Fees, custody, credibility: the ETP trifecta that makes or breaks crypto returns

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Key Takeaways

- In the fast-moving crypto market, a seemingly small 1% annual fee difference between ETPs can lead to dramatic underperformance over time—crippling returns in a space defined by exponential growth.
- Beyond fees, institutional-grade custody, transparency, and a credible operational track record are essential traits separating best-in-class crypto ETP issuers from short-term entrants.
- Investors should seek issuers offering product breadth and innovation—such as diversified crypto baskets or single-asset ETPs beyond Bitcoin and Ethereum—to stay ahead of evolving market themes.
- Choose issuers with a long-term commitment to crypto, not short-term opportunists riding the hype.

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The crypto investment landscape is evolving fast. While the crypto market thrives on decentralisation and disruption, investors still want reliable and efficient ways to gain exposure. That is where exchange-traded products (ETPs) step in.

ETPs have become the preferred vehicle for institutional and sophisticated investors who want access to crypto without the operational headaches of managing wallets, private keys, or custody.

But let’s be clear: not all ETPs are created equal. And neither are the issuers behind them.

In this piece, we explore why the structure of a crypto ETP matters, what separates a best-in-class issuer from the rest, and why a small difference in fees—just 1% per annum—can have a huge impact on long-term performance.

What are crypto ETPs and why should investors care?

Crypto ETPs provide direct, exchange-traded exposure to cryptocurrencies such as bitcoin, Ethereum, Solana, and XRP. They are typically backed 1:1 with the underlying crypto assets, securely held with institutional-grade custodians, and traded on regulated stock exchanges.

Why they matter:

- **Standardised access:** crypto ETPs are listed and traded like any other equity instrument, offering familiarity and compliance within a trusted regulatory framework.
- **Operational simplicity:** no wallets, no private keys, no unregulated exchanges. Just clean, secure crypto exposure via your brokerage account.
- **Liquidity and tradability:** listed on public exchanges, ETPs offer intra-day liquidity and price transparency, unlike crypto trusts or closed-end funds, which often trade at deep premiums or discounts.

In short, ETPs bring crypto into the mainstream financial system, with structure, oversight, and scalability.

The 1% that destroys performance

Let's talk about what really moves the needle: fees.

A 1% difference in annual fees might seem minor. But in the context of crypto, an asset class built on exponential returns, that 1% compounds into a major drag on performance over time.

Consider this:

- ETP A charges 0.25% annually
- ETP B charges 1.25% annually

Both track bitcoin. If you held each over five years in a bull cycle, ETP B could easily underperform by double-digit percentages, purely because of fees.

And when bitcoin is rising 5–10x in a cycle, you do not want a fee structure quietly bleeding away your upside.

In crypto, where compounding is everything, a 1% drag is not cosmetic, it is crippling.

Choosing the right issuer: what really matters

Fee competitiveness is important, but it is not the whole story.

When selecting a crypto ETP issuer, investors should think like institutions: assess the entire operational stack. Custody, infrastructure, transparency, and credibility all matter.

Let's break down the key considerations:

1. Fee structure: look beyond the headline

Yes, low fees are a good start. But ask the deeper questions:

- Is the advertised fee introductory or permanent?
- Are there performance-based fees or hidden costs?
- Does the fee include custody and admin, or are those billed separately?

Transparency is non-negotiable. The best issuers are up-front, with no fine print surprises.

2. Institutional grade custody: security is not optional

Custody is not just a back-end detail, it is the foundation of trust in crypto.

Leading crypto ETP issuers partner with Tier 1 custodians and implement best practices:

- 100% of assets held in cold storage
- Use of multi-signature wallets
- Insurance coverage for theft and cyber risk

If an issuer is vague about custody, or does not name their custodian, it is a red flag.

3. Product breadth and innovation

Crypto moves fast. Issuers that only offer bitcoin and Ethereum ETPs today risk becoming outdated tomorrow.

Look for ones that provide:

- A range of single-asset ETPs (for example, Solana, Cardano, Polkadot)
- Diversified crypto baskets

Flexibility matters. Today it's bitcoin; next quarter, it might be a Web3 theme. You want an issuer who is building for where the market is going, not where it has been.

4. Market presence and real-world experience

Has the issuer been through a full crypto market cycle? Or are they a recent entrant jumping on the trend?

A credible crypto ETP issuer should have:

- A proven operational track record
- Deep crypto-specific research capabilities
- Demonstrated commitment to the asset class, not just product shelf fillers

Alignment matters. You want an issuer that is building for the long term, not one chasing quarterly flows.

The bottom line: structure matters

Crypto is a high-potential, high-volatility asset class. And when the upside is exponential, the downside of poor product design becomes even more painful.

Crypto ETPs offer a smart and efficient way to invest but only when both the wrapper and the issuer are best-in-class.

Cutting corners on fees, custody, or issuer credibility can quietly erode performance, create operational risk, and limit your flexibility to evolve with the market.

This is not just about access—it is about protecting your returns.

So, if you are serious about crypto exposure, treat the ETP structure and issuer selection as strategic decisions. Because they are.

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