



DIGITAL ASSET MANAGEMENT REVIEW

February 2021

About

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 the digital asset markets have a long way to go before they will put the more risk-averse investors fully at ease.

Institutional investors who are looking to get regulated exposure to digital assets are likely to turn to the growing number of regulated crypto products such as ETNs and ETFs which have taken off in the last couple of years across Europe and the US. These products make it easier for 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 products landscape. Our review focuses on key developments in global digital asset ETPs and tracks 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 interested in more specific analyses of the most innovative institutional products in the industry.

For questions related to our research or any potential requests, feel free to contact our research department at research@cryptocompare.com.

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Key Market Insights

Over the last month, Bitcoin once again set a new all-time high as it broke the \$58,000 barrier on the 21st of February followed by a sharp correction to \$45,000 two days later. Despite this new record, which has been accompanied by the trading volatility one would expect, average ETP volumes in February decreased 37.8% to \$936mn. Meanwhile, aggregate AUM across all ETPs increased 50% to a record \$43.9bn.

1. AUM across all ETPs Increase 50% to \$43.9bn

The majority of AUM for listed trust products continued to reside in Grayscale's Bitcoin (GBTC – \$35.0bn – up 54.8% since last month), while ETC Group's BTCE product continues to control the largest AUM across all ETNs at \$1.01bn (up 108% since mid-January. XBT Provider's Bitcoin Tracker Euro product holds the highest AUM across all ETCs and saw an increase of 21.8% to \$1.72bn.

2. Aggregate ETP Volumes Dip in February While Products by ETC Group and VanEck Show High Volume Growth

Aggregate daily ETP volumes across all product types have decreased by an average of 37.8% in February 2021 compared to January 2021. Average daily volumes now stand at \$936mn compared to \$1.51bn in the previous month. Among the top ETNs, ETC Group's BTCE/EUR traded the highest daily volume in February at \$52.7mn (up 23%) while VanEck's VBTC/EUR volume increased 38.5% to reach \$7.3mn. This was followed by 21Shares Bitcoin Tracker product (ABTC/USD) with volumes of \$6.5mn (up 127.8%) and WisdomTree's BTCW/USD product with \$6.4mn (up 4.2%).

3. Bitwise's (BITW) and Grayscale's (ETCG) Products Show Highest Returns

The best performing Bitcoin product by market price over last 30 days was Bitwise's Listed Trust Product (BITW/USD) with 156%. This exceeds CryptoCompare's CCCAGG BTC/USD index performance (64%) as well as MVIS's MVDA Index performance (48.9%). Another top performing product (among the most liquid exchange traded products by volume) include Grayscale's Ethereum Classic Trust product (ETCG) with 105.5% in 30-day returns.

4. Market Premiums for Bitcoin Products by Grayscale and 3iQ Drop

Since January, market premiums for both Grayscale's and 3iQ's Listed Bitcoin products have dropped dramatically with 3iQ's QBTC-U Bitcoin Fund trading at a discount of 11.1% relative to its NAV on the 19th of Feb. At the beginning of January, BTC products by Grayscale and 3iQ traded at 17% and 16% premiums respectively. As of Feb 24th, premiums were 3.0% and -7.2% respectively.

Latest ETP News

[Jan 25th 2021](#)

Bitcoin Return to \$40,000 in Doubt as Flows to Key Fund Slow

[Jan 26th 2021](#)

Investment flows into cryptocurrency funds and products hit a record \$1.31 billion

[Feb 2nd 2021](#)

21Shares Launches the World's First Polkadot ETP

[Feb 16th 2021](#)

After VanEck, NYDIG Files Application for Bitcoin ETF

[Feb 18th 2021](#)

Purpose Bitcoin ETF (ticker BTCC) Debuts in Toronto

[Feb 22nd 2021](#)

ETC Group's bitcoin ETP reaches \$1bn AUM

[Feb 22nd 2021](#)

The Bitcoin Fund by 3iQ Completes Private Placements

[Feb 24th 2021](#)

CoinShares Launches Physically Backed Ethereum ETP with \$75M in AUM

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
Listed Trust - Listed 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.

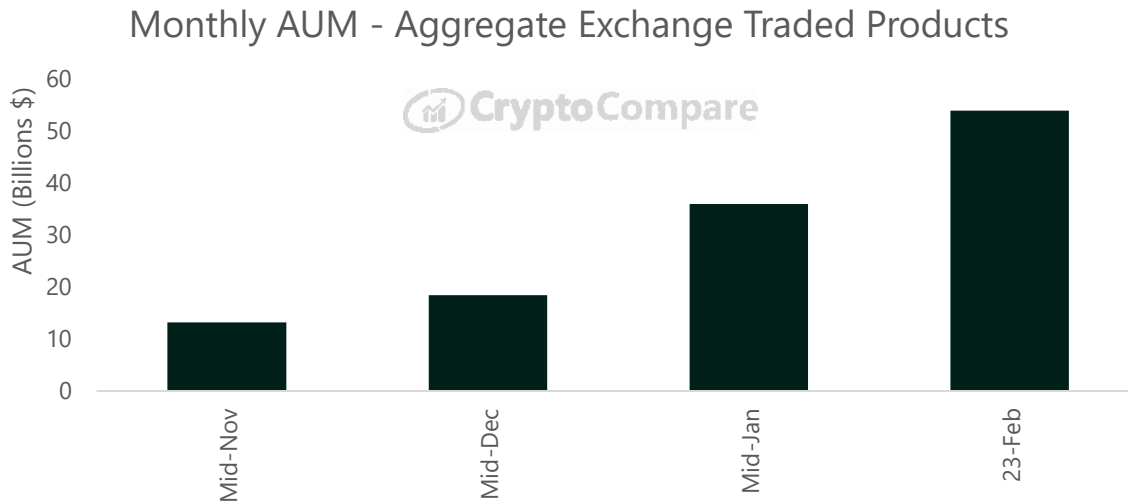
An **Exchange Traded Note (ETN)** on the other hand is similar to an ETF in the sense that it can be easily traded on exchanges. A major distinction between the two is that you don't own the underlying for an ETN - it is a debt security backed by a bank or institution and usually comes in the form of 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 on, but is entitled to returns. Largely uncollateralised.

A **Listed 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 is closed-ended, the NAV of each share can decouple from their market prices.

AUM – Assets Under Management

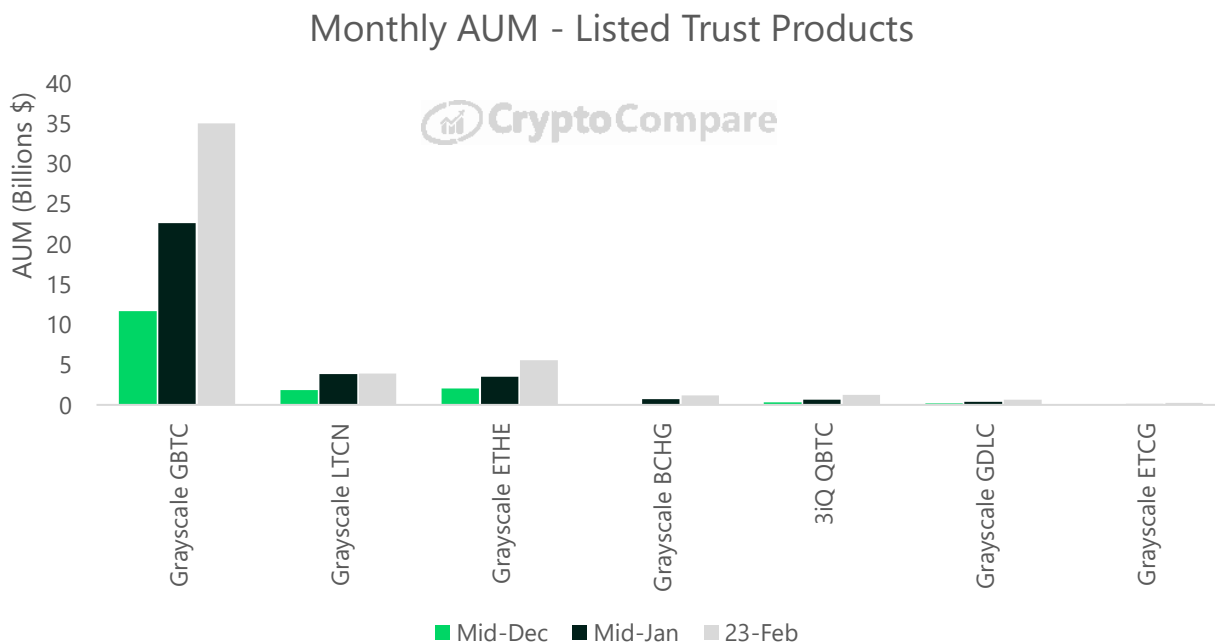
Since mid-January 2021, total AUM across all ETPs have increased 50% to \$43.9bn (as of 23rd Feb).



Listed Trust Products

The majority of AUM for listed trust products continued to reside in Grayscale’s Bitcoin (GBTC – \$35.0bn – up 54.8% since last month), Ethereum (ETHE – \$5.58bn – up 60.8%) and Litecoin (LTCN – \$3.9bn – up 1.3%) products.

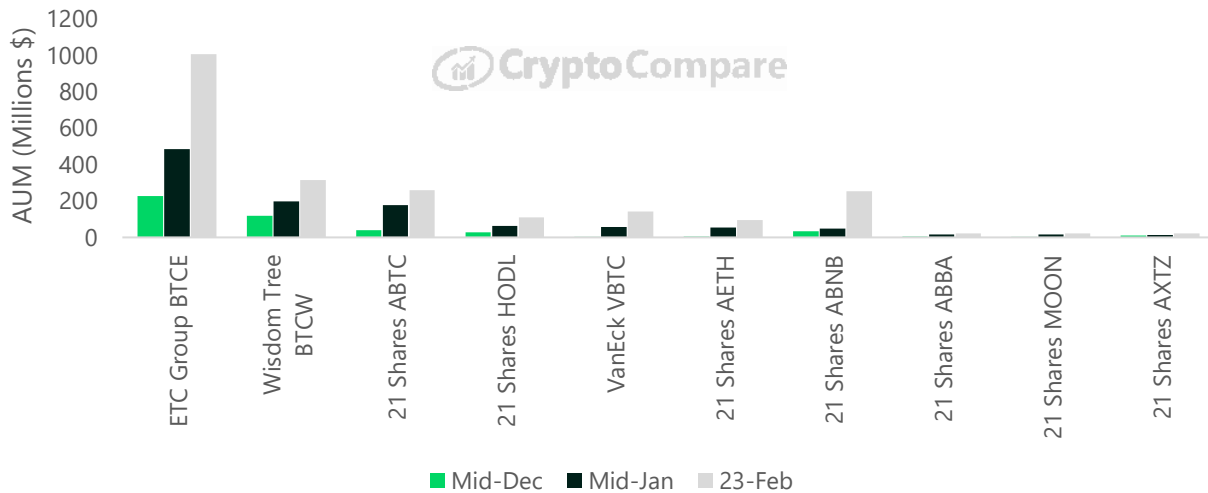
Other listed trust products include 3iQ’s Bitcoin Fund (QBTC), which increased 87.9% to \$1.27bn.



Exchange Traded Notes (ETNs)

ETC Group’s BTCE product continues to control the largest AUM across all ETNs at \$1.01bn (up 108% since mid-January). This is followed by WisdomTree’s BTCW at \$314.8mn (up 59.5%) and 21Shares ABTC product at \$257.8mn (up 45.9%).

Monthly AUM - Top ETPs/ETNs

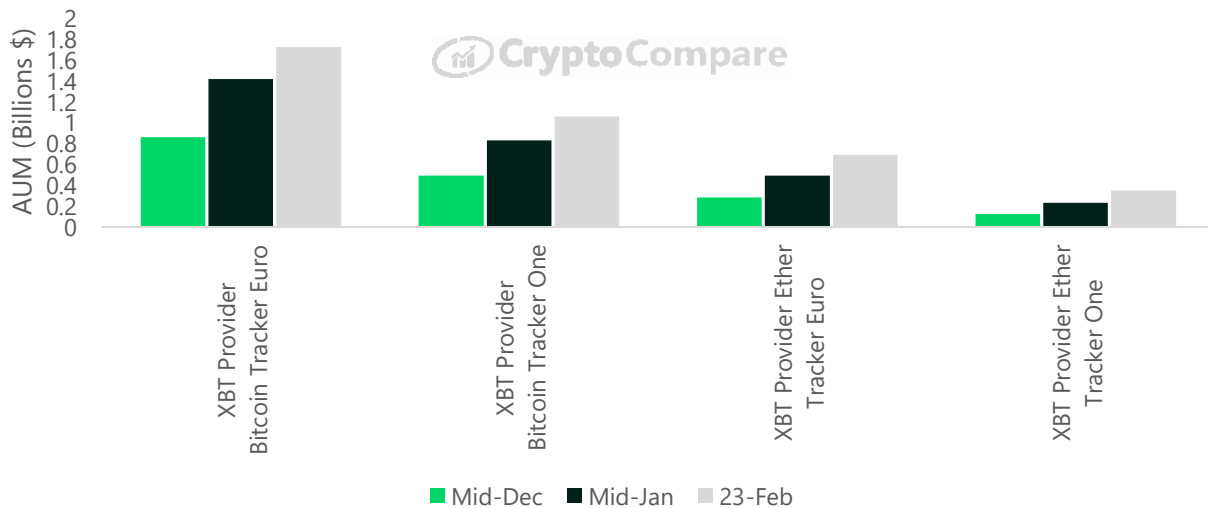


Exchange Traded Certificates (ETCs)

XBT Provider by Coinshares represents the majority of AUM across all ETCs. Its Bitcoin Tracker Euro product holds the highest AUM and saw an increase of 21.8% to \$1.72bn.

This is followed by its Bitcoin Tracker One product at \$1.06bn (up 27.7%) and its Ether Tracker Euro product at \$693.7mn (up 40%).

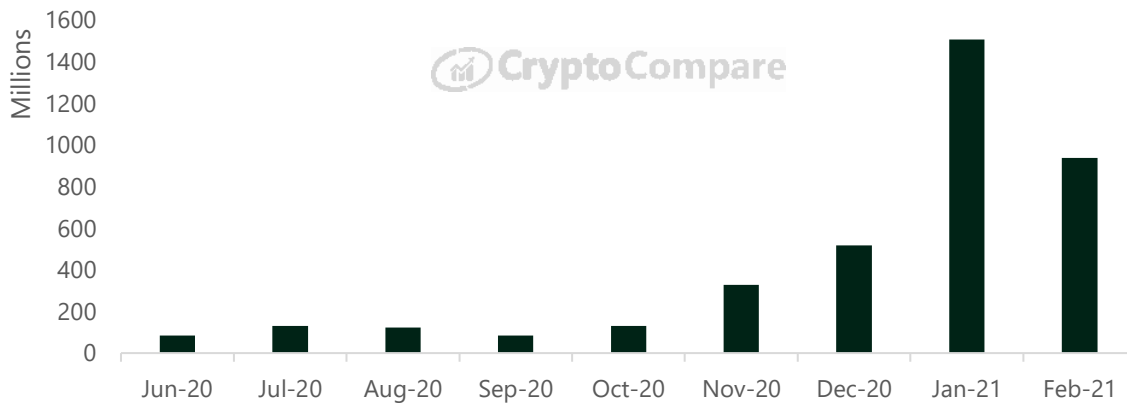
Monthly AUM - Exchange Traded Certificates



ETP Trading Volumes

Aggregate daily ETP volumes across all product types have decreased by an average of 37.8% in February 2021 compared to January 2021. Average daily volumes now stand at \$936mn compared to \$1.51bn in the previous month.

Average Daily Aggregate Product Volumes (\$)

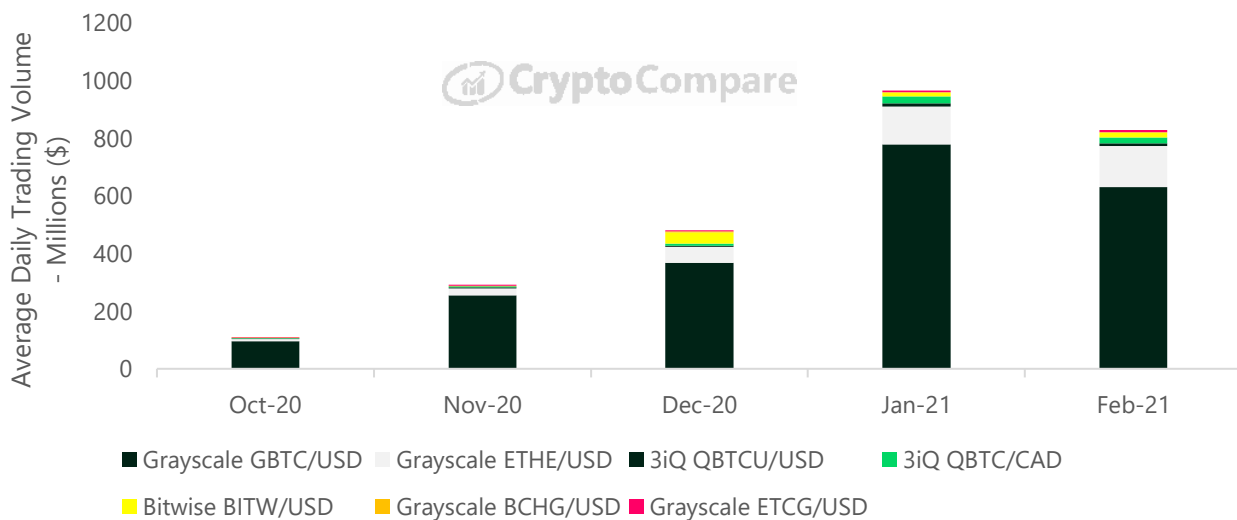


Listed Trust Products

Grayscale’s Bitcoin Trust product volume represents the majority of all ETP volume in February at 67%, as well as the majority of Listed Trust Product volume at 75.4%.

In February, Grayscale’s Bitcoin Trust Product (GBTC) volume amounted to a daily average of \$629.7mn (down 19.1% since January). This is followed by its Ethereum Trust Product (ETHE) at \$143.6mn (up 9.2%) and 3iQ’s QBTC/CAD market at \$20.2mn (down 17.7%).

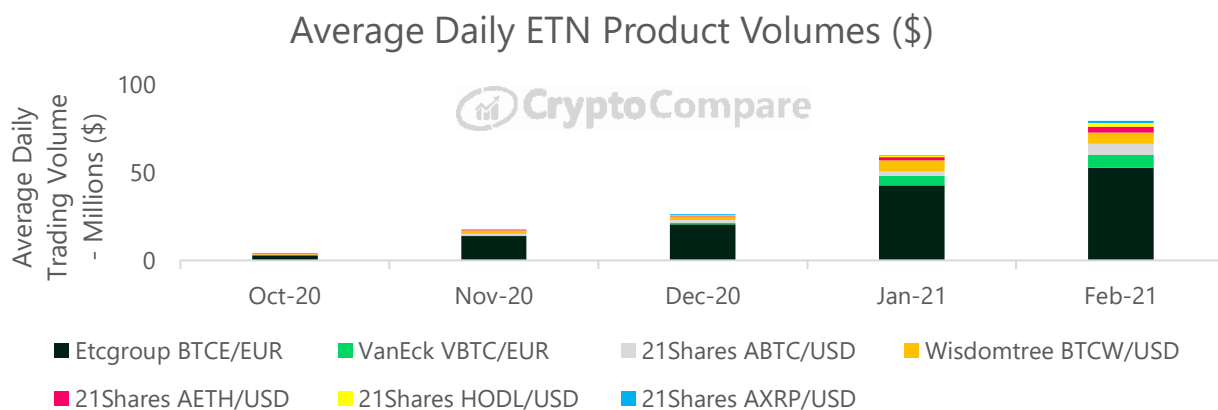
Average Daily Listed Trust Product Volumes (\$)



Exchange Traded Notes (ETNs)

Among the top ETNs, ETC Group’s BTCE traded the highest daily volume in February at \$52.7mn (up 23%) while VanEck’s VBTC/EUR volume increased 38.5% to reach \$7.3mn.

This was followed by 21Shares Bitcoin Tracker product (ABTC/USD) with volumes of \$6.5mn (up 127.8%) and WisdomTree’s BTCW/USD product with \$6.4mn (up 4.2%).

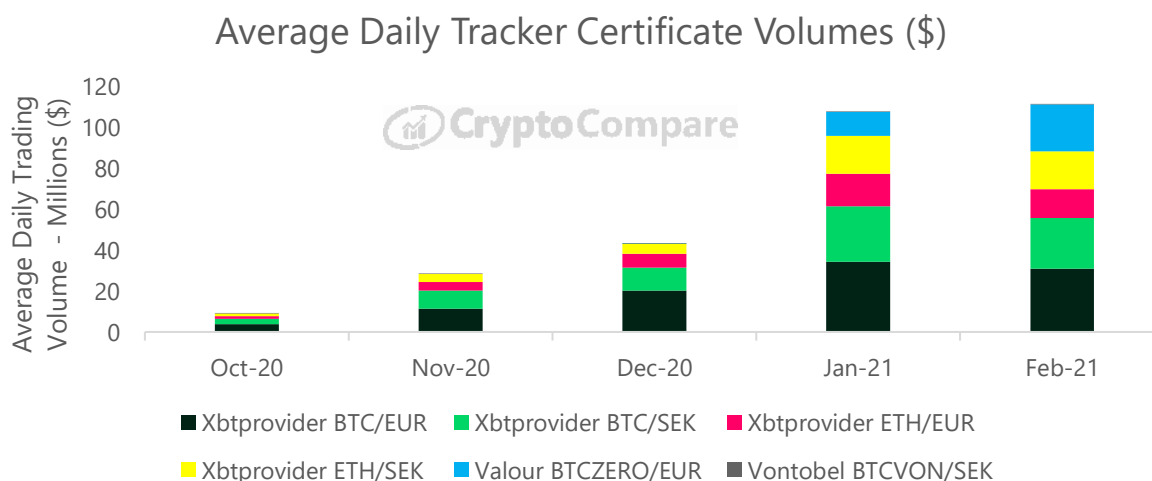


Exchange Traded Certificates (ETCs)

XBT Provider’s Bitcoin Tracker Euro (trading into EUR) and Bitcoin Tracker One (trading into SEK) represent the most traded products among all ETCs at daily volume averages of \$31.0mn (down 9.2%) and \$24.7mn (down 9.6%) respectively.

Their ETH-based products follow in terms of volume and include Ether Tracker One (trading into SEK) and Ether Tracker Euro (trading into EUR). They traded \$18.6mn (up 0.4%) and \$14.0mn (down 11.6%) respectively.

Other products include Valour’s Bitcoin Zero product (BTCZERO/EURO) with \$22.9mn (up 93.4%).



Price Performance

PRODUCT	PRODUCT TYPE	COMPANY	AVG PRICE PER SHARE (\$)	AVG DAILY VOLUME 30-DAY	AVG DAILY VOLUME (\$) 30-DAY	30-DAY RETURNS
GBTC/USD	LISTED TRUST	GRAYSCALE	42.2	13,688,919	588,244,076	55.30%
ETHE/USD	LISTED TRUST	GRAYSCALE	18.2	7,296,947	132,563,824	34.80%
BTCE/EUR	ETN	ETCGROUP	34.1	1,110,846	48,009,108	65.20%
BTC/EUR	ET-CERT	XBTPROVIDER	1671.7	13,543	28,150,439	65.30%
BTC/SEK	ET-CERT	XBTPROVIDER	1687.9	111,529	22,942,179	66.40%
QBTC/CAD	LISTED TRUST	3IQ	59.4	380,197	18,488,890	42.20%
BTCZERO/EUR	ET-CERT	VALOUR	33.4	437,251	18,374,686	77.40%
ETH/SEK	ET-CERT	XBTPROVIDER	131.8	1,101,381	17,178,862	40.40%
ETH/EUR	ET-CERT	XBTPROVIDER	130.7	86,787	13,591,560	41.40%
BITW/USD	LISTED TRUST	BITWISE	73.6	144,538	12,788,650	156.40%
QBTCU/USD	LISTED TRUST	3IQ	46.7	168,935	8,264,344	43.70%
VBTC/EUR	ETN	VANECK	19.2	293,270	6,907,641	64.20%
ETCG/USD	LISTED TRUST	GRAYSCALE	10.6	522,923	6,431,792	105.50%
BTCW/USD	ETN	WISDOMTREE	412.8	14,537	6,195,647	64.50%
ABTC/USD	ETN	21SHARES	208.8	22,312	5,129,595	63.90%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	---	64.00%
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	---	44.00%
MVDA Index	MVIS INDEX	MVIS	---	---	---	48.90%

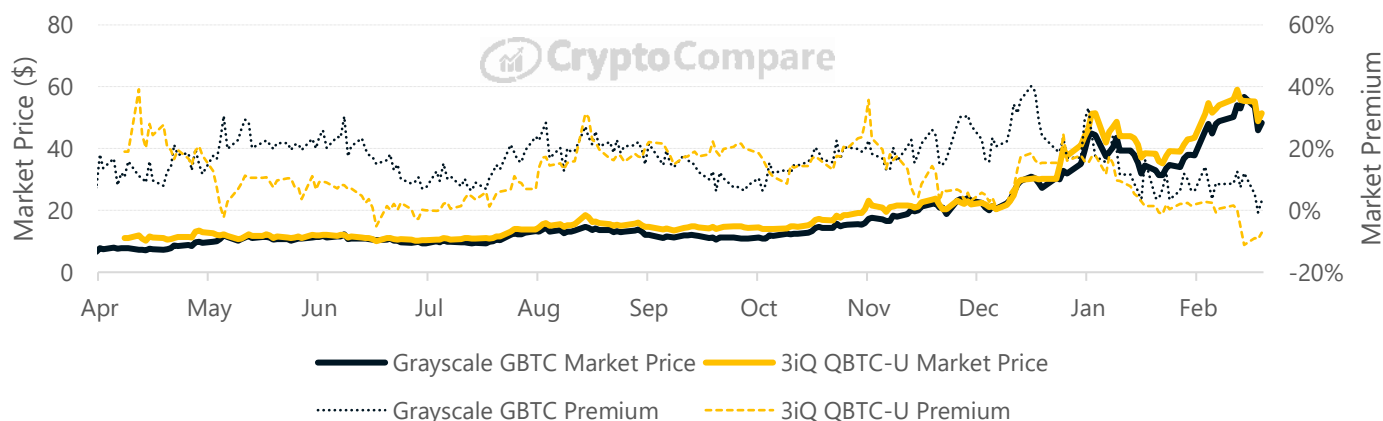
The best performing Bitcoin product by market price over last 30 days was Bitwise’s Listed Trust Product (BITW/USD) with 156%. This exceeds CryptoCompare’s CCCAGG BTC/USD index performance (64%) as well as MVIS’s MVDA Index performance (48.9%). Another top performing product (among the most liquid exchange traded products by volume) include Grayscale’s Ethereum Classic Trust product (ETCG) with 105.5% in 30-day returns.

Grayscale’s Ethereum Trust product (ETHE) underperformed relative to other top ETPs, with 34.8% 30-day returns. This is almost 10% lower compared to CryptoCompare’s ETH/USD CCCAGG Index performance (44%).

Among the top 15 ETP markets by volume, 5 underperformed relative to the MVDA index. These markets include: Grayscale’s ETHE trust product, XBT Provider’s ETH markets (ETH/EUR and ETH/SEK), and 3iQ’s Bitcoin Fund markets (QBTC-U/USD and QBTC/CAD). 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 benchmark and universe for the other MVIS CryptoCompare Digital Assets Indices.

Market Premiums – Grayscale and 3iQ Listed Trust Products

Grayscale GBTC and 3iQ QBTC-U Market Premiums



Bitcoin once again surpassed previous records and traded at an all-time high (above \$58,000) on the 21st of February. Since January, market premiums for both Grayscale’s and 3iQ’s Listed Bitcoin products have dropped dramatically with 3iQ’s QBTC-U Bitcoin Fund trading at a discount of 11.1% relative to its NAV on the 19th of Feb. At the beginning of January, BTC products by Grayscale and 3iQ traded at 17% and 16% premiums respectively. As of Feb 24th, premiums were 3.0% and -7.2% respectively.

CryptoCompare Index Products

The MVIS CryptoCompare Digital Assets Indices family tracks the financial performance of the largest and most liquid digital assets and serves 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 ETPs and futures contracts
- Asset allocation
- Research

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