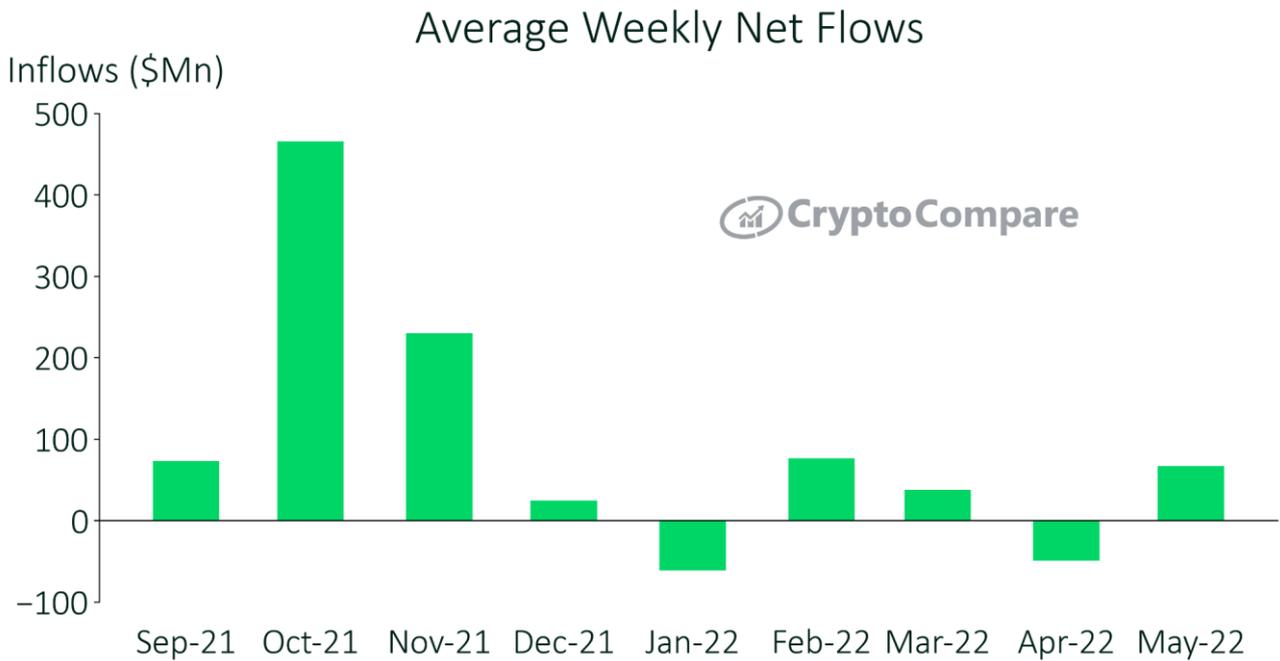


Regarding product type, AUM in trust products (dominated by Grayscale) fell by 29.3% to \$27.0bn (79.0% of total AUM).

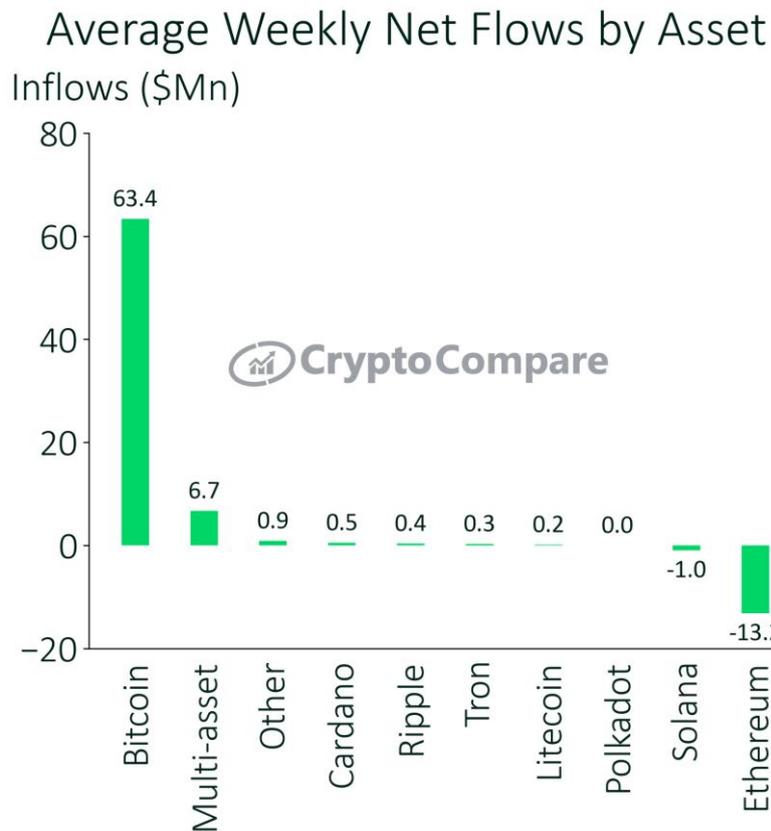
Despite AUM represented by ETFs falling 16.9% to \$2.73bn, they firmly surpassed both ETNs and ETCs in terms of market share controlling 7.99% of all assets. ETN's AUM fell 30.5% to \$2.32bn (6.79% of total), and ETC's fell 35.3% to \$2.11bn (6.18%) of total.



Following a widespread decline in price, average weekly net flows returned positive in May (as of the 26th). Weekly net inflows averaged \$66.5mn compared to average weekly outflows of -\$49.6mn in April.



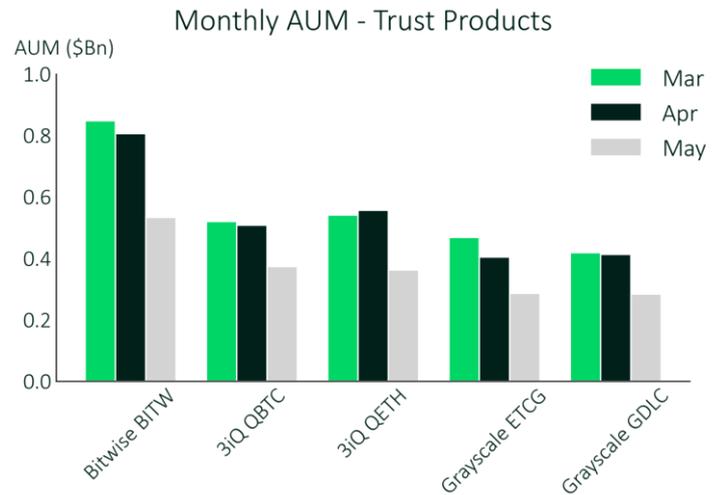
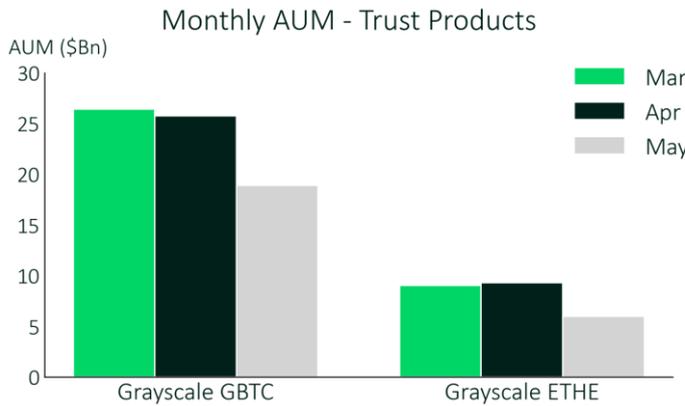
Weekly inflows for Bitcoin-based products averaged \$63.4mn in May, while Ethereum experienced significant average outflows of -\$13.2mn per week. Multi-asset based products saw inflows averaging \$6.67mn, but all other altcoins saw inflows of less than \$1mn weekly.



Trust Products

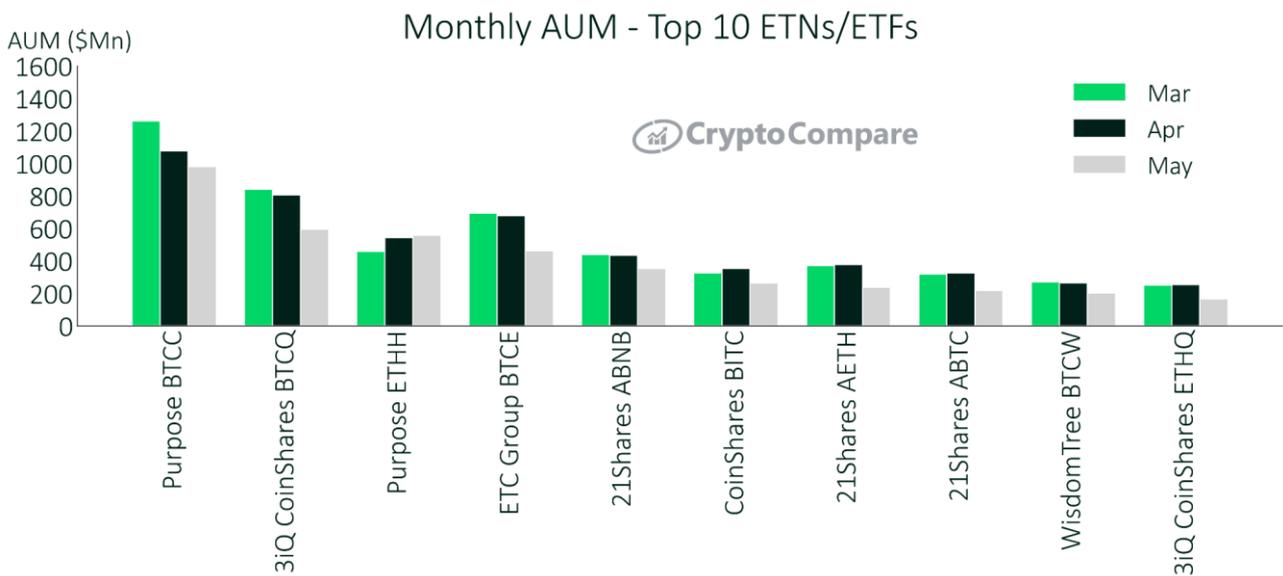
The majority of AUM for trust products continued to reside in Grayscale’s Bitcoin (GBTC - \$18.9bn - down 26.7% since April) and Ethereum (ETHE - \$6.00bn - down 35.5%) products.

Other high AUM trust products include Bitwise’s index product (BITW) which fell 33.8% to \$533mn in April.



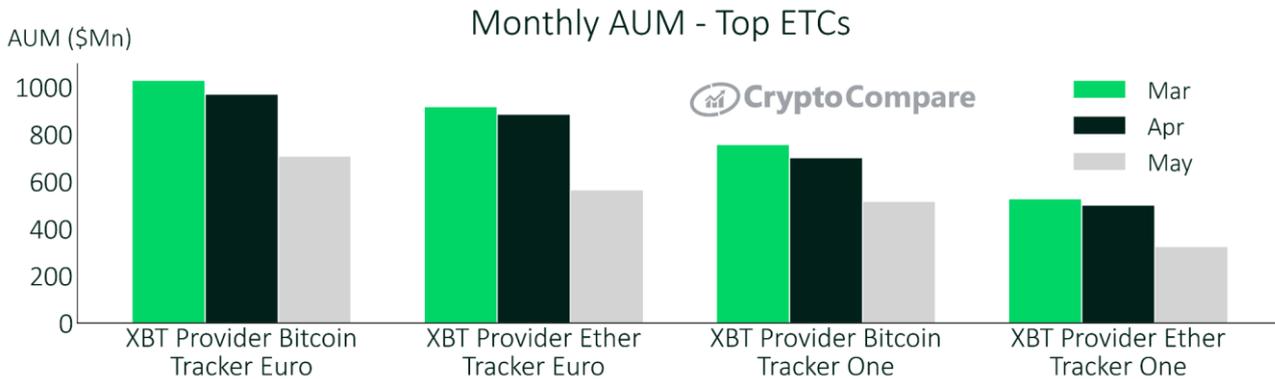
Exchange Traded Notes (ETNs) and Exchange Traded Funds (ETFs)

In May, Purpose’s BTCC product retained the position of highest AUM in an ETN/ETF product, despite falling 9.01% to \$980mn. Purpose’s BTCC product was followed by 3iQ CoinShares’ Bitcoin ETF (BTCQ) and ETC Group’s BTCE product which fell 26.2% and 31.9% to \$595mn and \$462mn respectively.



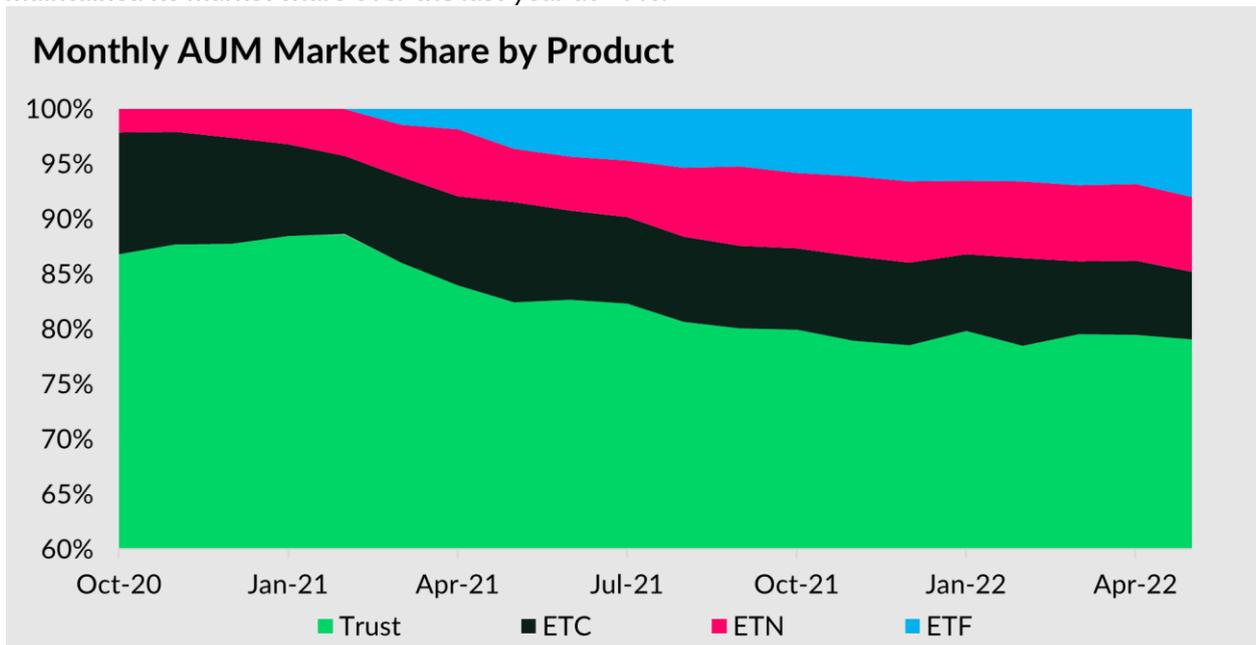
Exchange Traded Certificates (ETCs)

XBT Provider by CoinShares represents the majority of AUM across all ETCs. Its BitcoinTracker Euro retained the top spot for highest AUM amongst ETCs in May, despite a 27.0% loss to \$708mn. This was followed by the Ether Tracker Euro product which fell 36.3% to \$564mn in May.



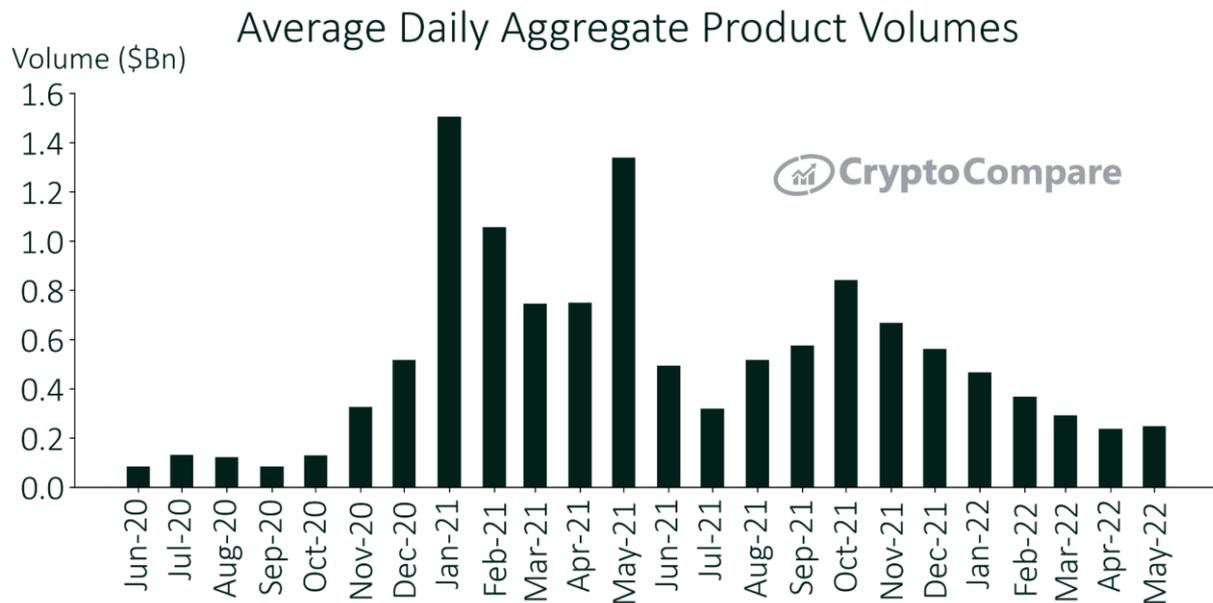
Accessibility - the Barrier to Crypto

As cryptocurrency adoption continues to accelerate, less jargon heavy and easier-to-purchase instruments have seen an influx of investment. ETFs have gained an average of over 0.42% of assets under management market share, per month, while the more complex structures of exchange traded certificates have lost 0.26% market share per month (which are in nature debt-securities, that use investors cash to buy derivatives, much like a synthetic ETF). The similarly functional ETN however, has maintained its market share over the last year at ~7%.



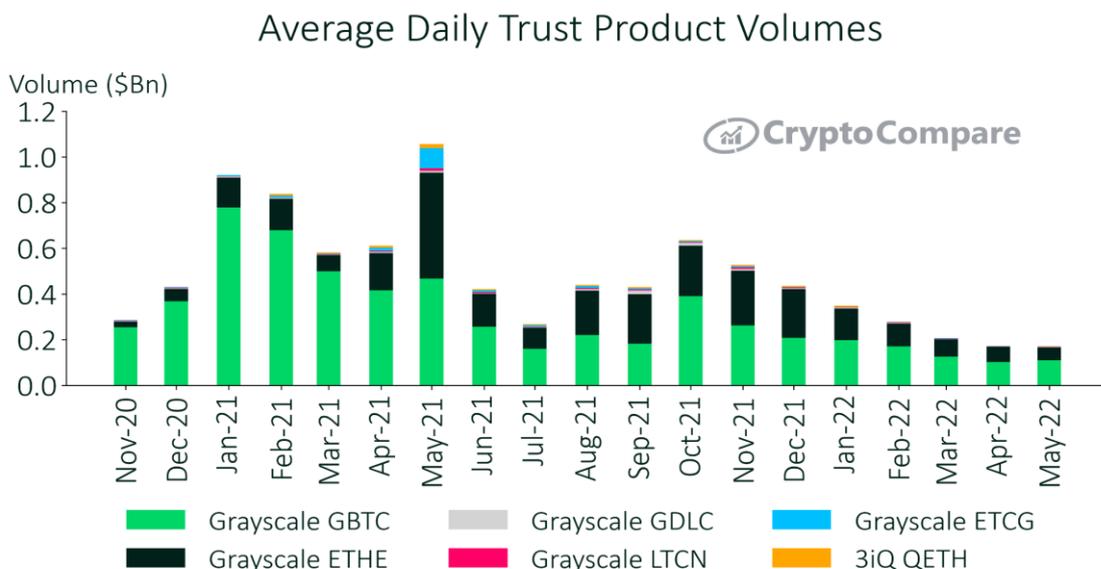
Trading Volumes

Despite huge losses in AUM, aggregate daily volumes across all digital asset investment products rose by an average of 5.11% from April to May, this is the first month-on-month increase since October 2021. Average daily volumes now stand at \$249mn.



Trust Products

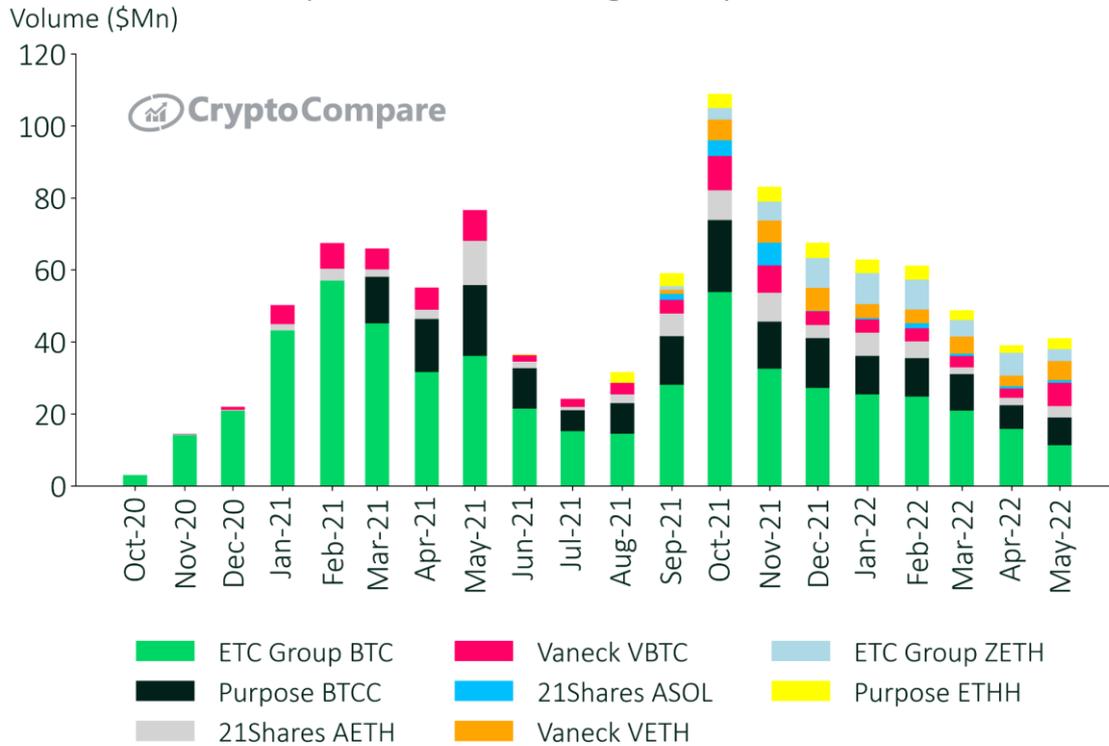
In May, Grayscale’s Bitcoin trust product (GBTC) maintained its position as the highest traded trust product. Average daily volume of the fund totalled \$110mn (up 8.45%), this was followed by Grayscale’s Ethereum trust with an average daily volume of \$56.8mn (down 15.1%). Other major trust products, such as 3iQ’s Bitcoin product (QBTC), and Ethereum product (QETH), saw their average daily volumes rise to \$2.23mn (up 58.8%) and \$1.42mn (up 0.07%), respectively.



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

Bitcoin trading dominated ETNs/ETFs in May, with ETC Group’s BTCE product traded the highest daily volume at \$11.2mn (down 28.8%), followed by Purpose’s Bitcoin product (BTCC) at \$7.75mn (up 17.0%) and VanEck’s Bitcoin product (VBTC), which rose 152% in daily volume to \$3.7mn.

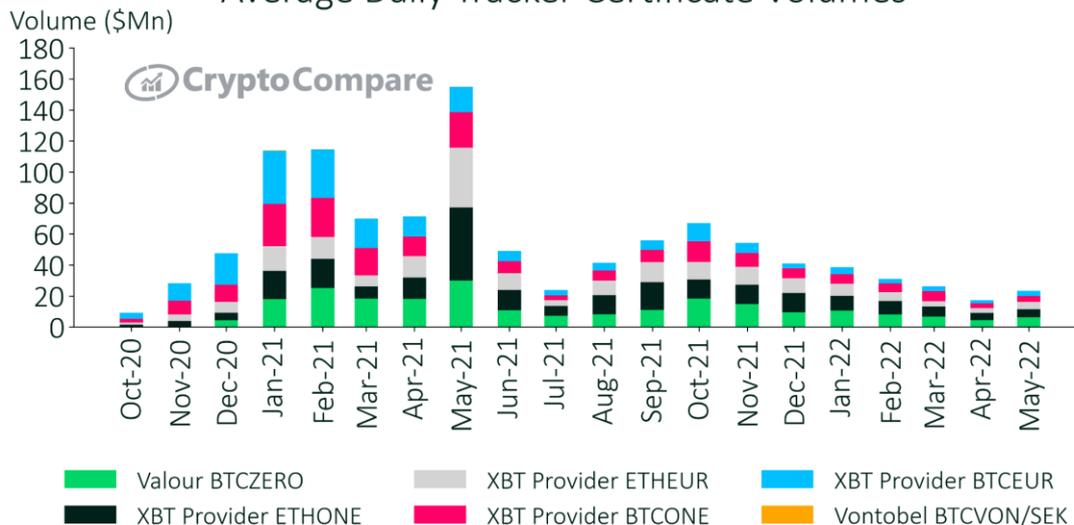
Top ETN/ETFs Average Daily Volumes



Exchange Traded Certificates (ETCs)

Valour’s Bitcoin product (BTCZERO) product retained position as the largest ETC in terms of average daily volume, followed by XBT Tracker’s Ether Tracker One (BTC/SEK). Each recorded \$6.13mn (up 35.8%) and \$5.16mn (up 17.4%) in average daily volumes respectively.

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	109,904,143	8.50%	-29.10%
GRAYSCALE ETHE	TRUST	OTC-TRADED	56,793,344	-15.10%	-38.30%
ETCGROUP BTCE	ETN	EXCHANGE-TRADED	11,237,160	-28.80%	-25.00%
PURPOSE BTCC	ETF	EXCHANGE-TRADED	7,750,374	17.00%	-23.30%
VANECK VBTC	ETN	EXCHANGE-TRADED	6,433,777	152.50%	-25.30%
VALOUR BTCZERO	ETC	EXCHANGE-TRADED	6,133,219	35.80%	-24.10%
VANECK VETH	ETN	EXCHANGE-TRADED	5,298,352	86.20%	-35.60%
XBTPROVIDER XETHONE	ETC	EXCHANGE-TRADED	5,160,292	17.40%	-33.10%
XBTPROVIDER XETHEUR	ETC	EXCHANGE-TRADED	4,956,135	55.60%	-34.00%
XBTPROVIDER XBTCONE	ETC	EXCHANGE-TRADED	3,641,085	17.80%	-24.90%
XBTPROVIDER XBTCEUR	ETC	EXCHANGE-TRADED	3,366,165	59.40%	-25.50%
ETCGROUP ZETH	ETN	EXCHANGE-TRADED	3,337,229	-47.90%	-35.20%
21SHARES AETH	ETN	EXCHANGE-TRADED	3,162,254	54.20%	-34.30%
PURPOSE ETHH	ETF	EXCHANGE-TRADED	3,073,495	44.60%	-32.00%
3IQ QBTC	TRUST	EXCHANGE-TRADED	2,229,178	58.80%	-22.70%
WISDOMTREE BTCW	ETN	EXCHANGE-TRADED	1,684,764	67.00%	-25.30%
21SHARES ABTC	ETN	EXCHANGE-TRADED	1,679,052	151.40%	-25.70%
COINSHARES CETH	ETF	EXCHANGE-TRADED	1,613,213	381.90%	-35.40%
3IQ QETH	TRUST	EXCHANGE-TRADED	1,418,734	0.10%	-31.00%
GRAYSCALE GDLC	TRUST	OTC-TRADED	1,312,134	13.50%	-38.50%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	-27.3%
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	-38.1%
MVDA Index	MVIS INDEX	MVIS	---	---	-28.9%

BTC-based products experienced losses over the last 30 days, ranging from 22.7% to 29.1%, while ETH-based products saw losses ranging from 31.0% to 38.3%. 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 38.5% fall. 3iQ’s Trust product was the best performer, with only a 22.7% loss.

The MVDA index experienced a -28.9% 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
XBTProvider	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

Data Sources

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

Access More Of Our Research and Insights

As the digital asset markets continue to grow, so does the need for high-quality research that brings greater clarity and transparency to this rapidly evolving industry. CryptoCompare’s suite of research reports provides market participants with trusted, high-quality data and analysis.

Recurring Reports:

Report	Description
Exchange Review	Captures key developments within the cryptocurrency exchange market – providing readers with an in-depth analysis of exchange volumes, trading activity, and derivatives open interest.
Digital Asset Management Review	Tracks and provides analysis of the most innovative institutional products in the industry, assessing volumes, assets under management (AUM), and product flow trends.
Exchange Benchmark	Brings clarity to the crypto asset exchange sector. Two years on, it has become the industry standard for assessing and evaluating cryptocurrency exchanges, with the methodology and rankings now being utilised to help create financial products and indices.
Asset Report	Provides professionals in the financial services space, particularly the investment management industry, with a summarised analysis of the latest movements in five of the largest cryptocurrencies.
Market Outlooks	A quarterly report that identifies the most important developments of the last quarter, which may thereafter set the tone for key trends to look out for in the following months. This includes references to the macroeconomic environment, DeFi, NFTs, stablecoins, and more.

Topic Deep Dives:

Report	Description
Liquidity Report	Created in collaboration with Bitstamp – a first of its kind report – it examines the intricacies of digital asset liquidity and compares it across top-tier exchanges to find the true liquidity of digital asset exchanges.
UST’s Fall From Grace	Summarises the depegging of UST and subsequent debacle of LUNA and the Terra ecosystem, including analysis on the ripple effects of the event and where it situates the digital asset industry.