



# DIGITAL ASSET MANAGEMENT REVIEW

AUGUST 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 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](mailto:research@cryptocompare.com).

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## Key Market Insights

### Bitcoin Products Struggle in August

Ethereum-based products led the bounce-back in July and continued to outperform in August. AUM for Bitcoin-based products fell 7.16% to \$17.4bn whilst Ethereum-based products saw gains of 2.36% to \$6.81bn. Indeed, even at a more granular level, no Bitcoin products covered in this report saw AUM or volume gains in the month of August. We could be seeing interest move away from Bitcoin in the short term, as Ethereum-based products hold the attention with the much-anticipated merge on the horizon.

### Traders Look to Diversify

Following the numerous high-profile crashes seen earlier this year, traders may be looking to diversify their crypto portfolio further to offer insurance against any more possible black swan events. This can be seen in the data, as products based on assets that come under the umbrella of 'Other' saw the largest AUM gains, rising 12.3% to \$1.13bn. In terms of net flows, 'Multi-asset' and 'Other' had positive flows of \$1.3mn and \$0.8mn respectively, in August.

### Ethereum Trusts Gain Volume Supremacy

For the first time since December 2021, Grayscale's Bitcoin trust product (GBTC) lost its position as the most traded trust product. The average daily volume of the fund totalled \$42.3mn (down 24.4%). Grayscale's Ethereum trust took the top spot with an average daily volume of \$48.7mn (up 23.2%). In contrast, traders appear to be more bearish on Bitcoin, as 3iQ's Bitcoin product (QBTC) also saw average daily volumes fall, by 55.2% to \$462k. All Bitcoin-based trust products covered in this report saw average daily volumes fall in August, as opposed to most Ethereum-based products, which saw their volumes rise.

Despite increasing volumes surrounding Ethereum products, the majority of AUM in trust products continued to reside in Grayscale's Bitcoin product (GBTC - \$13.4bn - down 7.05% since July), followed by Grayscale's Ethereum product (ETHE - \$4.80bn - up 2.25%).

## Latest Digital Asset Investment News

COMPANY	STORY	DATE
Charles Schwab	<a href="#">Charles Schwab Files Prospectus for Crypto-Themed ETF</a>	August 1 <sup>st</sup>
Betashares	<a href="#">Betashares Launches Australia's First Metaverse ETF on ASX</a>	August 3 <sup>rd</sup>
ETC Group	<a href="#">ETC Group criticizes lending practices of lower-cost crypto ETPs</a>	August 9 <sup>th</sup>
SoFi	<a href="#">SoFi Debuts ETF Focused on NFTs, Blockchain Tech, Metaverse</a>	August 9 <sup>th</sup>
BlackRock	<a href="#">BlackRock Launches Spot Bitcoin Private Trust After Coinbase Partnership</a>	August 11 <sup>th</sup>
Grayscale	<a href="#">Grayscale Investments Contends that the Securities and Exchange Commission Erred in Rejecting Listing of Bitcoin Trust</a>	August 18 <sup>th</sup>
CoinShares	<a href="#">Summer doldrums? Crypto volumes are down 55%, according to CoinShares</a>	August 22 <sup>nd</sup>
21Shares	<a href="#">21Shares and ByteTree's BOLD stand firm despite market conditions</a>	August 23 <sup>rd</sup>
VanEck	<a href="#">SEC Delays VanEck's Bitcoin ETF Decision Another 45 Days</a>	August 26 <sup>th</sup>

## Definitions

In the current review we have defined the major available products types as follows:

<b>ETF</b> - Exchange Traded Fund	Exchange traded open-ended fund that trades like an equity
<b>ETN</b> - Exchange Traded Note	Fully collateralised open-ended debt security
<b>Trust</b> - Listed/OTC-Traded Trust	Closed-ended investment fund established as a trust
<b>ETC</b> - 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.

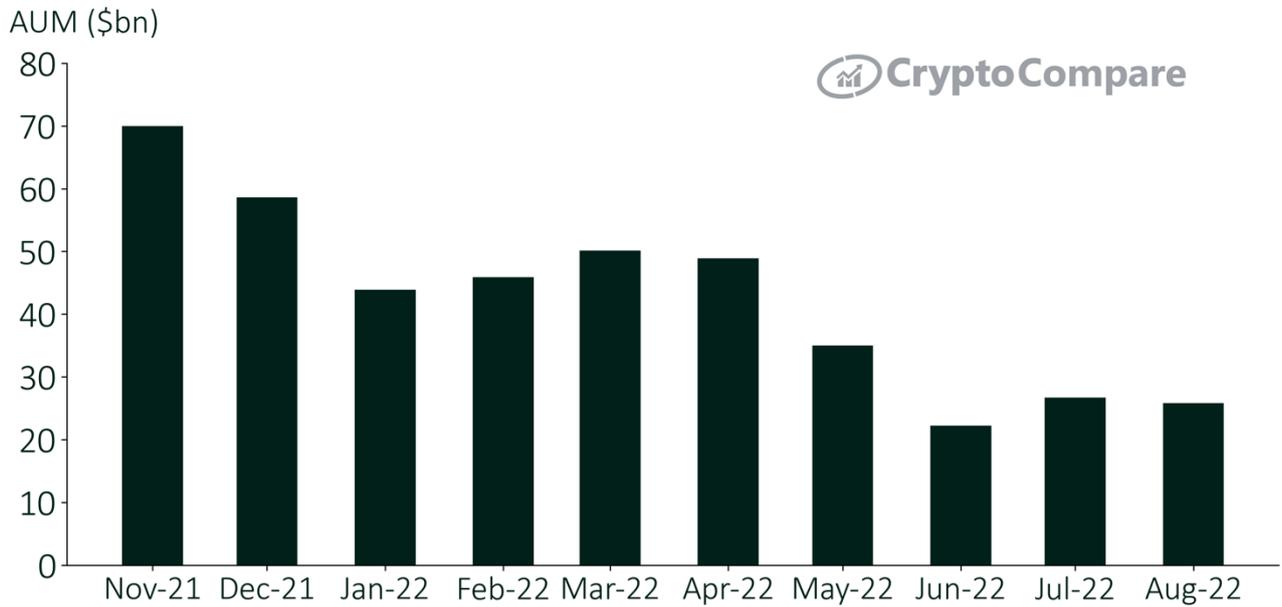
## Disclaimer

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

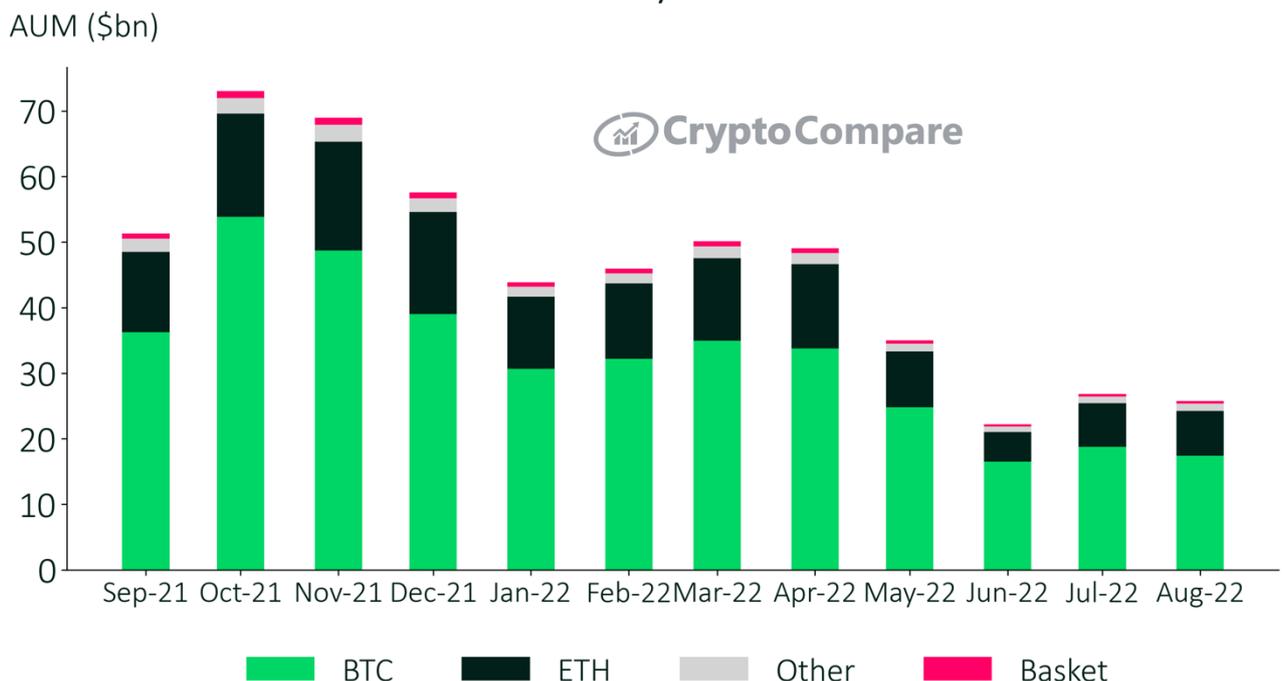
Since the end of July 2022, the total AUM across all digital asset investment products have fallen 4.00% to \$25.8bn (as of the 23<sup>rd</sup> of August).

### Monthly AUM - Aggregate Exchange and OTC-Traded Products



In August, Bitcoin’s AUM fell 7.16% to \$17.4bn, as a result, its market share also fell to 67.6% of total AUM, down from 76.9% in July. Ethereum’s AUM rose 2.36% to \$6.81bn while ‘Other’ and ‘Baskets’ AUM rose 12.3% to \$1.13bn and fell 2.78% to \$393mn, respectively. Ethereum products now account for 26.5% of total AUM, its largest market share since the start of the year.

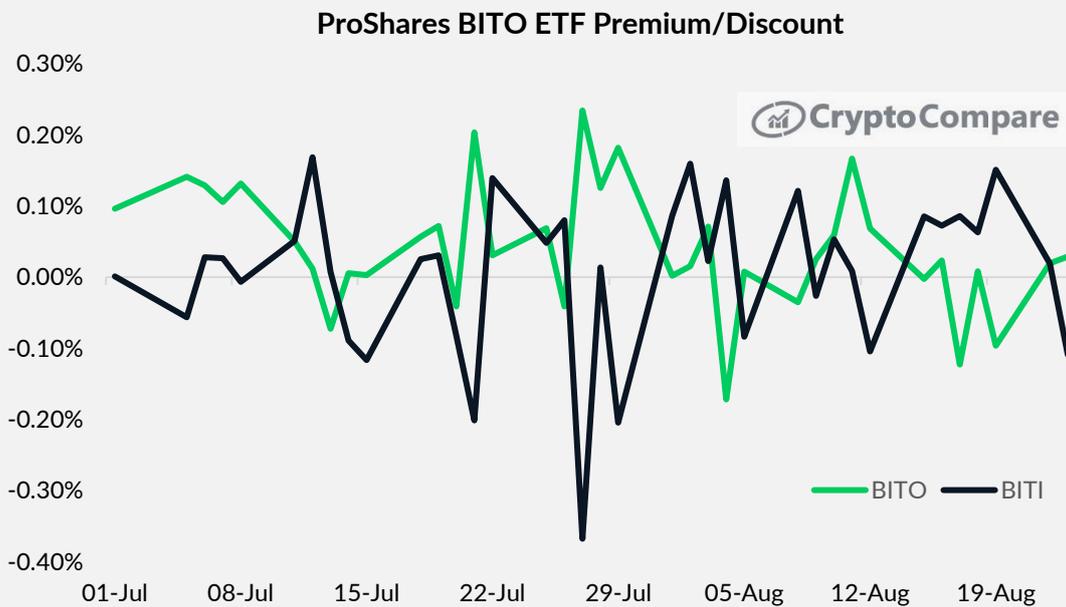
### AUM by Asset



**ProShares BITO ETF Premium/Discount**

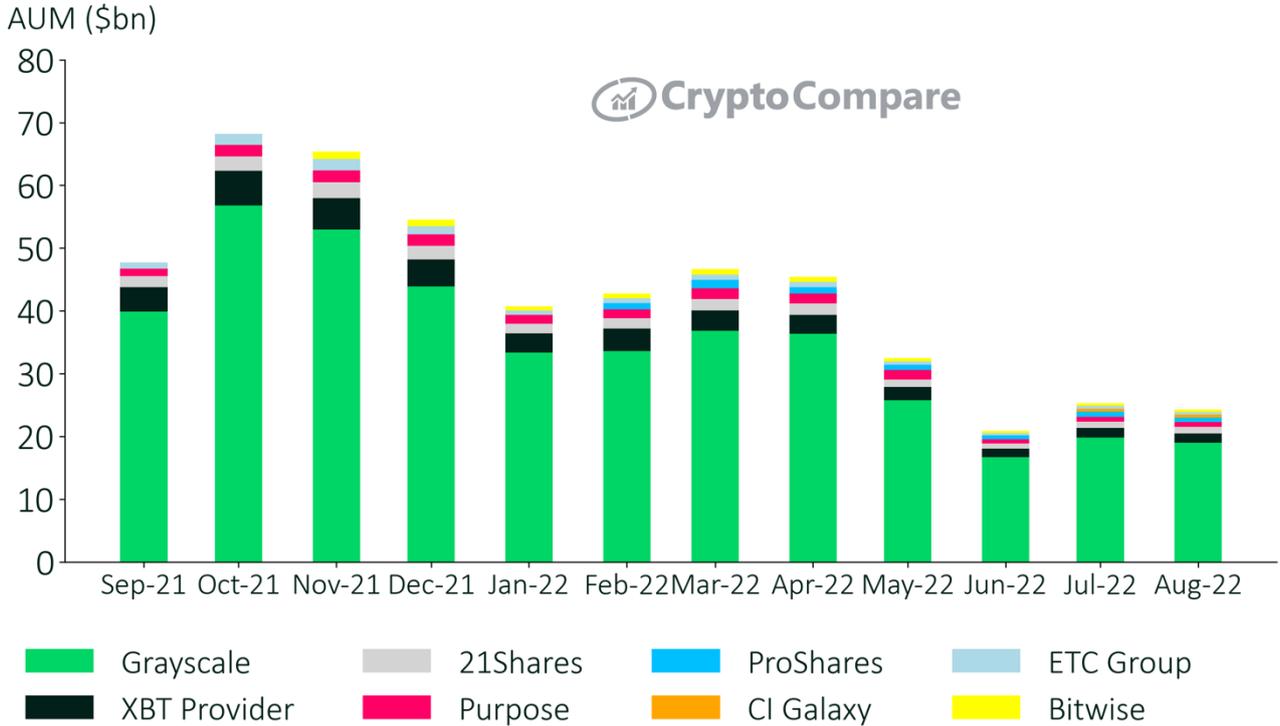
In August, the bearish sentiment towards Bitcoin can be seen more clearly when looking at the premium or discount history of the ProShares long (BITO) and short (BITI) strategy ETFs. An ETF can trade at a premium or discount during times of high volatility, forcing the underlying Net Asset Value (NAV) per share to differ from the trade price. This is calculated by taking the difference between the market price and NAV as a percentage of the NAV.

The BITO ETF traded at a discount for much of August, with a spike in premium coming around the middle of the month, suggesting traders were selling the ETF more than buying. Whereas we can see that the BITI ETF traded at a premium for much of August, suggesting traders were looking to take a short strategy towards Bitcoin and therefore bearish sentiment prevailed.



Grayscale products continue to represent the vast majority of AUM at \$19.0bn (73.7% of total) followed by those of XBT Provider at \$1.49bn (5.78% of total) and 21Shares at \$1.04bn (4.04% of total).

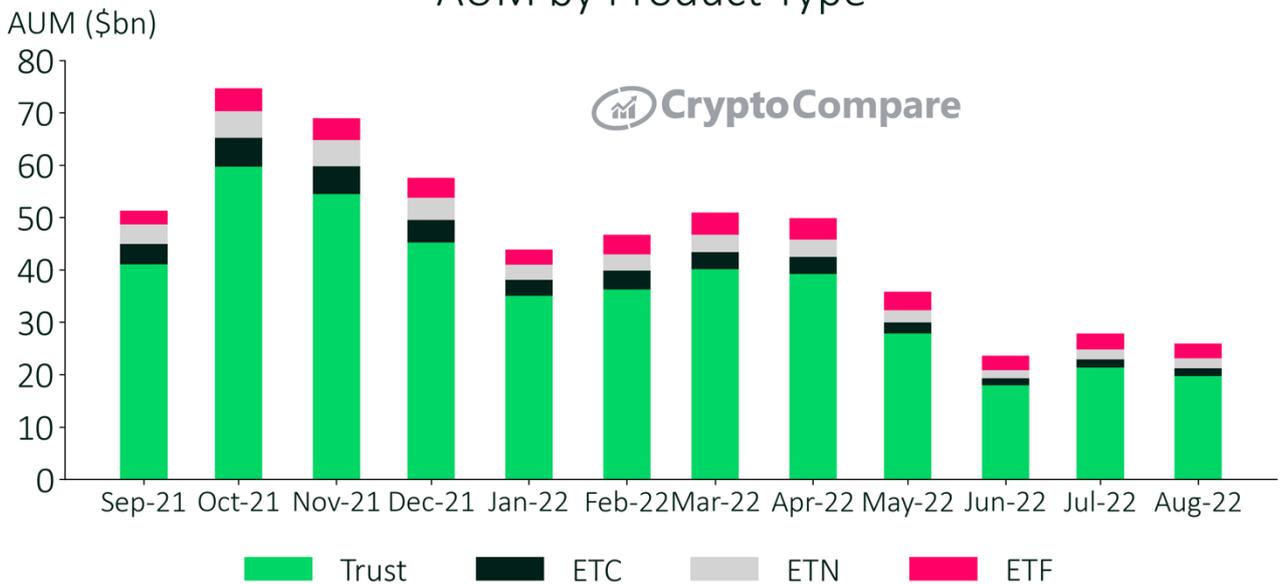
### AUM by Company



Regarding product type, AUM in trust products (dominated by Grayscale) fell by 7.74% to \$19.7bn (76.0% of total AUM).

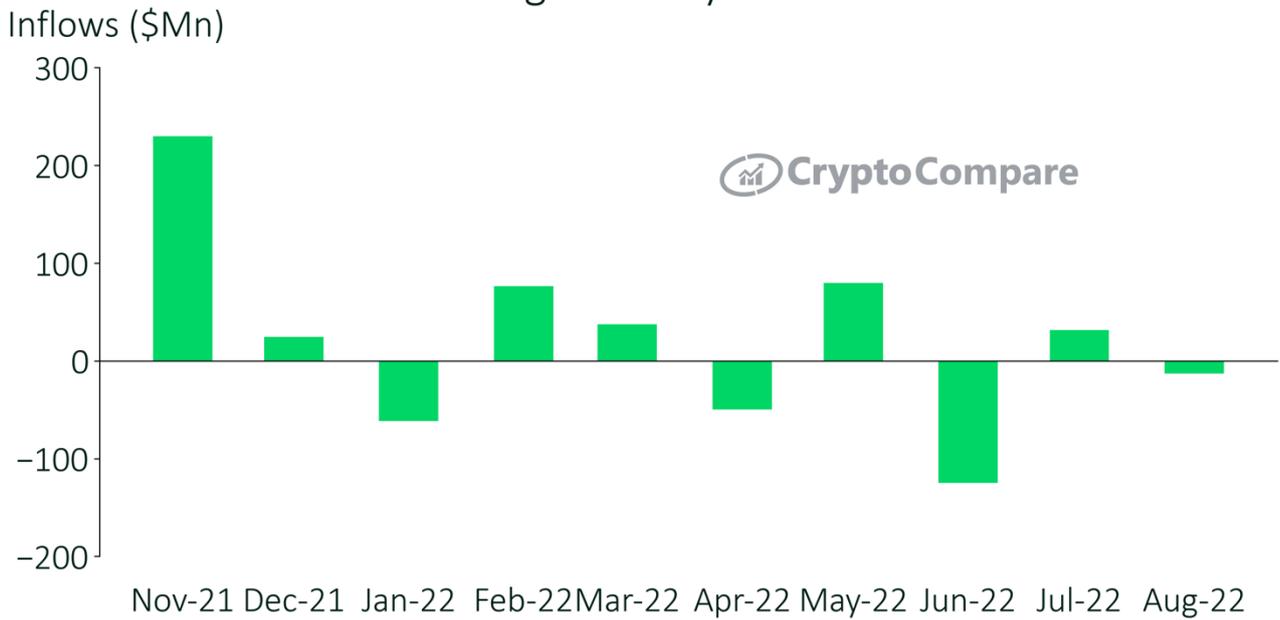
AUM represented by ETFs fell in August, down 0.64% to \$2.48bn, controlling 11.0% of the market share. ETFs are followed by ETNs and ETCs in terms of market share, with the latter two falling 0.59% and 3.06% to \$1.89bn and \$1.49bn respectively.

### AUM by Product Type



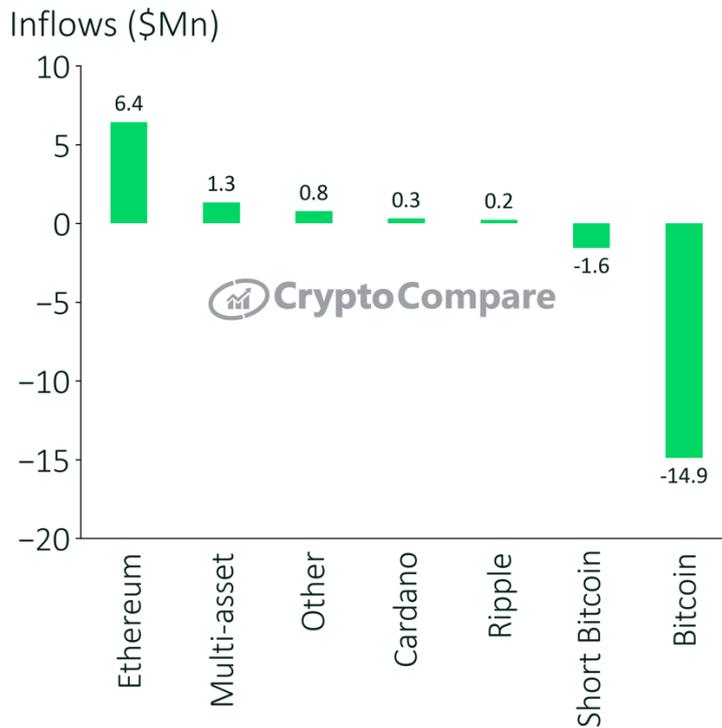
Average weekly net flows were negative in August (as of the 23<sup>rd</sup>). Weekly net outflows recorded an average of \$12.9mn compared to average weekly inflows of \$31.5mn in July.

### Average Weekly Net Flows



Weekly outflows for Bitcoin-based products averaged \$14.9mn in August. In contrast, Ethereum products recorded the largest weekly inflows of \$6.4mn per week. Multi-asset-based products saw inflows averaging \$1.3mn and other altcoins saw inflows of \$800k.

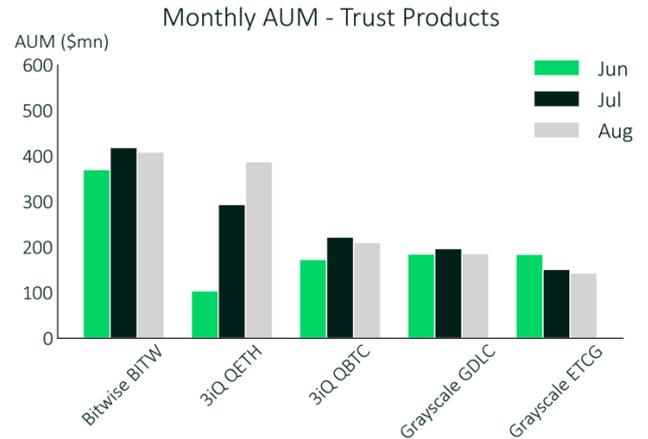
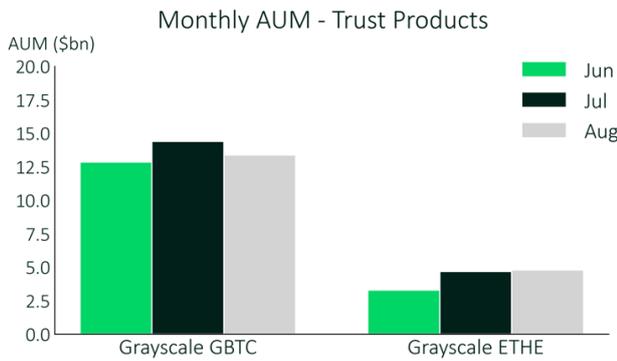
### Average Weekly Net Flows by Asset



## Trust Products

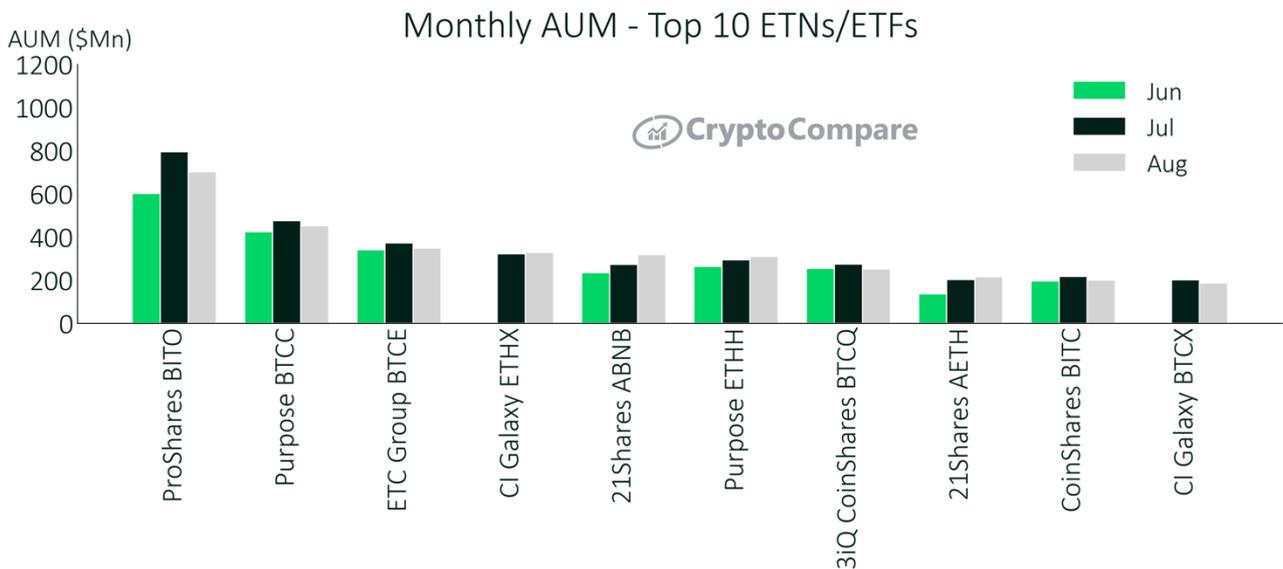
The majority of AUM in trust products continued to reside in Grayscale’s Bitcoin (GBTC - \$13.4bn- down 7.05% since July) and Ethereum (ETHE - \$4.80bn - up 2.25%) products.

Other high AUM trust products include Bitwise’s index product (BITW) which fell 2.31% to \$408mn in August.



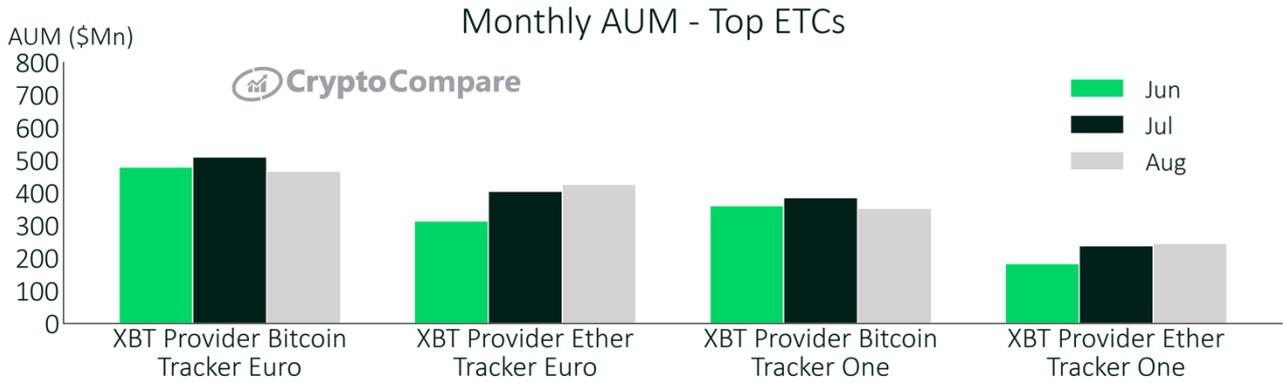
## Exchange Traded Notes (ETNs) and Exchange Traded Funds (ETFs)

In August, Proshares BITO product held the highest AUM in an ETN/ ETF product with \$702mn. This was followed by Purpose’s BTCC product and ETC Group’s BTCE product, with the former falling 5.15% to \$452mn and the latter also falling 6.12% to \$350mn.



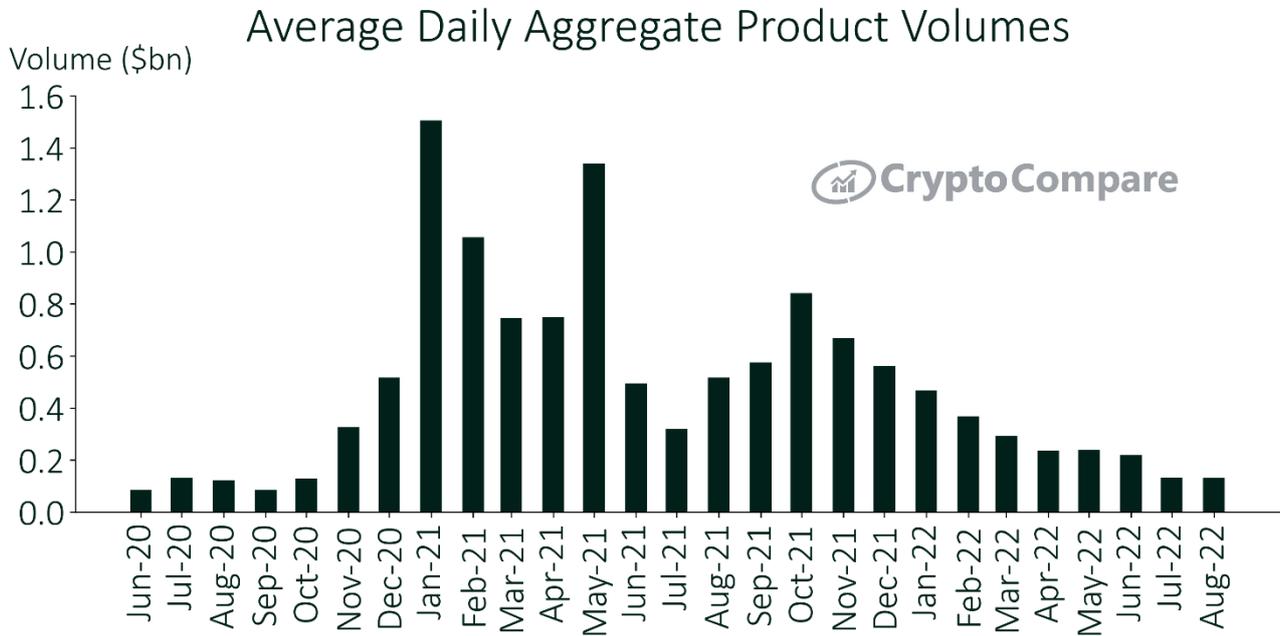
## Exchange Traded Certificates (ETCs)

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 August, despite an 8.39% fall to \$466mn. This was followed by the Ether Tracker Euro product which rose 5.14% to \$425mn.



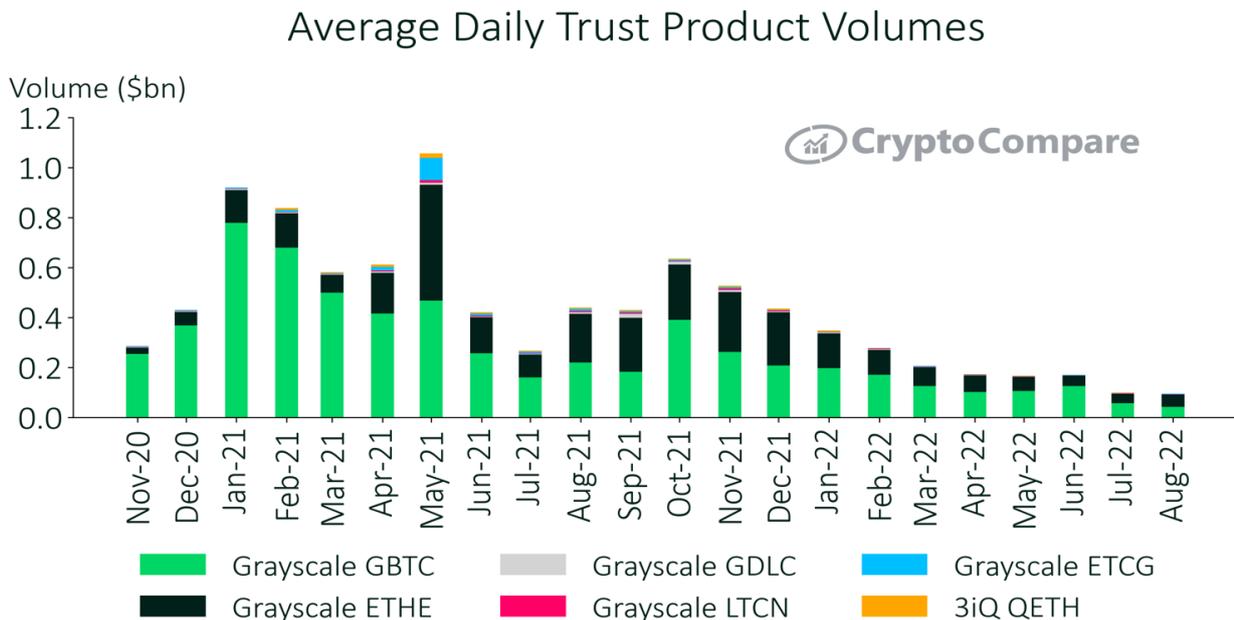
## Trading Volumes

Average daily aggregate product volumes across all digital asset investment products fell by an average of 1.01% to \$131mn from July to August.



## Trust Products

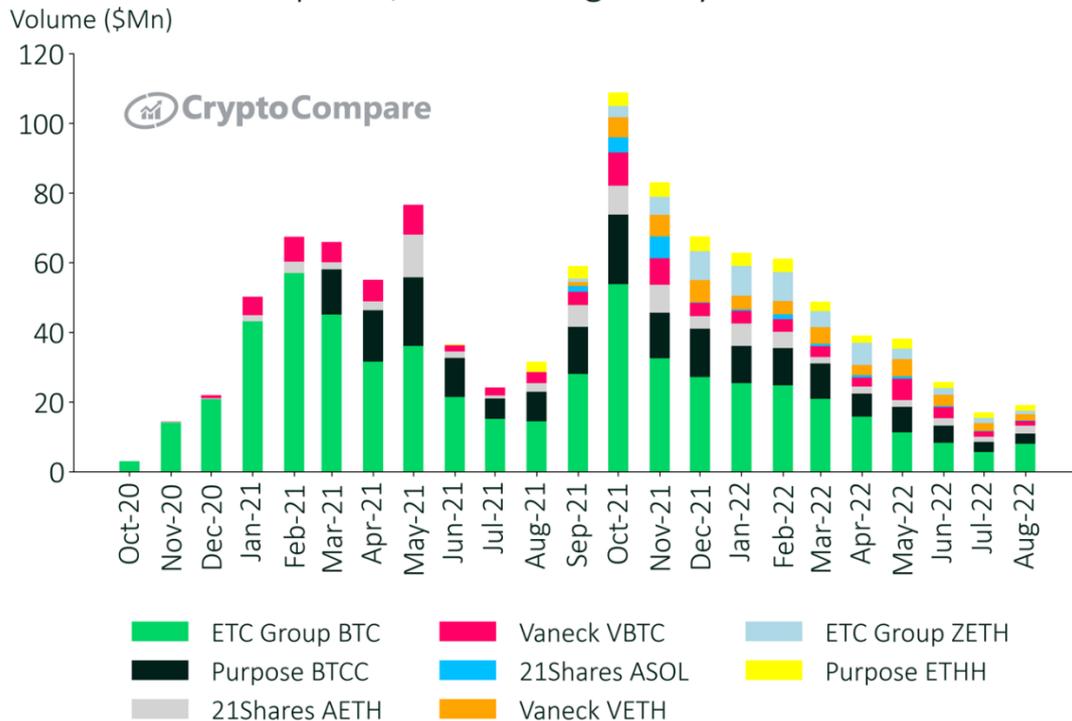
In August, Grayscale’s Bitcoin trust product (GBTC) lost its position as the most traded trust product. The average daily volume of the fund totalled \$42.3 (down 24.4%). Grayscale’s Ethereum trust took the top spot with an average daily volume of \$48.7mn (up 23.2%). Other major trust products, such as 3iQ’s Bitcoin product (QBTC) saw average daily volumes fall by 55.2% to 462k, whilst their Ethereum product (QETH) saw average daily volumes fall to \$457k (down 42.7%).



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

Bitcoin trading continued to dominate ETNs/ETFs in August, with ETC Group’s BTCE product trading the highest daily volume at \$8.02mn (up 42.6%), followed by Purpose’s Bitcoin product (BTCC) at \$2.90mn (down 0.46%), and 21Shares’ Ethereum product (AETH), which rose 55.1% in daily volume to \$2.31mn.

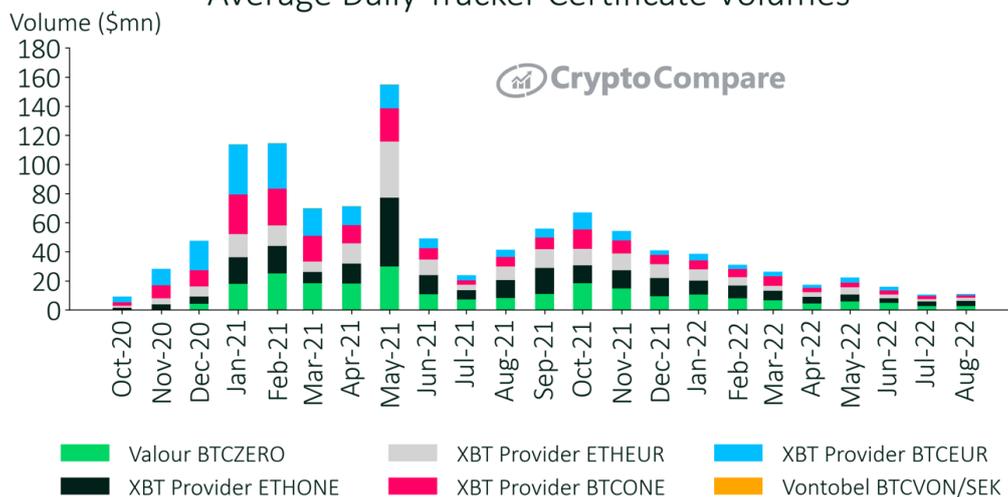
Top ETN/ETFs Average Daily Volumes



## Exchange Traded Certificates (ETCs)

XBT Tracker’s Ether Tracker One (BTC/SEK) retained the top spot, making Valour’s Bitcoin product (BTCZERO) the largest ETC in terms of average daily volume. Each recorded \$3.44mn (up 13.1%) and \$2.72mn (down 0.12%) 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 ETHE	TRUST	OTC-TRADED	48,692,809	23.2%	7.7%
GRAYSCALE GBTC	TRUST	OTC-TRADED	42,302,993	-24.4%	-6.0%
ETCGROUP BTCE	ETN	EXCHANGE-TRADED	8,017,312	42.6%	-1.8%
XBTPROVIDER XETHONE	ETC	EXCHANGE-TRADED	3,442,087	13.1%	11.1%
PURPOSE BTCC	ETF	EXCHANGE-TRADED	2,902,725	-0.5%	-4.6%
VALOUR BTCZERO	ETC	EXCHANGE-TRADED	2,722,824	-0.1%	2.6%
GRAYSCALE ETCG	TRUST	OTC-TRADED	2,583,385	102.0%	38.8%
21SHARES AETH	ETN	EXCHANGE-TRADED	2,310,621	55.1%	8.7%
XBTPROVIDER XETHEUR	ETC	EXCHANGE-TRADED	2,249,157	34.9%	10.2%
VANECK VETH	ETN	EXCHANGE-TRADED	1,756,369	-21.7%	8.5%
PURPOSE ETHH	ETF	EXCHANGE-TRADED	1,670,643	3.4%	3.8%
XBTPROVIDER XBTCONE	ETC	EXCHANGE-TRADED	1,657,579	-24.5%	3.0%
VANECK VBTC	ETN	EXCHANGE-TRADED	1,321,929	-10.2%	0.7%
21SHARES SBTC	ETN	EXCHANGE-TRADED	1,062,670	58.3%	0.2%
ETCGROUP ZETH	ETN	EXCHANGE-TRADED	951,672	-34.5%	6.2%
XBTPROVIDER XBTCEUR	ETC	EXCHANGE-TRADED	860,664	-8.1%	0.9%
COINSHARES CETH	ETF	EXCHANGE-TRADED	596,999	28.9%	5.5%
WISDOMTREE BTCW	ETN	EXCHANGE-TRADED	514,577	-32.7%	-0.6%
COINSHARES BITC	ETF	EXCHANGE-TRADED	511,728	-39.5%	-1.7%
21SHARES ABTC	ETN	EXCHANGE-TRADED	484,400	-25.0%	-1.5%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	-5.81%
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	2.11%
MVDA Index	MVIS INDEX	MVIS	---	---	1.34%

BTC-based products had mixed results over the last 30 days, with losses to gains ranging from -6.0% to +3.0%, while ETH-based products saw gains ranging from 3.8% to 38.8%. Grayscale's ETCG Trust product was the best performer of the month with an increase of 38.8. Grayscale's GBTC Trust product was the worst performer with a loss of 6.0%.

The MVDA index experienced a marginal rise of 1.34%. 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
<b>Exchange Review</b>	Captures key developments within the cryptocurrency exchange market – providing readers with an in-depth analysis of exchange volumes, trading activity, and derivatives open interest.
<b>Digital Asset Management Review</b>	Tracks and analyses the most innovative institutional products in the industry, assessing volumes, assets under management (AUM), and product flow trends.
<b>Exchange Benchmark</b>	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.
<b>Asset Report</b>	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.
<b>Market Outlooks</b>	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
<b>Liquidity Report</b>	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.
<b>UST's Fall From Grace</b>	Summarises the depegging of UST and the subsequent debacle of LUNA and the Terra ecosystem, including an analysis of the ripple effects of the event and where it situates the digital asset industry.