



DIGITAL ASSET MANAGEMENT REVIEW

OCTOBER 2022

About CryptoCompare

CryptoCompare is an FCA-authorised benchmark administrator and global leader in digital asset data, providing institutional-grade digital asset data and real-time and settlement indices. By aggregating and analysing tick data from globally recognised exchanges and seamlessly integrating multiple datasets, CryptoCompare provides a comprehensive and granular overview of the market across trade, derivatives, order book, historical, social and blockchain data. For more information, please visit <https://data.cryptocompare.com>.

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.

Data Sources

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

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Key Market Insights

Digital Asset Products AUM Starts to Recover Following a Painful September

The crypto markets rebounded in October in hope of a less aggressive stance from the Federal Reserve after two consecutive months of decline, with Bitcoin and Ethereum rising 3.38% and 9.90% (as of October 25th). This was also reflected in digital asset products with the AUM of Bitcoin and Ethereum-based products rising 2.55% and 3.35% respectively.

Trust products rose 2.33% to \$17.7bn in AUM, increasing its market share to a five-month high of 77.3%. ETC products also increased by 4.46% to \$1.29bn with CoinShares' Ether Tracker One (XETHONE) rising the highest by 6.20%.

ETN and ETF products recorded a decline in AUM for the third consecutive month, falling 0.76% and 1.59% to \$1.68bn and \$2.12bn respectively. The decline still fares better compared to an agonising September that saw ETN and ETF products drop 10.5% and 21.1% respectively.

Institutional Products Experience Lowest Volumes Recorded in Two Years

In October, the average daily trading volume of digital asset products fell 34.1% to \$61.3mn – the lowest-ever volume reported (data tracked since June 2020). Almost all the products covered in this report recorded a large decline in average daily volumes, ranging from -24.3% to -77.5%.

Interestingly, ETF products from Purpose saw a spike in trading volume with Purpose Bitcoin ETF (BTCC) and Ether ETF (ETHH) increasing by 298% and 172% respectively.

This paints a bleak picture for crypto-based institutional products, as the macroeconomic climate still possesses much uncertainty.

Bitcoin Products Outperform Ethereum Products Despite Historic Merge

BTC-based products had mixed results in the last 30 days, with returns ranging from -4.7% to 2.7%. This contrasts with Ether products, which had returns ranging from -22.1% to 0.8%, despite ETH/USD experiencing returns of 9.91%.

Institutional preference for BTC-based products in October is also shown through average weekly flows by asset class. For example, BTC products experienced weekly inflows of \$8.37mn, whilst ETH products experienced outflows of \$5.03mn. This may be caused by the uncertainty surrounding the macroeconomic climate, as investors look to invest in safer crypto-based products, which would usually include Bitcoin.

Latest Digital Asset Investment News

COMPANY	STORY	DATE
CryptoCompare	CryptoCompare and Blockdaemon Launch Five Staking Yield Indices	September 30th
Grayscale	Grayscale Takes Over Key Role for Bitcoin Trust, Other Products From Genesis	October 3rd
3iQ	Crypto Investment Product Firm 21Shares Launches Bitcoin ETP in Middle East	October 12 th
21Shares / ETC Group	Equiduct expands range of Exchange Traded Products available for trading on Apex	October 12 th
ProShares	A Year After Debut, ProShares Bitcoin ETF Has Underperformed Market by 1.8%	October 20th
Grayscale	Grayscale Investments Makes Move Against SEC	October 25th

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). It 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. 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 because it can be easily traded on exchanges. A significant distinction between the two is that you don't own the underlying for an ETN - it is 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 than ETFs and can be fully collateralised or unsecured. In this case, we will define an ETN as a physically-backed (collateralised) debt security.

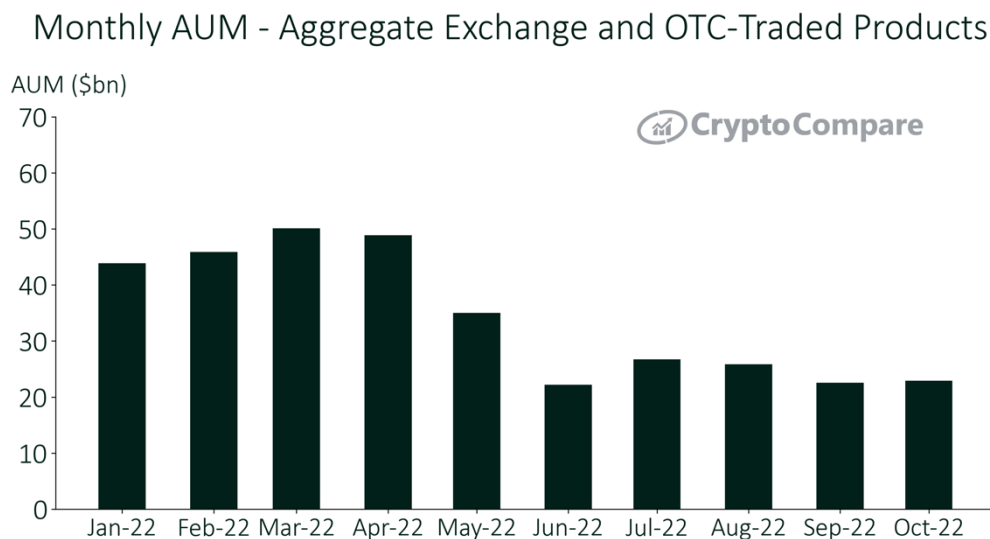
An **Exchange Traded Certificate (ETC)** or Synthetic ETN is a type of non-interest-bearing debt instrument in the form of a bearer certificate that tracks the behaviour of an underlying asset class using derivatives 1: 1. The investor does not necessarily own or is entitled to the underlying asset on which the product is built, but is entitled to returns. These products are mainly uncollateralised.

An **Investment Trust** is a type of closed-ended fund set up by 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; hence, the value of the company's share is tied to the value of the underlying assets it holds. Given that it is closed-ended, the NAV of each share can decouple from their market prices.

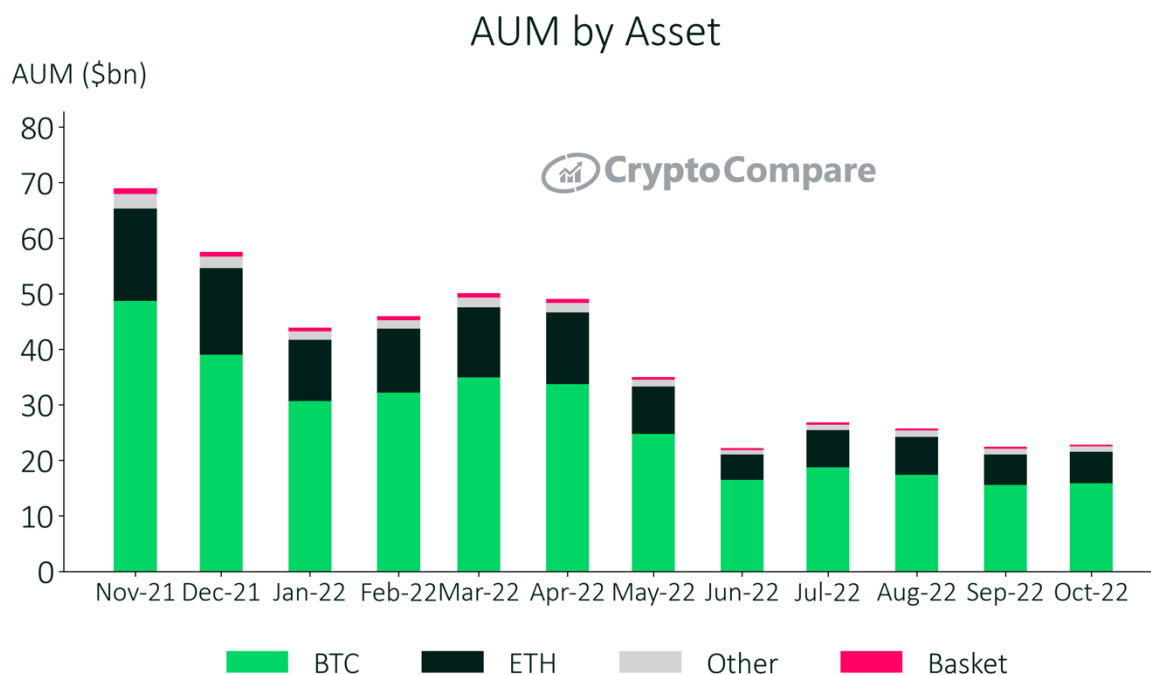
Disclaimer

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



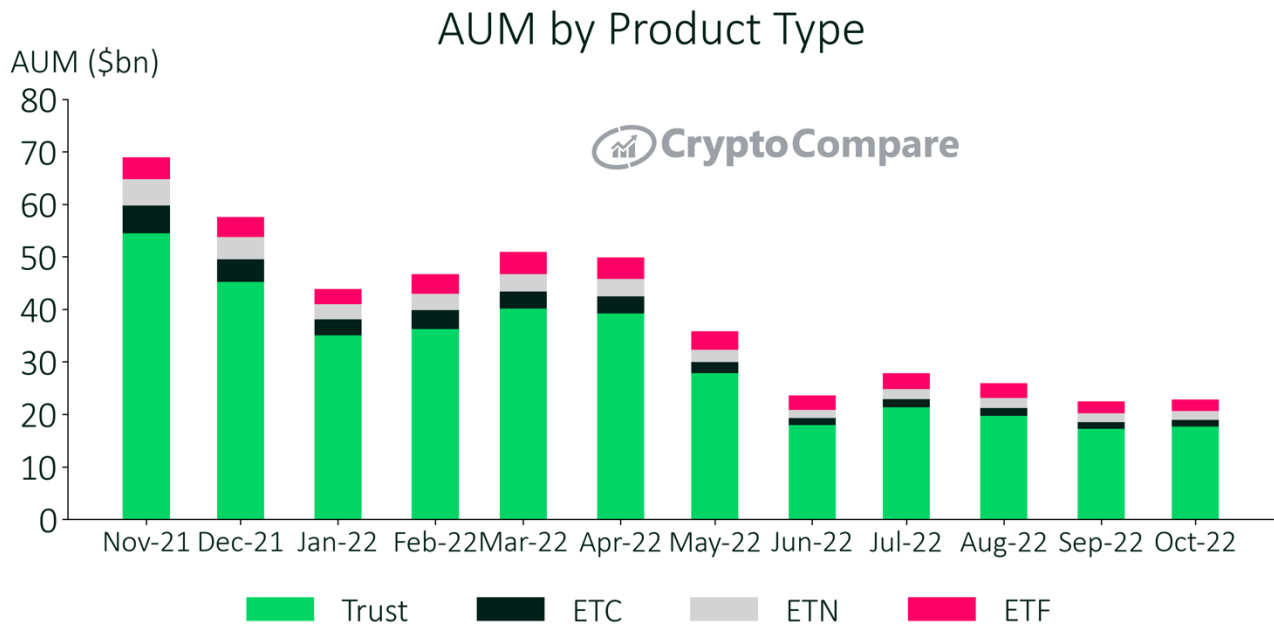
In October, the total AUM across all digital asset investment products rose 1.76% to \$22.9bn (as of the 25th). This is the first increase in AUM since July this year, however, AUM is still significantly lower than what was seen at the peak of this year in March.



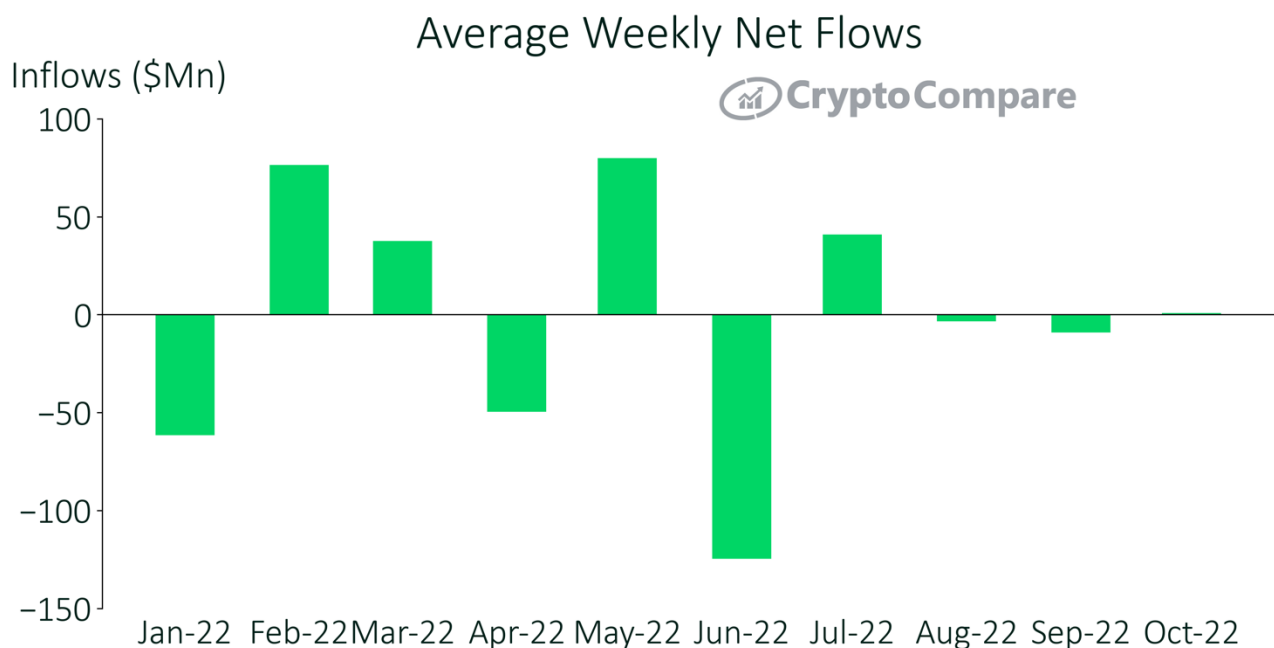
In October, the AUM of Bitcoin-based digital asset products rose 2.55% to \$16.0bn, increasing its market share to 69.6%. Meanwhile, the AUM of Ethereum-based digital asset products rose 3.35% to \$5.68bn, now accounting for 24.8% of the total AUM. The AUM of Other and Basket-based products fell 8.62% and rose 1.12% to \$942mn and \$346mn, respectively.

Grayscale products continue to represent the vast majority of AUM at \$17.0bn (74.1% of total), followed by those of XBT Provider at \$1.30bn (5.66% of total) and 21Shares at \$931mn (2.77% of total).

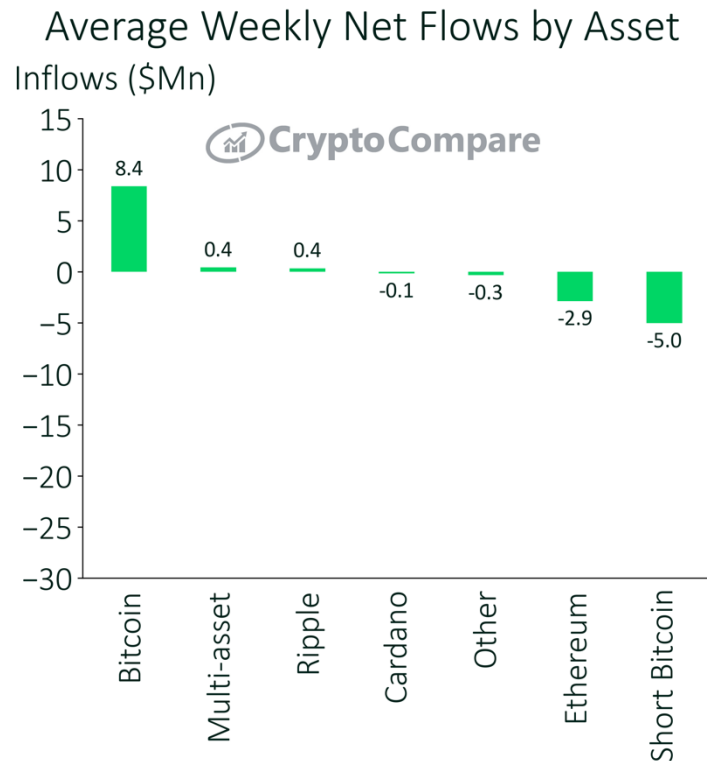
Regarding product type, AUM in trust products (dominated by Grayscale) rose 2.34% to \$17.7bn (77.3% of total AUM) in October, whilst AUM represented by ETFs fell 1.59% to \$2.21bn. Digital Asset ETFs now account for 9.68% of the market share, continuing their decline from highs of 11.5% in June. ETNs and ETCs followed in terms of market share, with ETNs experiencing a fall of 0.76% to 1.68bn and ETCs experiencing a rise of 4.46% to 1.30bn.



Average weekly net flows increased in October (as of the 25th). Weekly inflows recorded an average of \$730k compared to average weekly outflows of \$9.20mn in September.



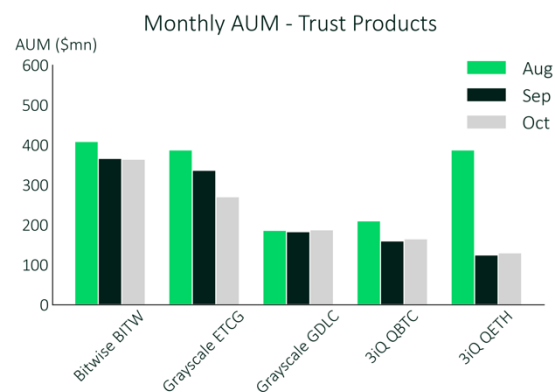
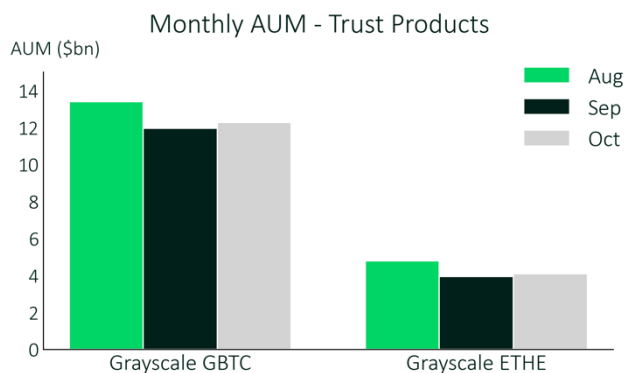
Weekly net flows for Bitcoin-based products recorded inflows averaging \$8.37mn in October. Ethereum products, on the other hand, recorded the second-largest negative net flows of \$2.87mn. Short Bitcoin-based products record the largest outflows, averaging \$5.03mn. Multi-asset-based products saw inflows averaging \$430k, and other altcoins saw outflows of \$330kk.



Trust Products

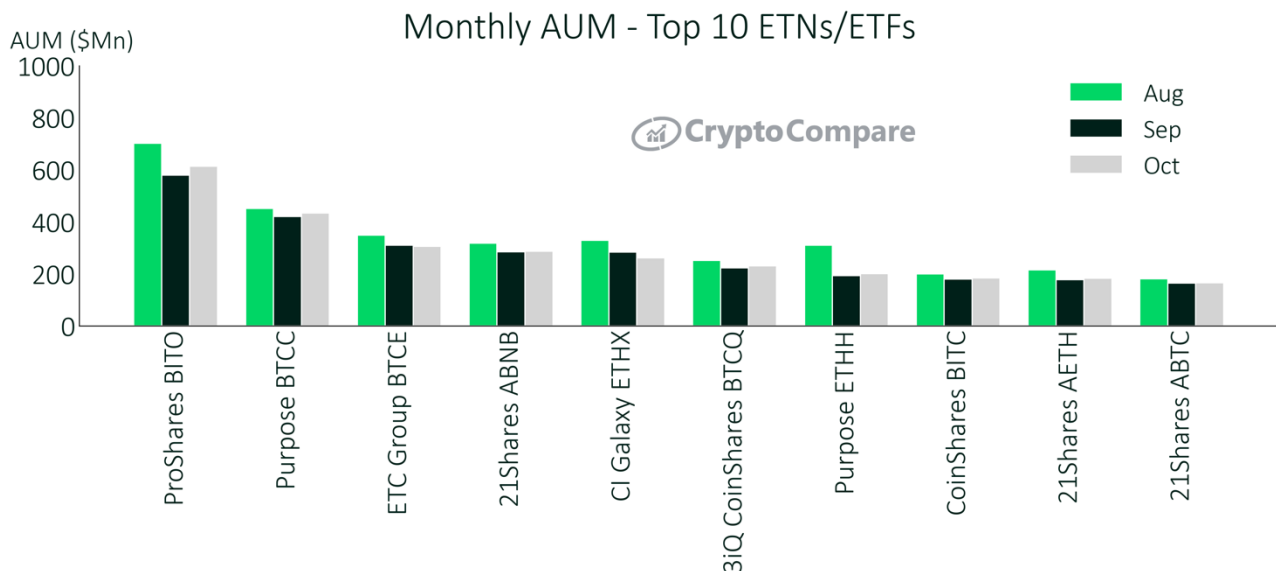
The majority of AUM in trust products continued to reside in Grayscale's Bitcoin product (GBTC), with a market share of 69.5%. The trust product saw its AUM increase by 2.61% to \$12.3bn. Meanwhile, the AUM of Grayscale ETHE, which accounts for 23.2% of the market share, rose 3.79% to \$4.10bn.

Other high AUM trust products include Bitwise's index product (BITW) which fell 0.55% to \$364mn in October.



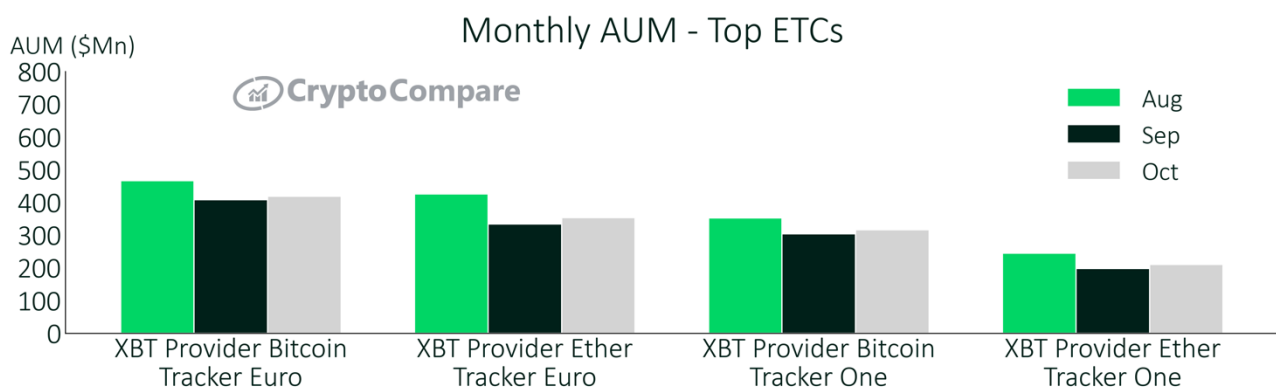
Exchange Traded Notes (ETNs) and Exchange Traded Funds (ETFs)

In September, the ProShares BITO product continued to hold the highest AUM in an ETN/ ETF product with \$615mn. This was followed by Purpose's BTCC and ETC Group's BTCE products, with BTCC recording a rise of 3.24% to \$435mn and BTCE recording a fall of 1.18% to \$307mn.



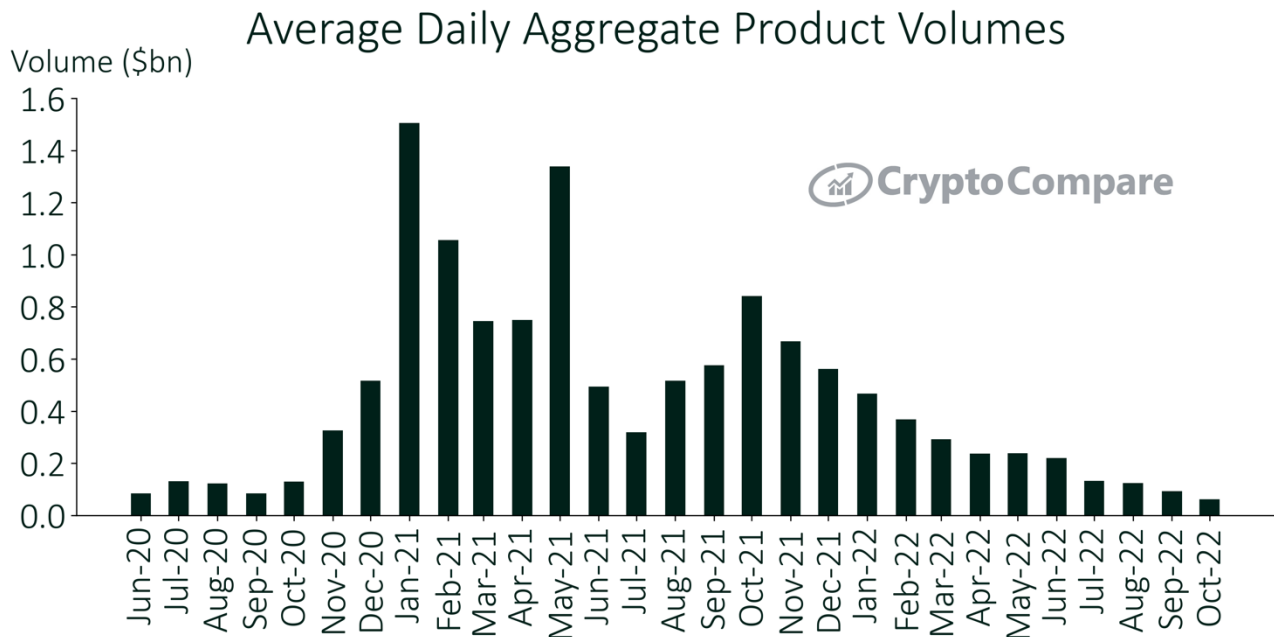
Exchange Traded Certificates (ETCs)

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 October, with a 2.69% rise to \$419mn. This was followed by the Ether Tracker Euro product, which rose 5.88% to \$353mn.



Trading Volumes

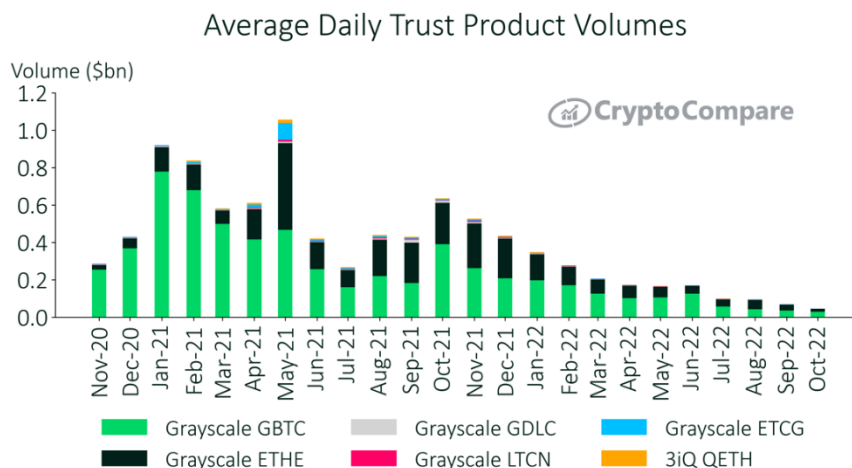
Average daily aggregate product volumes across all digital asset investment products fell 34.1% to \$61.3mn in October, continuing a downward trend in volumes observed since November 2021 (except for a slight rise of 0.39% in May). It is the second month since September 2020 in which average daily volumes have fallen under \$100mn.



Trust Products

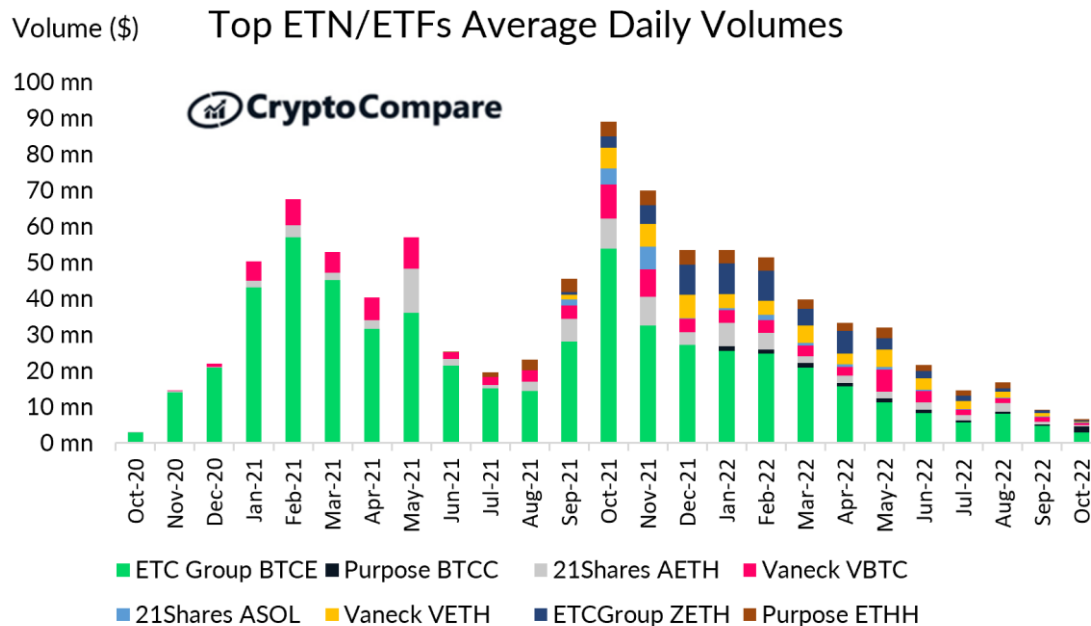
In October, Grayscale's Bitcoin trust product (GBTC) kept its position as the most traded Trust Product, with an average daily volume of \$28.6mn (down 19.5%). Grayscale's Ethereum product (ETHE) followed, recording an average daily volume of \$15.5mn (down 50.0%).

Other major trust products, such as 3iQ's Bitcoin product (QBTC), saw average daily volumes fall 13.7% to 416k, whilst their Ethereum product (QETH) saw average daily volumes fall to \$320k (down 45.9%). The Grayscale ETCG product recorded the highest fall against all products, with a 77.5% decline to \$301k.



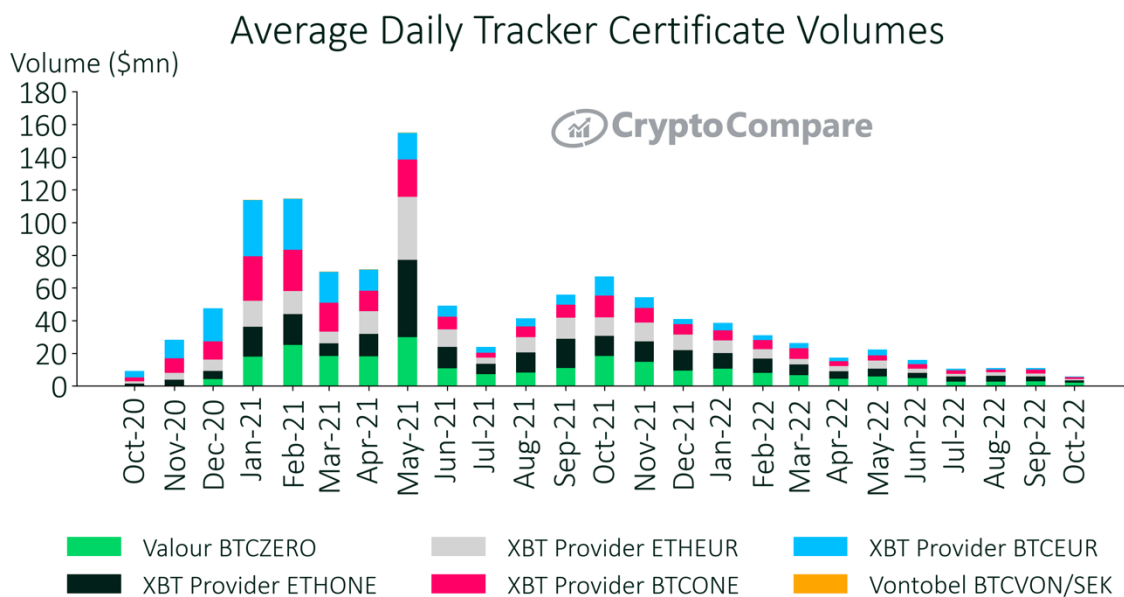
Exchange Traded Notes (ETNs) and Exchange Traded Funds (ETFs)

Bitcoin-based products continued to dominate ETNs/ETFs trading in September, with ETC Group's BTCE product recording the highest daily volume at \$2.90mn (down 38.4%), followed by Purpose's Bitcoin product (BTCC) at \$1.68mn (up 13.6%) and Van Eck's Bitcoin product (VBTC) at \$555k (down 60.6%).



Exchange Traded Certificates (ETCs)

Valour's Bitcoin product (BTCZERO) remains the highest traded ETC despite trading volumes falling 24.3% to \$2.12mn in October. This was followed by XBT Provider's Ether product (ETHONE), which recorded a large loss of volume at 54.7%, tumbling to \$1.38mn.



Price Performance & Product Information

PRODUCT	PRODUCT TYPE	TRADING TYPE	AVG DAILY VOLUME (\$) 30-DAY	% AVG DAILY VOLUME CHANGE	30-DAY RETURNS
GRAYSCALE GBTC	T	OTC-TRADED	28,616,758	-19.5%	1.4%
GRAYSCALE ETHE	T	OTC-TRADED	15,498,041	-50.0%	-3.8%
ETCGROUP BTCE	ETN	EXCHANGE-TRADED	2,901,947	-38.4%	-1.5%
VALOUR BTCZERO	ETC	EXCHANGE-TRADED	2,117,184	-24.3%	0.2%
PURPOSE BTCC	ETF	EXCHANGE-TRADED	1,678,347	13.6%	2.7%
XBTPROVIDER XETHONE	ETC	EXCHANGE-TRADED	1,383,717	-54.7%	0.8%
XBTPROVIDER XBTCONE	ETC	EXCHANGE-TRADED	1,232,192	-47.5%	0.1%
21SHARES SBTC	ETN	EXCHANGE-TRADED	1,178,012	28.3%	-4.7%
XBTPROVIDER XETHEUR	ETC	EXCHANGE-TRADED	649,578	-63.2%	-0.1%
21SHARES ABTC	ETN	EXCHANGE-TRADED	647,574	20.1%	-0.4%
VANECK VBTC	ETN	EXCHANGE-TRADED	554,711	-60.6%	-2.2%
XBTPROVIDER XBTCEUR	ETC	EXCHANGE-TRADED	432,875	-56.4%	-1.1%
3IQ QBTC	T	EXCHANGE-TRADED	415,939	-13.7%	1.1%
21SHARES AETH	ETN	EXCHANGE-TRADED	357,252	-48.6%	0.5%
ETCGROUP ZETH	ETN	EXCHANGE-TRADED	338,004	-52.8%	-1.0%
PURPOSE ETHH	ETF	EXCHANGE-TRADED	326,558	4.0%	-22.1%
3IQ QETH	T	EXCHANGE-TRADED	319,938	-45.9%	0.8%
GRAYSCALE ETCG	T	OTC-TRADED	300,596	-77.5%	-16.5%
GRAYSCALE GDLC	T	OTC-TRADED	280,222	11.0%	-9.2%
VANECK VETH	ETN	EXCHANGE-TRADED	279,771	-68.4%	-0.8%
BTC/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	3.41%
ETH/USD	CCCAGG INDEX	CRYPTOCOMPARE	---	---	9.91%
MVDA Index	MVIS INDEX	MVIS	---	---	6.86%

BTC-based products had mixed results in the last 30 days, with a maximum loss of -4.7%. The largest gain of BGTC products was Purpose's BTCC, achieving gains of a 2.7%. ETH-based products saw larger swings, ranging from 0.8% to -22.1%. Purpose's ETHH product was the worst performer of the month, dropping 22.1%.

The MVDA index experienced a rise of 6.86% in the 30-day period. 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>	39
XBTPProvider	2.50%	<i>Tracker Products</i>	4
ETC Group	1.49% - 2.00%	<i>Ethereum ETC</i>	14
Valour	0.00% - 1.90%	<i>Bitcoin Zero, Ethereum Zero</i>	12
Purpose	1.00% - 1.25%	<i>Purpose Bitcoin ETF</i>	5
3IQ	0.75% - 1.95%	<i>3iQ Global Cryptoasset Fund</i>	6
VanEck	1.00%	<i>VanEck Bitcoin ETN</i>	13
WisdomTree	0.95%	<i>WisdomTree Bitcoin ETF</i>	6
Bitwise	0.85% - 2.00%	<i>Bitwise Crypto Industry Innovators ETF</i>	12

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, is the basis for structured products such as ETNs and futures contracts.
- Asset Allocation
- Research

CryptoCompare Indices in the News

On September 28, CryptoCompare and Blockdaemon, the leading institutional-grade blockchain infrastructure company for node management and staking, announced the **launch of their industry-first family of Staking Yield Indices** which enable more informed and sophisticated investment strategies in a regulated and secure environment.

The **CryptoCompare Blockdaemon Staking Yield Index Family** is designed to measure the annualised daily staking yield generated by the digital asset, allowing institutional investors to create total return and yield swap products, benchmark portfolios, conduct research, and more. The Index Family will initially feature five regulated indices that capture the annualised daily staking yield of the top-performing PoS digital assets: Avalanche, Cardano, Cosmos, Polkadot, and Solana. Learn more [here](#).

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 analyses 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 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.