



DIGITAL ASSET MANAGEMENT REVIEW

June 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 June, the price of Bitcoin and Ethereum fell by 34.8% and 38.6% respectively (data up to 27th June), a large decline that was driven by the uncertainties surrounding the possible insolvency of crypto lending companies, including the crypto native fund, Three Arrows Capital. Macro sentiment around risk assets continues to lead the narrative in the markets, with the Federal Reserve raising interest rates by 0.75% – the largest hike since 1994. This hawkishness has been reflected in the falling AUM of crypto products this month.

AUM of Crypto Investment Products Reaches Record Lows

It was a turbulent month for cryptocurrencies with the AUM of all major crypto investment product types falling sharply. ETFs experienced the largest drop, declining 52.0% to \$1.31bn. Trust products, which have a market share of 80.3%, fell 35.8% to \$17.3bn in June, while ETCs and ETNs fell 36.7% and 30.6% to \$1.34bn and \$1.61bn respectively.

All four product types made new record lows with Trust products recording the lowest AUM since December 2020, while ETCs AUM reached its lowest since October 2020. ETNs and ETFs followed, recording their lowest AUM since January 2021 and April 2021 respectively.

21Shares Short Bitcoin ETP - the Only Positive in June

In June, all digital investment products saw a decline in AUM, except for 21Shares Short Bitcoin ETP (SBTC). The product, designed to provide inverse exposure to Bitcoin's performance, recorded a 1.30% rise in AUM from May. The ETP currently has an AUM of \$16.5mn, which is an all-time high for the product. It was also the only product that registered a positive 30-day return (30.8%) as of 23rd June.

The ETP; which obtains short exposure through borrowing Bitcoin and simultaneously selling it on the execution platform, saw its AUM rising for the third month in a row. This is reflective of the negative price action of Bitcoin, making it one of the few products that is able to take advantage of the current macroeconomic trend.

Purpose and CoinShares Funds Sees Huge Outflows in Assets

Purpose and CoinShares' Exchange Traded Products recorded the largest outflow in BTC and ETH during June. Purpose Bitcoin ETF (BTCC) sold 18,170 BTC while 3iQ CoinShares Bitcoin ETF (BTCQ) saw 7,384 BTC flow out of the fund (as of 24th June). Overall, the two registered drops of 56.7% and 57.1% in AUM in June, respectively. ProShares Bitcoin Strategy ETF (BITO) saw the largest inflow after purchasing 7,264 BTC during the month.

Among Ethereum products, 3iQ CoinShares' Ether ETF (ETHQ) recorded the largest outflow with 26,499 ETH, closely followed by Purpose Ether ETF (ETHH) which sold 24,409 ETH in June. The two saw a sharp decline of 60.0% and 52.6% in AUM respectively.

Latest Digital Asset Investment News

COMPANY	STORY	DATE
Purpose	Cosmos launches Ethereum ETF in Australia	June 7 th
Grayscale	Grayscale hires former Solicitor General to help with BTC ETF approval	June 8 th
Grayscale	Grayscale's Crypto Products Enter India	June 8 th
CoinShares	Two more crypto ETFs launch in Australia	June 10 th
ProShares	ProShares Launches First ETF to Short Bitcoin	June 20 th
Grayscale	Grayscale CEO: The Launch of Short Bitcoin ETF Is Positive for Crypto	June 22 nd
VanEck	VanEck launches BLOK11 fund in Brazil	June 24 th
CoinShares	CoinShares rolls out zero-fee staked Polygon and Cosmos ETPs	June 24 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.

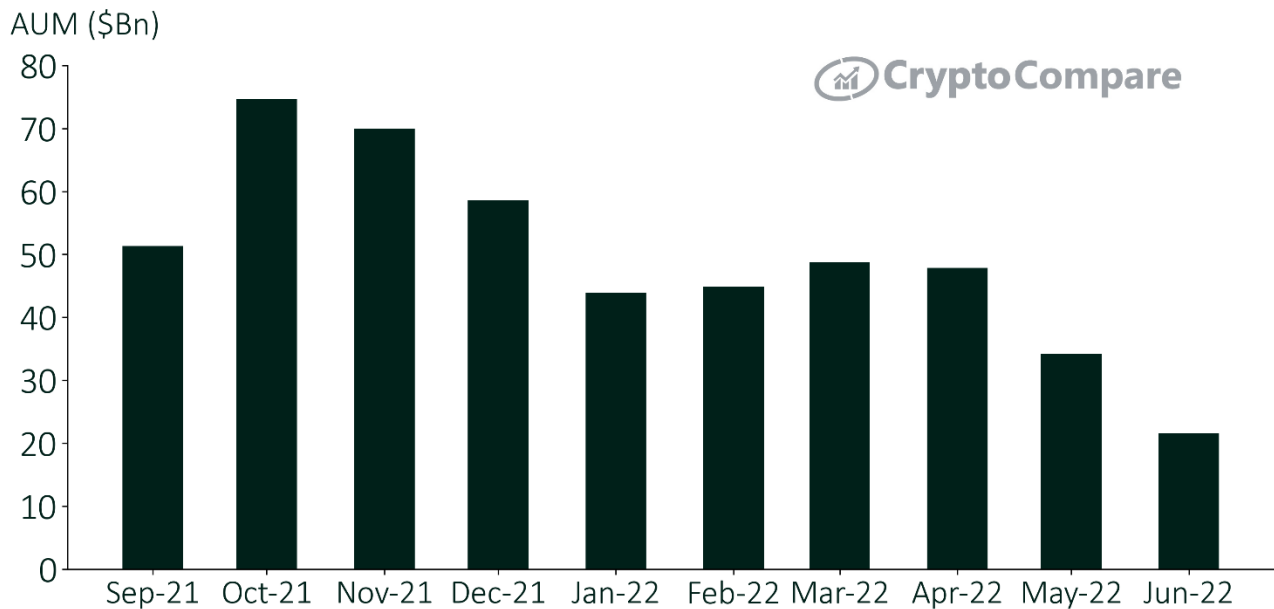
Disclaimer

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 May 2022, the total AUM across all digital asset investment products has fallen 36.8% to \$21.6bn (as of the 23rd of June).

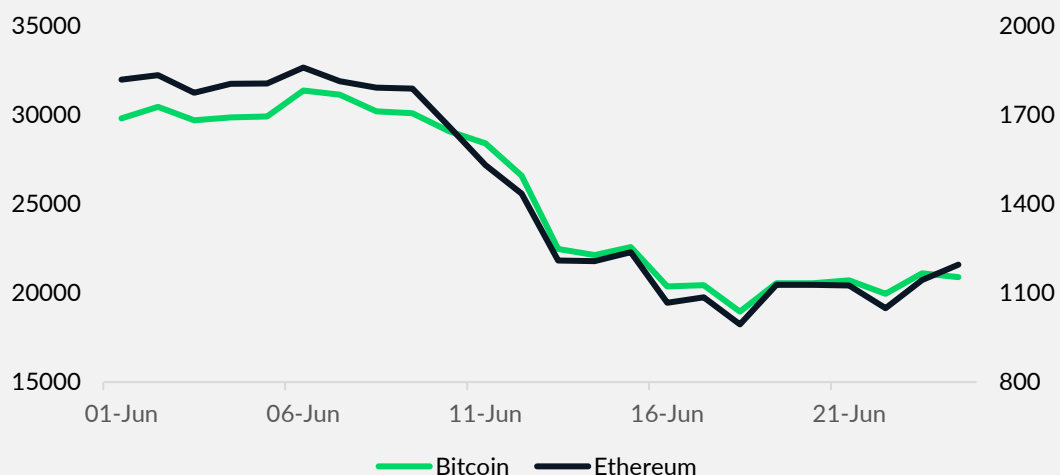
Monthly AUM - Aggregate Exchange and OTC-Traded Products



Failures of Crypto FinTech Products Adds More Panic in June

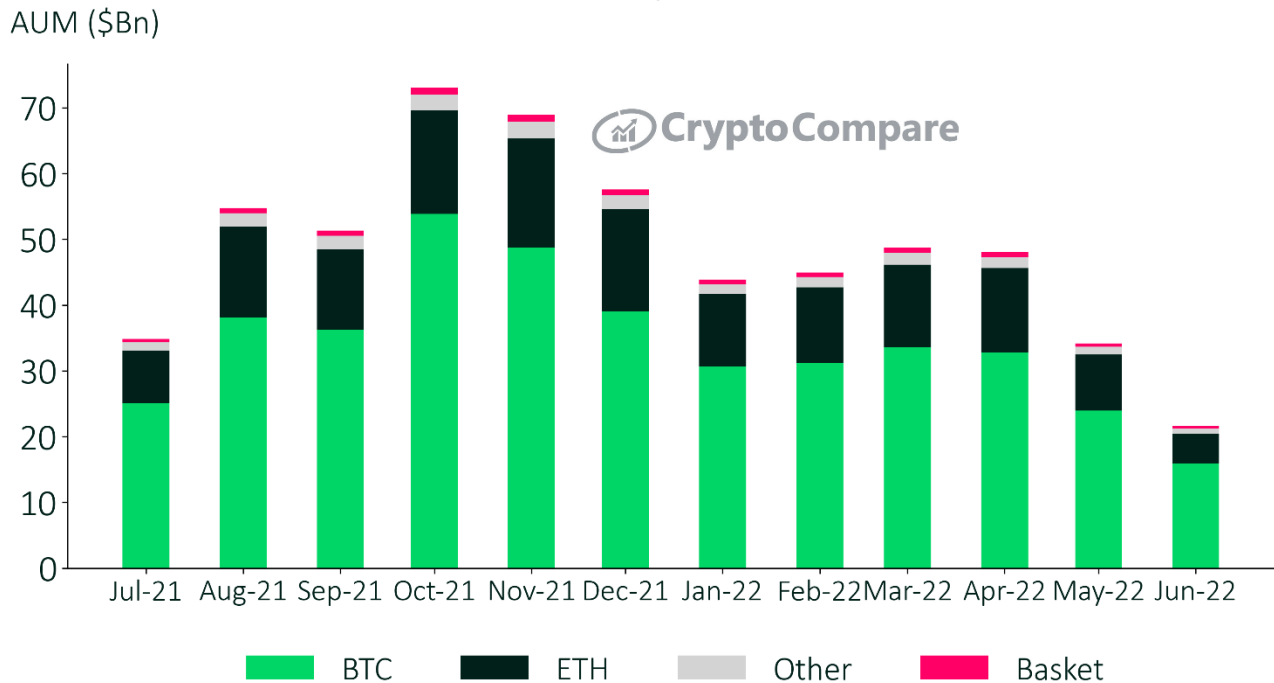
The cryptocurrency market failed to recover from the collapse of TerraUSD and LUNA last month as liquidation threats loomed over major FinTech products. Celsius Network: a leader in crypto lending paused all withdrawals, swaps, and transfers between accounts on June 13th, citing extreme market conditions which have resulted in a liquidity crisis for the firm. Four days later, Babel Finance, a Hong-Kong based crypto lender, also suspended user withdrawals. Other lending platforms, including BlockFi and Voyager Digital, resorted to securing bailouts from crypto-trading platform FTX, receiving a \$250mn and \$485mn loan respectively. These events have translated to further negative price action with Bitcoin and Ethereum falling 34.8% and 38.6% respectively. Consequently, the AUM of Exchange Traded Products have taken a hit.

Bitcoin and Ethereum Price Action in June



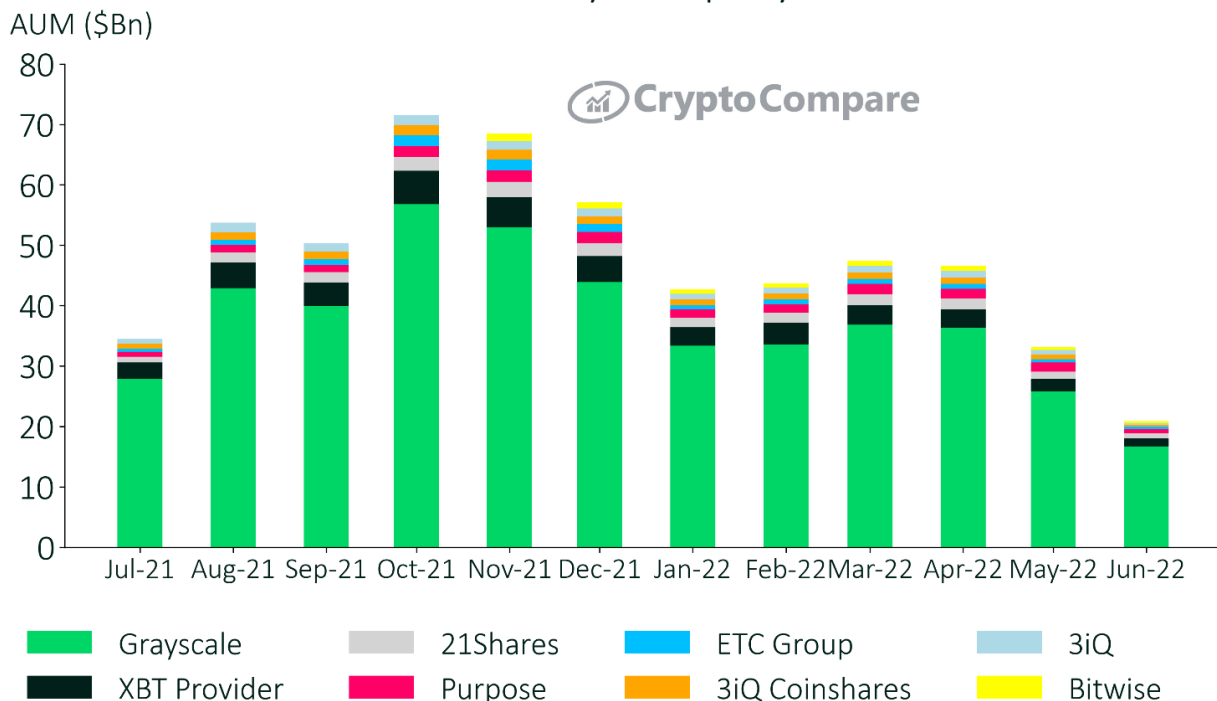
In June, Bitcoin's AUM fell 33.7% to \$15.9bn, however, it continued to gain market share, currently at 73.6% of total AUM, up from 70.1% in May. Ethereum's AUM dropped 46.7% to \$4.54bn while 'Other' and 'Baskets' AUM fell 30.0% to \$823mn and 33.6% to \$337mn, respectively.

AUM by Asset



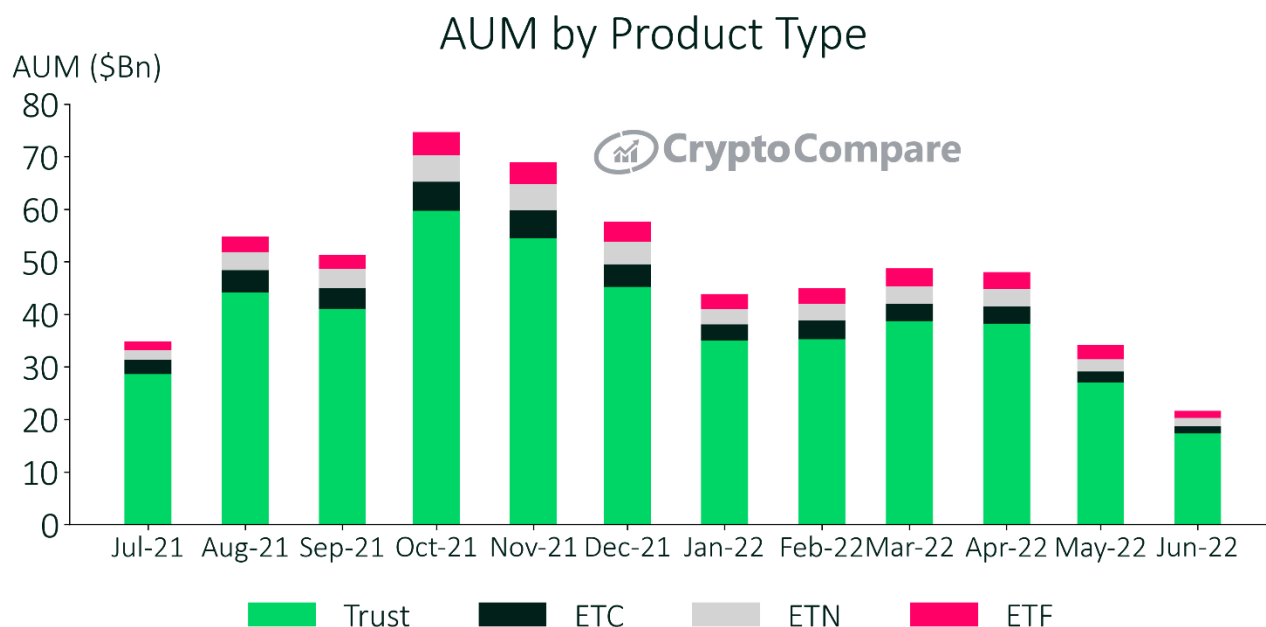
Grayscale products continue to represent the vast majority of AUM at \$16.7bn (77.3% of total) followed by those of XBT Provider at \$1.36bn (6.18% of total) and 21Shares at \$829mn (3.84% of total).

AUM by Company

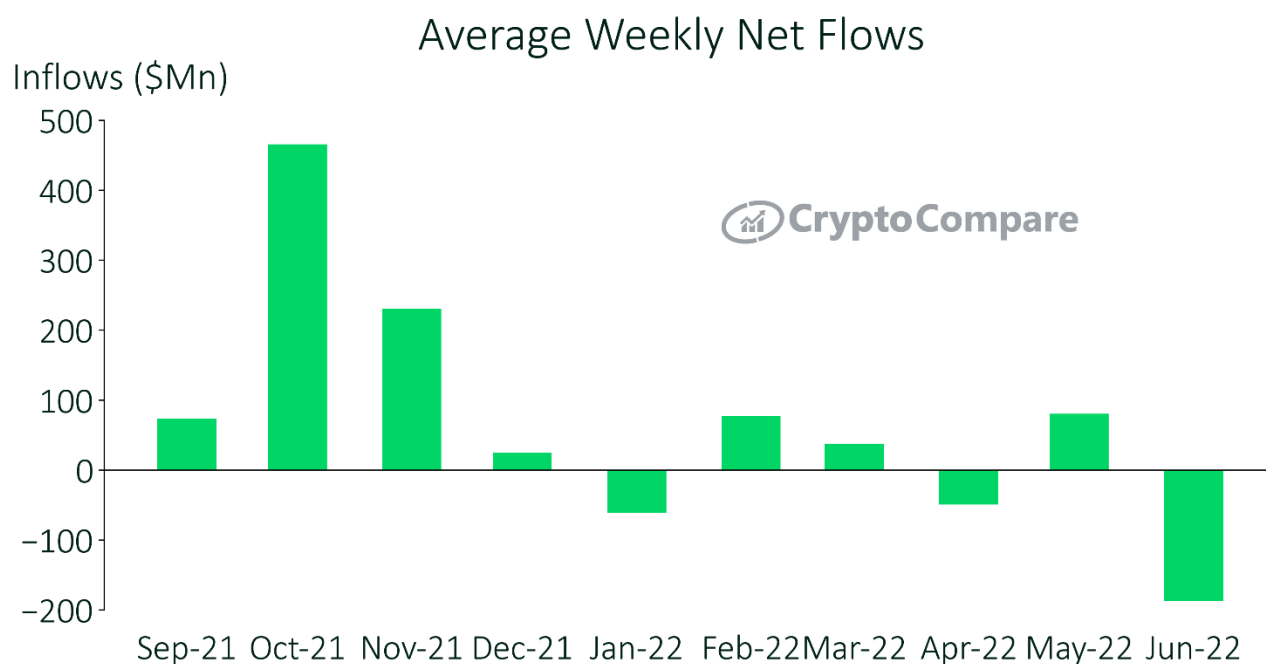


Regarding product type, AUM in trust products (dominated by Grayscale) fell by 35.8% to \$17.3bn (80.3% of total AUM).

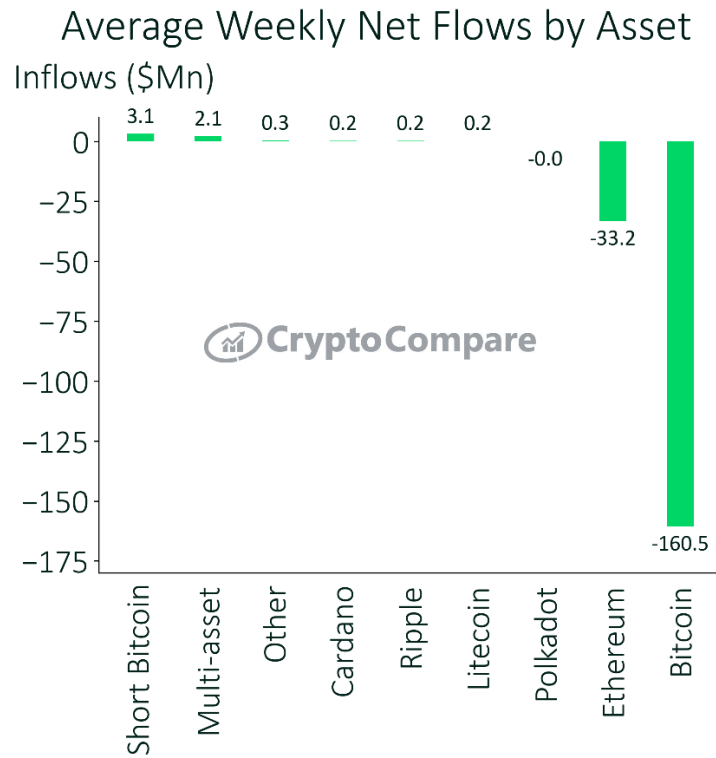
AUM represented by ETFs dropped significantly in June, falling 52.0% to \$1.31bn, controlling 6.07% of the market share. The decline saw ETF products fall behind ETCs and ETNs in terms of market share with the latter two falling 36.7% and 30.6% to \$1.34bn and \$1.61bn respectively.



Following a widespread decline in price, average weekly net flows were negative in June (as of the 28th). Weekly net outflows recorded an all-time high average of \$188mn compared to average weekly inflows of \$80.0mn in May.



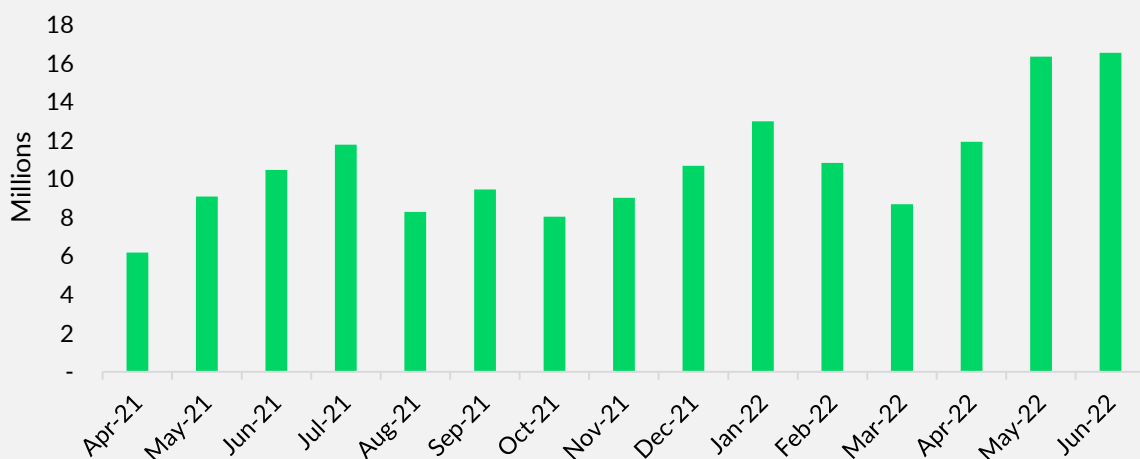
Weekly outflows for Bitcoin-based products averaged an all-time high record of \$161mn in June, while Ethereum experienced significant average outflows of \$33.2mn per week. Short Bitcoin products recorded the largest weekly inflows during June with an average of \$3.10mn. Multi-asset-based products saw inflows averaging \$2.13mn, but all other altcoins saw inflows of \$330k weekly.



Rise of Short Bitcoin ETPs?

With the poor macroeconomic environment and downward price action, there has been an increase in attention and capital to Short Bitcoin Exchange-Traded Products. Short Bitcoin ETPs are designed to enable investors to profit from adverse price movements. On June 20th, ProShares announced the launch of the first short-bitcoin-linked ETF in the United States, the ProShares Short Bitcoin Strategy ETF. 21Shares' Short Bitcoin product (SBTC) was the only ETP that saw an increase in AUM in June. It was also the only ETP that has a positive 30-day return of 30.8%. This was the third consecutive month where the AUM of the product has been rising, recording a new all-time high with \$16.5mn this month. (data as of June 23rd)

AUM of 21Shares Short Bitcoin ETP (SBTC)

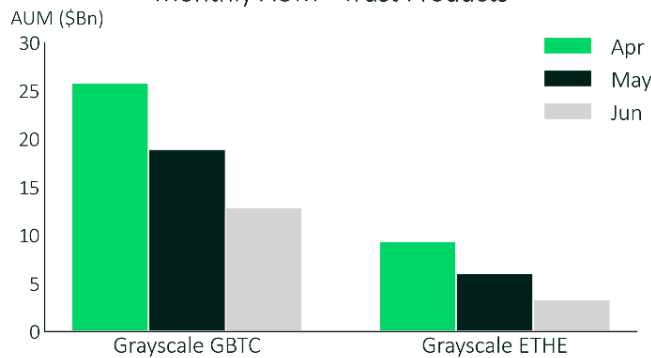


Trust Products

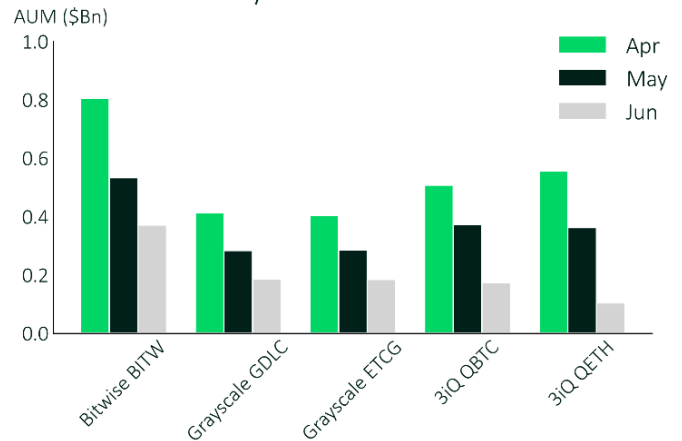
The majority of AUM for trust products continued to reside in Grayscale's Bitcoin (GBTC - \$12.8bn - down 32.1% since May) and Ethereum (ETHE - \$3.30bn - down 45.2%) products.

Other high AUM trust products include Bitwise's index product (BITW) which fell 30.6% to \$370mn in June.

Monthly AUM - Trust Products



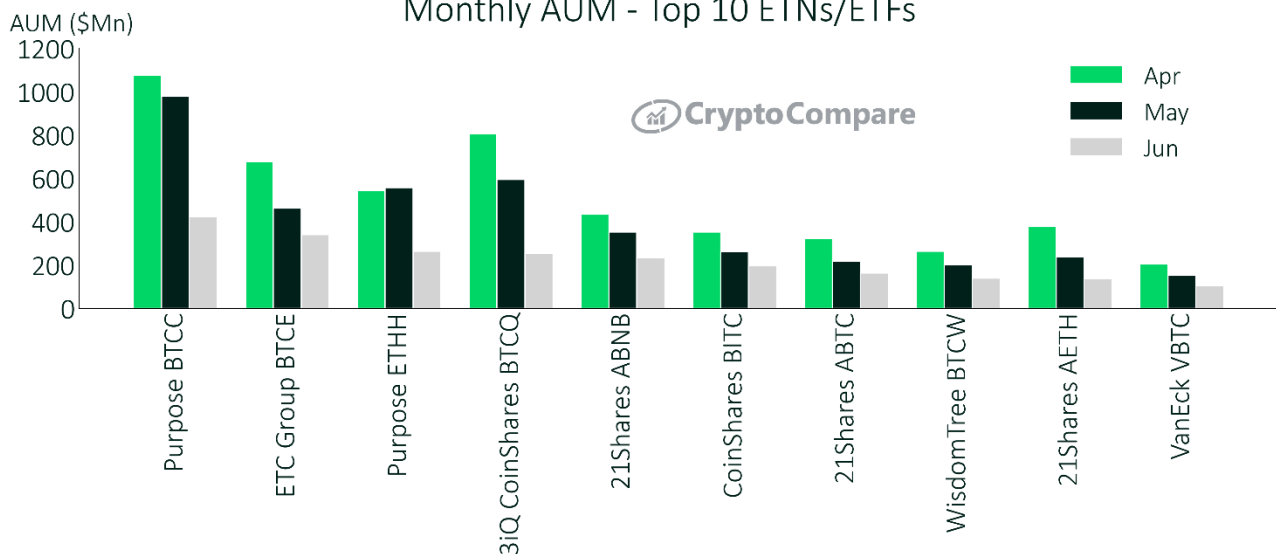
Monthly AUM - Trust Products



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

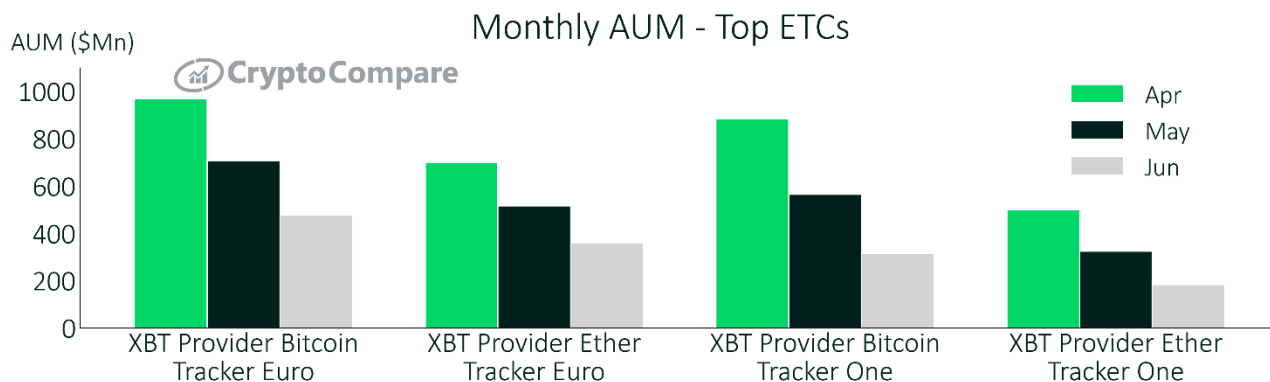
In June, Purpose's BTCC product retained the position of highest AUM in an ETN/ ETF product, despite a significant fall of 56.7% to \$424mn. Purpose's BTCC product was followed by ETC Group's BTCE product and Purpose ETHH product which fell 26.4% and 52.6% to \$340mn and \$264mn respectively.

Monthly AUM - Top 10 ETNs/ETFs



Exchange Traded Certificates (ETCs)

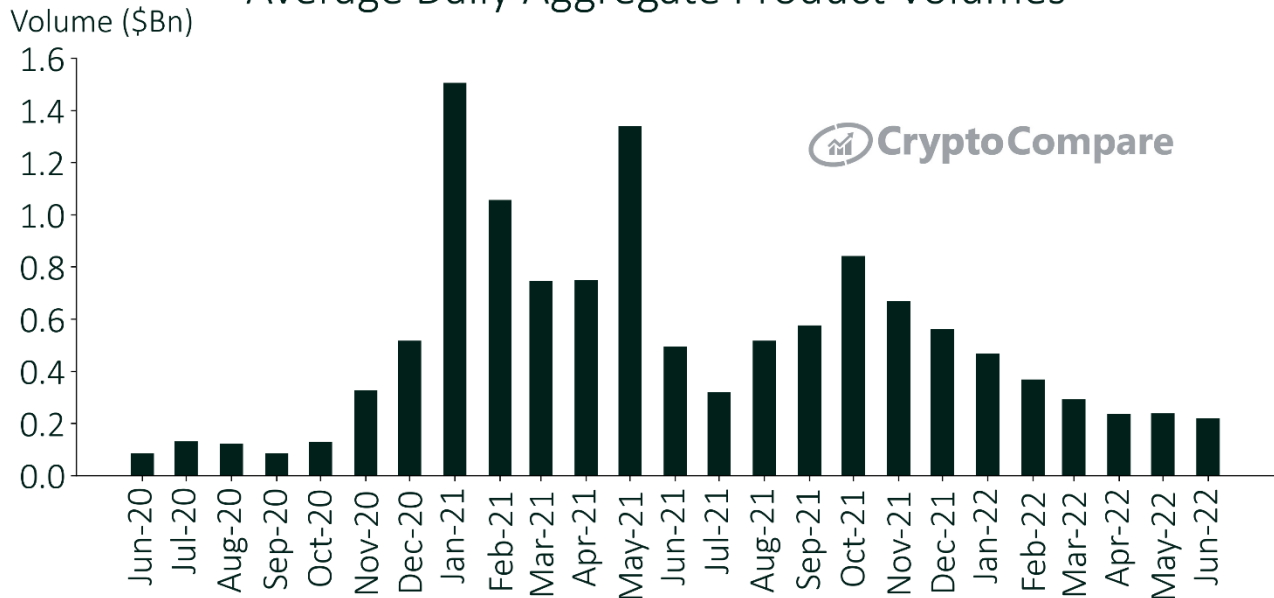
XBT Provider by CoinShares represents the majority of AUM across all ETCs. Its Bitcoin Tracker Euro retained the top spot for highest AUM amongst ETCs in June, despite a 32.5% loss to \$478mn. This was followed by the Ether Tracker Euro product which fell 44.4% to \$314mn in June.



Trading Volumes

Average daily volumes across all digital asset investment products fell by an average of 7.16% to \$221mn from May to June. This is the lowest average daily volume recorded since November 2020.

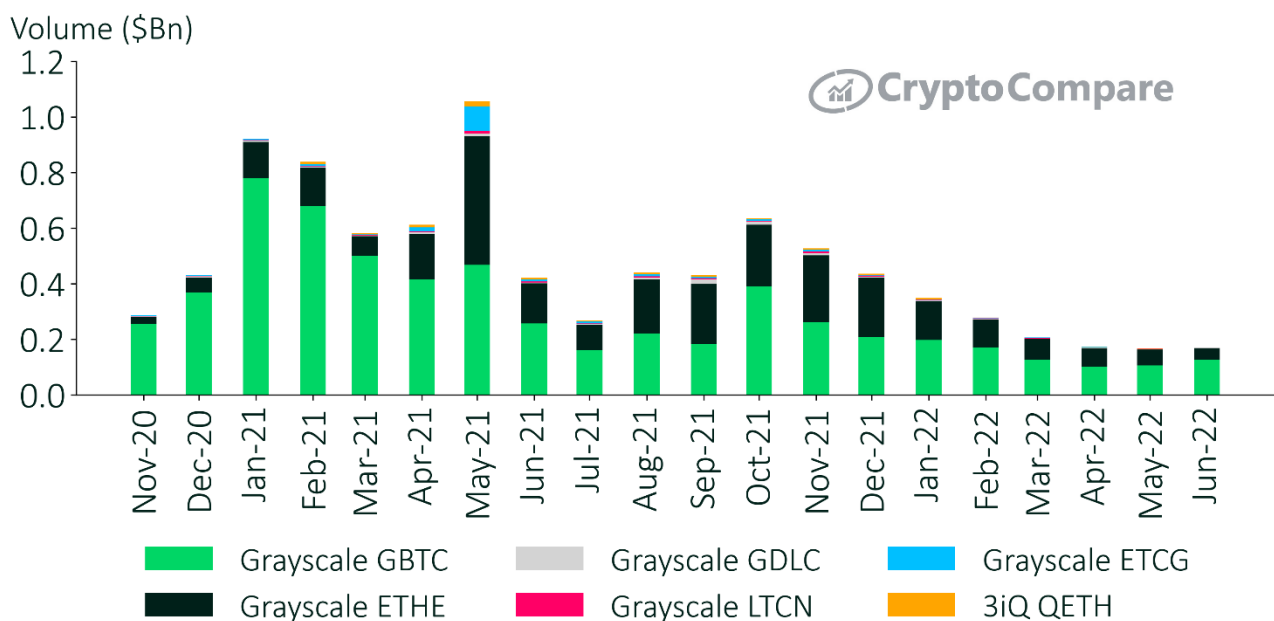
Average Daily Aggregate Product Volumes



Trust Products

In June, Grayscale's Bitcoin trust product (GBTC) maintained its position as the most traded trust product. The average daily volume of the fund totalled \$125mn (up 18.3%), this was followed by Grayscale's Ethereum trust with an average daily volume of \$42.9mn (down 24.6%). Other major trust products, such as 3iQ's Bitcoin product (QBTC), and Ethereum product (QETH), saw their average daily volumes fall to \$856k (down 59.3%) and \$716k (down 50.6%), respectively.

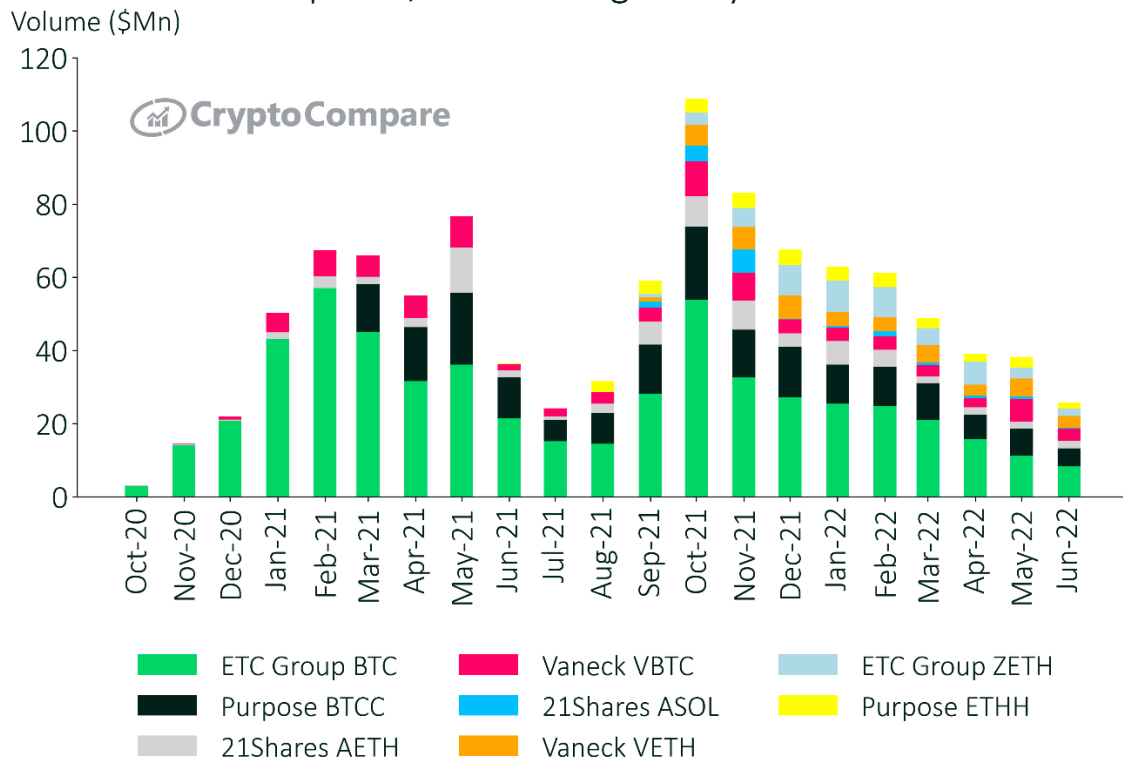
Average Daily Trust Product Volumes



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

Bitcoin trading dominated ETNs/ETFs in June, with ETC Group's BTCE product traded the highest daily volume at \$8.28mn (down 26.6%), followed by Purpose's Bitcoin product (BTCC) at \$4.96mn (down 32.4%) and VanEck's Bitcoin product (VBTC), which fell 47.3% in daily volume to \$3.22mn.

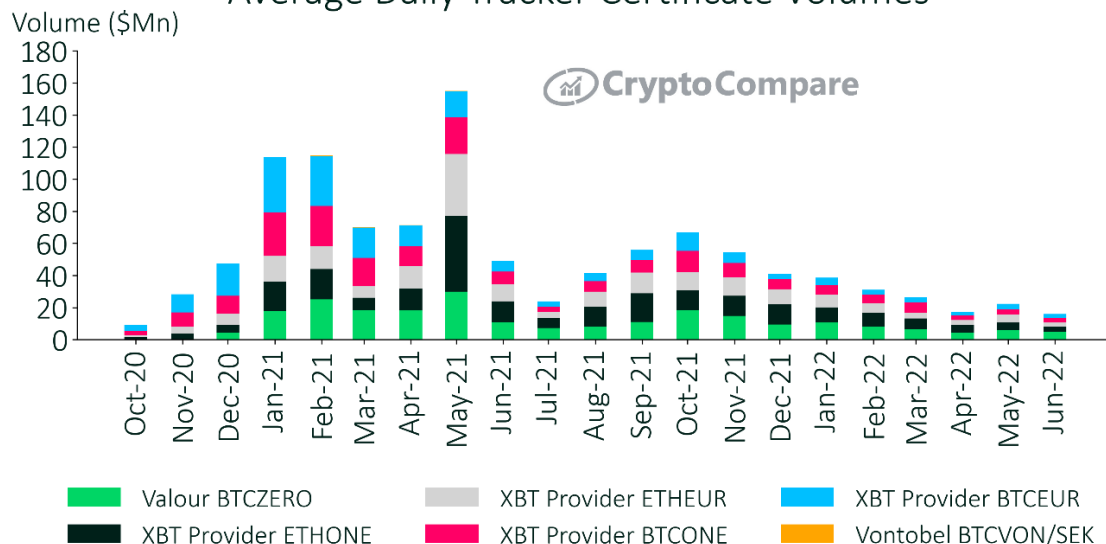
Top ETN/ETFs Average Daily Volumes



Exchange Traded Certificates (ETCs)

Valour's Bitcoin product (BTCZERO) product retained its position as the largest ETC in terms of average daily volume, followed by XBT Tracker's Ether Tracker One (BTC/SEK). Each recorded \$4.77mn (down 19.0%) and \$3.33mn (down 30.6%) 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	125,400,593	18.3%	-30.4%
GRAYSCALE ETHE	TRUST	OTC-TRADED	42,909,932	-24.6%	-43.0%
ETCGROUP BTCE	ETN	EXCHANGE-TRADED	8,284,471	-26.6%	-28.6%
PURPOSE BTCC	ETF	EXCHANGE-TRADED	4,960,769	-32.4%	-32.4%
VALOUR BTCZERO	ETC	EXCHANGE-TRADED	4,766,895	-19.0%	-28.0%
XBTPROVIDER XETHONE	ETC	EXCHANGE-TRADED	3,333,500	-30.6%	-43.7%
VANECK VBTC	ETN	EXCHANGE-TRADED	3,223,074	-47.3%	-27.2%
VANECK VETH	ETN	EXCHANGE-TRADED	3,174,406	-36.0%	-42.3%
XBTPROVIDER XBTCONE	ETC	EXCHANGE-TRADED	2,734,103	-17.6%	-28.2%
XBTPROVIDER XBTCEUR	ETC	EXCHANGE-TRADED	2,661,556	-23.5%	-29.8%
XBTPROVIDER XETHEUR	ETC	EXCHANGE-TRADED	2,452,223	-48.9%	-44.7%
21SHARES AETH	ETN	EXCHANGE-TRADED	2,063,531	7.9%	-41.1%
ETCGROUP ZETH	ETN	EXCHANGE-TRADED	1,972,472	-35.3%	-43.1%
PURPOSE ETHH	ETF	EXCHANGE-TRADED	1,739,430	-40.5%	-46.0%
WISDOMTREE BTCW	ETN	EXCHANGE-TRADED	1,226,668	-24.3%	-27.4%
21SHARES SBTC	ETN	EXCHANGE-TRADED	1,200,989	49.7%	30.8%
3IQ QBTC	TRUST	EXCHANGE-TRADED	856,168	-59.3%	-35.1%
COINSHARES BITC	ETF	EXCHANGE-TRADED	851,941	472.5%	-27.4%
GRAYSCALE GDLC	TRUST	OTC-TRADED	824,678	-34.6%	-32.2%
21SHARES ABTC	ETN	EXCHANGE-TRADED	746,538	-51.4%	-29.1%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	-34.8%
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	-38.6%
MVDA Index	MVIS INDEX	MVIS	---	---	-31.0%

BTC-based products experienced losses over the last 30 days, ranging from 27.2% to 35.1%, while ETH-based products saw losses ranging from 41.1% to 46.0%. The only exception was 21Shares' Bitcoin Short product which saw an increase of 30.8% during the month, making it the best performer of the month. Purpose ETH ETF saw the largest fall with a 46.0% drop from May.

The MVDA index experienced a 31.0% 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

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.