coinmotion

2021 q1

quarterly report

in collaboration with dcresearch

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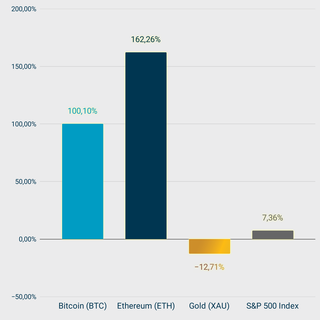
MARKET INSIGHTS

CRYPTOCURRENCIES OUTPERFORM MARKETS, AGAIN

Bitcoin (BTC) exceeded all expectations again by continuing to grow 100,10 percent in the first quarter of 2021. The second largest cryptocurrency by market capitalization metric, Ethereum (ETH), ascended even further by **162,26%**.

Cross-Asset Performance in Q1 2021
Data source: Coin Metrics.



Gold has somewhat surprisingly declined **-12,71%** during Q1 2021, dropping back to summer 2020 levels. Gold has been loaded with expectations as its spot price increased past 2000 USD during last August. Gold has historically been correlated with Bitcoin, however correlation fastly shifted from 0,5 to effectively 0 during Bitcoin's recent market cycle. S&P 500 Index, mirroring the stock market, has fared fairly well, rising **7,36%** during Q1. Compared with more traditional asset classes, the leading cryptocurrencies are in their own class.

"Crypto is unlocking an entirely new class of investable assets at the precise moment the world needs such alternatives."

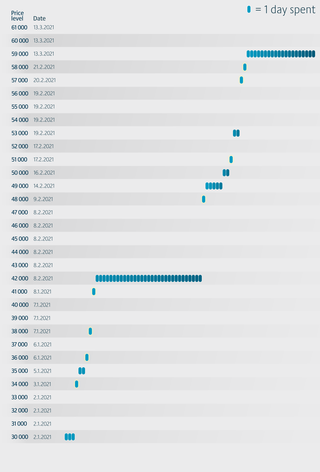
- Kevin Kelly

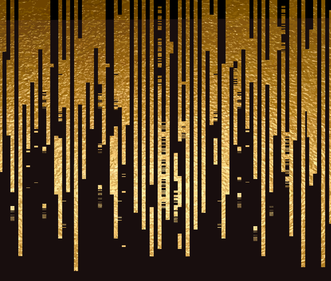
BITCOIN PRICE LEVELS IN Q1 2021

Let's explore how quickly bitcoin reached new price levels in Q1. In early January (2.1.2021) bitcoin had just crossed 30 000 dollars (USD) and it took only one day for bitcoin to reach 34 000 on 3.1.2021. Bitcoin then reached 40K level a couple of days later on January 7th. Bitcoin stagnated on 40K resistance level for a month. When the 40K resistance finally collapsed, bitcoin ascended to 50K on February 16th. Bitcoin then continued its soar up before meeting resistance again on 59K level. After clearing 59K resistance bitcoin ascended again, moving towards 60K and above in late Q1.

The following data shows bitcoin price levels in the first quarter and the days bitcoin spent on these price levels and the days between each new price level.

Cross-Asset Performance in Q1 2021
Data source: Coin Metrics.

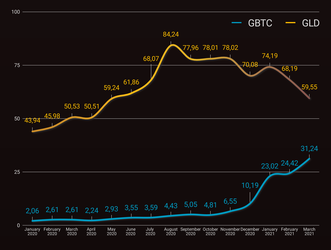




BITCOIN AS AN ASYMMETRIC ALTERNATIVE TO GOLD

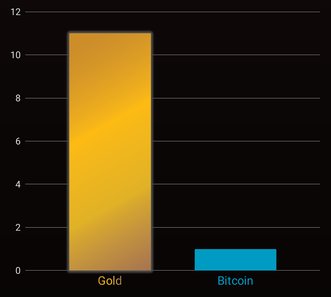
Bitcoin has increasingly evolved into a real alternative to gold. Both assets share similar key features, the most important being scarcity. The Grayscale's GBTC fund has grown significantly from 2020 to 2021 and consequently GBTC passed $30 billion in late first quarter of 2021. GBTC's closest gold-related alternative would be the famous GLD fund, by SPDR gold shares. The GLD has been negatively correlated with GBTC, like the underlying organic asset. GLD had $59,55 billion in assets under management (AUM) at Q1's end. [1] [2]

AUM: GBTC and GLD
Data source: Bloomberg



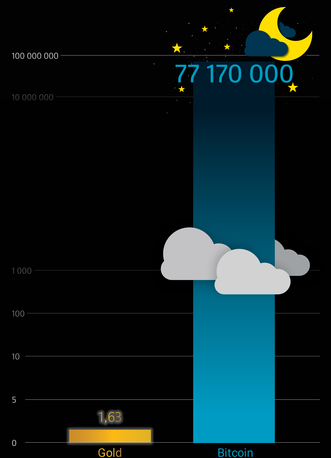
If the GLD fund continues its loss of AUM and GBTC respectively continues to grow, we might see a GBTC / GLD flippening around $90K bitcoin level. Furthermore Grayscale plans to convert GBTC into an ETF so it's interesting to see how the setting plays out.

Market Capitalizations: Bitcoin and Gold
Data source: Bloomberg



Bitcoin's current market cap is above $1 trillion, compared with gold's $11 trillion. Gold's current daily liquidity is around $183 billion, including registered OTC transactions, regulated futures markets, and exchange traded products. In comparison, Bitcoin's daily volume is approximately $17,4 billion, including exchange-traded products like Grayscale's GBTC. In summary, Bitcoin's current size is roughly 10 percent of gold's by both market capitalization and daily volume metrics.

Bitcoin has an asymmetric return profile, there is much more upside than downside in owning the asset. Bitcoin's asymmetric profile is clearly illustrated in the following chart portraying the return on one dollar (USD) invested in bitcoin and gold on October 6th 2009. In this timeframe from late 2009 into early 2021, the one dollar bitcoin investment has ascended to incredible 77,17 million dollars.



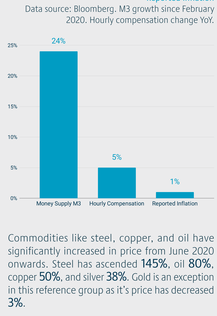
One dollar invested in gold during late 2009 is now worth just 1,63 dollars.

GROWING INFLATION

Nordea's Andreas Steno Larsen recently estimated that 20 percent of all U.S. dollars in circulation were created (or printed) during 2020. This percentage represents around 3 trillion USD. The exceptional monetary policies conducted by central banks have raised worries and are starting to show concrete effects. One obvious result would be growing inflation, which is showing sings of a significant acceleration not only via the asset inflation discussed below, but also via the standard CPI measure especially in the US.

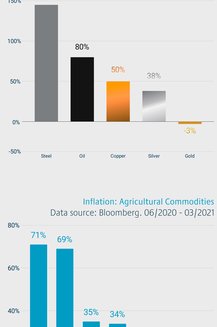
In the Charles Goodhart's and Manoj Pradhan's book *The Great Demographic Reversal* review by Olli Rehn, Governor at the Bank of Finland,estimates inflation levels to reach >**10%** per annum towards the end of 2021 in the aftermath of covid19 stimulus effects and boost from a sudden normalisation of the economy. This development puts a major pressure towards FED to curb the US economy from overheating while at the same time they are still fighting to get covid19 under control. As usual with inflationary scenarios, hourly compensation lags behind, growing only **5%** during the timeframe. [3] [4]

Money Supply, Hourly Compensation and Reported Inflation
Data source: Bloomberg. M3 growth since February 2020. Hourly compensation change YoY.



Commodities like steel, copper, and oil have significantly increased in price from June 2020 onwards. Steel has ascended **145%**, oil **80%**, copper **50%**, and silver **38%**. Gold is an exception in this reference group as it's price has decreased **3%**.

Inflation: Precious Metals, Steel, Copper, and Oil
Data source: Bloomberg. 06/2020 - 03/2021



Inflation: Agricultural Commodities
Data source: Bloomberg. 06/2020 - 03/2021

Inflation is starting to show in commodities and recently in agricultural commodities. Global food prices reached a six-year high in late 2020 and the trend seems to be up for 2021. The growing food prices threaten especially poorer countries with lower purchasing power and large imports. Additionally, the food price spike might elevate broader inflation, making it harder for central banks to continue stimulus programs. Executives at Coca-Cola, Chipotle and appliance maker Whirlpool all recently told analysts that they were preparing to raise prices to offset rising input costs, particularly of commodities. [5]

A RACE FOR BITCOIN ETF

The Bitcoin ETF rumors are escalating again, with an ever increasing amount of ETF applications. For the (possibly) upcoming ETF, here are the most relevant and sound candidates:

BITW
Bitwise 10 Crypto Index Fund

Founded in 2017, Bitwise launched the first cryptocurrency index fund and is the leading provider of rules-based exposure to digital assets. Bitwise recently filed plans for Bitwise Crypto Innovators ETF, which will track the Bitwise Crypto Innovators Index. That benchmark is constructed by Bitwise Index Services.

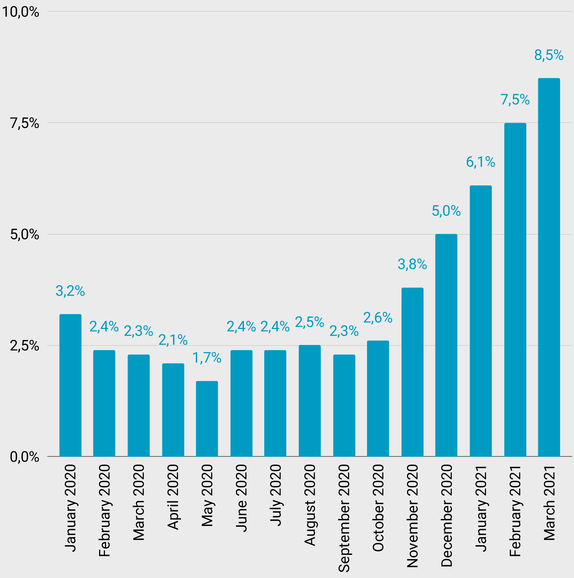
Fidelity, an American finance giant, is also planning to launch a Bitcoin ETF, called Wise Origin Bitcoin Trust. The name Wise Origin is derived from the Japanese name of Bitcoin's founder Satoshi Nakamoto: Satoshi (Wise) Nakamoto (Origin). The ETF would track the cryptocurrency through the Fidelity Bitcoin Index, which takes spot prices from various Bitcoin markets, including popular exchanges.

Grayscale manages the market-leading GBTC fund and holds over 654 885 bitcoins, the company has $45,1 billion in AUM. Grayscale's recent plan is to convert the GBTC fund into an ETF. The conversion would benefit Grayscale's clients in form of lower management fees as the company currently charges an annual administration and safekeeping fee of 2 percent on GBTC. Grayscale's other products charge even higher fees rising up to 2,5 and **3%**.

GOVERNMENTS OWN BITCOIN

If you've ever wondered why bitcoin and other cryptocurrencies are so antifragile against governments, one factor would be because many government members privately own said assets. The recent data from Ukraine shows a selection of government officials owing at least 46 351 bitcoins, equal to 2,54 billion U.S. dollars. The data was provided by Ukrainian government transparency platform Opendatabot [6].

Inflation Rate in Ukraine
Data source: Trading Economics



More than 700 000 Ukrainian officials made property declarations by March 31, with 652 declaring that they own bitcoin, according to Opendatabot. This would average out to 71 BTC (or about $3,9 million) per public official. Opendatabot also reported on the other cryptocurrencies declared by public officials, including ether, litecoin and stellar. The largest number of owners of cryptocurrencies work in city councils, the Ministry of Defense and the National Police. Ukraine has seen widely increasing inflation, rising from 6,1 percent to **8,5%** in the first quarter of 2021. Bitcoin is widely considered as a hedge to inflation, making it an attractive asset for environments like Ukraine.

BITCOIN'S VALUE PROPOSITION TO INVESTORS

GROWTH

The pioneering blockchain industry is developing with escalating pace and new projects are constantly gaining traction. The mass adoption in bitcoin & blockchain tech and tokenization in general will continue to evolve rapidly in coming years.

DIVERSIFICATION

Bitcoin with a low historical correlation to traditional markets, is an emerging asset class to consider as a part of the portfolio diversification. Even just 1-5% allocation to bitcoin has been historically impacting portfolio performance favorably.

HEDGE

Bitcoin can be seen as a potential hedge to traditional asset classes. Built-in features like 21 million hard cap, inflation-free structure, and antifragile blockchain make bitcoin a store of value.

DECENTRALIZED VALUE

Global, decentralized, censorship-resistant & programmable asset with proven 10-year track record, showing outstanding staying power. With 99,98% uptime since inception, every subsequent day online makes bitcoin more robust, secured by built-in incentive structure.

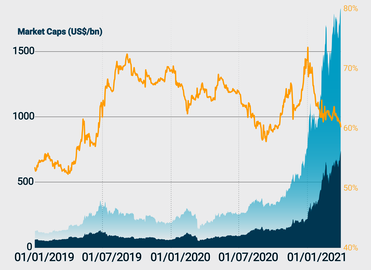
INDUSTRY OUTLOOK

MARKET CAPITALIZATIONS

Average bitcoin dominance in Q1 2021: 64%

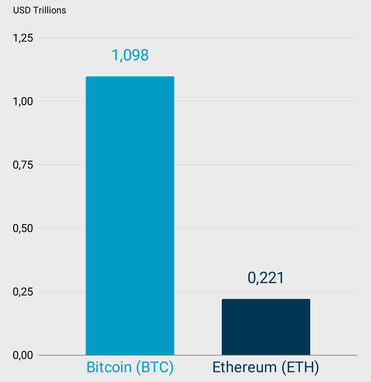
After rising sharply in late 2020 and early 2021, the bitcoin dominance dropped to 60 percent level in late Q1 of 2021. The bitcoin dominance represents bitcoins relative market capitalization compared with altcoins. Bitcoin's dominance peaked on January second, rising to 73%, marking the highest recorded bitcoin dominance percent since the beginning of 2019.

BITCOIN & ALTCOIN MCAPS & BTC DOMINANCE (SINCE 2019)
Data source: coin.dance. 31.3.2021



Meanwhile bitcoin's market capitalization crossed $1 trillion, Ethereum's MCAP has been rising too. Ethereum's market cap is currently 20,13 percent of bitcoin's and is estimated to slowly close the gap. Why is Ethereum's market cap increasing?

Market Capitalizations of Bitcoin and Ethereum
Data source: Coin Metrics



Ethereum acts as the main platform for decentralized finance (DeFi) growth, as most of the projects are built on Ethereum's ERC-20 protocol. Unlike Bitcoin, Ethereum generates cash flows via transaction fees paid by users to access apps on Ethereum. Transaction fee revenue is increasing because of growth in Ethereum's apps, tokens, and liquidity. Ethereum's growth is supported by established and expanding network effects from the apps, tokens, and liquidity on Ethereum, which users must pay fees to access.

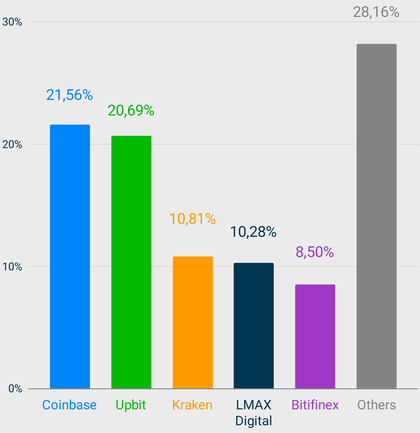
When exploring the market cap data we should always remember that MCAP is only a relevant metric when it's supported by volume relative to MCAP, and when volume comes from a broad group of participants that are representative of market demand. Many altcoins don't fit the criteria above, so the real (organic) bitcoin dominance is well over the said percent.

INDUSTRY OUTLOOK

EXCHANGES

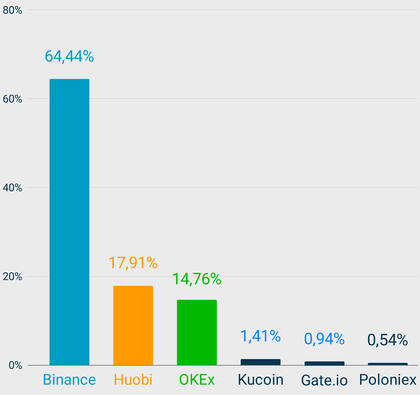
Coinbase continues to lead the fiat exchanges with 21,56 percent share of the market at the end of Q1 2021. Coinbase recently launched its initial public offering (IPO) and the NASDAQ listed COIN stock has been trading in close proximity to $300. Coinbase launched with a market cap rising above $100 billion, yet the trend has been slightly downwards from then. [7]

Fiat Exchange Market Share
Data source: The Block



Among other significant fiat exchanges are Korean Upbit with 20,69% market share, Kraken (10,81%), and Bitfinex (8,5%). Bitfinex is well known for Tether (USDT) stablecoin that was originally launched as a dollar alternative for exchange needs.

Crypto-Only Exchange Market Share
Data source: The Block



Binance continued to lead the crypto-only exchange market with an impressive 64,44% market share. Binance has relied on aggressive expansion strategy across international markets. Binance was followed by other China-related crypto-only exchanges Huobi (17,91%) and OKEx (14,76%). Crypto-only exchanges like Binance are usually not regulated in specific jurisdictions, making their position somewhat fragile. The larger trend among centralized exchanges has been towards more location-specific compliance, making their operations more accepted.

INDUSTRY OUTLOOK

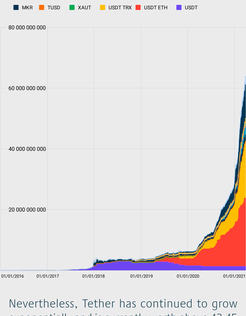
STABLECOIN MARKET

STABLECOIN MARKET CAPITALIZATIONS:

TETHER USDT:	$42,45B
USD COIN (USDC):	$10,82B
DAI (DAI):	$2,92B
PAXOS (PAX):	$972,92M
PAXOS GOLD (PAXG):	$149,78M
TETHER GOLD (XAUT) :	$146,07M
FRAX (FRAX):	$119,07M

Tether (USDT) is probably the most well-known stablecoin and it's supposedly backed by U.S. dollar reserves. Recently Tether announced its stablecoin to be backed by "a reserve of U.S. dollars and other assets, including traditional currency and cash equivalents and other assets and receivables from loans". Tether has faced accusations related to alleged insufficient reserves and Tether's parent company iFinex is currently under scrutiny by U.S. authorities.

Stablecoin Market Capitalizations 2016-2021
Data source: Coin Metrics

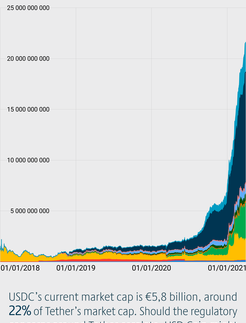


Nevertheless, Tether has continued to grow exponentially and is currently worth above 42,45 billion dollars. Tether contemporarily uses multiple blockchains, including original Omni, Ethereum (ETH), and Tron (TRX). Ethereum-based Tether holds most of the value in market capitalization, however Tron-based USDT bypassed Ethereum in terms of daily active addresses during early 2021.

TETHER ALTERNATIVE

In addition to Tether, the stablecoin market currently offers multiple alternatives, like USD Coin. USD Coin's role is closely aligned with Tether, however it has found its economic moat as the more regulatorily compliant stablecoin.

Stablecoin Market Capitalizations (Excluding Tether)
Data source: Coin Metrics

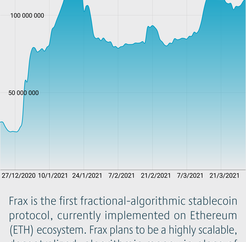


USDC's current market cap is €5,8 billion, around **22%** of Tether's market cap. Should the regulatory concerns around Tether escalate, USD Coin might see incremental growth at the expense of Tether. USD Coin has recently been listed on Coinmotion.

FRAX

Algorithmic stablecoins offer another angle to solving stablecoin stability. Stablecoins like Frax balance the stablecoin price by counter-cyclical price adjustments: Expanding the supply reduces price and reducing the supply increases the price, vice versa.

Frax: Market Capitalization
Data source: CoinGecko



Frax is the first fractional-algorithmic stablecoin protocol, currently implemented on Ethereum (ETH) ecosystem. Frax plans to be a highly scalable, decentralized, algorithmic money in place of fixed-supply digital assets like bitcoin.

Frax consists of three tokens: FRAX (stablecoin), Frax Shares (governance and value-accrual token), and Frax Bonds (debt financing token). Frax's founder Sam Kazemian stated the project plans to be "the bitcoin of algo stablecoins" and Frax will provide liquidity for decentralized finance as an algorithmically stabilized and unbacked asset. [8]

INDUSTRY OUTLOOK

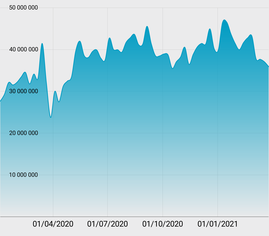
P2P MARKET

LocalBitcoins.com

AVERAGE WEEKLY VOLUME IN 2020: $37,18M → ^$41,07M

LocalBitcoins, the famous Bitcoin OTC platform from Helsinki Finland, has retained its position as the number one platform in P2P market. LocalBitcoins' volume has steadily remained in close proximity to $40M weekly level, slightly dropping towards the end of first quarter. LocalBitcoins' average weekly volume for Q1 was $41,07M, growing from the 2020 average of $37,18M.

LocalBitcoins Volume
Data source: Coin Dance



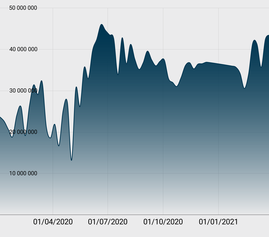
Eastern Europe and Russia especially have traditionally been strong markets for LocalBitcoins, yet the 2020 quarters have represented a declining trend for Eastern European transactions. LocalBitcoins has been upgrading its service to align with new EU regulations and compliance.

PAXFUL

AVERAGE WEEKLY VOLUME IN 2020: $31,38M → ^$34,82M

Paxful can be considered as LocalBitcoins' main competitor and Paxful's market share has been closely approaching LocalBitcoins. The volumes of Paxful and LocalBitcoins were close to "flippening" as they seemed equal for a moment in 2020. Since then LocalBitcoins has gradually strengthened its position, meanwhile Paxful has weakened. Paxful's average weekly volume in 2020 was $31,38M and $34,82M so far into 2021.

Paxful Weekly Volume
Data source: Coin Dance



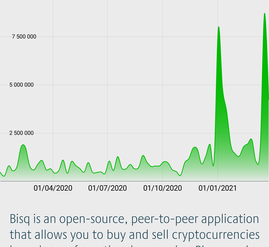
Paxful is especially focused on transactions with gift cards, including partners as Amazon, Apple, eBay, and Google. Paxful's volume has increased across markets with significant presence in North America, where Paxful has historically been well-positioned.

bisq

AVERAGE WEEKLY VOLUME IN 2020: $0,86M → ^$3,28M

Bisq has a more decentralized approach as an OTC platform, compared with more centralized LocalBitcoins and Paxful. Bisq's volume is around **10%** of the bigger exchanges, and it has been growing from late 2020 into early 2021. Bisq's average weekly volume in 2020 was $0,86M, increasing significantly to $3,28M in Q1 2021.

BISQ Weekly Volume
Data source: Coin Dance



Bisq is an open-source, peer-to-peer application that allows you to buy and sell cryptocurrencies in exchange for national currencies. Bisq can also be classified as a decentralized exchange (DEX), although the definition is somewhat abstract.

INDUSTRY OUTLOOK

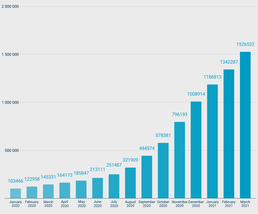
DECENTRALIZED FINANCE (DEFI)

"If you work at Goldman Sachs and want to work in DeFi, message me"

- Stani Kulechov

Decentralized finance (DeFi) has continued its seemingly perpetual growth and Dune Analytics estimated DeFi user base to be 1,53 million at the end of first quarter. DeFi's user base crossed 1 million in December 2020 and looks like it'll reach 2 million in Q2 2021.

Decentralized Finance (DeFi) User Base
Data source: Dune Analytics

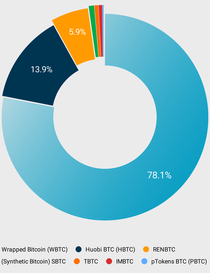


Compared with the traditional centralized financial service sector, DeFi's main value proposition is to solve the inherent challenges related to the old finance industry. The most notable drawbacks of "old finance" are considered to be single points of failure and control, monopolizing power, and bureaucracy.

TVL IN Q4 2020: $15,39B → TVL IN Q1 2021: ^$65,99B

The total value locked (TVL) in decentralized finance has increased over 4x from Q1 2020 into Q1 2021, mirroring a huge secular growth for DeFi platforms. The amount of Bitcoin on Ethereum network is another good metric and Wrapped Bitcoin (WBTC) is approaching a $9 billion market cap. Wrapped Bitcoin was created to allow bitcoin holders to participate in decentralized finance ("DeFi") apps that are popular on Ethereum.

Bitcoin on Ethereum
Data source: Dune Analytics

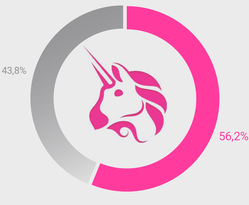


The BTC that backs WBTC is transparently verifiable through a "proof of reserve" system that verifies the 1:1 backing between minted WBTC tokens and bitcoin stored by custodians. WBTC is maintained by a group called the WBTC DAO that now consists of over 30 members.

Uniswap's dominance in decentralized exchange (DEX) market: 56,2%

Uniswap has evolved into the de facto trade platform for decentralized finance, reaching third rank in terms of total value locked (TVL) and dominating the decentralized exchange (DEX) competition with 56,2 percent market share.

Uniswap DEX Dominance
Data source: Dune Analytics



Uniswap is a relatively new platform, the native UNI token was introduced in September 2020. The main purpose of UNI is to act as a governance token for community involvement and oversight. Uniswap allows UNI holders to vote on project developments that align the course of Uniswap's future evolution. [9]

Uniswap's most unique technology lies in an innovation called automated market maker (AMM). AMM is a smart contract managing pools within the Uniswap platform and together they provide tokens used for effectuating a transaction. Uniswap has recently been listed on Coinmotion.

BITCOIN ASSET SUMMARY

CORRELATIONS

BITCOIN - S&P 500 INDEX

Average bitcoin - S&P 500 Index correlation
Q1 2021: ⌄0,159 (from 0,366)

S&P 500 Index is the main indicator for the "health" of top U.S. companies. The average Bitcoin - S&P 500 correlation was 0,366 in the last quarter of 2020, dropping to 0,159 in Q1 2021. Bitcoin's correlation with S&P 500 has been weakening along Bitcoin's price performance: Bitcoin ascended 100,10 percent in Q1, meanwhile S&P 500 climbed only 7,36%.

BTC / S&P 500 Correlation
Data source: Coin Metrics

The two asset classes reached a historical correlation during the COVID-19 pandemic, however now Bitcoin and S&P seem to enter a long-term divergent trend.

BITCOIN / GOLD

Average Bitcoin / Gold Index correlation
Q1 2021: ⌄0,019 (from 0,374)

Bitcoin and gold share fundamentally similar features, the both assets are scarce, limited in quantity. Bitcoin's correlation with gold was close to zero in early Q1, even occasionally dropping to negative territory. Bitcoin's close to zero correlation with gold indicated significant divergence between the two assets. The correlation between bitcoin and gold increased in the late quarter, yet the average Q1 correlation 0,019, decreased significantly from Q4 0,374.

Bitcoin / Gold Correlation
Data source: Coin Metrics

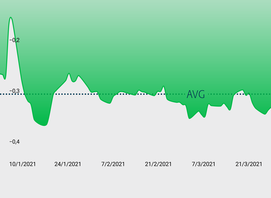
As bitcoin matures as a scarce asset, investors are increasingly seeing both as rival allocations. This indicates that money flowing out from one, finds its way to the other, and vice versa.

BITCOIN / U.S. DOLLAR (USD)

Average US dollar correlation
Q1 2021: ^~0,304 (from -0,45)

Bitcoin continued it's negative correlation with U.S dollar (USD), the current seemingly secular trend has been building up since 2020. Q1's average correlation was -0,304, slightly rising from Q4's 0,45. BTC / USD correlation reached its historical bottom in Q1 2020, dropping to -0,61. Dollar is currently going through a massive monetary easing phase, making it prone to devaluation. However on a macro scale, "cheap" USD is also beneficial for the United States as it makes their export products cheaper and therefore more competitive.

Bitcoin / Dollar Correlation
Data source: Coin Metrics



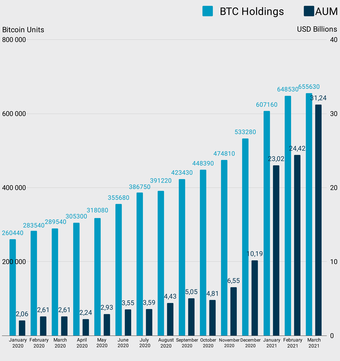
BITCOIN ASSET SUMMARY

INVESTMENT PRODUCTS

GRAYSCALE

Grayscale's Bitcoin Trust (GBTC) is considered as the market-leading Bitcoin product and interprets the growing institutional appetite. GBTC's bitcoin holdings (amount of units) have grown 133,13 percent YoY from January 2020 to January 2021. Furthermore assets under management (AUM) have increased over 10x from 2020 to 2021. By recent data, **93%** of Grayscale's client base is institutional, especially hedge funds prefer Grayscale's products.

GBTC: AUM and Bitcoin Holdings
Data source: Grayscale.

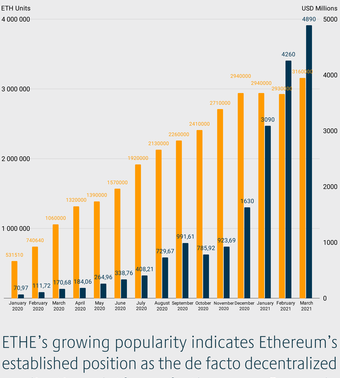


The GBTC fund has historically been characterized by its high premium, however in late first quarter of 2021 the premium dropped into negative **-9,83%**. Furthermore the negative premium trend has been escalating in early Q2. Grayscale's Michael Sonnenshein sees the negative premium as a by-product of the fund's popularity, putting pressure on GBTC shares. Grayscale plans to convert GBTC into an ETF in future.

GRAYSCALE ETHE

Grayscale's Ethereum Trust (ETHE) has performed even more exceptionally than its bigger "brother" GBTC. ETHE's amount of Ethereum holdings have increased 6x YoY from January 2020 into January 2021. ETHE's AUM has ascended from a mere $70,07M into close proximity to $5 billion.

ETHE: AUM and Ethereum Holdings
Data source: The Block



ETHE's growing popularity indicates Ethereum's established position as the de facto decentralized application platform, furthermore Grayscale might consider converting ETHE into an ETF, after successful GBTC conversion.

"Advisors would overwhelmingly prefer to buy crypto in an ETF package compared with all other options."

- Bitwise

BITCOIN ETF

The Bitcoin ETF rumors are escalating again, with ever increasing amount of ETF applications. To illustrate the increasing interest toward ETF, we compiled most of known physically backed ETF applications here:

Galaxy Bitcoin ETF	Awaiting for approval
Winklevoss Bitcoin Shares	Denied
Bitcoin Investment Trust	Withdrawn for now
SolidX Bitcoin Trust	Reformatted
VanEck SolidX Bitcoin Trust	Withdrawn for now
Bitwise HOLD 10 Cryptocurrency Index Fund	Withdrawn for now
Bitwise Bitcoin ETF Trust	Withdrawn for now
United States Bitcoin & Treasury Investment Trust	Denied
Kryptoin Bitcoin ETF	Awaiting for approval
Bitcoin Commodity Trust	Awaiting for approval
VanEck Bitcoin trust	Awaiting for approval
Arxnovum Bitcoin ETF -- BIT. U (Canada)	Awaiting for approval
Valkyrie Bitcoin Fund	Awaiting for approval
Betapro Bitcoin ETF -- I-BIT (Canada)	Awaiting for approval
Evolve Bitcoin ETF -- EBIT (Canada)	Approved
Accelerate Bitcoin ETF -- ABTC (Canada)	Awaiting for approval
Purpose Bitcoin ETF -- BICC (Canada)	Approved
.3iQ Bitcoin ETF (Canada)	Awaiting for approval
NYDIG Bitcoin ETF	Awaiting for approval
CI Galaxy Bitcoin ETF -- Brcx (Canada)	Approved
Wisdomtree Bitcoin Trust	Awaiting for approval
First Trust SkyBridge Bitcoin ETF Trust	Awaiting for approval
Wise Origin Bitcoin Trust	Awaiting for approval
Kryptoin Bitcoin ETFTrust Re-filing	Awaiting for approval

When looking at current applications for physically backed ETFs we notice that three Canadian funds have already been **approved**. These three are: CI Galaxy Bitcoin ETF, Evolve Bitcoin ETF, and Purpose Bitcoin ETF. Majority of the applications are either withdrawn for now, or awaiting approval. Some applications like Winklevoss Bitcoin Shares, are denied. Winklevoss twins are likely to fill a new application in future though. The Winklevoss twins are famous for their contribution to Facebook, later they have focused on digital asset exchange Gemini. [10]

BITCOIN ASSET SUMMARY

INDICES

BLETCHLEY 10 INDEX

Bletchley 10 Index performance:
Q1 2021: ~144,56% (from 128,41%)

The Bletchley 10 Index is composed of 10 most valuable digital assets, measured in market capitalization. The assets in Bletchley 10 started to ascend in the last quarter of 2020, rising 128,41 percent. The climb steadily continued in Q1 2021 as Bletchley 10 rose **144,45%**. The performance was propelled by leading digital assets Bitcoin and Ethereum. The ten largest altcoins can be considered as "oscillators", they oscillate with bitcoin's performance, making them possibly more alluring to investors.

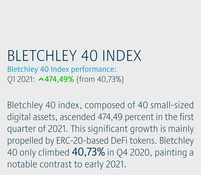
Bletchley 10 Index
Data source: Bletchley Indexes.

BLETCHLEY 20 INDEX

Bletchley 20 Index performance:
Q1 2021: ~321,97% (from 17,31%)

Bletchley 20 Index is composed of 20 medium-sized digital assets by nominal market cap. Bletchley 20 assets outperformed Bletchley 10, possibly because digital asset investors prefer to diversify into medium-sized assets. Bletchley 20 only ascended 17,31 percent in Q4 2020, while in Q1 2021 it climbed significantly more: **321,97%**. Bletchley 20 also includes decentralized finance (DeFi) tokens, which are alluring to investors, and occupy an incremental part of the market.

Bletchley 20 Index
Data source: Bletchley Indexes.

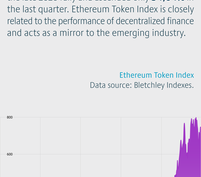


BLETCHLEY 40 INDEX

Bletchley 40 Index performance:
Q1 2021: ~474,49% (from 40,73%)

Bletchley 40 index, composed of 40 small-sized digital assets, ascended 474,49 percent in the first quarter of 2021. This significant growth is mainly propelled by ERC-20-based DeFi tokens. Bletchley 40 only climbed **40,73%** in Q4 2020, painting a notable contrast to early 2021.

Bletchley 40 Index
Data source: Bletchley Indexes.

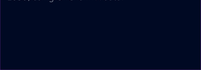


BLETCHLEY ETHEREUM TOKEN INDEX

Bletchley Ethereum Token Index performance:
Q1 2021: ~277,41% (from 34,64%)

The Bletchley Ethereum Token Index, composed of ERC-20 and decentralized finance tokens, outperformed Bletchley 10 in 2020 by rising 289,98 percent. Even so, Ethereum Token Index missed the late 2020 rally and ascended only **34,64%** in the last quarter. Ethereum Token Index is closely related to the performance of decentralized finance and acts as a mirror to the emerging industry.

Ethereum Token Index
Data source: Bletchley Indexes.



BLETCHLEY INDEX METHODOLOGY

Bletchley 10 Index: Market cap weighted index composed of 10 of most valuable digital assets by nominal MCAP.

Bletchley 20 Index: Market cap weighted index composed of 20 medium-sized digital assets by nominal MCAP.

Bletchley 40 Index: Market cap weighted index composed of 40 small-sized digital assets by MCAP.

Bletchley Ethereum Token Index: Market cap weighted index of a variable number of assets that are run on the Ethereum platform, mostly ERC-20 protocol tokens

The market capitalization of each asset in indexes is calculated off of the expected total supply in 2050, using OnChainFX data.

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