



DIGITAL ASSET MANAGEMENT REVIEW

JULY 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

Ethereum Investment Products Lead July Gains

It has been a turbulent couple of months for the digital asset ecosystem, marred by large losses and high-profile contagion events. In the month of June, all but one product – the 21Shares Short Bitcoin ETP – recorded losses. However, July has seen this trend reverse with all products covered by this report seeing positive 30-day returns.

Ethereum-based products have been leading the bounce-back in July, driven by price movements in the underlying asset. Ethereum products have seen gains ranging from 25.9% to 37.8%, whilst Ethereum itself has experienced 30-day returns of 13.6% (as of July 26th). XBTPProvider's XETHEUR ETC product saw a 30-day return of 37.8%, making it the best performer of the month. In terms of asset by product, Ethereum's AUM rose 44.6% to \$6.57bn compared to that of BTC which rose 16.9% to \$18.6bn.

Trading Volumes Tumble

In July, average daily aggregate volumes across all digital asset investment products fell by an average of 44.6% to \$122mn. This is the lowest average daily aggregate volume recorded since September 2020. This follows a trend of declining average daily aggregate volumes that started in November 2021 and coincides with the general price trend we have seen in the cryptocurrency market, which also saw its last highs in November.

Trust Products Continue to Dominate the Market

The AUM of ETFs marginally rose by 0.64% to \$1.93bn in July, as the SEC continues to deny approval for spot traded ETFs. This contrasts with the AUM of trust products, which rose 18.7% to \$20.6bn (79.3% of total AUM). ETNs and ETCs also had a positive month, rising 18.0% and 15.0% to \$1.90bn and \$1.54bn respectively.

The Trust product market continues to be dominated by the products of Grayscale, with AUM at \$19.8bn (74.4% of total), followed by those of XBT Provider at \$1.53bn (5.77% of total) and 21Shares at \$993mn (3.73% of total). The majority of AUM for trust products continued to reside in Grayscale's Bitcoin (GBTC - \$14.4bn- up 12.1% since June) and Ethereum (ETHE - \$4.70bn - up 42.4%) products.

Latest Digital Asset Investment News

COMPANY	STORY	DATE
VanEck	VanEck Files New Application for Spot Bitcoin ETF	July 1 st
ProShares	Inverse Bitcoin ETF Sees 300% Increase In Short Interest	July 5 th
Grayscale	World's largest bitcoin fund slams the SEC, sues over crypto ETF rejection	July 7 th
Grayscale	Crypto Lender BlockFi Stops Accepting GBTC Shares as Collateral	July 12 th
21Shares	US SEC Pushes Deadline for Verdict on ARK 21Shares Spot Bitcoin ETF to end of August	July 13 th
CoinShares	CoinShares adds Algorand ETP to zero-fee staked crypto line-up	July 15 th
ProShares	ProShares Exec: Bitcoin Futures ETF a 'Real, Robust and First-class Solution'	July 19 th
Grayscale	Crypto Bear Market May Drag On Another 8 Months: Grayscale	July 20 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.

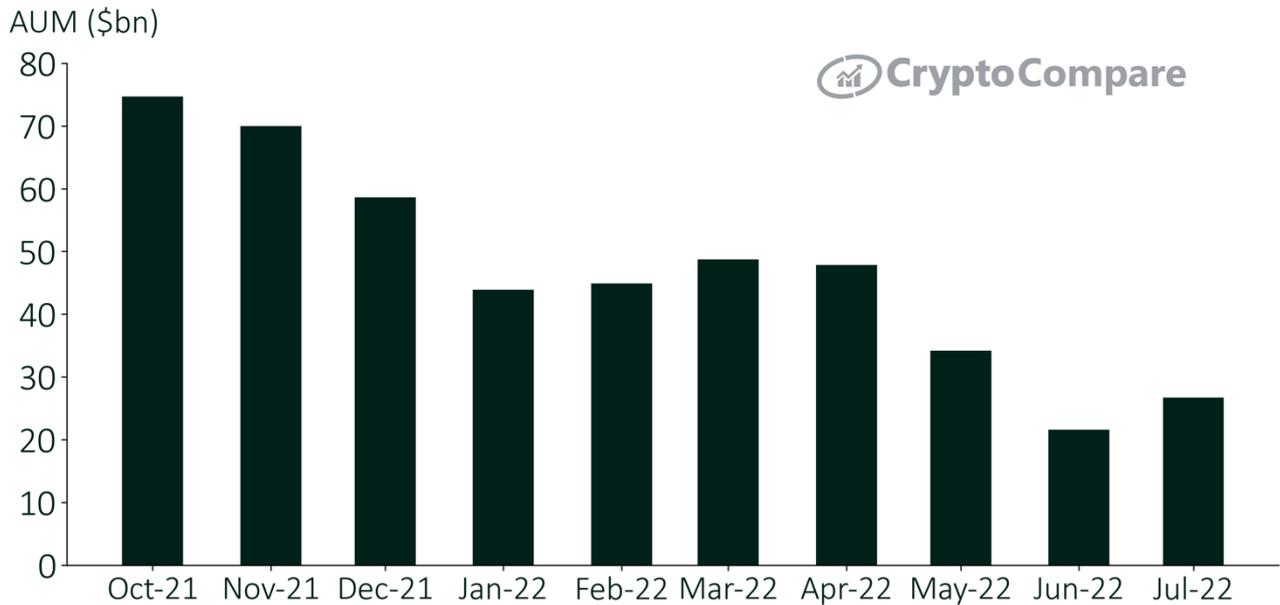
Disclaimer

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

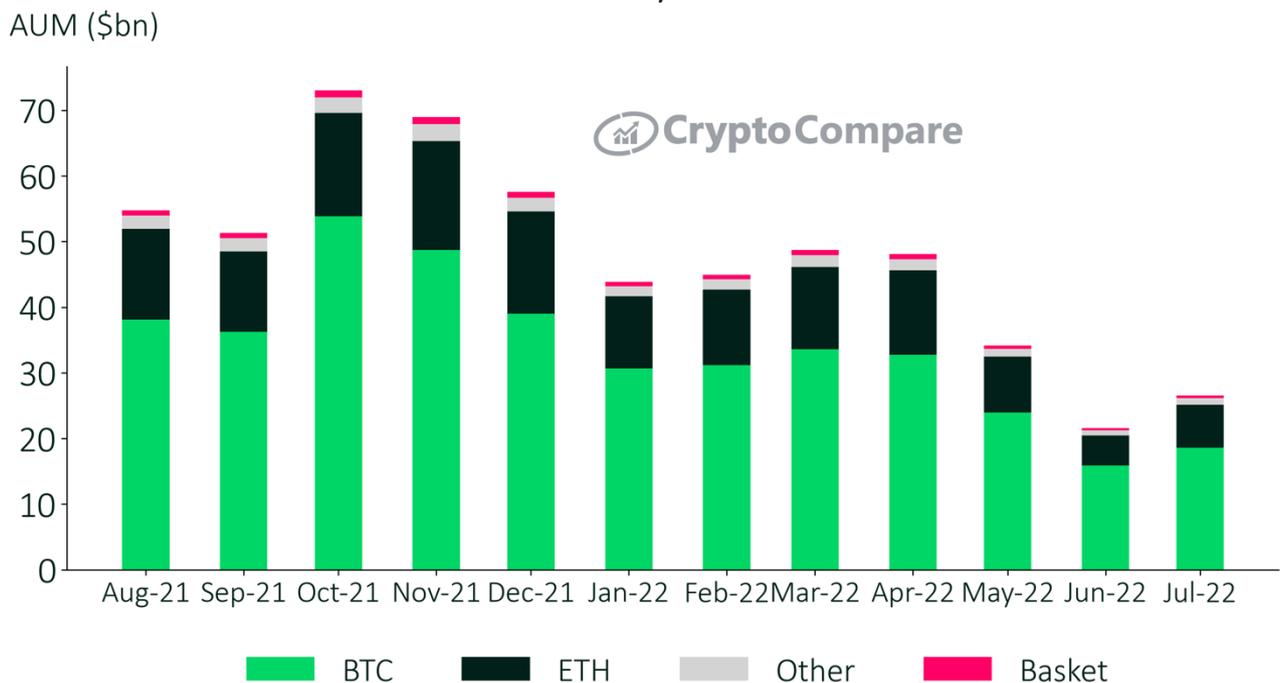
Since the end of June 2022, the total AUM across all digital asset investment products has risen 16.9% to \$25.9bn (as of the 26th of July).

Monthly AUM - Aggregate Exchange and OTC-Traded Products



In July, Bitcoin’s AUM rose 16.9% to \$18.6bn, however, it fell in market share, currently at 69.9% of total AUM, down from 73.6% in June. Ethereum’s AUM rose 44.6% to \$6.57bn while ‘Other’ and ‘Baskets’ AUM rose 21.8% to \$1bn and 19.6% to \$404mn, respectively.

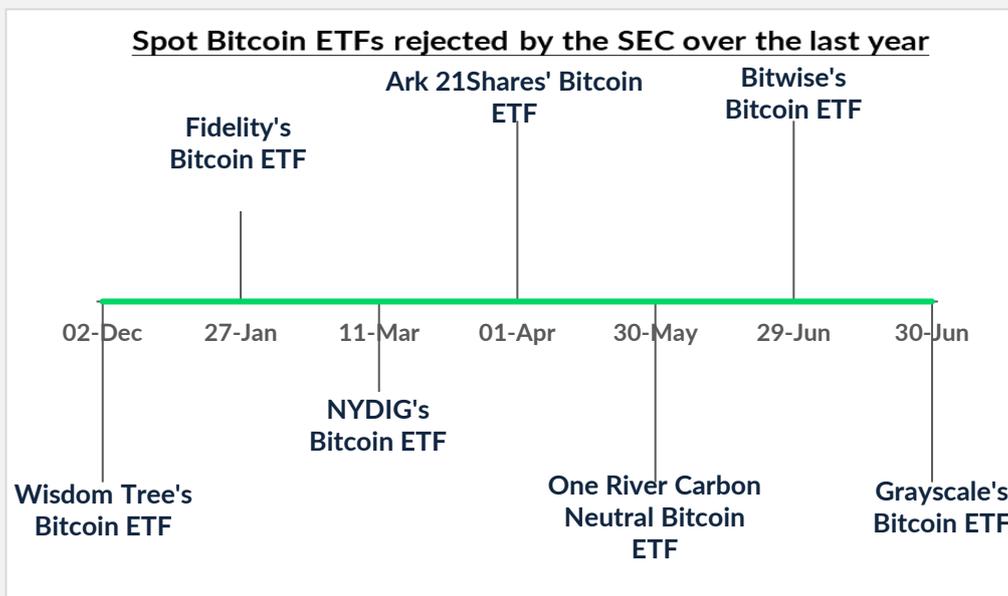
AUM by Asset



SEC continues to reject spot Bitcoin ETF applications.

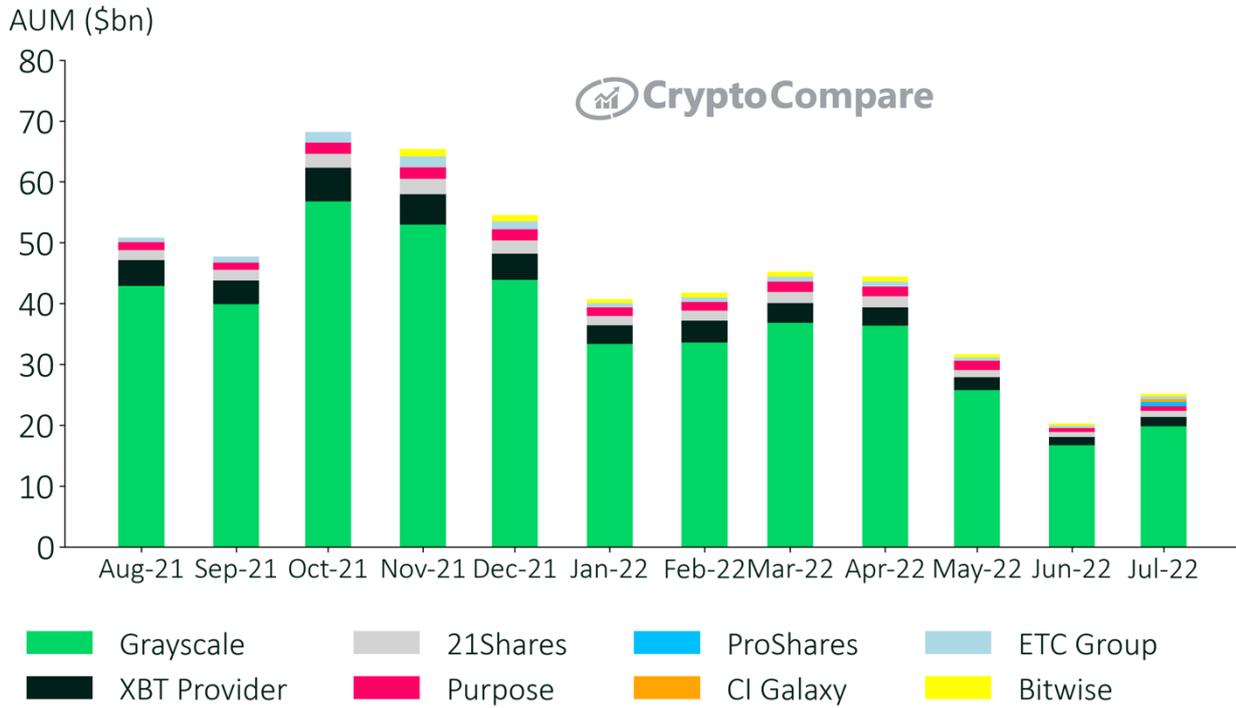
The SEC rejected Grayscale Investment’s and Bitwise Asset Management’s application for a spot Bitcoin ETF on June 29th and June 30th, continuing their risk-averse approach against the asset. The former immediately responded by filing a petition to review with the U.S. Court of Appeals in Washington D.C. Bitwise has also stated that they are not ruling out suing the SEC, arguing the regulatory authority is acting ‘arbitrarily and capriciously’ under the Administrative Procedures Act.

The U.S Securities and Exchange Commission has a history of taking a strict stance against spot Bitcoin ETFs as seen in the figure below. The SEC believes that there is a possibility for market manipulation using the USDT stablecoin and digital asset management companies have failed to reassure them that this is not possible. On the other hand, the digital asset management companies including Grayscale believe that the SEC is taking a biased stance against the asset considering they approved Bitcoin Futures ETFs and Short Bitcoin ETFs earlier this year.



Grayscale products continue to represent the vast majority of AUM at \$19.8bn (74.4% of total) followed by those of XBT Provider at \$1.53bn (5.77% of total) and 21Shares at \$993mn (3.73% of total).

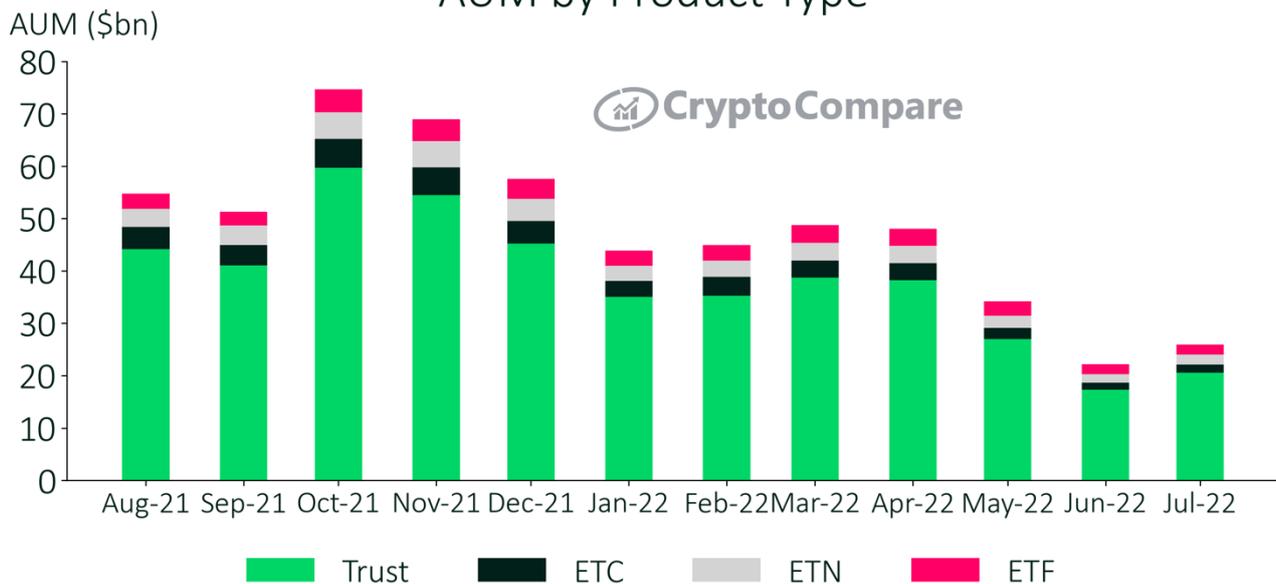
AUM by Company



Regarding product type, AUM in trust products (dominated by Grayscale) increased by 18.7% to \$20.6bn (79.3% of total AUM).

AUM represented by ETFs rose marginally in July, up 0.64% to \$1.93bn, controlling 7.44% of the market share. ETFs are followed by ETNs and ETCs in terms of market share, with the latter two rising 18.0% and 15.0% to \$1.90bn and \$1.54bn respectively.

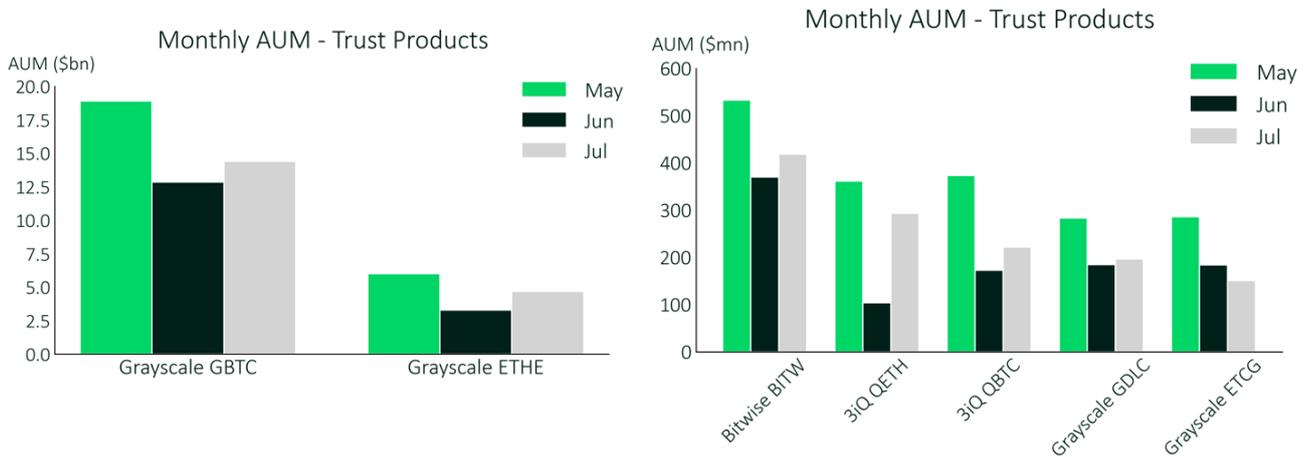
AUM by Product Type



Trust Products

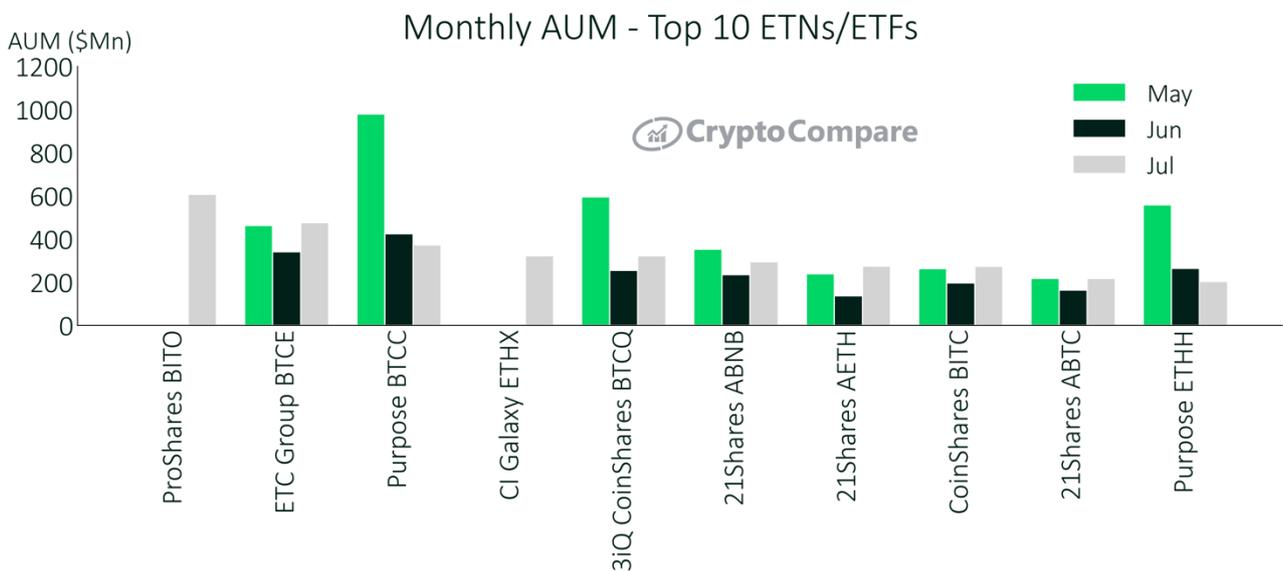
The majority of AUM in trust products continued to reside in Grayscale’s Bitcoin (GBTC - \$14.4bn – up 12.1% since June) and Ethereum (ETHE – \$4.70bn – up 42.4%) products.

Other high AUM trust products include Bitwise’s index product (BITW) which rose 13.0% to \$418mn in July.



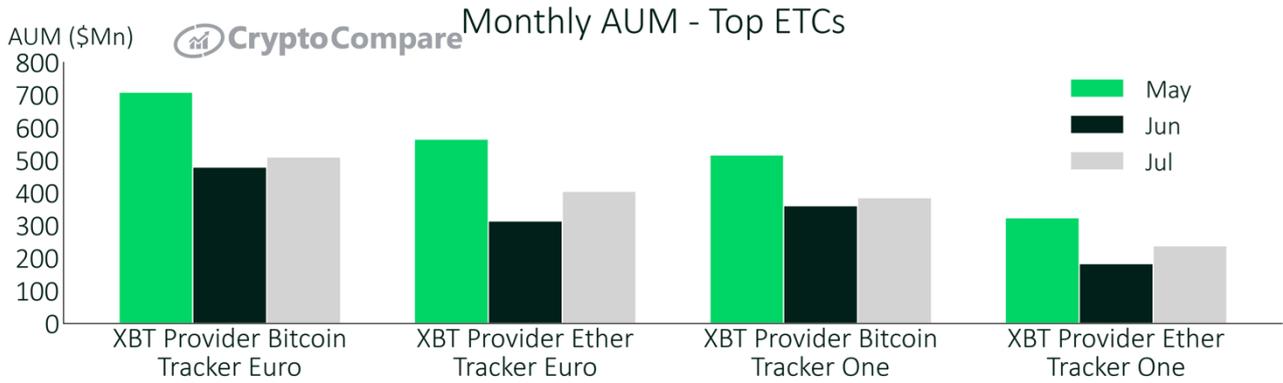
Exchange Traded Notes (ETNs) and Exchange Traded Funds (ETFs)

In July, ProShares BITO product held the position of highest AUM in an ETN/ ETF product with \$608mn. This was followed by ETC Group’s BTCE product and Purpose’s BTCC product, with the former rising 39.9% to \$476mn and the latter falling 12.2% to \$373mn.



Exchange Traded Certificates (ETCs)

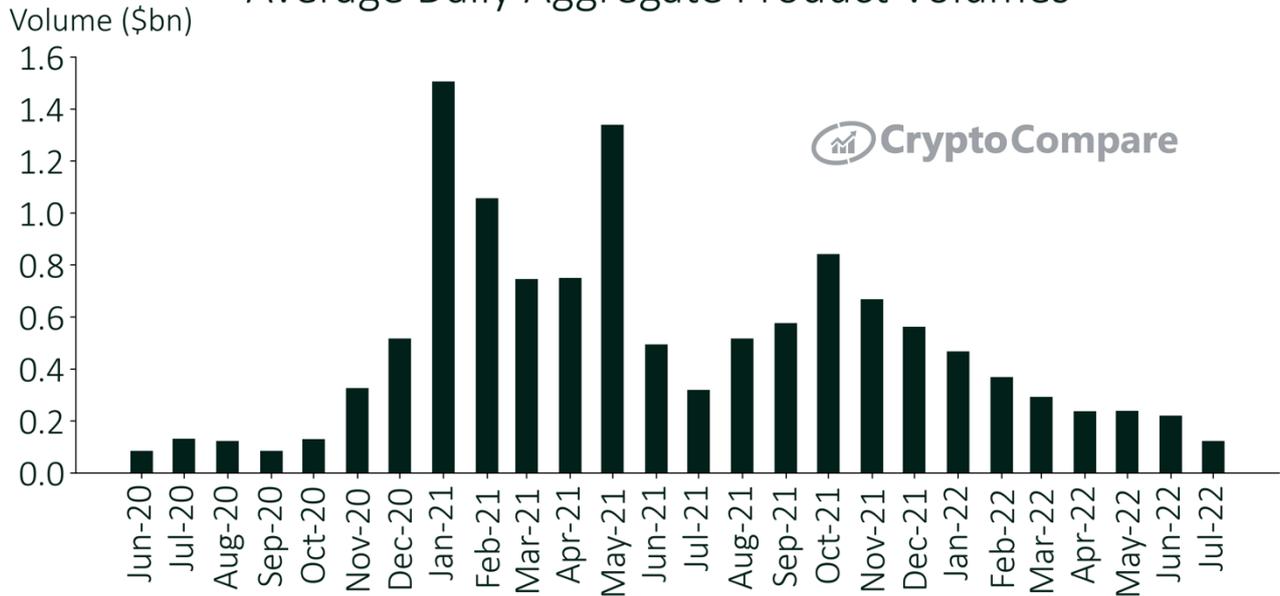
XBT Provider by CoinShares represents the majority of AUM across all ETCs. Its Bitcoin Tracker Euro retained the top spot for highest AUM amongst ETCs in July, with a 6.39% rise to \$509mn. This was followed by the Ether Tracker Euro product which rose 28.9% to \$404mn in July.



Trading Volumes

Aggregate daily product volumes across all digital asset investment products fell by an average of 44.6% to \$122mn from June to July. This is the lowest aggregate daily volume recorded since September 2020.

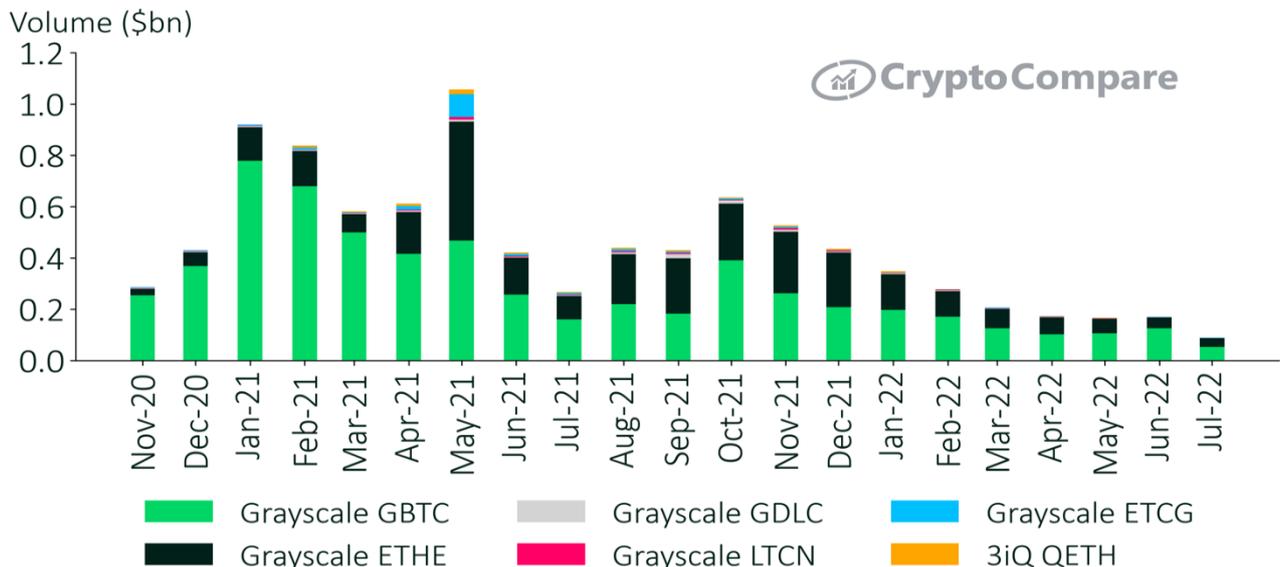
Average Daily Aggregate Product Volumes



Trust Products

In July, Grayscale’s Bitcoin trust product (GBTC) maintained its position as the most traded trust product. The average daily volume of the fund totalled \$52.0mn (down 58.6%), this was followed by Grayscale’s Ethereum trust with an average daily volume of \$35.4mn (down 17.5%). Other major trust products, such as 3iQ’s Bitcoin product (QBTC) saw average daily volumes fall by 6.14% to 804k, whilst their Ethereum product (QETH) saw average daily volumes rise to \$748k (up 4.56%).

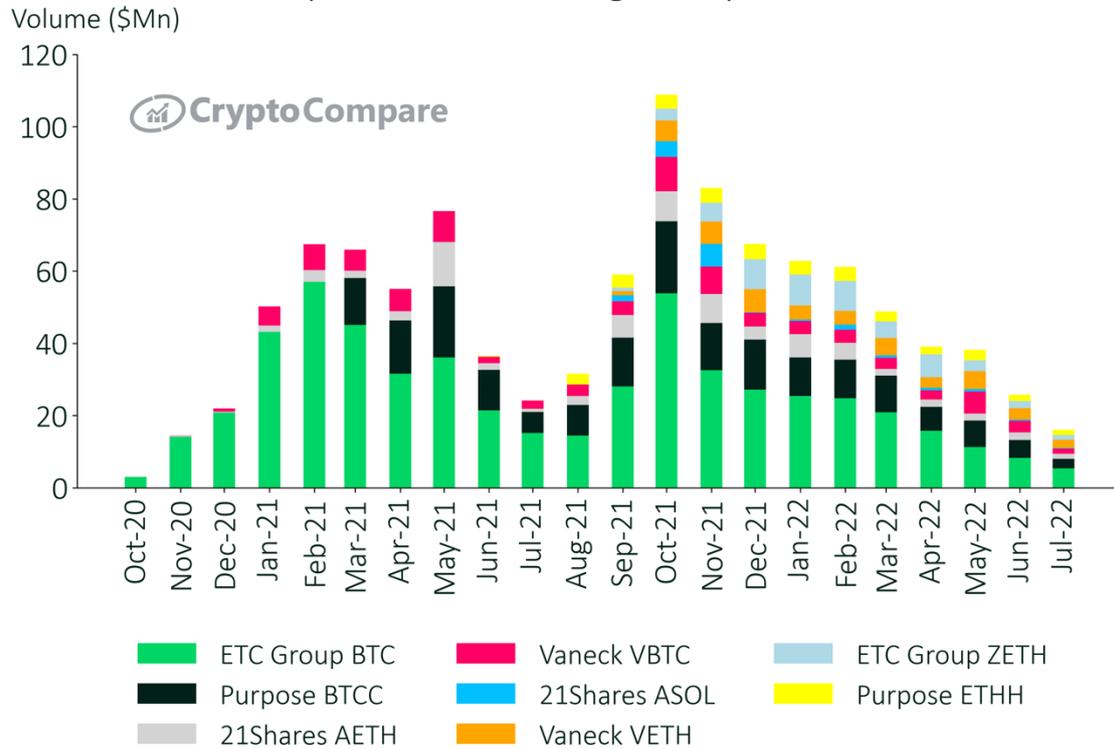
Average Daily Trust Product Volumes



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

Bitcoin trading dominated ETNs/ETFs in July, with ETC Group’s BTCE product trading the highest daily volume at \$5.40mn (down 34.8%), followed by Purpose’s Bitcoin product (BTCC) at \$2.64mn (down 46.8%), and VanEck’s Bitcoin product (VBTC), which saw its daily volume fall 54.9% to \$1.46mn.

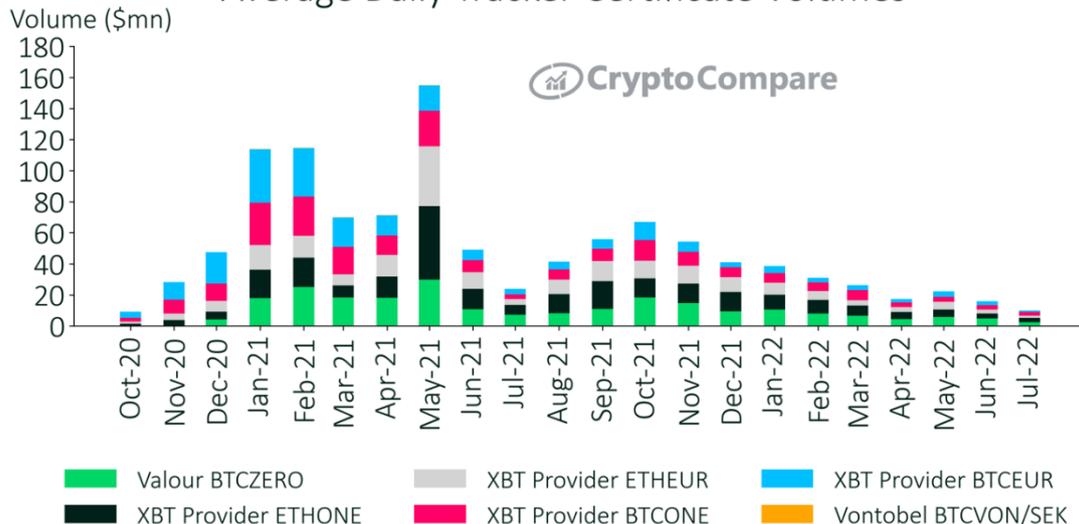
Top ETN/ETFs Average Daily Volumes



Exchange Traded Certificates (ETCs)

XBT Tracker’s Ether Tracker One (BTC/SEK) took the top spot from Valour’s Bitcoin product (BTCZERO) as the largest ETC in terms of average daily volume. Each recorded \$2.85mn (down 14.4%) and \$2.36mn (down 50.4%) 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	51,977,975	-56.3%	7.2%
GRAYSCALE ETHE	TRUST	OTC-TRADED	35,388,657	-20.7%	32.0%
ETCGROUP BTCE	ETN	EXCHANGE-TRADED	5,398,953	-34.6%	10.5%
XBTPROVIDER XETHONE	ETC	EXCHANGE-TRADED	2,852,449	-7.1%	34.0%
PURPOSE BTCC	ETF	EXCHANGE-TRADED	2,638,685	-44.2%	8.5%
VALOUR BTCZERO	ETC	EXCHANGE-TRADED	2,362,552	-47.2%	14.9%
VANECK VETH	ETN	EXCHANGE-TRADED	2,301,418	-23.3%	33.4%
XBTPROVIDER XBTCONE	ETC	EXCHANGE-TRADED	2,291,601	-11.0%	7.4%
XBTPROVIDER XETHEUR	ETC	EXCHANGE-TRADED	1,505,644	-29.1%	37.8%
VANECK VBTC	ETN	EXCHANGE-TRADED	1,455,005	-53.6%	7.9%
PURPOSE ETHH	ETF	EXCHANGE-TRADED	1,408,553	-14.7%	26.8%
21SHARES AETH	ETN	EXCHANGE-TRADED	1,338,549	10.9%	34.3%
ETCGROUP ZETH	ETN	EXCHANGE-TRADED	1,290,086	-34.8%	32.5%
GRAYSCALE GDLC	TRUST	OTC-TRADED	1,111,371	33.0%	18.2%
XBTPROVIDER XBTCEUR	ETC	EXCHANGE-TRADED	898,315	-58.7%	10.3%
3IQ QBTC	TRUST	EXCHANGE-TRADED	803,595	-5.7%	6.6%
COINSHARES BITC	ETF	EXCHANGE-TRADED	791,880	-7.05%	6.5%
WISDOMTREE BTCW	ETN	EXCHANGE-TRADED	785,812	-34.1%	6.3%
3IQ QETH	TRUST	EXCHANGE-TRADED	748,130	17.2%	25.9%
GRAYSCALE ETCG	TRUST	OTC-TRADED	717,548	22.7%	37.3%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	-1.50%
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	13.6%
MVDA Index	MVIS INDEX	MVIS	---	---	0.18%

BTC-based products experienced gains over the last 30 days, ranging from 6.3% to 10.5%, while ETH-based products saw gains ranging from 25.9% to 37.8%. XBTPROVIDER's XETHEUR ETC product was the best performer of the month with an increase of 37.8. WisdomTree's BTCW ETN saw the smallest gain from June, with 6.3%.

The MVDA index experienced a marginal rise of 0.18%. 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.