

MEGA

WisdomTree Physical Crypto Mega Cap Equal Weight

WisdomTree Physical Crypto Mega Cap Equal Weight is a physically backed exchange-traded product (ETP) that provides investors with a simple, secure and cost-efficient way to gain diversified exposure to the largest and most established digital assets at present: bitcoin and ether.

Investing in bitcoin and ether via an ETP (Exchange Traded Product) allows investors to utilise the best of traditional financial infrastructure and product structuring. Currently the ETP allows investors to access bitcoin and ether without the need to hold the cryptocurrency directly, store private access keys or interact with either blockchain or digital currency infrastructure in any way. Ether also gives exposure to other, growing parts of the digital assets eco-system such as DeFi and non-fungible tokens. The basket rebalances on a quarterly basis back to the equal-weighting, ensuring diversified exposure across large parts of the digital asset ecosystem while regularly locking in the outperformance of the stronger performing of the two currencies.

Reasons to invest in an equal weight Mega Cap ETP for cryptocurrency:

Exposure to the most established cryptocurrencies

The cryptocurrency space is merely 10 years old, very dynamic and rapidly growing. In such an environment benefits can be seen from exposure to established networks with critical mass - in terms of market capitalisation, user base and trading volume - coupled with the technical and security maturity that comes from successfully operating for a such a sustained period of time.

Benefits of periodic portfolio rebalancing

Parts of the cryptocurrency market can experience rapid periods of growth due to non-linear network effects and the emergence of new, unexpected use cases that spur rapid adoption. Periodic portfolio rebalancing provides equal exposure to these trends whereby the volatility of the basket is reduced ensuring a more steady performance. Selling the currency that has appreciated more to buy the one that went down or appreciated less locks in the the realised outperformance of the stringer currency.

Direct and indirect exposure to various cryptocurrency use cases

Bitcoin and ether are the two largest crypto assets. They are however different networks with different attributes and use cases. The two together provide additional exposure to some of the fastest growing and most promising portions of the wider crypto market. Bitcoin, sometimes called “digital gold”, aims to be a store of value and provide a digitally-native payments network (e.g. Lightning). With a fixed supply, growing use cases and associated increased demand should put upward pressure on the value of bitcoin in the medium to long term. By contrast, Ether is used as payment when ‘smart contract’ applications are executed on the Ethereum network. Some of the fastest growing cryptocurrency applications, called Decentralised Finance (DeFi) and Non-Fungible Tokens (NFTs), are built on Ethereum and require ether to operate. With an uncapped supply, the value of ether value should eventually be driven by growing demand for the different uses of the Ethereum network.

Investment protection by investing in equally weighted Bitcoin and Ether via an ETP with WisdomTree



Security – Safely storing digital assets is not only about protecting against hacks, but also protecting against the inadvertent loss of private keys. Investing in crypto assets through an ETP structure could allow investors to transfer the expensive and time-consuming burden of managing private keys to the issuer and to benefit from institutional-grade safeguarding of assets in cold storage¹.



Transparency – Transparency is a core component of the ETP structure. A crypto asset ETP could offer a core measure of confidence for investors by enabling access to an audited website from the issuer, showing exactly how many coins are represented by the outstanding fund shares. This is already standard practice in physical gold ETP structures and provides an incomparable measure of transparency for investors.



ETP Standardisation – Product standardisation is an aspect of the ETP wrapper that could benefit investors in crypto assets. Trading, holding and accounting for ETP investments are well established and the provision of crypto exposure in this format could allow such investments to fit within an investor’s existing systems, processes and risk management. Additionally, providing crypto exposure in an ETP could deliver benefits from standard market features such as centralised clearing, exchange listings on recognised venues and standard settlement practices, all lowering the operational and counterparty risk of making investments.



Liquidity – ETPs tend to bring a centralisation of liquidity to asset classes. This could be especially impactful in the crypto space as the current ecosystem is quite fragmented, with trading happening across many venues with no common settlement infrastructure. An investor would need to separately establish connectivity to several venues in order to access their liquidity. Investment in an ETP essentially outsources this responsibility to specialist market makers, with trading infrastructure to manage many exchange connections.



Risk Management – regularly rebalancing to equal weight ensures the basket stays diversified reducing the volatility often experienced in the crypto markets.

Crypto asset exposures by WisdomTree

WisdomTree looks to address the needs of investors within the crypto asset landscape by delivering exposures to unique digital assets. The WisdomTree CF Crypto Mega Cap Equal Weight Index taps into WisdomTree’s tradition of innovation and leverages the firm’s deep expertise in physically-backed ETPs. The Index is designed to track the performance of a basket of crypto assets representing the mega cap portion of the crypto asset market. Currently the Index comprises Bitcoin and Ether.

Fund Information: WisdomTree Physical Crypto Mega Cap Equal Weight

Ticker	Exchange	ISIN	Bloomberg Code	Listing Currency	Base Currency	Total Expense Ratio %
MEGA	SIX	GB00BMTP1733	MEGA SW	USD	USD	0.40
MEGA	SIX	GB00BMTP1733	MEGACHF SW	CHF	USD	0.40
MEGA	SIX	GB00BMTP1733	MEGAEUR SW	EUR	USD	0.40
WMEG	Xetra	GB00BMTP1733	WMEG GY	EUR	USD	0.40
MEGA	Euronext Amsterdam	GB00BMTP1733	MEGA NA	USD	USD	0.40
MEGA	Euronext Paris	GB00BMTP1733	MEGA FP	EUR	USD	0.40

¹ Cold storage refers to the offline storage of private keys

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