

Monthly Bitcoin Report

August 2020

HANetf & ETC Group

BTCetc - Bitcoin Exchange Traded Crypto

BTCE
200bps
DE000A27Z304

Product Inception Date: 08/06/2020

For Professional Clients Only. Capital at risk.
This report was written by, and is the opinion of, ITI Capital.

Key Takeaways

- With many investors concerned about looming inflation, Bitcoin has risen in popularity and is expected to grow even further over the course of 2020.
- Bitcoin has recently copied the record rise of safe havens, with press-time levels passing \$10,000 on the back of 12-month gains of over 13%.
- Bitcoin and other digital assets are the world's first retail-led investment megatrend.

Bitcoin

Monthly Performance

July*	12 Month**
24.04%	13.16%

Past performance is no guarantee of future performance.

Source: Bloomberg, HANetf

*July figures based on 01.07.20 – 31.07.20

**12 Month figures based on 30.06.19 - 31.07.20

Performance Review

Bitcoin (BTC), the largest cryptocurrency, does not seem to be going away anytime soon once the ongoing financial crisis subsides. According to United States Representative Tom Emmer, Bitcoin's future is now even more promising after U.S. regulators authorised banks to provide custody for cryptocurrencies in July 2020¹.

BTCEtc Bitcoin Exchange Traded Crypto (BTCE) has reached over \$45 million in AUM in less than two months from launch. BTCE has rapidly become an investor favourite and in July was the most traded security on the XETRA ETN segment, trading more than \$67 million across all available German trading venues².

What Has Driven This Performance?

The strong performance of Bitcoin has been driven by a fresh wave of demand for haven assets as the central policy-maker response to the 'Great Corona Recession' has driven an unprecedented rise in debt and increased concerns for monetary debasement.

The timing of the launch of BTCE has coincided with the growing demand for Bitcoin. This in combination with the particularly attractive investment characteristics of BTCE as **the world's first centrally cleared Exchange Traded Product***, have resulted in a very successful first two months for our Bitcoin ETC.

*Source: HANetf Capital Markets

¹ <https://cointelegraph.com/news/bitcoin-will-get-stronger-after-crisis-says-us-congressman-emmer>

² HANetf/Bloomberg. Data as of 03/08/2020

Bitcoin and BTCE Performance - 1 Year (31.07.19 – 31.07.20)



* Bitcoin price is based off XBT daily performance from Bloomberg

** BTCE inception was on 08/06/2020

Performance before inception is based on XBT daily performance from Bloomberg. Past performance of XBT does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for XBT is in USD. **Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product.** It is provided for illustrative purposes only. Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in these products. **Source: Bloomberg / HANetf. Data as of 31/07/20**

Industry News

The US Dollar has resumed its downward trend helping gold's surge through the landmark \$2,000/oz³. The swell in precious metals and Bitcoin reflects growing momentum among multi-asset investors about the uncertainty ahead for bonds and credit investors as inflation returns grow and the Fed's signaled Yield Curve Control (YCC) intentions garner wider scrutiny. Higher inflation drives higher long-term rates and hence lower Treasury prices, but YCC complicates the accepted free-market pricing of bonds and therefore there has been a surge, too, in inflation-swaps. The last time the Fed used YCC was during similar levels of debt / GDP following WWII, which saw a marked weakening of the USD.

One interpretation of the recent plunge in the USD is that **investors are questioning the value of cash as an asset** – another is that the massive stimulus may push up inflation. ITI Capital (Authorised Participants for BTCE) is specifically watching the levels of volatility in bond markets, the lack of which implies discounted inflation concerns, so far, in fixed-income markets. Continued weakening of the USD and rallying in gold, Bitcoin, silver and PGMs is a key indicator that this could change. Fiscal policy via wage, tax and interest-payment support from the government is expected to remain strong for a long time. This has been the larger part of credit markets outstanding performance since March. Given the velocity and magnitude of the credit recovery, multi-asset investors are naturally asking 'where to from here?', driving more marginal buyers from the biggest pool of actively managed assets, globally, into Bitcoin via BTCE.

Outlook

There is a powerful confluence of potent geo-political, macro-economic and technical factors driving the current wave of interest into Bitcoin. The Great Corona Recession has thus far unfolded at a much-accelerated rate to the Global Financial Crisis. One of the differences that has confounded institutional investor market-wizards has been the magnitude of the force from retail investors driving the rapid bounce in US equities, in particular via fractional ownership of high share price technology stocks. Bitcoin and other digital assets are the **world's first retail-led investment megatrend**. BTCE gives access to more people via the familiar equity route to 1/1000th of a Bitcoin (Less fees). Similarly, the access to Bitcoin for multi-asset investors is attractive because their equity mandates can accommodate BTCE without the complexities of navigating internal committees for a new asset class. With growing concerns about Yield Curve Control heralding 1940s US Dollar weakness and inflation concerns reminiscent of equity titans struggle in the 1960s, the outlook for Bitcoin via BTCE looks bullish for the 2020s.

³ Source: HANetf/Bloomberg. Data as of 11/08/2020



The launch of BTCE on XETRA is a significant milestone for the cryptocurrency community and investors alike. With BTCE, we are bringing Bitcoin into the fold of mainstream, regulated financial markets, giving investors the benefits of trading and owning Bitcoin through a regulated security, while having the optionality of redeeming physical Bitcoin if they choose.” – **Bradley Duke, Co-Founder & CEO of ETC Group**

Product Details

BTCEtc Bitcoin Exchange Traded Crypto (Ticker: BTCE) is an exchange traded cryptocurrency (ETC), [Bitcoin ETP](#) that tracks the price of Bitcoin.

The ETC is 100% physically backed by Bitcoin, it trades on Deutsche Börse’s XETRA, and is centrally cleared providing investors with one of the safest and most liquid ways to gain exposure to Bitcoin. Each unit of BTCE gives the holder a claim on a predefined amount of Bitcoin.

BTCE is issued by ETC Group and marketed and distributed by HANetf.

Please remember that the value of your investment may go down as well as up and past performance is no indication of future performance.

- [BTCE Factsheet](#)
- [BTCE Video](#)
- [BTCE Whitepaper](#)
- [BTCE Fund Page](#)
- [Bitcoin ETF FAQs](#)

EXCHANGE	BB CODE	RIC	ISIN	CURRENCY	INCOME
XETRA	BTCE	BTCE.DE	DE000A27Z304	EUR	Acc

Webinars

Sign up to our upcoming webinar: [‘Investing in Bitcoin Using an Exchange Traded Product’ here](#) – August 27th 2020

BTCE Product News

- Launched in June, 2020, BTCE was Europe’s first centrally cleared, exchange listed Bitcoin ETC
- ETC Group adds to extensive liquidity network with appointment of ITI Capital among five cryptocurrency specialists for BTCE

Press

Recent Press Releases

- [Centrally Cleared Bitcoin Now Trading on XETRA](#)
- [World’s First Centrally Cleared Bitcoin Exchange Traded Product to list on Deutsche Börse](#)

About HANetf

HANetf is an independent ETF specialist working with third-party asset managers to bring differentiated, modern and innovative ETF exposures to European investors via unique white-label ETF/ETC platform.

Founded by two of Europe's leading ETF entrepreneurs, Hector McNeil and Nik Bienkowski, HANetf provides a complete operational, regulatory, distribution and marketing solution for asset managers who want to successfully launch and manage UCITS ETFs.

HANetf's full products list includes:

Name	TER	Bloomberg Codes				
		LSE \$	LSE £	Borsa €	XETRA €	SIX
The Emerging Markets Internet & Ecommerce UCITS ETF	0.86%	EMQQ LN	EMQP LN	EMQQ IM	EMQQ GY	EMQQ SW
HAN-GINS Tech Megatrend Equal Weight UCITS ETF	0.59%	ITEK LN	ITEP LN	ITEK IM	T3KE GY	ITEK SW
HAN-GINS Cloud Technology UCITS ETF	0.59%	SKYY LN	SKYP LN	SKYY IM	5XYE GY	SKYY SW
HAN-GINS Indxx Medical Innovation UCITS ETF	0.59%	WELL LN	WELP LN	WELL IM	W311 GY	WELL SW
KMEFIC FTSE Kuwait UCITS ETF	0.80%	KUW8 LN	KUWP LN	KUW8 IM	KUW8 GY	-
The Medical Cannabis & Wellness UCITS ETF	0.80%	CBDX LN	CBDP LN	-	CDSX GY	CBDX SW
The Royal Mint Physical Gold ETC	0.22%	RMAU LN	RMAP LN	RMAU IM	RM8U GY	-
BTCetc Bitcoin Exchange Traded Crypto*	2.00%	-	-	-	BTCE GY	-
The Alerian Midstream Energy Dividend UCITS ETF	0.40%	MMLP LN	PMLP LN	MMLP IM	JMLP DE	-

*Marketed and Distributed by HANetf

For further information, please visit www.hanetf.com



Bradley Duke

Co-Founder & CEO of ETC Group

Bradley has spent most of his career in regulated Financial Services as well as young technology companies. He worked for investment bank Jefferies at their offices in New York, Paris and London, and then at the trading powerhouse KCG in London where he headed the team at Knight Direct Europe.

Bradley co-founded fin-tech and payments company Zapper, and most recently was CEO of the UK branch of the investment bank BCS Global Markets. Bradley has always had a strong interest in nascent technology and his fascination with blockchain and crypto lead him to attend the Blockchain Strategy course at the University of Oxford - Said Business School, following which he became a founding member of the London Blockchain Foundation.



ITI Capital, an FCA-regulated prime broker, has deep understanding of the crypto-market thanks to its dedicated digital assets arm ITI Digital. As such, in its role as Authorised Participant, ITI can service clients who wish to purchase OTC blocks of BTCE using either bitcoin or fiat currencies like USD, EUR or GBP and can also deliver bitcoin to BTCE holders wishing to redeem, in addition to providing BTCE securities lending.

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