



Market Commentary: January 2021

Digital asset markets begin 2021 on a strong note, as we see more traditional asset managers include bitcoin in their offerings. Pension funds and endowments begin to invest in the digital asset markets. In altcoin news, the “god protocol” flips “digital silver” in terms of market capitalization, Enjin Coin becomes Japan’s first regulated cryptocurrency and Stellar aids a government in issuing their own cryptocurrency. Lastly, other major developments roll out in the space as talks of a bitcoin ETF are revived, a key piece of US regulation may have just ignited the DeFi revolution and one US city wants to become the crypto capital of the world.

It was discovered that several of the largest endowments, which include Harvard (\$40B AUM), Yale (\$30B AUM), Michigan (\$12.5B AUM) and Brown (\$4.7B) have been buying bitcoin directly from exchanges, although the amount allocated by each institution is not stated ([Coindesk](#)). Meanwhile, the largest crypto asset manager in the world, Grayscale, states that not just endowments, but pension funds have also made their way into the cryptocurrency market and the “sizes of allocations they are making are growing rapidly as well” ([Cointelegraph](#)). Blackrock, the largest asset manager in the world with \$7.8T AUM (250x larger than Grayscale), has filed a prospectus stating that several of their funds could invest in bitcoin’s CME cash settled futures. Larry Fink, CEO of Blackrock, has stated that bitcoin “could evolve into a global asset market” ([Blockworks](#)).

In altcoin markets, Chainlink, otherwise known as the “god protocol”, has overtaken Litecoin to become the 7th largest cryptocurrency by market capitalization with a market capitalization standing at \$10B. This is significant as many traders view Chainlink’s success as a major part of DeFi’s success as Chainlink is the largest protocol that connects off-chain data with on-chain data. In other words, Chainlink’s role as a “middle man is an integral part of the DeFi space. Additionally, Chainlink’s market capitalization is expected to rise even further as Grayscale has just unveiled a Chainlink investment trust ([Cointelegraph](#)). Enjin Coin becomes the first cryptocurrency gaming company to gain regulatory approval by the Japanese Virtual Currency Exchange Association (JVCEA), a self-regulatory authority recognized by Japan’s Financial Services Agency (FSA). Realizing Enjin’s blockchain technology will revolutionize the Japanese gaming industry, which is home to the most iconic games such as Pokemon and Super Mario, investors bid up Enjin Coin +75% on the day of the announcement ([Finance Magnates](#)). The Stellar Foundation, the team behind the cryptocurrency Stellar, is aiding the Ukraine’s Ministry of Digital Transformation in developing Ukraine’s Central Bank digital currency asset. Oleksandr Bornyakov, Deputy Minister of Digital Transformation for IT Development, states that this partnership will put Ukraine at the forefront of digital asset innovation as he makes sure Ukraine remains technologically competitive within Eastern Europe ([Decrypt](#)).

Finally, in other important developments, Valkyrie Digital Assets has filed for a bitcoin ETF. The Valkyrie Bitcoin Fund would be listed on the New York Stock Exchange and Coinbase Custody Trust Company would serve as the custodian for the proposed ETF. Although bitcoin ETFs were met with criticism by regulators in the past, the Biden Administrations



new SEC head, Gary Gensler, a fervent bitcoin advocate, could be the key that opens up the door for a bitcoin ETF (Coindesk). Coinbase, the largest US cryptocurrency exchange, has announced that it is going public via a direct listing on the Nasdaq. The exchange now has over 35M customers and does \$1B in daily volumes. Messari, a cryptocurrency analytics firm, has valued the company at \$28B. Finally, in what was the most important regulatory news of the month, the US Treasury has stated that banks may use stablecoins and public blockchains for payments. This means that the \$17T banking industry will now be able to transact “cheaper, faster and more efficiently” utilizing both public and private digital currency and blockchain technology. In other words, this announcement marks the beginning of the intersection of traditional finance (TradFi) with decentralized finance (DeFi) (Genesis Block).