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Top 7 Ethereum ETFs for Aug 2024



Investors are now turning their attention to Ethereum, the second-largest [cryptocurrency](#) by market capitalization, as a promising investment opportunity. Our guide reveals the best Ethereum ETFs, including spot and futures ETFs, to help you capitalize on this burgeoning market.

Ethereum ETFs offer a seamless and secure way to invest in the cryptocurrency, bypassing the complexities of cryptocurrency investments such as tax accounting and wallet storage. These regulated funds are managed by SEC-approved custodians, ensuring your investments are [SAFE](#) and secure.

With [Ethereum](#) ETFs, you can buy or sell shares of the fund with ease, simplifying accounting and eliminating the hassle of managing your own cryptocurrency wallet. The success of Bitcoin ETFs has paved the way for Ethereum ETFs to become the next big thing in the cryptocurrency market.

- [Ethereum ETFs: Top Picks Reviewed](#)
- [Invest in FETH: Fidelity Ethereum Fund](#)
- [Bitwise Ethererum ETF: ETHW Overview](#)
- [VanEck Ethereum ETF: ETHV](#)
- [ETHA: Optimize Your Ethereum Investment](#)
- [Ethereum Mini Trust \(ETH\) by Grayscale](#)
- [Ether ETF Strategy: ProShares EETH](#)
- [EFUT: VanEck Ethereum Strategy ETF](#)
- [Ethereum ETF: Definition & Overview](#)
- [Ethereum ETFs: How to Select the Best for Your Portfolio](#)
- [Ethereum ETFs: Benefits & Advantages](#)
- [Ethereum ETFs: Disadvantages to Consider](#)
- [Crypto Final Thoughts](#)

Ethereum ETFs: Top Picks Reviewed

Discover the top Ethereum ETFs that are making waves in the market. Despite Grayscale's ETHE experiencing significant outflows due to higher fees, newer options are gaining traction. Our comprehensive review highlights the best Ethereum ETFs, including Grayscale's new ETF (ETH) with the lowest fees post-waivers. Invest wisely and choose the Ethereum ETF that aligns with your financial goals.

Invest in FETH: Fidelity Ethereum Fund

With over \$73 million in assets under management, FETH offers investors a trusted and reliable way to invest in Ethereum. The fund utilizes Fidelity Digital Asset Services, LLC - a limited-purpose trust company - for secure custody of its digital assets, providing peace of mind for investors.

FETH's post-waiver fee of 0.25% positions it within the low-cost Ethereum ETF range, making it an attractive option for cost-conscious investors. The fund's success builds on Fidelity's strong reputation in the crypto space, following the successful launch of the Fidelity Wise Origin [Bitcoin](#) Fund (FBTC) in early 2024.

Bitwise Ethererum ETF: ETHW Overview

This not only benefits the Ethereum ecosystem but also positions ETHW as an attractive option for socially conscious investors. Recipients of these funds include organizations like the Protocol Guild and PBS Foundation, who are working to advance the development of Ethereum and its underlying technology.

Despite its charitable commitment, ETHW remains one of the most cost-effective Ethereum ETFs available, with a fee of just 0.20%. This low fee, combined with Bitwise's extensive experience in the crypto space, makes ETHW an excellent choice for investors looking to gain exposure to the Ethereum market.

VanEck Ethereum ETF: ETHV

The ETHV ETF offers investors exposure to the price movements of Ethereum, the world's second-largest cryptocurrency by market capitalization. To sweeten the deal, VanEck is offering an extended fee waiver period, allowing investors to enjoy zero fees until July 22, 2025, or until the trust's assets exceed \$1.5 billion, whichever comes first. Post-waiver fees are a competitive 0.20%.

But what sets the ETHV ETF apart from its competitors? Unlike many ETH ETFs that rely on Coinbase for custody, VanEck has partnered with Gemini, a renowned [crypto exchange](#) and storage provider known for its robust security protocols. This partnership ensures that your ETH digital assets are kept safe and secure, giving you peace of mind as you invest in the future of blockchain technology.

ETHA: Optimize Your Ethereum Investment

Since launching its first 17 ETFs in 1996, BlackRock has grown to become the largest ETF issuer in the US, managing over 1,400 unique funds that cover a diverse range of themes, including broad market and index funds. The company's immense influence has been instrumental in the successful approval of Bitcoin and Ethereum ETFs, paving the way for the iShares Ethereum Trust ETF to make its debut in July 2024.

With over \$3.3 trillion in assets under management globally, BlackRock boasts a portfolio that exceeds 10% of the US GDP, further solidifying its position as a leader in the financial industry. The iShares Ethereum Trust ETF has already surpassed \$264 million in AUM since its launch, demonstrating the strong demand for exposure to the Ethereum market.

To further entice investors, BlackRock is offering a waiver on a percentage of fees until late July 2025, reducing the fund's sponsor fee to a low 0.12% until the waiver expires or the fund reaches \$2.5 billion in AUM. After the waiver period, the fee will increase to 0.25%, making the iShares Ethereum Trust an affordable and convenient option for investors looking to gain exposure to [ETH](#) without the hassle of self-custody.

Ethereum Mini Trust (ETH) by Grayscale

One of Grayscale's most notable conversions is its Bitcoin trust, but the company's Ethereum Mini Trust (ETH) is quickly gaining traction as the go-to option for investors seeking a cost-effective and efficient way to invest in Ethereum.

Despite initial concerns over the higher fees associated with Grayscale's larger Ethereum ETF (ETHE), the company's smaller ETH fund has seen remarkable growth since its launch, rapidly approaching \$1 billion in assets under management. This impressive feat can be attributed to the fund's low management fees of just 0.15%, making it the most cost-effective option in our roundup post-waiver.

Investors are flocking to Grayscale's Ethereum Mini Trust (ETH) for its combination of low fees and high performance. With less churn and a more stable asset base, the fund is well-positioned to continue its upward trajectory and remain a top choice for investors seeking exposure to the Ethereum market.

Ether ETF Strategy: ProShares EETH

Beyond EETH's innovative approach, ProShares boasts a comprehensive portfolio of crypto ETFs, catering to diverse investment strategies. This includes leveraged and short ETFs, empowering investors to speculate on Bitcoin and [Ethereum price](#) movements, both upwards and downwards. At the core of EETH's success lies its focus, with nearly 98% of its assets invested in quarterly ETH futures contracts, ensuring a tight grip on market trends. The remaining 2%+ is prudently allocated to treasuries and cash, enhancing stability and liquidity.

Trustworthy JPMorgan oversees the custody of EETH's assets, underscoring the fund's commitment to safety and security. While futures-based funds may come with higher fees, EETH's 0.95% fee structure is justified by its impressive performance. With trailing 12-month returns exceeding 83% as of this writing, EETH has consistently demonstrated its prowess in navigating the dynamic crypto landscape.

EFUT: VanEck Ethereum Strategy ETF

While higher beta Ethereum futures ETFs may come with higher management fees, EFUT's 0.66% fund fee is still much lower than many index mutual funds, despite being more than triple that of many spot ETFs. Structured as a C-Corp, VanEck's fund pays corporate tax, but holders benefit from lower tax rates on distributions.

Ethereum ETF: Definition & Overview

Recently, the latest Ethereum ETFs have been designed to mirror spot market prices by dynamically buying and selling ETH as demand for the fund rises and falls. Prior to this, some funds utilized futures markets to provide investors with exposure to ETH's price changes, offering diverse investment opportunities including the ability to speculate on declining ETH prices.

Ethereum ETFs: How to Select the Best for Your Portfolio

Another crucial consideration is fees. While many recent crypto ETFs have launched with fee waivers, it's essential to understand that these waivers often expire once the fund reaches a specific AUM target. As a result, it's essential to compare the fees charged by different Ethereum ETFs and select one with the lowest ongoing expense ratio.

Investing in an Ethereum ETF? Choose wisely to maximize returns and minimize costs. Once the fee waiver expires, you can expect expenses ranging from 0.15% to 0.25% for spot ETH ETFs, but futures-based ETFs may charge up to 1%. For smaller or short-term investments, these fees may not make a significant impact. However, for larger investments or long-term holdings, fund costs can add up. Consider the reputation of the ETF provider, as it can significantly impact the fund's performance. For instance, BlackRock's financial strength has propelled its iShares ETF family to top spots, and many anticipate similar success for its spot ETH fund. Also, consider the provider's experience with crypto funds. BitWise stands out with six years of experience in crypto-themed ETFs, while some competitors are just starting out. Lastly, the custodian of the fund's digital assets is crucial. Coinbase is the custodian for most spot Ethereum ETFs, but Fidelity and VanEck offer alternatives through their respective arms and Gemini, respectively. Make an informed decision to maximize your investment potential.

Ethereum ETFs: Benefits & Advantages

Beyond ease of access, Ethereum ETFs offer professional management and unparalleled security. Investors no longer need to worry about self-custody wallets or entrusting their ETH to potentially risky exchanges. While crypto wallet apps may promise simplicity, they still pose security concerns and require a learning curve. Alternatively, holding crypto on exchanges can be equally risky, as evidenced by the recent collapse of FTX, leaving investors without access to their funds. Ethereum ETFs minimize these risks by requiring funds to select a custodian approved by the SEC, providing an additional layer of protection for investors' assets.

Ethereum ETFs: Disadvantages to Consider

Furthermore, investors may miss out on potential opportunities by investing in Ethereum ETFs. In the world of crypto trading, institutional-sized trades often occur on over-the-counter (OTC) markets, where buyers and sellers can meet to transact without impacting the market charts. These trades are often executed with minimal trading expenses compared to those experienced by retail traders. By investing in an ETF, investors are essentially opting for a more passive approach that may not fully capitalize on market movements and opportunities as they arise.

Additionally, investors should be mindful of the potential for tracking error, which is the difference between the performance of the ETF and the underlying asset it tracks. This can occur due to various factors, such as trading expenses, management fees, and the timing of trades. While most ETFs strive to closely track their benchmarks, tracking error can still occur, leading to subpar returns for investors.

Lastly, investors should also consider the potential for liquidity issues with Ethereum ETFs. While many ETFs are highly liquid and can be easily bought and sold, this may not always be the case for cryptocurrency-based ETFs. Given the relatively new and rapidly evolving nature of the crypto market, liquidity can be a concern, particularly during periods of high volatility or market uncertainty. This can make it difficult for investors to buy or sell their ETF shares at a favorable price, potentially impacting their overall returns.

This lack of control undermines one of the key benefits of cryptocurrency: financial sovereignty. With cryptocurrency, investors have the ability to control their own assets and take their wealth with them anywhere in the world. However, by investing in an Ethereum ETF, you are surrendering this control to financial institutions, limiting your ability to manage your own investments.

Another significant disadvantage of Ethereum ETFs is the inability to stake or use decentralized finance (DeFi) protocols. Staking is a process where you lock up your ETH to support the network and earn a yield, typically around 3%. However, since you don't have direct control over your ETH when you invest in an ETF, you are unable to stake your assets and earn this yield. Similarly, DeFi protocols allow you to multiply your yields by earning interest from multiple blockchain networks, but this option is also unavailable to ETF investors.

The opportunity cost of investing in an Ethereum ETF can be significant. By giving up direct control over your ETH, you are limiting your ability to take advantage of the many benefits of cryptocurrency, including staking and DeFi. While ETFs may be easier to invest in, they come at the cost of independence and the potential for higher returns.

Crypto Final Thoughts

While investors may sacrifice some control over their ETH and the ability to earn an extra yield, the ease of access and security provided by ETH ETFs make them an attractive option for many investors. Furthermore, the increased demand for ETH generated by these ETFs is expected to have a positive impact on Ethereum's price over time.