

Crypto ETFs triple in value while investors wait for US approval

Article

The news: Total assets held in **crypto ETFs globally reached \$9 billion** as of June, up from \$3 billion the year before, per the Financial Times.

How we got here: While the investment vehicle is yet to be legal in the US, investors have access to crypto ETFs in jurisdictions like [Canada](#) and [Switzerland](#).

- Crypto ETFs have become increasingly popular following the global adoption **boom** of the past year.
- And ETFs have the added benefit of giving investors exposure to a wide range of cryptos without buying separate tokens.
- They also avoid the additional costs and headaches that come with direct ownership, such as paying for custody services or trying to understand the advantages and risks **of** custodial and noncustodial wallets.

Why do US firms want to offer crypto ETFs? Market players are attracted by the AUM- and revenue-generating opportunities.

Goldman Sachs recently **filed** a crypto ETF application, joining more than a **dozen** applications submitted to the SEC. But the SEC has delayed making any decision and called for greater investor protections from applicants.

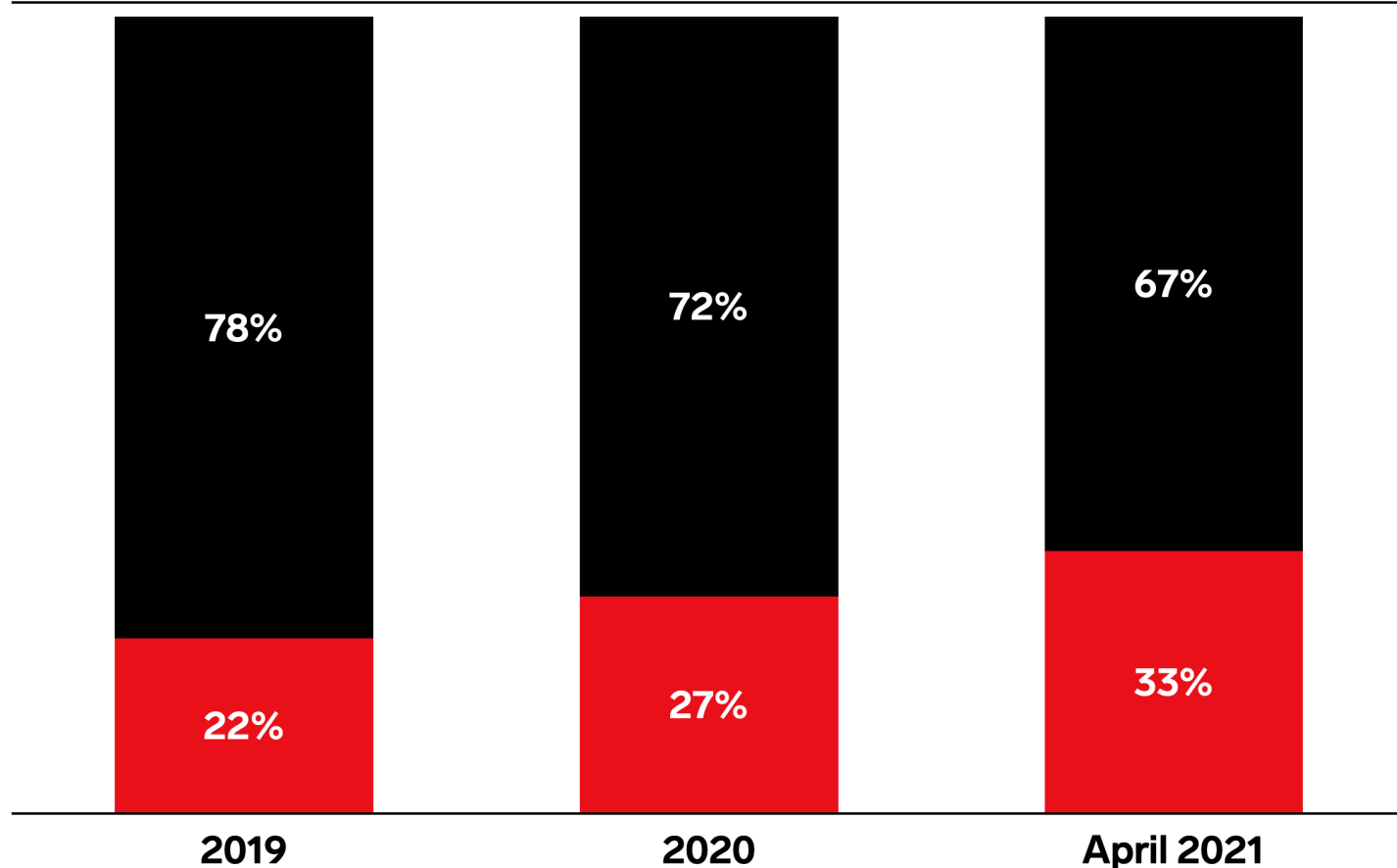
Market players eagerly await regulatory approval to boost their AUM and revenues, as seen with **Grayscale**:

- **AUM.** The digital asset manager offers crypto trusts in the US, which are **not** ETFs but private funds open to accredited investors over the counter instead of trading on an exchange. Grayscale's funds still offer exposure to cryptos and have seen record growth—its **AUM reached \$33.6 billion in July**, up from \$2 billion at the start of 2020.
- **Revenues.** The asset manager charges a **2% fee** on its differentiated product, more than the 0.53% charged for the average ETF.

Looking ahead: Once the SEC gives the green light to crypto ETFs, global AUM growth will accelerate as investors flood in.

- **Institutional investors.** More financial institutions will launch crypto ETFs once given the regulatory approval to meet **growing** demand from US institutional clients.
- **Retail investors.** Robo-advisors will get in on the action to give retail investors access to the investment vehicle: **Wealthfront** recently added access to Grayscale's trusts, and **Betterment** is mulling a long-term crypto offering.

US Institutional Investors Exposed to Digital Assets



■ Investors exposed to digital assets
■ Investors not exposed to digital assets

Note: Digital assets refers to the blockchain-powered emerging asset class, also known as cryptocurrencies, crypto assets, virtual currencies, and crypto tokens.

Source: Fidelity Digital Assets, "2021 Institutional Investor Digital Assets Study," July 20, 2021

Methodology: Fidelity Digital Assets surveyed 408 US institutional investors between December 2, 2020, and April 2, 2021.

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