



30 June 2024

WisdomTree Crypto Monthly



WisdomTree.eu
+44 (0) 207448 4330

June 2024 Overview

WisdomTree published four crypto blogs in June 2024:

+ [What Bitcoin and Pepsi teach us about human nature](#)

The human brain is amazing, but it is also biased. Consequently, people can behave irrationally. In the 1980s, Pepsi pushed consumers to face contradictions and break their loyalty to Cola-Cola. Similar biases are currently at play for institutional investors when they look at cryptocurrencies and fail to dissociate the misconceptions about the asset from the reality of its advantages when added to a multi-asset portfolio.

+ [Five things you thought you knew about cryptocurrencies](#)

For many investors, bitcoin and cryptocurrencies remain an enigma shrouded in misconceptions. However, 2024 is shaping up to be the year when crypto cements its place in institutional portfolios. It is high time that investors spend the necessary time understanding the asset class and what it can do for their portfolio, so let's start by dispelling five common misconceptions.

+ [How to choose the right crypto ETP issuer](#)

To choose the right ETP issuer for exposure to cryptocurrencies, investors need to focus on more than just an ETP provider's track record – the operational structure of the ETP and ease of access are among other key considerations.

+ [The role of bitcoin in a portfolio](#)

2024 is proving to be a big milestone regarding the institutionalisation of bitcoin. Digital assets have become a new asset class, and the debate is quickly shifting from whether it makes sense to allocate to crypto in multi-asset portfolios, to how much that allocation should be. This blog aims to assess what the optimal answer could be using multiple quantitative techniques – knowing that this will vary for each investor.

European Crypto ETPs: Flows and AUM

- + With respect to Crypto ETPs domiciled in Europe, top 3 exposures are:
 - + Bitcoin with over 50% of AUM
 - + Ethereum with just over 20% of AUM
 - + Solana with just over 10% of AUM
- + While most of European Crypto ETP AUM is in single coin exposures, crypto baskets have received most of the inflows during the last month and quarter.
- + Synthetic Bitcoin and synthetic Ethereum ETPs are leading outflows.

In USDm		AUM	1M Flows	QTD Flows	YTD Flows
Bitcoin	Physical	4,341	-78	4	-328
Bitcoin	Synthetic	1,993	-24	-80	-271
Ethereum	Physical	1,157	-57	-69	-32
Ethereum	Synthetic	1,189	-14	-52	-100
Solana	Physical	1,217	2	22	24
Other Single Coin	Physical	826	8	24	61
Crypto Basket	Physical	520	99	89	56
Cardano	Physical	54	0	3	9
Polkadot	Physical	44	2	8	22
Total		11,340	-61	-50	-558

In the United States, 11 spot Bitcoin ETFs have AUM of more than USD 50bn and flows of

- + \$765m during June 2024
- + \$14,453m YTD

Source: WisdomTree, Morningstar, Bloomberg. 30 June 2024.

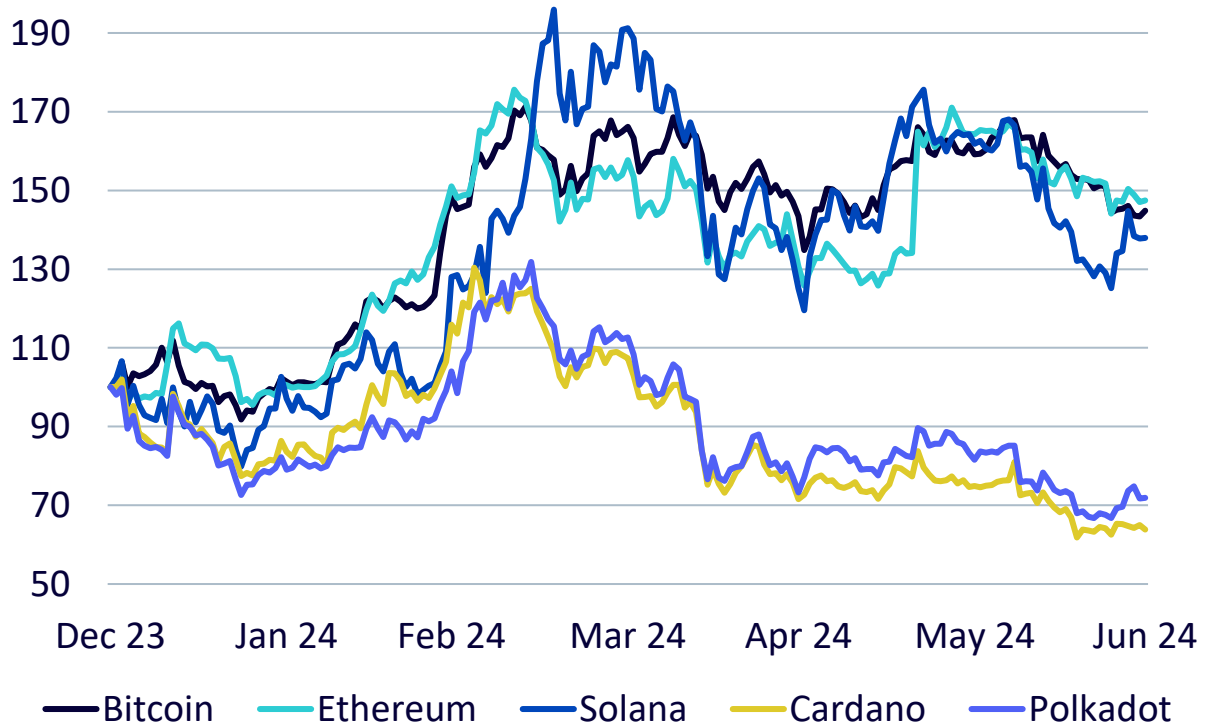
AUM = Assets Under Management. MTD = Month to Date. QTD = Quarter to Date. YTD = Year to Date.

Historical performance is not an indication of future performance and any investment may go down in value. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.

Performance: Single Coins

- + Year to date, mega cap exposures (i.e. bitcoin and ether) are leading performance.
- + Bitcoin’s volatility is just over half of Solana’s volatility.

YTD Single Coin Performance



	Market Cap	1M	3M	YTD	1Y	Volatility
Bitcoin	\$1,220bn	-9%	-13%	45%	104%	35%
Ethereum	\$406bn	-10%	-7%	47%	83%	56%
Solana	\$65bn	-15%	-28%	38%	678%	65%
Cardano	\$14bn	-15%	-41%	-36%	37%	53%
Polkadot	\$8bn	-12%	-36%	-28%	23%	59%

Source: WisdomTree. 30 June 2024. Volatility is calculated using 3-month daily USD returns and is annualised.

YTD = Year to Date.

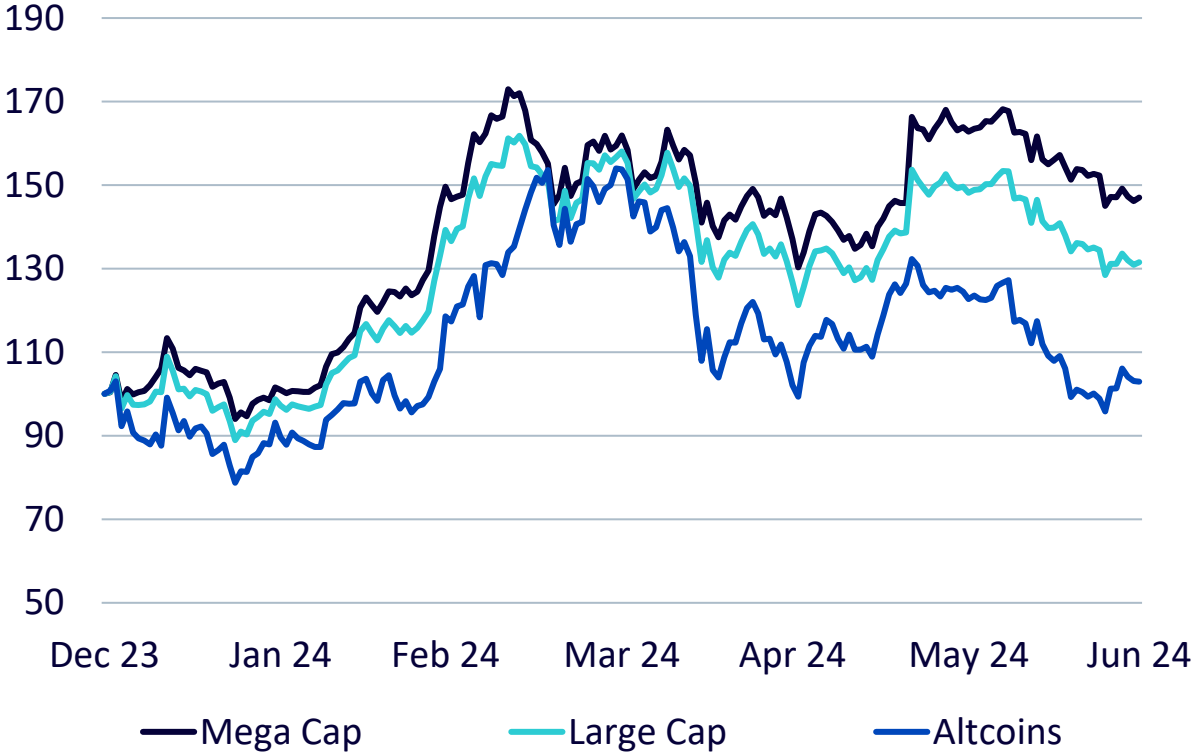
Historical performance is not an indication of future performance and any investment may go down in value. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.



Performance: Crypto Baskets

- + Year to date, mega cap exposure (50% bitcoin and 50% ether) is leading performance.
- + Altcoins have slightly higher volatility than mega cap or large cap.

YTD Basket Performance



	1M	3M	YTD	1Y	Volatility
Mega Cap	-10%	-9%	47%	95%	42%
Large Cap	-11%	-17%	32%	99%	41%
Altcoins	-16%	-33%	3%	139%	55%

Source: WisdomTree. 30 June 2024. Volatility is calculated using 3-month daily USD returns and is annualised.

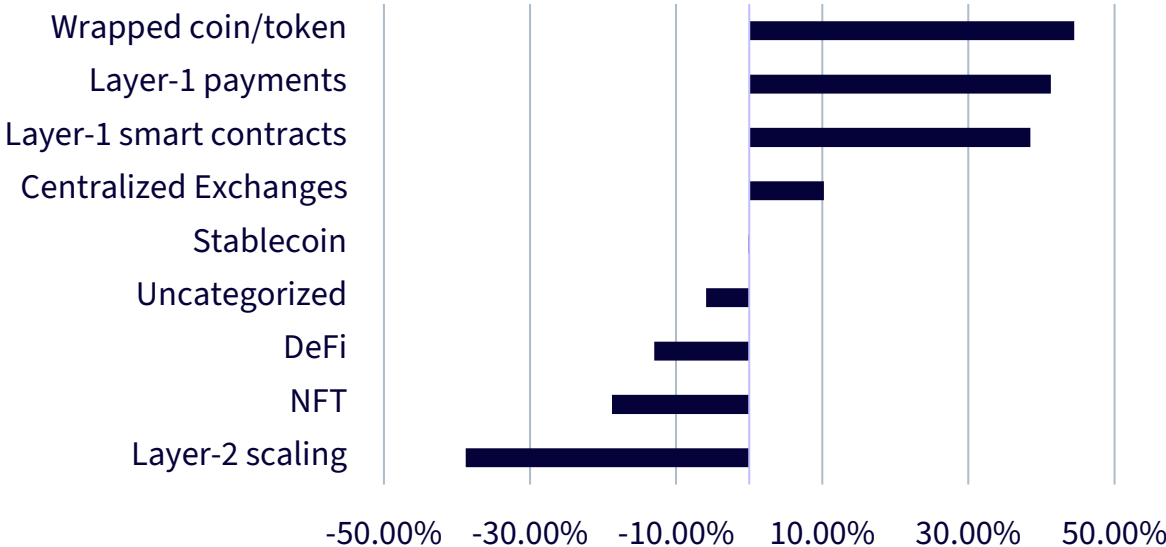
YTD = Year to Date. Mega Cap = WisdomTree CF Crypto Mega Cap Equal Weight Index. Large Cap = WisdomTree CF Crypto Market Index. Altcoins = WisdomTree CF Crypto Altcoins Index.

Historical performance is not an indication of future performance and any investment may go down in value. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.

Performance: Sectors

+ Year to date, 3 sectors – wrapped coin/token, layer-1 payment, layer-1 smart contracts – are leading performance.

YTD Sector Performance



Sector	1M	3M	YTD	1Y
Wrapped coin/token	-9.8%	-12.8%	44.5%	100.2%
Layer-1 payments	-10.6%	-14.4%	41.3%	94.6%
Layer-1 smart contracts	-10.8%	-12.0%	38.5%	102.3%
Centralized Exchanges	-8.7%	-19.7%	10.2%	36.4%
Stablecoin	0.0%	-0.2%	-0.1%	0.0%
Uncategorized	-28.5%	-46.0%	-5.9%	37.4%
DeFi	-19.5%	-37.3%	-13.0%	48.6%
NFT	-27.4%	-45.5%	-18.8%	56.9%
Layer-2 scaling	-26.0%	-45.6%	-38.8%	-10.1%

Source: WisdomTree. 30 June 2024.

YTD = Year to Date.

Historical performance is not an indication of future performance and any investment may go down in value. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.

Correlations

- + Solana and / or altcoin basket are good diversifiers for ether focused portfolio.
- + Correlations between bitcoin and most traditional assets are around or below 20%.

Crypto vs. Crypto

	Bitcoin	Ethereum	Solana	Cardano	Polkadot	Mega Cap	Large Cap	Altcoins
Bitcoin	1.00							
Ethereum	0.73	1.00						
Solana	0.73	0.55	1.00					
Cardano	0.66	0.70	0.71	1.00				
Polkadot	0.65	0.70	0.76	0.86	1.00			
Mega Cap	0.87	0.95	0.67	0.74	0.73	1.00		
Large Cap	0.90	0.90	0.79	0.82	0.81	0.98	1.00	
Altcoins	0.77	0.67	0.96	0.85	0.87	0.77	0.88	1.00

Crypto vs. Traditional Assets

	Bitcoin	Equities	Small Caps	Treasuries	Corporates	HY	Commodities	Gold
Bitcoin	1.00							
Equities	0.18	1.00						
Small Caps	0.21	0.95	1.00					
Treasuries	0.10	0.22	0.24	1.00				
Corporates	0.12	0.49	0.51	0.86	1.00			
High Yield	0.17	0.80	0.82	0.45	0.75	1.00		
Commodities	0.13	0.42	0.45	0.11	0.20	0.41	1.00	
Gold	0.07	0.17	0.19	0.57	0.49	0.31	0.33	1.00

Source : WisdomTree. 30 June 2024. Correlations are calculated using 3-month daily USD returns.

Mega Cap = WisdomTree CF Crypto Mega Cap Equal Weight Index. Large Cap = WisdomTree CF Crypto Market Index. Altcoins = WisdomTree CF Crypto Altcoins Index.

Historical performance is not an indication of future performance and any investment may go down in value. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.

Bitcoin in Multi-Asset Portfolio

- + Even small bitcoin allocations, regularly rebalanced, improve risk return profile.
- + Hypothetical portfolio characteristics:
 - + Weighting scheme: constant mix
 - + Start date: 31 December 2013
 - + Rebalance frequency: monthly
 - + Currency: USD
 - + Bitcoin allocation: the table below summarizes 4 example portfolios, for which 1 to 10% have been switched from 60/40 to bitcoin

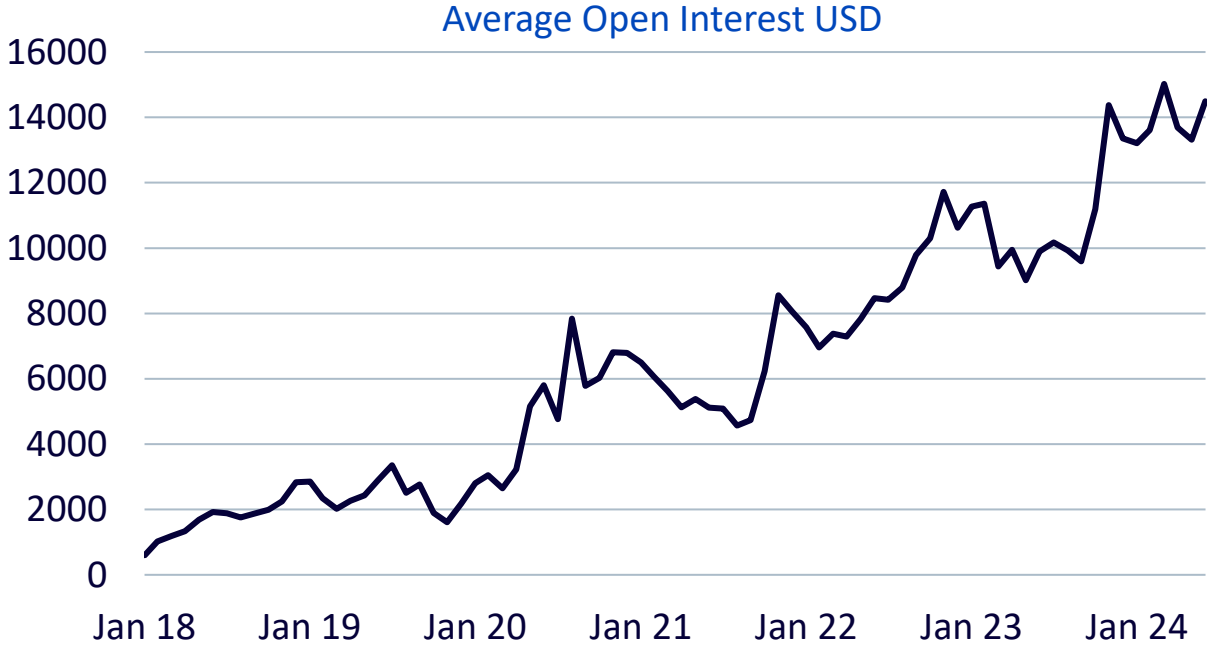
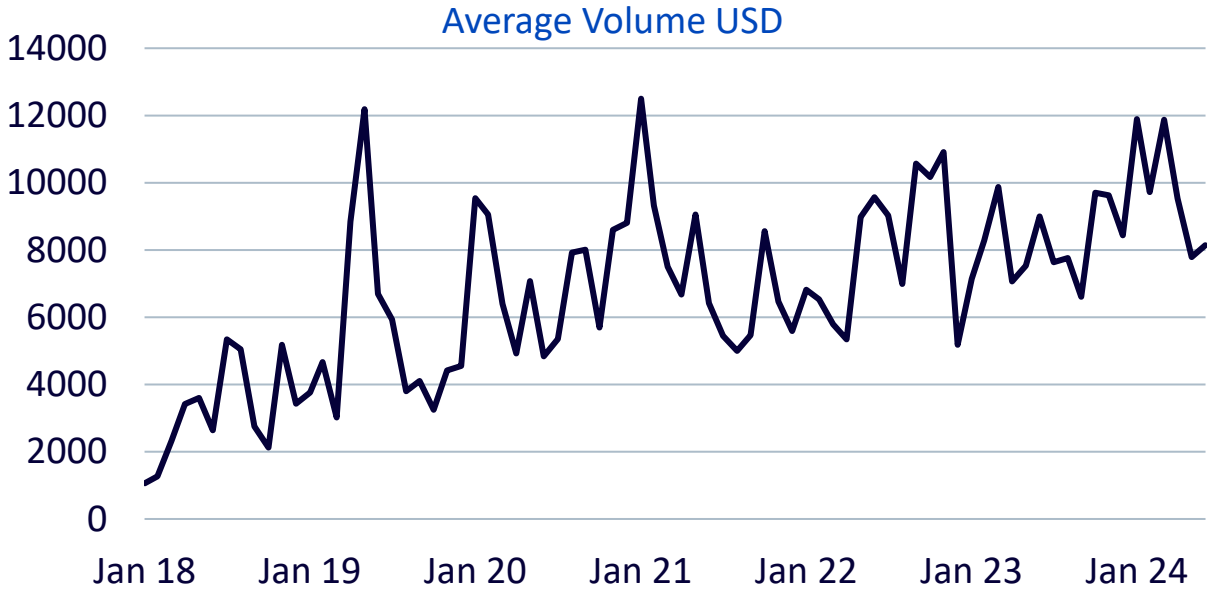
	60/40 Global Portfolio	1% Bitcoin Portfolio	3% Bitcoin Portfolio	5% Bitcoin Portfolio	10% Bitcoin Portfolio	MSCI AC World	Bloomberg Multiverse	Bitcoin
Ann. Return	5.38%	6.05%	7.37%	8.68%	11.92%	8.64%	0.22%	51.88%
Volatility	8.84%	8.91%	9.19%	9.67%	11.47%	14.02%	5.03%	67.65%
Sharpe Ratio	0.45	0.52	0.64	0.75	0.91	0.51	-0.24	0.75
Beta	69%	70%	73%	75%	80%	100%	23%	179%

Source: Bloomberg, WisdomTree. From 31 December 2013 to 28 June 2024. In USD. Based on daily returns. The 60/40 Global Portfolio is composed of 60% MSCI All Country World and 40% Bloomberg Multiverse.

You cannot invest directly in an index. Historical performance is not an indication of future performance and any investment may go down in value. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.

Bitcoin CME Futures

- + No significant change in average volume.
- + Continued high open interest indicates sustained buying interest.

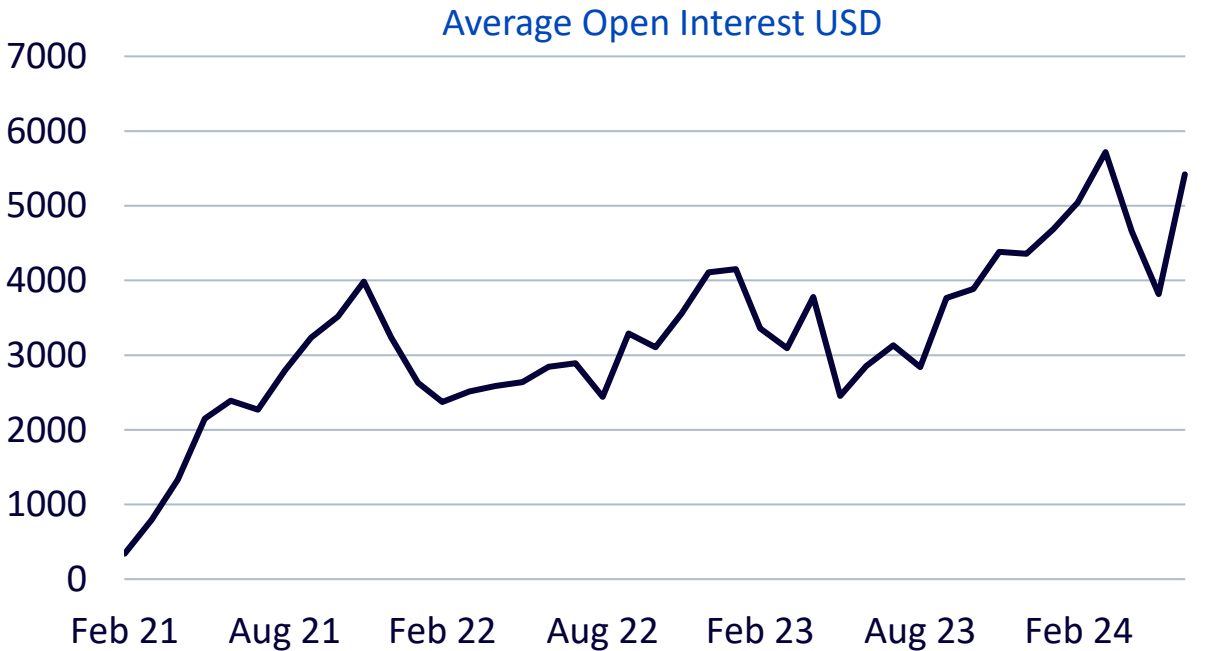
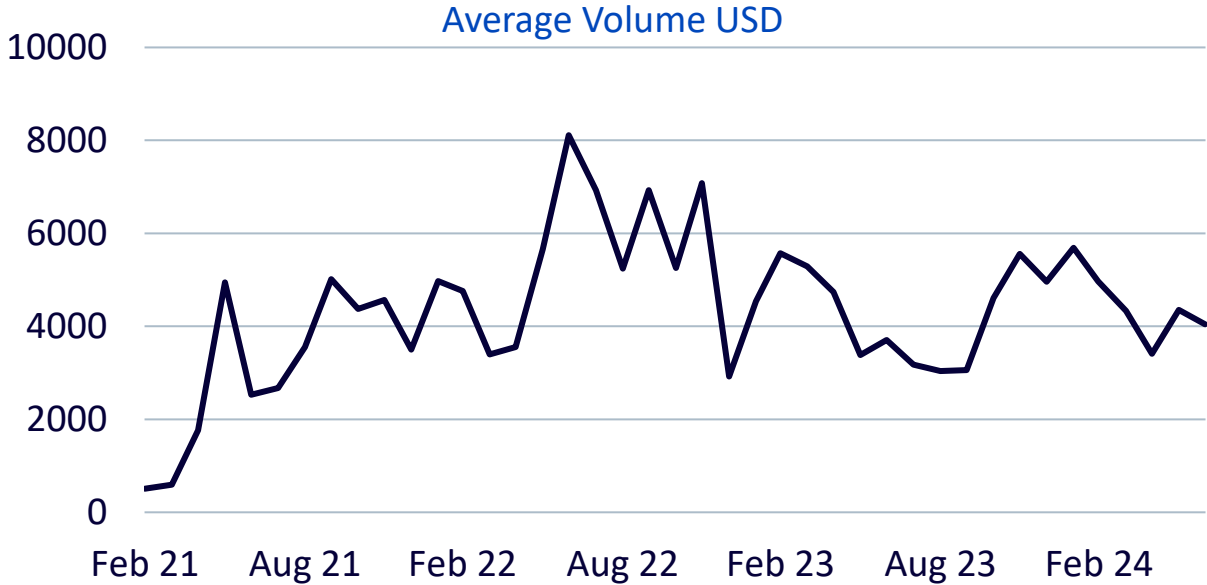


Source: WisdomTree. 30 June 2024. Averages are calculated using 1-month daily data.

Historical performance is not an indication of future performance and any investment may go down in value. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.

Ether CME Futures

- + No significant change in average volume.
- + Increasing open interest suggests new money entering the market.



Source: WisdomTree. 30 June 2024. Averages are calculated using 1-month daily data.

Historical performance is not an indication of future performance and any investment may go down in value. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.

Disclaimer

Important Information

Marketing communications issued in the European Economic Area (“EEA”): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

Marketing communications issued in jurisdictions outside of the EEA: This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority. WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

For professional clients only. The information contained in this document is for your general information only and is neither an offer for sale nor a solicitation of an offer to buy securities or shares. This document should not be used as the basis for any investment decision. Investments may go up or down in value and you may lose some or all of the amount invested. Past performance is not necessarily a guide to future performance. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice.

The application of regulations and tax laws can often lead to a number of different interpretations. Any views or opinions expressed in this communication represent the views of WisdomTree and should not be construed as regulatory, tax or legal advice. WisdomTree makes no warranty or representation as to the accuracy of any of the views or opinions expressed in this communication. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice.

This document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares or securities in the United States or any province or territory thereof. Neither this document nor any copy hereof should be taken, transmitted or distributed (directly or indirectly) into the United States.

Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.