

August 2024 Crypto Basket Rebalance

Published 23 September 2024

Dovile Silenskyte

Director, Digital Assets Research

Key Takeaways

- The building blocks of three crypto basket ETPs that WisdomTree manages did not change during the August 2024 rebalance.
- Year-to-date, Bitcoin has been a key contributor to the strong performance of mega cap crypto basket ETP, and Solana has helped altcoin crypto basket ETP not to lose too much.
- Related Products WisdomTree Physical Crypto Mega Cap, WisdomTree Physical Crypto Altcoins, WisdomTree Physical Crypto Mega Cap Equal Weight Find out more

As outlined in the [May 2024 crypto basket rebalance blog](#), an increasing number of institutional investors are deciding to invest in crypto basket exchange-traded products (ETPs) instead of selecting a single crypto exposure for their portfolios. They do this because they want exposure to this nascent and rapidly growing asset class but do not have strong views about the potential winners within it.

As shown in Figure 1 below, European crypto basket ETPs saw US \$155m inflows during the first seven months of this year. We expect this trend to continue for the foreseeable future and potentially gain more traction over the coming years.

Figure 1: Crypto ETPs domiciled in Europe

Source: Bloomberg. 31 July 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.

Please note that we update the above table on monthly basis and publish it in the [WisdomTree crypto monthly report](#).

Most recent crypto basket rebalance

In advance of the August 2024 crypto basket rebalance, the Crypto Index Committee determined, based on the underlying index methodology, that there was no need to make any changes to the building blocks of the three WisdomTree crypto basket ETPs:

- [WisdomTree Physical Crypto Mega Cap Equal Weight ETP \(MEGA\)](#) that tracks WisdomTree CF Crypto Mega Cap Equal Weight Index

The building blocks of these three crypto basket ETPs continue to meet minimum inclusion requirements. For inclusion, crypto assets must, at a minimum:

- Be based on permissionless (i.e., public) blockchains
- Have a liquid market, a reliable reference price, and a free-float supply
- Be under active development but established (by having sufficient trading history, volume and satisfying market capitalisation requirements)

In addition to the above-listed minimum rules for a crypto asset to be considered by WisdomTree, the indices that these three crypto basket ETPs track are constructed in accordance with their methodologies. Figure 2 provides a brief overview of key index construction rules, particularly weight philosophy and constraints around minimum and maximum exposures to building blocks.

Figure 2: Index methodologies

Source: WisdomTree. 29 August 2024. These indices rebalance quarterly on the third Friday of February, May, August, and November.

Performance

Year-to-date, bitcoin is showing strong performance (+35%1). This is the reason why [WisdomTree Physical Crypto Mega Cap Equal Weight ETP \(MEGA\)](#) has outperformed both [WisdomTree Physical Crypto Market ETP \(BLOC\)](#) and [WisdomTree Physical Crypto Altcoins ETP \(WALT\)](#), and BLOC has outperformed WALT.

Figure 3: Year-to-date crypto basket ETP performance



Source: WisdomTree. 29 August 2024. **Historical performance is not an indication of future performance and any investment may go down in value.**

In the crypto altcoin space, year-to-date Solana has had the best performance (+27%²) and has helped WALT not to lose too much.

Rebalance turnover

Even though the building blocks remained the same, all three crypto basket ETPs experienced turnover during the August 2024 rebalance as building block weights were adjusted for the indices to comply with their construction rules. For example, the WisdomTree CF Crypto Mega Cap Equal Weight Index reduced bitcoin weight and increased ether weight to make them both equally weighted at 50% each.

For total transparency, the two-way turnovers were:

- 2.08% for [WisdomTree Physical Crypto Mega Cap Equal Weight ETP \(MEGA\)](#)
- 7.66% for [WisdomTree Physical Crypto Market ETP \(BLOC\)](#)
- 12.76% for [WisdomTree Physical Crypto Altcoins ETP \(WALT\)](#)

The slippage costs that the crypto basket ETPs experienced were very much in line with WisdomTree's expectations and experience.

WisdomTree: an established ETP provider to access cryptocurrencies

WisdomTree offers a curated range of eight physical crypto ETPs with an institutional grade structure that provide spot price exposure to single coins and diversified crypto baskets. Please see the [WisdomTree Crypto ETP centre](#) for further details.

1 Source: Messari. 30 August 2024.

2 Source: Messari. 30 August 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.

For professional clients only. 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.

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 Bank 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.

Crypto Baskets and Single Altcoin Products

CF BENCHMARKS LTD DATA IS USED UNDER LICENSE AS A SOURCE OF INFORMATION FOR CERTAIN WISDOMTREE PRODUCTS. CF BENCHMARKS LTD, ITS LICENSORS AND AGENTS HAVE NO OTHER CONNECTION TO WISDOMTREE PRODUCTS AND SERVICES AND DO NOT SPONSOR, ENDORSE, RECOMMEND OR PROMOTE ANY WISDOMTREE PRODUCTS OR SERVICES. CF BENCHMARKS ITS LICENSORS AND AGENTS HAVE NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE WISDOMTREE PRODUCTS AND SERVICES. CF BENCHMARKS ITS LICENSORS AND AGENTS DO NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF ANY

INDEX LICENSED TO WISDOMTREE AND SHALL NOT HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN.

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.

For Investors in Brazil:

The Securities may not be offered or sold to the public in Brazil. Accordingly, the Securities have not been nor will they be registered with the Brazilian Securities Commission - CVM nor has it been submitted to the foregoing agency for approval. Documents relating to the Securities, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of the Securities is not a public offering of securities in Brazil, nor used in connection with any offer for subscription or sale of securities to the public in Brazil.

For Investors in Chile

Date of the offer: WisdomTree Issuer X Limited prospectus is dated 4 July 2024.

(i) This offer is made pursuant to Rule 336 issued by the Comisión para el Mercado Financiero of Chile (CMF);

(ii) This offer deals with securities that are not registered in the Securities Registry nor in the Foreign Securities Registry kept

by the CMF, and that are, therefore, not subject to the supervision of the CMF;

(iii) Given that the securities are not registered, there is no obligation for the issuer to disclose in Chile public information about said securities; and

(iv) The securities may not be publicly offered as long as they are not registered in the corresponding Securities Registry.

Fecha de inicio de la oferta: WisdomTree Issuer X Limited el prospecto está fechado 4 July 2024

(i) La presente oferta se acoge a la Norma de Carácter General N° 336 de la Comisión para el Mercado Financiero (CMF) de Chile.

(ii) La presente oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la Comisión para el Mercado Financiero, por lo que los valores sobre los cuales ésta versa, no están sujetos a su fiscalización;

(iii) Que por tratarse de valores no inscritos, no existe la obligación por parte del emisor de entregar en Chile información pública respecto de estos valores; y

(iv) Estos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el Registro de Valores correspondiente.

For Investors in Costa Rica

This is an individual and private offer which is made in Costa Rica upon reliance on an exemption from registration before the General Superintendence of Securities (“SUGEVAL”), pursuant to article 6 of the Regulations on the Public Offering of Securities (“Reglamento sobre Oferta Pública de Valores”). This information is confidential, and is not to be reproduced or distributed to third parties as this is NOT a public offering of securities in Costa Rica.

The product being offered is not intended for the Costa Rican public or market and neither is it registered or will be registered before the SUGEVAL, nor can be traded in the secondary market.

For Investors in El Salvador

This document has been produced for the purpose of providing information about the exchange traded products (ETPs). This document is made available on the condition that it is for the use only by the recipient and may not be passed on to any other person or be reproduced in any part. The ETPs have not been and will not be offered in the course of a public offering or of equivalent marketing in El Salvador and therefore, the provisions of the Stock Market Law of 1994 (Ley del Mercado de Valores) as amended, relating to registration requirements and to prospectus requirements do not apply. The ETPs have thus neither been registered for public distribution in El Salvador with the Stock Superintendency nor been the subject matter of a prospectus compliant with the Stock Market Law. Any subscription application by any person other than the initial recipient of the document will be rejected.

For Investors in Mexico

The Securities have not been and will not be registered with the National Registry of Securities, maintained by the Mexican National Banking and Securities Commission and, as a result, may not be offered or sold publicly in Mexico. The fund and any underwriter or purchaser may offer and sell the Securities in Mexico on a private placement basis to Institutional and Accredited Investors pursuant to Article 8 of the Mexican Securities Market Law.

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.

For Investors in Panama

Estos valores no han sido registrados ante la Superintendencia del Mercado de Valores de Panamá, ni la oferta, venta o transacciones sobre ellos. La exención del registro se hace en base al numeral 3 del Artículo 83 del Decreto Ley 1 de 8 de julio de 1999 (Inversionistas Institucionales). En consecuencia, el tratamiento fiscal establecido en los Artículos 269 al 271 del Decreto Ley 1 de 8 de julio de 1999, no les es aplicable. Estos valores no se encuentran bajo la supervisión de la Superintendencia del Mercado de Valores de Panamá.

For Investors in Peru

The Securities have not been registered before the Superintendencia del Mercado de Valores (SMV) and are being placed by means of a private offer. SMV has not reviewed the information provided to the investor. The WisdomTree Issuer X Limited Prospectus is only for the exclusive use of institutional investors in Peru and is not for public distribution.

For Investors in Uruguay

The sale of the Securities qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627. The Securities must not be offered or sold to the public in Uruguay, except in circumstances which do not constitute a public offering or distribution under Uruguayan laws and regulations. The Securities are not and will not be registered with the Financial Services Superintendency of the Central Bank of Uruguay.