



WisdomTree Physical XRP



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The WisdomTree Physical XRP ETP (exchange-traded product) provides investors with a simple, secure and cost-efficient way to gain exposure to the price of XRP, the native token on XRP Ledger (XRPL).

Investing in XRP via an exchange-traded product allows investors to utilise the best of traditional financial infrastructure and product structuring. The ETP allows investors to access XRP without the need to hold the crypto assets directly, store private access keys or interact with the blockchain and crypto infrastructure in any way.

XRP: Layer-1 payments

XRPL launched in June 2012, and the XRP token went live in December 2012. WisdomTree’s digital asset taxonomy classifies XRP as a layer-1 payment and places it as an altcoin to Bitcoin, similar to how Ethereum and Solana are layer-1 smart contract platforms, with Solana being an altcoin to Ethereum.

| | Layer-1 Payments | Layer-1 Smart Contracts |
|----------|------------------|-------------------------|
| Mega cap | Bitcoin | Ethereum |
| Altcoin | XRP | Solana |

Source: WisdomTree. October 2024

XRPL is fast, efficient, and supports large-scale use cases. Since its inception, it has processed over 3.3 billion transactions, representing over US \$1 trillion in value without failure or security breaches. There are over 5 million active XRP wallet holders secured by a network of over 100 validators¹. XRPL validators use Proof-of-Association (PoA) consensus mechanism which is more cost-efficient to run than Proof-of-Work (PoW) due to its lower hardware requirements.

Why invest in XRP?

- + **Diversification in portfolio exposure:** Now representing over 1% of the market portfolio², cryptocurrency is a vital component within a well-rounded investment strategy. As an uncorrelated asset class, cryptocurrencies can help enhance diversification and potentially improve risk-adjusted returns within a multi-asset portfolio. As an altcoin to Bitcoin, XRP could easily sit alongside it in a multi-asset portfolio and reduce investors' exposure to a single token.
- + **XRPL's native protocol functionalities:** Built-in features support decentralised finance (DeFi) activities without any need for smart contracts. This results in greater capital efficiency, as liquidity from DeFi applications is aggregated at the protocol level rather than being siloed across individual smart contracts.
- + **Deflationary supply mechanism:** Transaction fees on the XRPL are systematically burned, applying deflationary pressure to XRP's total supply of 100 billion units. Since its inception, approximately 12 million XRP units have been burned. Additionally, 1 billion XRP units are released from escrow to Ripple each month. This is due to Ripple originally locking 55 billion XRP units (i.e. 55% of the total possible supply) into a series of escrows in order to ensure predictability to the XRP supply³. Any XRP not spent or distributed by Ripple in that month is put into new escrow contracts. This will continue until the remaining ~45 billion XRP units become liquid. Afterwards, the burned fees will be the only supply variable.⁴

XRP in an ETP with WisdomTree

Investors look to the ETP structure to provide additional protection for their investments:



Security: Safely storing digital assets is not only about protecting against hacks, but also protecting against the inadvertent loss of private keys. Investing in digital assets through an ETP structure could allow investors to transfer the expensive and time-consuming burden of managing private keys to the issuer and to benefit from institutional-grade safeguarding of assets in cold storage.

¹ Source: Ripple. The Building Blocks of Institutional DeFi on XRP Ledger. 29 May 2024.

² The market portfolio simulates the totality of all listed assets accessible to investors.

³ Please see further detail here: <https://ripple.com/insights/explanation-ripples-xrp-escrow/>

⁴ Sources: Messari's State of XRP Ledger Q1 2024; Q2 2024 XRP Markets Report.



Transparency: Transparency is a core component of the ETP structure. A digital assets ETP could offer a core measure of confidence for investors by enabling access to an audited website from the issuer, showing exactly how many coins are represented by the outstanding fund shares. This is already standard practice in physical gold ETP structures and provides an incomparable measure of transparency for investors.



ETP Standardisation: Product standardisation is an aspect of the ETP wrapper that could benefit investors in digital assets. Trading, holding and accounting for investments in ETPs are well established and the provision of crypto exposure in this format could allow such investments to fit within an investor's existing systems, processes and risk management. Additionally, providing crypto exposure in an ETP could deliver benefits from standard market features that many investors rely on. Centralised clearing, an exchange listing on a recognised venue and standard settlement practices all lower the operational and counterparty risk of making investments.



Liquidity: ETPs tend to bring a centralisation of liquidity to asset classes. This could be especially impactful in the crypto space as the current ecosystem is quite fragmented, with trading happening across many venues with no common settlement infrastructure. An investor would need to separately establish connectivity to several venues in order to access their liquidity. Investment in an ETP essentially outsources this responsibility to specialist market makers, with trading infrastructure to manage many exchange connections.

Why WisdomTree Physical XRP?

- + **100% physically backed by XRP:** Exposure to the spot price of XRP through an institutional-grade, physically backed structure. The corresponding digital assets are securely stored in professional "cold storage."
- + **Institutional-grade custody:** Investors benefit from institutional-grade cryptocurrency custody solutions, via a dual-custodian model with regulated custodians (Coinbase and Swissquote).
- + **Low cost:** With a management fee of just 0.50%, this is the lowest-cost physically backed XRP ETP in Europe.

WisdomTree offers a wide variety of resources on its [Crypto ETP Centre](#).

Product information: WisdomTree Physical XRP

| Ticker | Exchange | ISIN | Bloomberg Code | Listing Currency | Base currency | TER% |
|--------|--------------------|--------------|----------------|------------------|---------------|------|
| XRPW | SIX | GB00BRXHQ425 | XRPW SW | USD | USD | 0.50 |
| XRPW | SIX | GB00BRXHQ425 | XRPWCHF SW | CHF | USD | 0.50 |
| WXPW | Xetra | GB00BRXHQ425 | WXPW GY | EUR | USD | 0.50 |
| XRPW | Euronext Amsterdam | GB00BRXHQ425 | XRPW NA | USD | USD | 0.50 |
| WXPW | Euronext Paris | GB00BRXHQ425 | WXPW FP | EUR | USD | 0.50 |

TER: Total expense ratio

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