

Bitcoin ETF

The Evolve cryptocurrency ETFs provides investors with exposure to the daily price movements of the U.S. dollar price of bitcoin and ether while experiencing minimal tracking error by utilizing the benefits of the creation and redemption processes offered by the exchange traded fund structure.

TSX EBIT

EBIT (Unhedged)

TSX EBIT.U

EBIT.U (USD)

MACROECONOMIC HIGHLIGHTS:

A report from Citi Global Perspectives and Solutions (GPS), the bank's "thought leadership" arm, says that Bitcoin is at the "tipping point of its existence" thanks to large institutional investment and growing regulation. The report speculates that Bitcoin could "become the currency of choice for international trade," thanks to its "decentralized design, lack of foreign exchange exposure, fast (and potentially cheaper) money movements, secure payment channels, and traceability."

And in another sign of cryptocurrency's growing mainstream presence, Google Finance now includes a dedicated "crypto" field at the top of the page. Where users are given the option to "compare markets," crypto is listed alongside default markets like the US, Europe, Asia, and "Currencies." For now, Google Finance tracks Bitcoin, Ethereum, Litecoin, and Bitcoin cash.

In March, Tesla CEO Elon Musk announced via tweet that the electric vehicle manufacturer would accept Bitcoin as payment to buy their cars. Tesla appears to be investing heavily in Bitcoin as part of its operations, having purchased \$1.5 billion US of the digital currency earlier this year.

This initiative was short lived, however, as Musk once again roiled the cryptocurrency world in May by announcing a halt to purchases of vehicles with Bitcoin. The about-face came over concerns about the "rapidly increasing use of fossil fuels for Bitcoin mining."

Tesla won't be selling the \$2.5 billion worth of Bitcoin it currently holds and is open to resuming Bitcoin-based purchases once Bitcoin's mining "transitions to more sustainable energy." Musk pegged this at ~50% of mining-related energy needs filled by clean, renewable sources. He also announced that Tesla would be looking into using other more energy-friendly cryptocurrencies.

In an interview with crypto-journalist Laura Shin, Miami Mayor Francis Suarez pitched the idea of his city becoming a "clean energy" Bitcoin mining hub. He suggested that Miami's access to nuclear power, "a clean energy supply that's essentially unlimited," would help alleviate some of the environmental concerns about Bitcoin mining done overseas that relies on fossil fuel power sources. Mayor Suarez also proposed that residents be able to pay for services in Bitcoin and that city employees be given the option of getting paid in the virtual coin. The city's commissioners voted to study the use of crypto before proceeding.

The MIT Media Lab's Digital Currency Initiative (DCI) has raised \$4 million from prominent backers for a multi-year Bitcoin research and development program. The DCI has made the long-term health of the Bitcoin protocol its primary focus. Notable backers of the initiative include CoinShares' Meltem Demirors, Twitter's Jack Dorsey and MicroStrategy's Michael Saylor, and Fidelity Digital Assets. The four-year program envisioned by the DCI includes Bitcoin Core development and the study of long-standing questions about Bitcoin's core attributes, such as the stability of the network (which has only gone down twice in 12 years).

In testimony before the US House Financial Services Committee, new Securities and Exchange Commission (SEC) Chairman Gary Gensler suggested Congress could grant a federal regulatory oversight authority over cryptocurrency. Gensler said that regulation of crypto exchanges would help protect cryptocurrency investors given that, as of now, the SEC has limited jurisdiction in the crypto space.

Gensler made no specific suggestions for what kind of regulatory regime he might propose for greater oversight by either the SEC or its sister agency, the Commodity Futures Trading Commission (CFTC). However, what is clear is that Gensler is particularly concerned with preventing possible fraud or manipulation around the cryptocurrency markets.

Online payments company PayPal made several cryptocurrency announcements in the first half of the year.

PayPal, which last year added the ability for users to buy, hold and sell cryptocurrency, announced they will now allow customers who hold Bitcoin or other digital currencies to convert their holdings into fiat currencies at checkouts to make purchases. The crypto payments will work the same as a credit card or a debit card currently works inside a PayPal wallet. By pushing cryptocurrency as a payment method to its 29 million+ online merchants, PayPal makes itself one of the largest mainstream financial companies to open its network to cryptocurrencies.

PayPal will also allow users to withdraw cryptocurrency held in PayPal accounts off-platform and into third-party wallets. Previously, customers have been prevented from moving their digital coins out of the PayPal system.

The Chinese government ordered a crackdown on Bitcoin mining in May and ordered banks and payment firms, like China Construction Bank and Alipay, to prevent cryptocurrency trading and purchases on their platforms. To date, while China has banned crypto exchanges and initial coin offerings it has not barred its citizens from holding cryptocurrencies.

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According to estimates, China accounts for between 50% and 70% of the world's crypto mining, and the crackdown on mining had significant impacts on global crypto markets. Trading volumes on major cryptocurrency exchanges fell by more than 40% in June because of the Chinese ban and lower volatility overall.

PERFORMANCE ATTRIBUTION:

EBIT provides investors with exposure to the daily price movements of the U.S. dollar price of Bitcoin while experiencing minimal tracking error by utilizing the benefits of the creation and redemption processes offered by the exchange-traded fund structure. EBIT offers investors exposure to Bitcoin by investing directly in Bitcoin, with EBIT's holdings of Bitcoin priced based on the CME CF Bitcoin Reference Rate, a once-a-day benchmark index price for Bitcoin denominated in U.S. dollars.

SOURCES:

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