



DIGITAL ASSET MANAGEMENT REVIEW

March 2021

About CryptoCompare

CryptoCompare is a 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 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 product landscape. Our review focuses on key developments across various product types 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 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

Bitcoin once again set a new all-time high of \$61,749 on the 13th of March. Despite this, institutional weekly flows have slowed and average product volumes decreased by 17.6% to \$772mn. Aggregate AUM has increased 8.76% to \$58.7bn.

1. Institutional Flows Slow While Total AUM Increases to \$58.7bn

Average weekly asset inflows across all major product providers decreased by 70.5% since February to \$149.6mn. Total AUM across all product types have increased 8.76% to \$58.7bn (as of 22 Mar). Grayscale's Bitcoin Trust product (GBTC) still dominates with \$37.4bn (up 6.8%). ETC Group's BTCE product continues to control the largest AUM across all ETNs and ETFs at \$1.27bn (up 25.72% since late February). This is followed by Purpose's recent Bitcoin ETF which has rapidly grown to control \$831.7mn in AUM. Meanwhile, XBT Provider by Coinshares represents the majority of AUM across all ETCs. Its Bitcoin Tracker Euro product saw an increase of 19.13% to \$2.06bn.

2. Volumes Drop Across All Major Products

Aggregate daily product volumes across all product types have decreased by an average of 17.6% in March 2021 compared to February 2021. Average daily volumes now stand at \$772mn compared to \$936mn in the previous month. Grayscale's Bitcoin Trust product volume represents the majority of Trust Product volume at 81.8% and the majority of all product volume in March at 68%. Grayscale's Bitcoin Trust Product (GBTC) volume amounted to a daily average of \$525mn (down 22.7% since February). Across ETNs/ETFs, ETC Group's BTCE traded the highest daily volume in March at \$43.8mn (down 21.0%) followed by Purpose's recent Bitcoin ETF (BTCC) at \$12mn (down 71.8%) and VanEck's VBTC product at \$5.23mn (down 25.7%).

3. Bitcoin Products by Grayscale and 3iQ Trade at a Discount

Since January, market premiums for both Grayscale's and 3iQ's Listed Bitcoin products have dropped dramatically and now both trade at a 4-5% discount on average. Grayscale's average premium dropped from 6.72% in February to a discount of 4.66% in March. Meanwhile, 3iQ's QBTC product traded at a discount of 1.88% and now trades at a larger discount of 4.34%. One reason as to why this might be occurring is increased competition from alternative investment product providers.

4. 21 Shares BNB Tracker Product Sees Highest 30-Day Returns at 34.7%

Grayscale's Ethereum Trust product (ETHE, down 14.4%) and Bitwise's BITW product (down 16.6%) underperformed relative to other top products. The MVDA index outperformed all but one of the top digital asset investment product markets by volume with 23.29% in 30-day returns.

Latest Digital Asset Investment News

[Feb 22nd 2021](#)

21Shares Reaches \$1 Billion in Cryptocurrency Assets under Management

[1st March 2021](#)

CoinShares Launches Ethereum ETP on SIX

[Mar 8th 2021](#)

21Shares to List Ethereum, Bitcoin Cash ETPs on Deutsche Boerse's Xetra

[Mar 9th 2021](#)

ETC Group list first Ethereum Exchange Traded Product on Deutsche Börse's XETRA

[Mar 11th 2021](#)

WisdomTree becomes latest firm to submit bitcoin ETF filing to SEC

[Mar 17th 2021](#)

Grayscale Launches 5 New Crypto Investment Products Including Livepeer Token (LPT), Basic Attention Token (BAT), Chainlink (LINK), Filecoin (FIL) and Decentraland (MANA)

[Mar 19th 2021](#)

Purpose Bitcoin ETF hits \$1 billion 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
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.

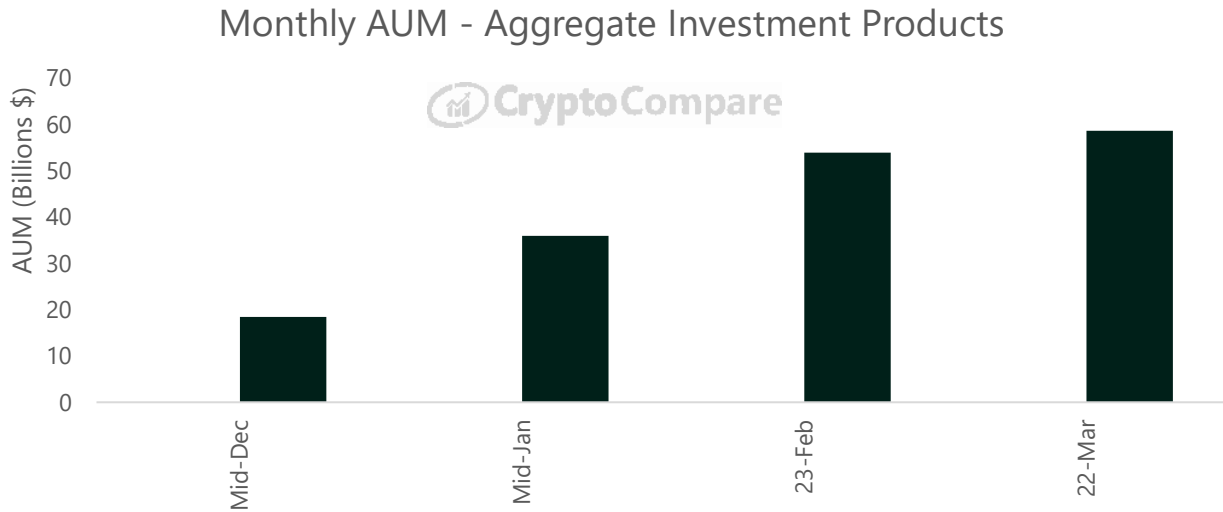
An **Exchange Traded Note (ETN)** on the other hand is similar to an ETF in the sense that it can be easily traded on exchanges. A major distinction between the two is that you don't own the underlying for an ETN - it is a debt security backed by a bank or institution and usually comes in the form of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

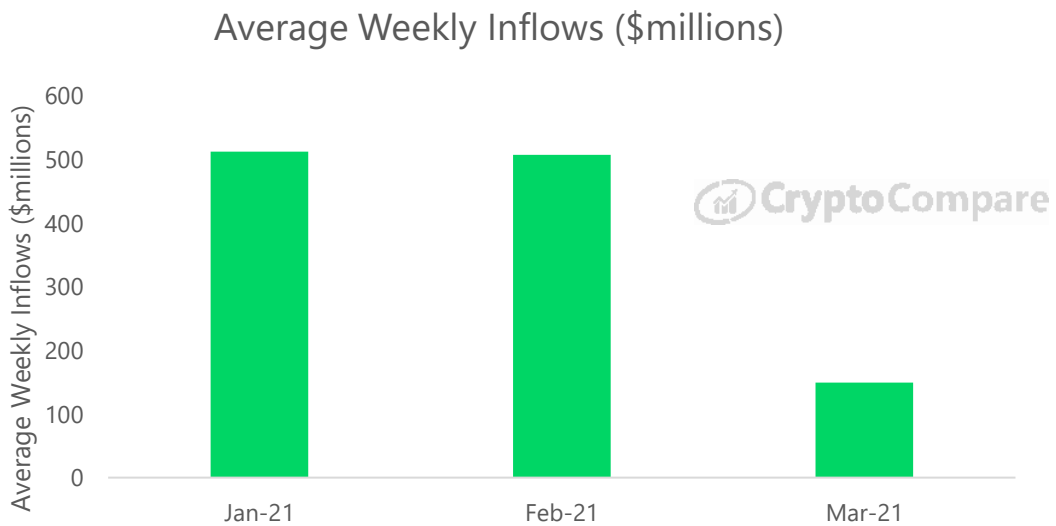
An **Investment Trust** is a type of closed-ended fund set up as a company, such that its shares can be bought and sold on an exchange or OTC market. This investment trust invests in a portfolio of assets, and hence the value of the share of the company is tied to the value of the underlying assets that it holds. Given that it is closed-ended, the NAV of each share can decouple from their market prices.

AUM – Assets Under Management

Since the end of February 2021, total AUM across all digital asset investment products have increased 8.76% to \$58.7bn (as of 22 Mar).



Average weekly asset inflows across all major digital asset investment product providers decreased by 70.5% since February to \$149.6mn.

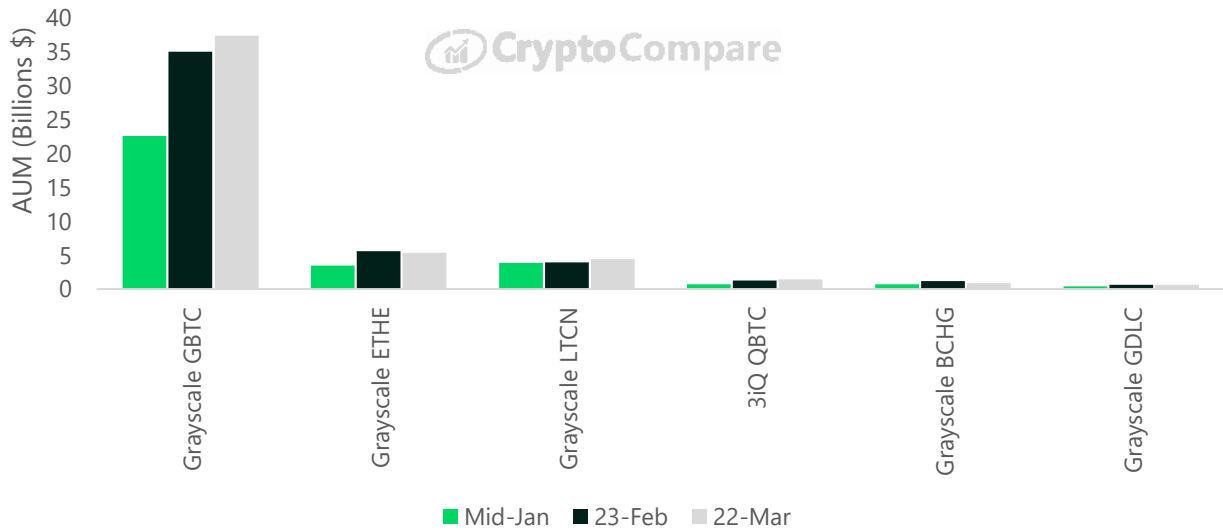


Trust Products

The majority of AUM for trust products continued to reside in Grayscale’s Bitcoin (GBTC – \$37.4bn – up 6.8% since last month), Ethereum (ETHE – \$5.39bn – down -3.46%) and Litecoin (LTCN – \$4.41bn – up 13.18%) products.

Other trust products include 3iQ’s Bitcoin Fund (QBTC), which increased 14.25% to \$1.45bn.

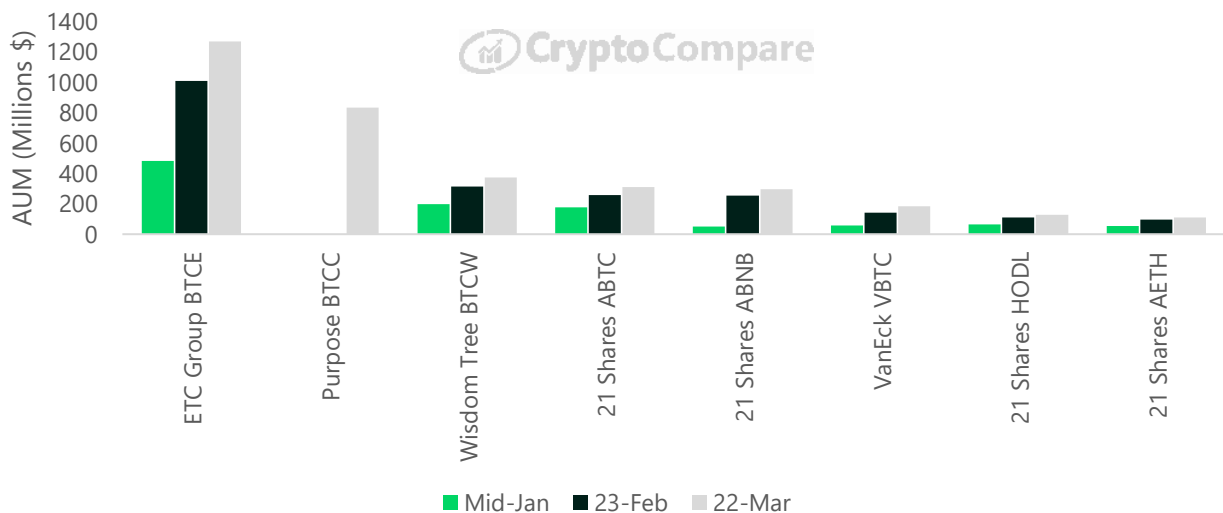
Monthly AUM - Trust Products



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

ETC Group’s BTCE product continues to control the largest AUM across all ETNs and ETFs at \$1.27bn (up 25.72% since late February). This is followed by Purpose’s recent Bitcoin ETF which has rapidly grown to control \$831.7mn in AUM. Two other high profile ETNs include WisdomTree’s BTCW at \$373.3mn (up 18.59%) and 21Shares ABTC product at \$309.8mn (up 20.14%).

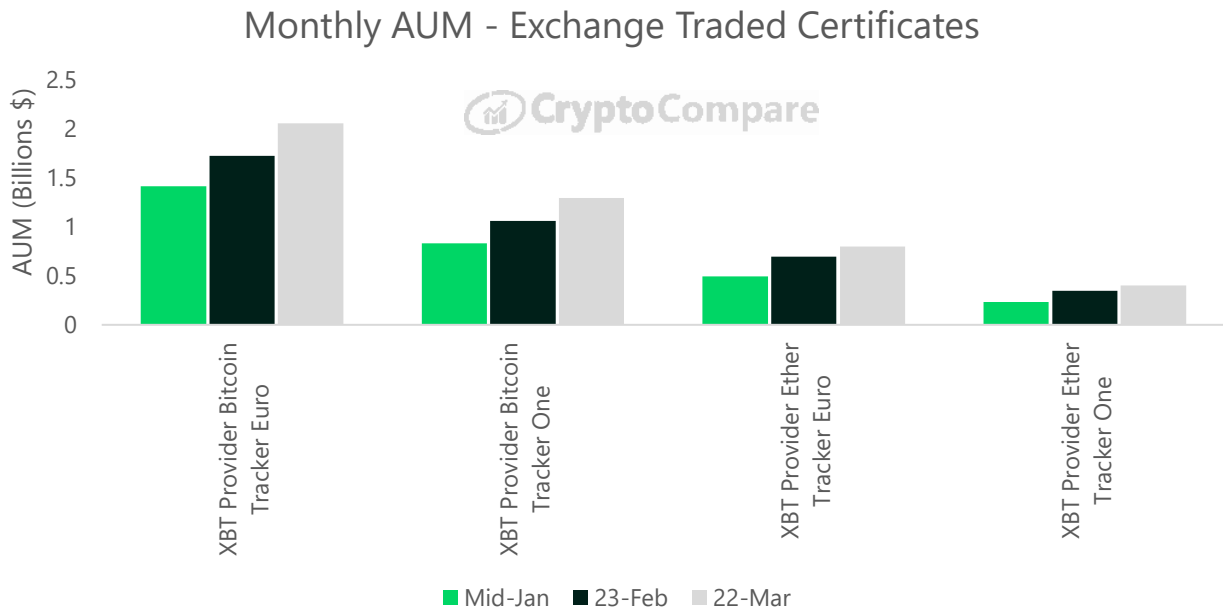
Monthly AUM - Top ETNs/ETFs



Exchange Traded Certificates (ETCs)

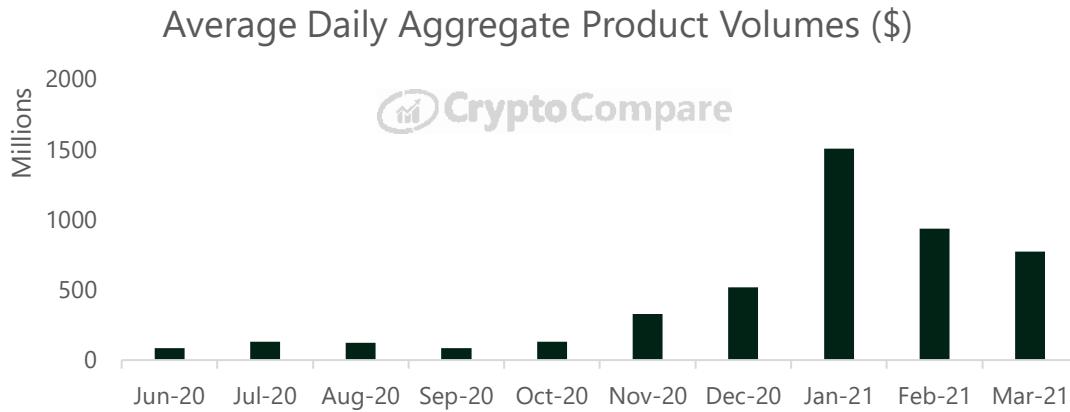
XBT Provider by Coinshares represents the majority of AUM across all ETCs. Its Bitcoin Tracker Euro product holds the highest AUM and saw an increase of 19.13% to \$2.06bn.

This is followed by its Bitcoin Tracker One product at \$1.29bn (up 21.95%) and its Ether Tracker Euro product at \$801.9mn (up 15.59%).



Trading Volumes

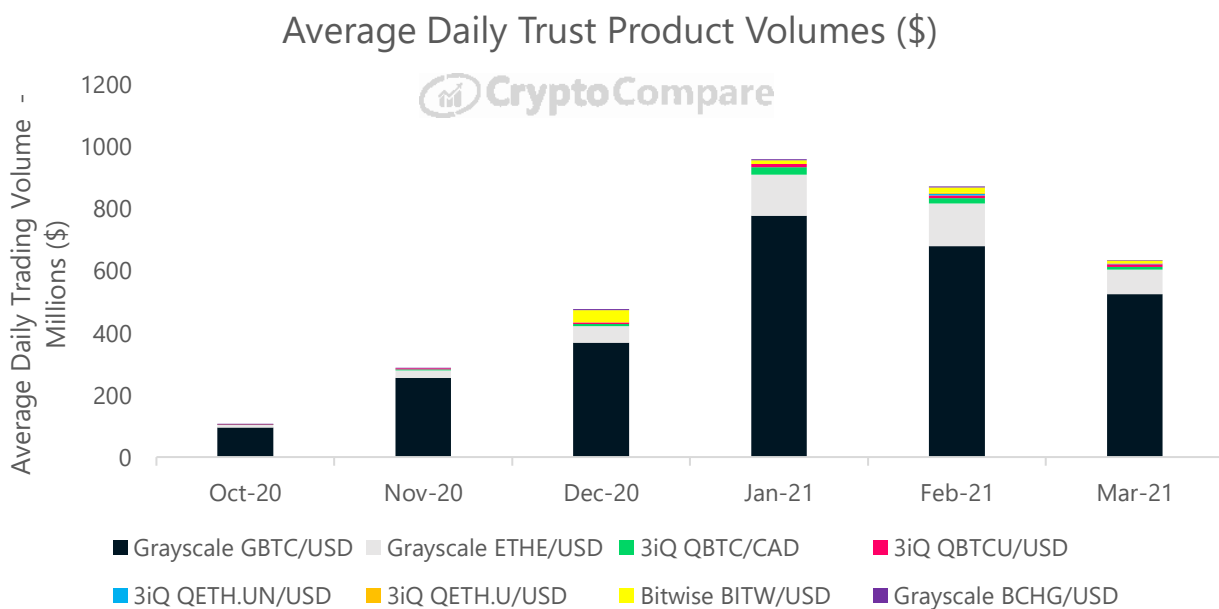
Aggregate daily volumes across all digital asset investment product types have decreased by an average of 17.6% in March 2021 compared to February 2021. Average daily volumes now stand at \$772mn compared to \$936mn in the previous month.



Trust Products

Grayscale’s Bitcoin Trust Product (GBTC) represented the majority of trust product volume in March at 81.8% and the majority of aggregate volume across all products at 68%.

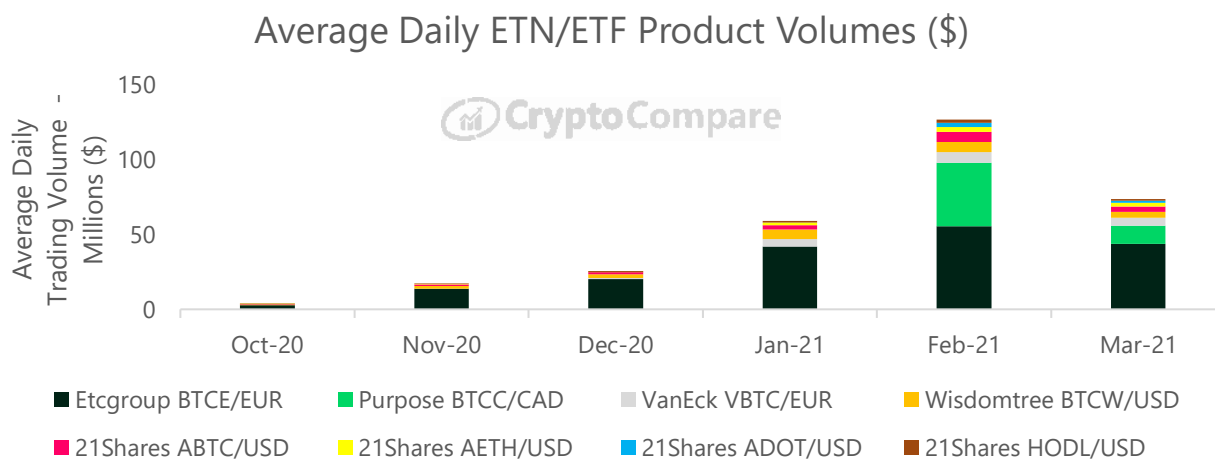
Grayscale’s GBTC volume amounted to a daily average of \$525mn (down 22.7% since February). This is followed by its Ethereum Trust Product (ETHE) at \$78.8mn (down 42.7%) and 3iQ’s QBTC/CAD market at \$9.06mn (down 51.6%).



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

Among the top ETNs/ETFs, ETC Group’s BTCE traded the highest daily volume in March at \$43.8mn (down 21.0%) followed by Purpose’s recent Bitcoin ETF (BTCC) at \$12mn (down 71.8%) and VanEck’s VBTC/EUR at \$5.23mn (down 25.7%).

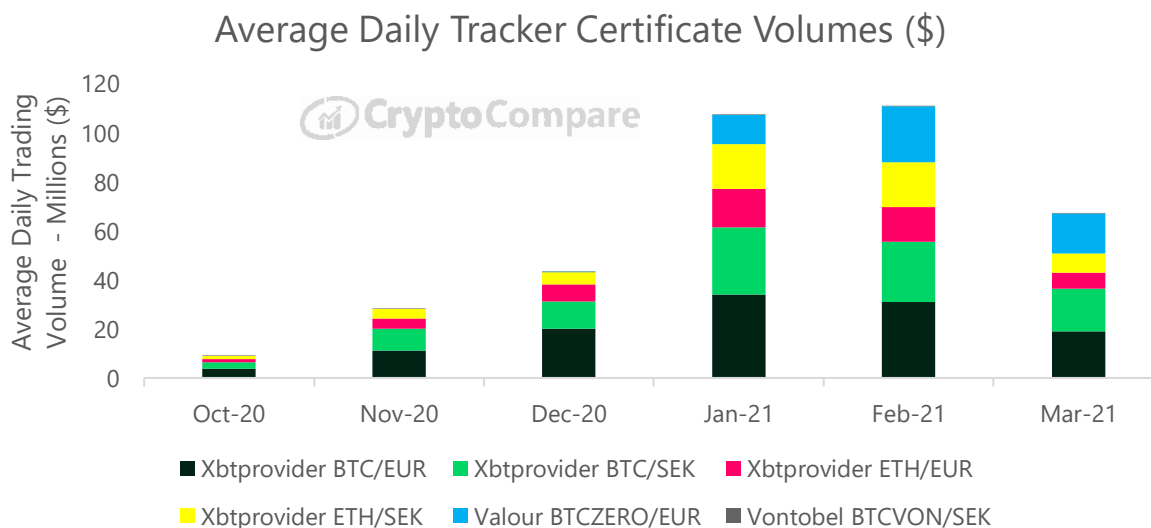
This was followed by WisdomTree’s BTCW/USD market with daily volumes of \$4.12mn (down 40.1%) and 21Shares Bitcoin Tracker market (ABTC/USD) with \$3.61mn (down 45.1%).



Exchange Traded Certificates (ETCs)

XBT Provider’s Bitcoin Tracker Euro product (trading into EUR) and Bitcoin Tracker One product (trading into SEK) represent the most traded products among all ETCs at daily volume averages of \$18.9mn (down 38.9%) and \$17.6mn (down 28.6%) respectively.

Valour’s Bitcoin Zero product (BTCZERO/EURO) followed with \$16.4mn (down 28.4%).



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	TRUST	GRAYSCALE	48.6	13,471,340	648,818,494	1.20%
ETHE/USD	TRUST	GRAYSCALE	17.2	5,710,803	99,011,635	-14.40%
BTCE/EUR	ETN	ETCGROUP	43.2	1,086,241	54,932,344	16.20%
BTC/EUR	ET-CERT	XBTPROVIDER	2130.6	9,818	24,692,789	16.50%
BTC/SEK	ET-CERT	XBTPROVIDER	2161.8	91,937	22,829,046	18.70%
BTCC/CAD	ETF	PURPOSE	9.9	2,790,990	22,297,124	6.30%
BTCZERO/EUR	ET-CERT	VALOUR	43.2	772,832	21,423,226	11.78%
BITW/USD	TRUST	BITWISE	104.1	151,136	16,571,501	-16.60%
ETH/SEK	ET-CERT	XBTPROVIDER	141	856,335	13,706,130	-1.30%
QBTC/CAD	TRUST	3IQ	70.4	242,561	13,489,033	14.20%
QBTCU/USD	TRUST	3IQ	55.9	181,515	10,140,111	15.60%
ETH/EUR	ET-CERT	XBTPROVIDER	139.1	58,982	9,607,811	-2.90%
ETCG/USD	TRUST	GRAYSCALE	14.6	446,168	6,973,824	-12.70%
VBTC/EUR	ETN	VANECK	24.4	206,963	6,002,908	16.30%
AETH/USD	ETN	21SHARES	253.1	11,377	2,762,252	-4.60%
ADOT/USD	ETN	21SHARES	38.8	54,175	2,100,431	17.50%
ABNB/USD	ETN	21SHARES	270.1	3,912	1,074,951	34.70%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	---	13.70%
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	---	-6.70%
MVDA Index	MVIS INDEX	MVIS	---	---	---	23.29%

The best performing Bitcoin products by market price over the last 30 days were XBT Provider’s BTC products: Bitcoin Tracker Euro (trading into EUR, up 16.5%) and Bitcoin Tracker One (trading into SEK, up 18.7%). This exceeds CryptoCompare’s CCCAGG BTC/USD Index performance (13.7%) but not MVIS’s MVDA Index performance (23.29%).

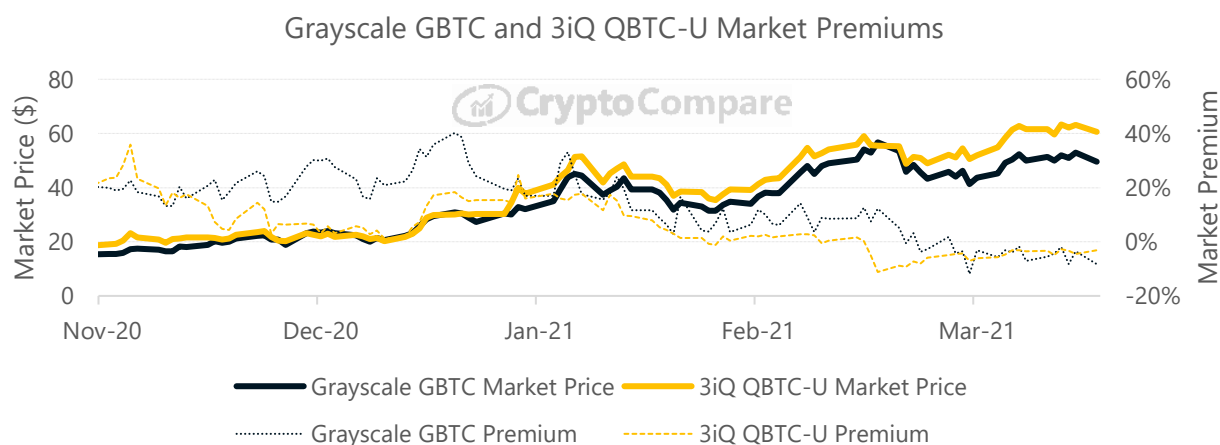
Other top performing Bitcoin products (among the most liquid exchange traded products by volume) include VanEck’s VBTC product with 16.3% in 30-day returns and ETC Group’s BTCE product with 16.2% returns.

21Shares BNB tracker product outperformed all other products with 34.7% returns over the last 30 days.

Grayscale’s Ethereum Trust product (ETHE, down 14.4%) and Bitwise’s BITW product (down 16.6%) underperformed relative to other top products. This constitutes almost double the loss in comparison to CryptoCompare’s ETH/USD CCCAGG Index performance (-6.7%).

The MVDA index outperformed all but one (21 Shares BNB Tracker Product, up 34.7%) of the top digital asset investment product markets by volume with 23.29% in 30-day returns. 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.

Market Premiums – Grayscale and 3iQ Listed Trust Products



Since January, market premiums for both Grayscale’s and 3iQ’s Listed Bitcoin products have dropped dramatically and now both trade at a 4-5% discount on average. Grayscale’s average premium dropped from 6.72% in February to a discount of 4.66% in March. Meanwhile, 3iQ’s QBTC product traded at a discount of 1.88% and now trades at a larger discount of 4.34%. This shift may be a reflection of increased competition from alternative digital asset investment product providers.

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 ETNs and futures contracts
- Asset allocation
- Research

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Data Sources

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