

Cryptocurrencies are here to stay

Published 3 December 2024

Dovile Silenskyte

Director, Digital Assets Research

Key Takeaways

- With a market capitalisation rivalling traditional asset classes and a proven history, cryptocurrencies are no longer a niche investment but a formidable player in the global financial ecosystem.
- For investors dismissing the sector as a passing trend, it may be worth reevaluating their stance in light of the evidence.
- [Related Products](#) [WisdomTree Physical Bitcoin](#), [WisdomTree Physical Ethereum](#) [Find out more](#)

As of late November 2024, the total market capitalisation of cryptocurrencies reached an impressive \$3.4 trillion¹, placing it among the largest asset classes globally. This figure exceeds the market capitalisation of listed real estate (\$1.9 trillion) and broad commodities (\$1.0 trillion), and rivals other well-established categories such as emerging markets small cap equities (\$2.8 trillion), high yield bonds (\$2.8 trillion), and inflation linked bonds (\$2.6 trillion)².

Cryptocurrencies now boast a 15+ year track record, evolving from Bitcoin's debut in 2009 to a thriving ecosystem of thousands of digital assets and blockchain-based applications. This longevity and growth underscore their resilience and staying power.

Investor sentiment

Despite these achievements, scepticism persists. According to our 2024 Professional Investor Survey, approximately 15% of respondents see lack of demand for cryptocurrencies, and just over 13% of them still view cryptocurrencies as a passing fad³.

This scepticism overlooks several significant milestones in cryptocurrencies' journey towards mainstream finance and institutionalisation that we have observed in 2024. By way of example:

- Spot Bitcoin exchange-traded products (ETPs) launched in the United States and received over \$24 billion⁴ in net inflows during the first 10 months of 2024.
- Major institutions, including the State of Wisconsin Investment Board and Emory University Endowment, allocated to bitcoin ETPs, citing inflation-hedging properties and potential for portfolio diversification.

As shown in Figure 1, while the majority of 2024 flows have gone into US-domiciled spot bitcoin ETPs, Europe remains a leader in the diversity and maturity of its offerings. Here investors can invest in a broad range of single-coin and crypto basket ETPs, many of which boast relatively long track records.

Figure 1: Crypto ETP Flows and AUM

In Europe

In the United States

In Rest of World

Source: Bloomberg, WisdomTree. 31 October 2024. Actively managed crypto ETPs are excluded. AUM = assets under management. 1M = one month. YTD = year to date. Historical performance is not an indication of future performance and any investment may go down in value.

Europe's foresight has fostered a sophisticated market that spans diverse strategies and caters to varying investor preferences. In contrast, the US market, although gaining momentum with recent launches, continues to play catch-up.

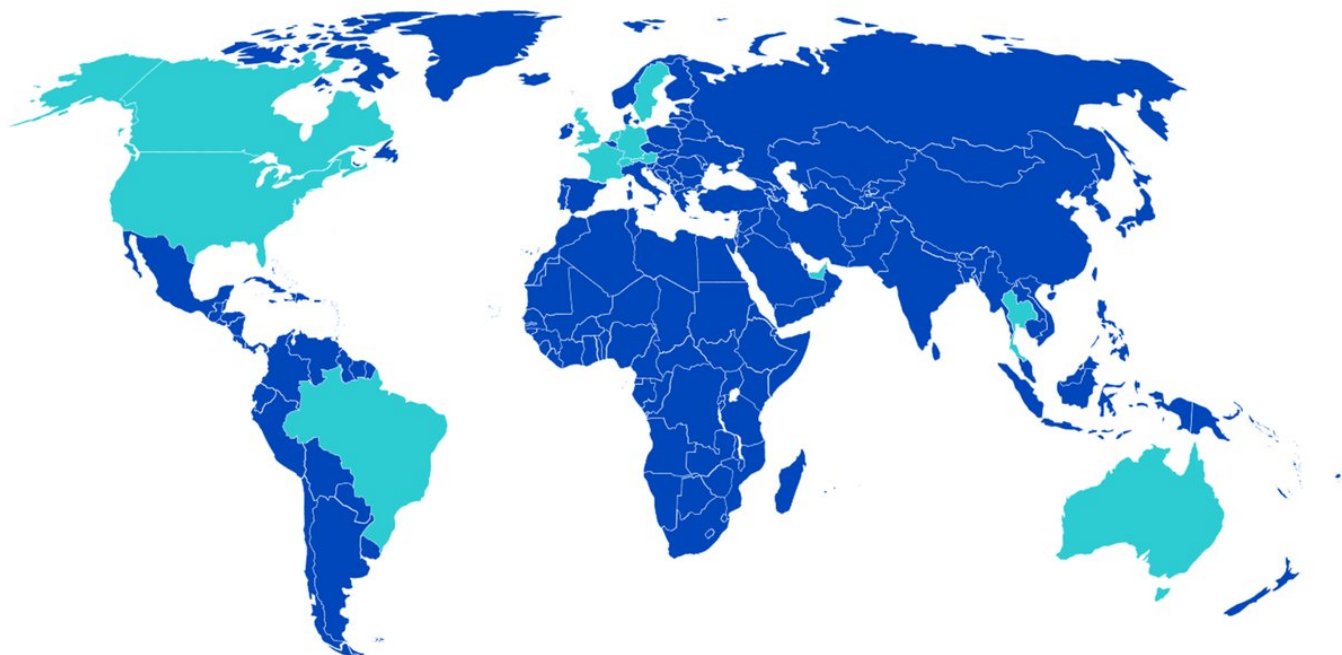
Looking ahead

The evolution of the crypto ETP market is expected to accelerate as both the US and European markets continue to mature.

In the US, the recent launch of spot bitcoin and Ethereum ETPs could pave the way for regulatory approval of additional cryptocurrency products, broadening the scope of investment opportunities available to institutional and retail investors. This growing accessibility is likely to attract even greater inflows, further embedding cryptocurrencies within the traditional financial ecosystem.

Meanwhile, Europe's established leadership and diverse product offerings position it to remain a hub of innovation in the crypto ETP space.

Figure 2: Global view



Source: WisdomTree. November 2024.

As shown in Figure 2, bitcoin ETPs are now listed in most developed markets, providing institutional investors across the globe with streamlined access to cryptocurrencies. This widespread availability not only enhances portfolio diversification opportunities but also fosters greater adoption by institutional players who were previously deterred by the complexities of direct cryptocurrency investment.

Conclusion

The data highlights a disconnect between the market reality of cryptocurrencies and the perceptions of some investors. With a market capitalisation rivalling traditional asset classes and a proven history, cryptocurrencies are no longer a niche investment but a formidable player in the global financial ecosystem.

For investors dismissing the sector as a passing trend, it may be worth reevaluating their stance in light of the evidence.

1 At the time of writing, the total market capitalisation of cryptocurrencies was \$3.4 trillion (Messari. 21 November 2024).

2 Bloomberg, WisdomTree. 31 October 2024. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investment may go down in value.**

3 WisdomTree Pan European Professional Investor Survey, June-July 2024, 800 respondents, conducted by Censuswide.

4 Bloomberg. 31 October 2024.

Important Risks Related to this Article

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.

This marketing communication has been prepared for professional investors, but the WisdomTree products set out in this document may be available in some jurisdictions to any investors, subject to applicable laws and regulations. As the product may not be authorised or its offering may be restricted in your jurisdiction, it is the responsibility of every person or entity to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction. Prior to any application investors are advised to take all necessary legal, regulatory, tax and investment advice on the suitability and consequences of an investment in the products. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. These products may not be available in your market or suitable for you. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment.

An investment in exchange-traded products (“ETPs”) is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

The information contained in 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 in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or

distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. 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.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

Issuer Disclaimer Wording – WisdomTree Issuer X Limited

The products discussed in this document are issued by WisdomTree Issuer X Limited (the “Issuer”). Investors should read the prospectus of the Issuer before investing and should refer to the section of the prospectus entitled “Risk Factors” for further details of risks associated with an investment in the securities offered by the Issuer.

Securities issued by the Issuer are direct, limited recourse obligations of the Issuer alone and are not obligations of or guaranteed by any of Swissquote select * fromBank Ltd (“Swissquote”), Coinbase Custody Trust Company LLC (“Coinbase”), any of their affiliates or anyone else or any of their affiliates. Each of Swissquote and Coinbase disclaims all and any liability whether arising in tort, contract or otherwise which it might have in respect of this document or its contents otherwise arising in connection herewith.

The product discussed in this document is an unregulated ETP, approved to trade on the SIX Swiss Exchange in Switzerland, Euronext Paris, Euronext Amsterdam and the Deutsche Börse Xetra in Germany. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Prospective investors should be aware that the price of the underlying asset(s) by which the securities are secured can demonstrate higher volatility than other asset classes and consequently the value of the securities may be extremely volatile. You must ensure that the nature, complexity and risks associated with cryptocurrencies are suitable for your objectives in light of your circumstances and financial position.

For Investors in Switzerland:

This document constitutes an advertisement of the financial product(s) mentioned herein.

In Switzerland, this communication is only targeted at Qualified Investors.

The prospectus and the key investor information documents (KID) are available from WisdomTree's website: <https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports>

For investors in Monaco:

This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco.