

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 000-56284

Grayscale Digital Large Cap Fund LLC
MANAGED BY GRAYSCALE INVESTMENTS SPONSORS, LLC
(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands
(State or Other Jurisdiction of
Incorporation or Organization)

98-1406784
(I.R.S. Employer
Identification No.)

290 Harbor Drive, 4th Floor
Stamford, Connecticut
(Address of Principal Executive Offices)

06902
(Zip Code)

(212) 668-1427
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Grayscale Digital Large Cap Fund LLC Shares	GDLC	N/A

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Aggregate market value of registrant's Shares held by non-affiliates of the registrant, based upon the closing price of a Share on December 31, 2024 as reported by the OTC Markets Group Inc. on that date: \$609,362,101

Number of Shares of the registrant outstanding as of September 2, 2025: 15,867,400

INDUSTRY AND MARKET DATA

Although we are responsible for all disclosure contained in this Annual Report on Form 10-K, in some cases we have relied on certain market and industry data obtained from third-party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications in conjunction with our assumptions regarding the digital asset industry and market. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings “Forward-Looking Statements” and “Part I, Item 1A. Risk Factors” in this Annual Report.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking statements” with respect to the financial conditions, results of operations, plans, objectives, future performance and business of Grayscale Digital Large Cap Fund LLC (the “Fund”). Statements preceded by, followed by or that include words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other similar expressions are intended to identify some of the forward-looking statements. All statements (other than statements of historical fact) included in this Annual Report that address activities, events or developments that will or may occur in the future, including such matters as changes in market prices and conditions, the Fund’s operations, the plans of Grayscale Investments, LLC (“GSI”), the manager of the Fund before January 1, 2025, Grayscale Operating, LLC (“GSO”), the co-manager of the Fund from January 1, 2025 to May 3, 2025, and Grayscale Investments Sponsors, LLC (“GSIS”), the co-manager of the Fund from January 1, 2025 to May 3, 2025 and the sole remaining manager thereafter (each of GSI, GSO and GSIS, the “Manager”, as the context may require, and GSO and GSIS, together, the “Co-Managers”), and references to the Fund’s future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially from such statements. These statements are based upon certain assumptions and analyses the Manager made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the Manager’s expectations and predictions, however, is subject to a number of risks and uncertainties, including, but not limited to, those described in “Part I, Item 1A. Risk Factors.” Forward-looking statements are made based on the Manager’s beliefs, estimates and opinions on the date the statements are made and neither the Fund nor the Manager is under a duty or undertakes an obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Investors are therefore cautioned against relying on forward-looking statements. Factors which could have a material adverse effect on the Fund’s business, financial condition or results of operations and future prospects or which could cause actual results to differ materially from the Fund’s expectations include, but are not limited to:

- the extreme volatility of trading prices that many digital assets, including the digital assets held by the Fund, have experienced in recent periods and may continue to experience, which could cause the value of the Shares to be volatile and/or have a material adverse effect on the value of the Shares;
- the recency of the development of digital assets and the uncertain medium-to-long term value of the Shares due to a number of factors relating to the capabilities and development of blockchain technologies and to the fundamental investment characteristics of digital assets;
- the value of the Shares depending on the acceptance of digital assets, a new and rapidly evolving industry;
- a temporary or permanent “fork” or a “clone” could adversely affect the value of the Shares;
- recent developments in the digital asset economy which have led to extreme volatility and disruption in digital asset markets, a loss of confidence in participants of the digital asset ecosystem, significant negative publicity surrounding digital assets broadly and market-wide declines in liquidity;
- the value of the Shares relating directly to the value of the digital assets then held by the Fund, the value of which may be highly volatile and subject to fluctuations due to a number of factors;
- the largely unregulated nature and lack of transparency surrounding the operations of Digital Asset Trading Platforms, which may adversely affect the value of digital assets and, consequently, the value of the Shares;
- the limited history of the Index Prices;
- the Fund’s reliance on third party service providers to perform certain functions essential to the affairs of the Fund and the challenges that replacement of such service providers could pose to the safekeeping of the digital assets held by the Fund and to the operations of the Fund;
- the Fund’s shareholders having different rights than those of shareholders governed by the laws of U.S. jurisdictions due to the Fund being a Cayman Islands limited liability company;

- the Custodian’s possible resignation or removal by the Manager or otherwise, without replacement, which could trigger early termination of the Fund;
- competition from the emergence or growth of other methods of investing in digital assets could adversely affect the value of the Shares;
- the possibility that the Shares may trade at a price that is at, above or below the Fund’s NAV per Share as a result of the non-current trading hours between OTCQX and the Digital Asset Trading Platform Market;
- the SEC has taken, and may in the future take, the view that some of the Fund Components are securities, which has adversely affected, and could adversely affect the value of such digital assets and the price of the Shares and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Fund;
- regulatory changes or actions by the U.S. Congress or any U.S. federal or state agencies that may affect the value of the Shares or restrict the use of one or more digital assets, mining or validating activity or the operation of their networks or the Digital Asset Markets in a manner that adversely affects the value of the Shares;
- regulatory changes or other events in foreign jurisdictions that may affect the value of the Shares or restrict the use of one or more digital assets, mining or validating activity, or the operation of their networks or the Digital Asset Trading Platform Market in a manner that adversely affects the value of the Shares;
- the possibility that an Authorized Participant, the Fund or the Manager could be subject to regulation as a money service business or money transmitter, which could result in extraordinary expenses to such Authorized Participant, the Fund or the Manager and also result in decreased liquidity for the Shares;
- regulatory changes or interpretations that could obligate the Fund or the Manager to register and comply with new regulations, resulting in potentially extraordinary, nonrecurring expenses to the Fund;
- potential conflicts of interest that may arise among the Manager or its affiliates and the Fund;
- the potential discontinuance of the Manager’s continued services, which could be detrimental to the Fund;
- the lack of ability to participate in Staking (as defined herein), which could have adverse consequences for the Fund;
- the Custodian’s possible resignation or removal by the Manager or otherwise, without replacement, which could trigger early termination of the Fund; and
- additional risk factors discussed in “Part I, Item 1A. Risk Factors” and “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Annual Report on Form 10-K, as well as those described from time to time in our future reports filed with the SEC.

Unless otherwise stated or the context otherwise requires, the terms “we,” “our” and “us” in this Annual Report refer to the Manager acting on behalf of the Fund.

A glossary of industry and other defined terms is included in this Annual Report, beginning on page 132.

This Annual Report supplements and, where applicable, amends the Memorandum, as defined in the Fund’s Second Amended and Restated Limited Liability Company Agreement, for general purposes.

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PART I

Item 1. Business

Overview of the Fund and the Shares

The Fund is a Cayman Islands limited liability company that was formed and registered on January 25, 2018. The Fund's purpose is to hold the top digital assets by market capitalization that meet certain criteria set by the Fund. The Fund issues Shares, which represent equal, fractional undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund, on a periodic basis to certain "accredited investors" within the meaning of Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"). The Fund issues Shares only in one or more whole Baskets. A Basket equals 100 Shares. See "—Description of Creation of Shares." On July 1, 2025, the U.S. Securities and Exchange Commission (the "SEC"), through its Division of Trading and Markets acting pursuant to delegated authority, approved the application to list Grayscale Digital Large Cap Fund LLC (the "Fund") on NYSE Arca, Inc. ("NYSE Arca"). Shortly thereafter, the Commission issued a notice indicating that it would review the approval order, and imposed a stay on such order during its review. Grayscale Investments Sponsors, LLC, the manager of the Fund, remains committed to pursuing the listing of the Fund on NYSE Arca and continues to work closely with key stakeholders to obtain approval of the application.

Shares purchased in the private placement are restricted securities that may not be resold except in transactions exempt from registration under the Securities Act and state securities laws, and any such transaction must be approved in advance by the Manager. In determining whether to grant approval, the Manager will specifically look at whether the conditions of Rule 144 under the Securities Act, including the requisite holding period thereunder, and any other applicable laws have been met. Any attempt to sell Shares without the approval of the Manager in its sole discretion will be void ab initio. See "—Description of the Shares—Transfer Restrictions" for more information.

The Shares are quoted on OTC Markets Group Inc.'s OTCQX® Best Market ("OTCQX") under the ticker symbol "GDLC." Pursuant to Rule 144, the minimum holding period for Shares purchased in the private placement is six months. Shareholders that purchased Shares directly from the Fund and have held them for the requisite holding period in accordance with Rule 144 under the Securities Act may sell their Shares on OTCQX upon receiving approval from the Manager. Investors may also choose to purchase Shares on OTCQX. Shares purchased on OTCQX are not restricted. We intend to seek to list the Shares on NYSE Arca sometime in the future. Any such listing will require NYSE Arca to first receive approval from the SEC. As a result, there can be no guarantee that we will be successful in listing the Shares on NYSE Arca. See "Item 1A. Risk Factors—Risk Factors Related to the Fund and the Shares—There is no guarantee that an active trading market for the Shares will continue to develop."

At this time, the Fund is not operating a redemption program for the Shares and therefore Shares are not redeemable by the Fund. In addition, the Fund may from time to time halt creations, including for extended periods of time, for a variety of reasons, including in connection with forks, airdrops and other similar occurrences. As a result of these factors in addition to the holding period under Rule 144, Authorized Participants are not able to take advantage of arbitrage opportunities created when the market value of the Shares deviates from the value of the Fund's NAV per Share, which may cause the Shares to trade at a substantial premium over, or substantial discount to, the value of the Fund's NAV per Share.

Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. Further, on July 21, 2020, the Fund registered with the Cayman Islands Monetary Authority (the "Authority") under the Private Funds Act (reference number: 1688783) and is registered and regulated as a private fund under the Private Funds Act (As Revised) of the Cayman Islands (the "Private Funds Act"). The Authority has supervisory and enforcement powers to ensure the Fund's compliance with the Private Funds Act. Before the Fund is able to effect open redemptions as an open-ended Fund, it will be required to meet the requirements of, and register with, the Authority and be regulated as a mutual fund under the Mutual Funds Act (As Revised) of the Cayman Islands. No assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Manager approves a redemption program, the Shares will be redeemable in accordance with the provisions of the Second Amended and Restated Limited Liability Company Agreement (as amended by Amendments No. 1, No. 2 and No. 3 thereto, and as the same may be amended from time to time, the "LLC Agreement") and the relevant Participant Agreement. Although the Manager cannot predict with certainty what effect, if any, the operation of a redemption program would have on the trading price of the Shares, a redemption program would allow Authorized Participants to take advantage of arbitrage opportunities created when the market value of the Shares deviates from the value of the Fund's digital assets, less the Fund's expenses and other liabilities, which may have the effect of reducing any premium or discount at which the Shares trade on OTCQX over or below such value, respectively, which at times has been substantial.

For a discussion of risks relating to the deviation in the value of the Shares from the NAV per Share, see "Item 1A. Risk Factors—Risk Factors Related to the Fund and the Shares—Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Fund's ability to halt creations from time to time, there is no arbitrage mechanism to keep the value of the Shares closely linked to the Index Prices (or Digital Asset Reference Rates, prior to July 1, 2025) and the Shares have historically traded at a substantial premium over, or a substantial discount to, the NAV per Share," "Item 1A. Risk Factors—Risk Factors Related to Digital

Assets—The trading prices of many digital assets, including the Fund Components, have experienced extreme volatility in recent periods and may continue to do so. Extreme volatility in the future, including declines in the trading prices of digital assets could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value,”“Item 1A. Risk Factors—Risk Factors Related to Digital Asset Markets—The value of the Shares relates directly to the value of the digital assets then held by the Fund, the value of which may be highly volatile and subject to fluctuations due to a number of factors,”“Item 1A. Risk Factors—Risk Factors Related to Digital Asset Markets—Due to the largely unregulated nature and lack of transparency surrounding the operations of Digital Asset Trading Platforms, they may experience fraud, security failures or operational problems, which may adversely affect the value of digital assets and, consequently, the value of the Shares,”and“Item 1A. Risk Factors—Risk Factors Related to the Fund and the Shares—The Shares may trade at a price that is at, above or below the Fund’s NAV per Share as a result of the non-current trading hours between OTCQX and the Digital Asset Trading Platform Market.”

Until December 31, 2024, Grayscale Investments, LLC was the manager (the “Manager”) of the Fund. As a result of the Reorganization (as defined herein) on January 1, 2025, Grayscale Investments Sponsors, LLC (“GSIS”) and Grayscale Operating, LLC (“GSO”), indirect wholly owned subsidiaries of Digital Currency Group, Inc. (“DCG”), became Co-Managers of the Fund. On January 3, 2025, GSO voluntarily withdrew as a Manager of the Fund, and effective May 3, 2025, GSIS is the sole remaining Manager. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments” for more information. The Bank of New York Mellon is the administrator (in such capacity, the “Administrator”) of the Fund, Continental Stock Transfer & Trust Company is the transfer agent of the Fund (the “Transfer Agent”), and Coinbase Custody Trust Company, LLC is the custodian (the “Custodian”) of the Fund.

Investment Objective

The Fund’s investment objective is for the value of the Shares (based on NAV per Share) to reflect the value of the digital assets held by the Fund (the “Fund Components”) as determined by reference to their respective Index Prices (or Digital Asset Reference Rates, prior to July 1, 2025) and weightings within the Fund, plus any cash held by the Fund and reduced by the Fund’s expenses and other liabilities. From July 1, 2022 to June 5, 2025, the Fund Components consisted of the digital assets that made up the CoinDesk Large Cap Select Index (DLCS) (the “DLCS”), as rebalanced from time to time, subject to the Manager’s discretion to exclude individual digital assets in certain cases. The DLCS was designed and managed by CoinDesk Indices, Inc. (the “Index Provider”). The digital assets that made up the DLCS (the “DLCS Index Components” or, prior to June 5, 2025, the “DLCS Index Components”) were drawn from the universe (the “DLCS Index Universe” or, prior to June 5, 2025, the “Index Universe”) of investable digital assets that met the following criteria, (i) the digital asset must be ranked in the top 250 in the Index Provider’s Digital Asset Classification Standard (“DACS”) report, (ii) custodian services for the digital asset must be available from Coinbase Custody, a division of Coinbase Global Inc., and must be accessible to U.S. investors, (iii) the digital asset must not be a stablecoin or categorized as a meme coin as determined by the Index Provider and (iv) the digital asset must have been listed on a Constituent Trading Platform (as defined herein) for a minimum of 30 days leading up to the quarterly period beginning 14 days before the second business day of each January, April, July, and October, during which the DLCS is rebalanced (each such period, a “DLCS Index Rebalancing Period” or, prior to June 5, 2025, an “Index Rebalancing Period”). Due to the Index Provider’s criteria for selecting digital assets for inclusion as DLCS Index Components, certain high market capitalization digital assets are not DLCS Index Components as a result of their categorization by the Index Provider or other specified reasons and therefore not included as DLCS Index Components. For example, as of the date hereof, Tether (“USDT”) and U.S. Dollar Coin (“USDC”) are not included due to their categorization by the Index Provider as stablecoins, Dogecoin (“DOGE”) is not included due to its categorization by the Index Provider as a meme coin, and Binance Coin (“BNB”) is not included due to custodian services from Coinbase Custody not being available for it.

The Index Provider applies market capitalization, liquidity and data availability criteria to the digital assets in the DLCS Index Universe in order to arrive at between five and ten digital assets that, in the Index Provider’s judgment, represent a diversified benchmark for the largest and most liquid digital assets in the digital asset market (the “Large Cap sector”), rather than exposure to all digital assets in the DLCS Index Universe. The respective weightings of the DLCS Index Components within the DLCS are determined by the Index Provider based on market capitalization criteria, and are referred to as the “DLCS Index Weightings.” The process followed by the Index Provider to determine the DLCS Index Universe, the DLCS Index Components and their respective DLCS Index Weightings is referred to as the “DLCS Methodology.” The Fund seeks to (i) provide large-cap coverage of the digital asset market; (ii) minimize transaction costs through low turnover of the Fund’s portfolio; and (iii) create a portfolio that could be replicated through direct purchases in the Digital Asset Market. Because DLCS Index Components target the Large Cap sector and are included in the DLCS in accordance with market capitalization and liquidity criteria, as of June 30, 2025, the DLCS covered approximately 83% of the market capitalization of the entire digital asset market, excluding stablecoins and meme coins, based on data provided by the Index Provider calculated using data from CoinMarketCap.com. Additionally, as of June 30, 2025, the DLCS covered approximately 92% of the market capitalization of the Index Universe.

Effective from June 5, 2025 the Fund Components have consisted of the digital assets that make up the CoinDesk 5 Index (the “CD5” or the “Index”), as rebalanced from time to time, subject to the Manager’s discretion to exclude individual digital assets in certain rules-based circumstances as further described in this Annual Report, as amended from time to time by our Exchange Act filings. The CD5 is designed and managed by the Index Provider. The digital assets that make up the CD5 (the “Index Components”) are drawn from the universe of investable digital assets meeting the following criteria (the “Index Universe”): (i) the digital asset must be ranked in the top 250 by market capitalization, excluding stablecoins; (ii) the digital asset must be able to support an applicable index price by nature of its inclusion on a sufficient amount of digital asset trading platforms and volume metrics; (iii) the digital asset must not be a

“wrapped token,” “pegged token,” or “liquid-staked asset,” a “gas-only token,” a “memecoin,” a “privacy-focused” token, each as defined by the Index Provider, or an asset that meets the definition of a security as determined by the Index Provider; and (iv) the digital asset must be listed as a USD and/or USDC pair on a minimum of three trading platforms that contribute to the applicable Index Price and such trading platform must meet the following requirements: (a) at least one listing has existed for the previous 90 days; (b) at least one digital trading platform is a Category 1 Trading Platform; and (c) there has been 30 consecutive days of non-zero volume on all three trading platforms described above.

The Index Provider applies market capitalization, liquidity and data availability criteria to the digital assets in the Index Universe in order to arrive at five digital assets that, in the Index Provider’s judgment, represent a diversified benchmark for the largest and most liquid digital assets in the digital asset market (the “Large Cap Sector”), rather than exposure to all digital assets in the Index Universe. The respective weightings of the Index Components within the CD5 are determined by the Index Provider based on market capitalization criteria and are referred to as the “Index Weightings.” The process followed by the Index Provider to determine the Index Universe, the Index Components and their respective Index Weightings is referred to as the “CD5 Methodology.”

From and after June 5, 2025, the Fund seeks to (i) provide large cap coverage of the digital asset market; (ii) minimize transaction costs through low turnover of the Fund’s portfolio; and (iii) create a portfolio that could be replicated through direct purchases in the Digital Asset Market. Because Index Components target the Large Cap Sector and are included in the CD5 in accordance with market capitalization and liquidity criteria, as of June 30, 2025, the CD5 covered approximately 85% of the market capitalization of the entire digital asset market, excluding stablecoins, based on data provided by the Index Provider calculated using data from CoinDesk Data. Additionally, as of June 30, 2025, the CD5 covered approximately 83% of the market capitalization of the Index Universe.

As the context may require, prior to June 5, 2025, references herein to the “Index Components,” “Index Universe,” “Fund Rebalancing Period” and the “Index Rebalancing Period” are references to the “DLCS Index Components,” the “DLCS Index Universe,” the “DLCS Fund Rebalancing Period” and the “DLCS Index Rebalancing Period” as applicable.

The Fund Components consist of the Index Components except that the Manager may determine to exclude a particular Index Component in its discretion under a variety of circumstances. See “Part I—Item 1. Business—Fund Construction Criteria—DLCS Methodology—Inclusion of New Fund Components” and “Part I—Item 1. Business—Fund Construction Criteria—CD5 Methodology—Inclusion of New Fund Components” in this Annual Report, as amended from time to time by our Exchange Act filings. The weightings of each Fund Component (the “Fund Weightings”) are generally expected to be the same as the Index Weightings except when the Manager determines to exclude one or more digital assets from the Fund Components and/or rebalance the weighting of the Fund Components, in which case the Fund Weightings will generally be expected to be calculated proportionally to the respective Index Weightings for the remaining Index Components.

There can be no assurance that the Fund will be able to achieve its investment objective. Historically, the Fund has not met its investment objective and the Shares quoted on OTCQX have not reflected the value of the Fund Components, plus any cash held by the Fund and reduced by the Fund’s expenses and other liabilities, but instead have traded at both premiums and discounts to such value, which at times have been substantial. The Fund will not utilize leverage, derivatives or any similar arrangements in seeking to meet its investment objective.

In the event the Shares trade at a substantial premium or discount, investors who purchase Shares on OTCQX will pay substantially more or less, respectively, for their Shares than investors who purchase Shares in a private placement. There can be no assurance that the value of the Shares (based on NAV per Share) will reflect the value of the Fund Components as determined by reference to their respective Index Prices and Weightings, less the Fund’s expenses and other liabilities. This may happen for a variety of reasons, including the holding period under Rule 144 for Shares purchased in a private placement, the lack of an ongoing redemption program, any halting of creations by the Fund, Fund Component price volatility, trading volumes on, or closures of, trading platforms where digital assets trade due to fraud, failure, security breaches or otherwise, and the non-current trading hours between OTCQX and the global trading platform market for trading the Fund Components. As a result, the Shares may continue to trade at a substantial premium over, or a substantial discount to, the value of the Fund Components, less the Fund’s expenses and other liabilities, and the Fund may be unable to meet its investment objective for the foreseeable future.

The Shares have historically traded at a substantial premium over, or a substantial discount to, the value of the Fund’s digital assets, plus any cash held by the Fund and reduced by the Fund’s expenses and other liabilities. For example, from July 1, 2022 to June 30, 2025, the Shares quoted on OTCQX traded at a discount to the value of the Fund’s NAV per Share based on the DLCS Methodology (changed to the CD5 Methodology effective June 5, 2025). From July 1, 2022 to June 30, 2025, the maximum discount of the closing price of the Shares quoted on OTCQX below the value of the Fund’s NAV per Share was 63% based on the DLCS Methodology (changed to the CD5 Methodology effective June 5, 2025), and the average discount was 35% based on the DLCS Methodology (changed to the CD5 Methodology effective June 5, 2025). As of June 30, 2025, the last business day of the period, the Fund’s Shares were quoted on OTCQX at a discount of 2% to the Fund’s NAV per Share based on the DLCS Methodology. The closing price of the Shares, as quoted on OTCQX at 4:00 p.m., New York time, on each business day, between July 1, 2022 to June 30, 2025, has been quoted at a discount on 751 days.

From July 1, 2025 to September 2, 2025, the Shares quoted on OTCQX traded at both discounts and premiums to the value of the Fund’s NAV per Share based on the CD5 Methodology. From July 1, 2025 to September 2, 2025, the maximum premium of the closing price of the Shares quoted on OTCQX over the value of the Fund’s NAV per Share was less than 1% based on the CD5 Methodology,

the average premium was less than 1%, the maximum discount of the closing price of the Shares quoted on OTCQX below the value of the Fund's NAV per Share was 10% based on the CD5 Methodology, and the average discount was 6%. As of September 2, 2025, the Fund's Shares were quoted on OTCQX at a discount of 8% to the Fund's NAV per Share based on the CD5 Methodology.

Prior to February 7, 2024, NAV was referred to as Digital Asset Holdings and NAV per Share was referred to as Digital Asset Holdings per Share. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Secondary Market Trading."

While an investment in the Shares is not a direct investment in the Fund Components, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to the Fund Components. A substantial direct investment in digital assets may require expensive and sometimes complicated arrangements in connection with the acquisition, security and safekeeping of the digital assets and may involve the payment of substantial fees to acquire such digital assets from third party facilitators through cash payments of U.S. dollars. Because the value of the Shares is correlated with the value of the Fund Components, it is important to understand the investment attributes of, and the market for, the Fund Components.

Index Prices

The Fund values its digital assets for operational purposes by reference to Index Prices (or Digital Asset Reference Rates, prior to July 1, 2025) and weightings within the Fund, plus any cash held by the Fund and reduced by the Fund's expenses and other liabilities. As of July 1, 2022, upon adoption of the DLCS Methodology, the Digital Asset Reference Rate for each Fund Component was the reference rate used by the Index Provider to constitute the DLCS. From July 1, 2022 through June 30, 2025, the Digital Asset Reference Rate used by the Index Provider for each DLCS Index Component had been a volume-weighted average price in U.S. dollars for the Fund Component for the immediately preceding 60-minute period derived from data collected from Constituent Trading Platforms (such price, an "Indicative Price"). As such, from July 1, 2022 through June 30, 2025, the Digital Asset Reference Rate for each Fund Component had been an Indicative Price.

Under the DLCS Methodology, the Index Provider may also have used a DLCS Index Price as the reference rate for a DLCS Index Component, and if it did so, then the Manager would have used a DLCS Index Price for the relevant Fund Component. The "DLCS Index Price" for a Fund Component would have been determined by the Reference Rate Provider by further cleansing and compiling the trade data used to determine the Indicative Price in such a manner as to algorithmically reduce the impact of anomalous or manipulative trading.

From and after July 1, 2025, the value of the Fund Components is determined by reference to Index Prices, as the Fund has transitioned from the DLCS to the CD5. The "Index Price" of each Fund Component will be the U.S. dollar value of each Fund Component derived from the Digital Asset Trading Platforms that are reflected in each Fund Component's CoinDesk CCIXber Reference Rate, calculated at 4:00 p.m., New York time, on each business day. The Fund Components are carried, for financial statement purposes, at fair value as required by U.S. generally accepted accounting principles ("U.S. GAAP"). The Fund determines the fair value of the Fund Components based on the price provided by the Digital Asset Market (defined below) that the Fund considers its principal market as of 4:00 p.m., New York time, on the valuation date. The net asset value of the Fund determined on a U.S. GAAP basis is referred to as "Principal Market NAV." Prior to February 7, 2024, Principal Market NAV was referred to as NAV. "Digital Asset Market" means a "Brokered Market," "Dealer Market," "Principal-to-Principal Market" or "Exchange Market" (referred to as "Trading Platform Market"), as each such term is defined in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Master Glossary. See "Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Principal Market and Fair Value Determination" for more information on the Fund's principal market selection.

The Fund uses Index Prices (or Digital Asset Reference Rates, prior to July 1, 2025) to calculate its "NAV," a non-GAAP metric, which is the aggregate value, expressed in U.S. dollars, of the Fund's assets, less the U.S. dollar value of the Fund's expenses and other liabilities, calculated in the manner set forth under "Part I—Item 1. Business—Valuation of Digital Assets and Determination of NAV." "NAV per Share" is calculated by dividing NAV by the number of Shares currently outstanding. Prior to February 7, 2024, NAV was referred to as Digital Asset Holdings and NAV per Share was referred to as Digital Asset Holdings per Share.

NAV and NAV per Share are not measures calculated in accordance with U.S. GAAP. NAV is not intended to be a substitute for the Fund's Principal Market NAV calculated in accordance with U.S. GAAP, and NAV per Share is not intended to be a substitute for the Fund's Principal Market NAV per Share calculated in accordance with U.S. GAAP. Prior to February 7, 2024, Principal Market NAV was referred to as NAV and Principal Market NAV per Share was referred to as NAV per Share.

Fund Construction Criteria

For the period between July 1, 2022 and June 30, 2025, the Fund's portfolio was constructed based on the DLCS Methodology. Effective July 1, 2025, the Fund uses the CD5 Methodology to construct the Fund's portfolio. The following sets forth a description of the DLCS Methodology and the CD5 Methodology.

DLCS Methodology

Index Universe

The Index Components were drawn from the Index Universe, which was determined based on the following criteria: (i) the digital asset must be ranked in the top 250 in the Index Provider's DACS report, (ii) custodian services for the digital asset must be available from Coinbase Custody, a division of Coinbase Global Inc., and must be accessible to U.S. investors, (iii) the digital asset must not be a stablecoin or categorized as a meme coin as determined by the Index Provider and (iv) the digital asset must have been listed on a Constituent Trading Platform for a minimum of 30 days leading up to the DLCS Index Rebalancing Period.

Eligibility and Weighting

Under the DLCS Methodology and subject to the below, a digital asset included in the DLCS Index Universe was generally eligible for inclusion in the DLCS as a DLCS Index Component, and thus the Fund's portfolio as a Fund Component, if it satisfied market capitalization, liquidity and data availability metrics determined by the Index Provider. Digital assets were included in the DLCS on a market capitalization-weighted basis. For example, a digital asset with a larger market capitalization would have had a higher representation in the DLCS, and thus the Fund's portfolio (unless the Manager excluded the digital asset from the Fund). Market capitalization refers to a digital asset's market value, as determined by multiplying the amount of tokens of such digital asset in circulation by the market price of a token of such digital asset. The market price per token of a Fund Component was determined by reference to the applicable Digital Asset Reference Rate. The market capitalization of any digital assets not in the DLCS, and therefore not held by the Fund, were determined based on data that the Index Provider obtained directly from trading platforms and other service providers. Because the Fund created Shares in exchange for Fund Components on a daily basis, the market capitalization of each Fund Component was calculated, and its Fund Weighting therefore fluctuated daily in accordance with changes in the market price of such Fund Components.

Inclusion of New Fund Components

In order for a new digital asset to qualify for inclusion in the DLCS, and thus the Fund's portfolio during a Fund Rebalancing Period, it must have been included in the DLCS Index Universe and be among the 20 highest ranked digital assets in the DLCS Index Universe by market capitalization. Such 20 digital assets were referred to as the "DLCS Selection Universe." In order for a digital asset in the DLCS Selection Universe to have been included in the Fund's portfolio during a DLCS Fund Rebalancing Period, such digital asset must (i) have had a current market capitalization that was at least 1.2 times the median current market capitalization of the DLCS Selection Universe, (ii) have had a median daily value traded ("MDVT") for the DLCS Index Rebalancing Period that was at least 1.2 times the MDVT of the Selection Universe for the DLCS Index Rebalancing Period, (iii) traded on at least three Constituent Trading Platforms as of the first day of the DLCS Index Rebalancing Period, (iv) have been included in the DLCS Selection Universe during the DLCS Index Rebalancing Period (as defined below) for the prior quarter, (v) the inclusion of such new digital asset would not have resulted in the Fund holding more than ten Fund Components and (vi) such digital asset must have had a minimum weight of 1.0% (collectively, the "DLCS Index Inclusion Criteria"). In the event that more than ten digital assets met the DLCS Index Inclusion Criteria, the qualifying digital assets would have been ranked by current market capitalizations. Those ranked below the top ten would have been excluded.

The Index Provider was able to include a digital asset that did not meet the DLCS Index Inclusion Criteria in the DLCS if the DLCS Index Components no longer collectively met the five constituent minimum, at which point the Index Provider would first relax the market capitalization and liquidity requirements included in the DLCS Index Inclusion Criteria to those included in the Removal Criteria described below and would have included the next largest digital assets by current market capitalization that met such requirements, until there were five Index Components. If after relaxing such requirements, there were still fewer than five DLCS Index Components, the Index Provider would further relax the requirements and include the next the next largest digital assets by current market capitalization until there were five DLCS Index Components.

Removal of Existing Fund Components

The DLCS, and therefore the Fund, was rebalanced on a quarterly basis according to the DLCS Methodology during a period beginning 14 days before the second business day of each January, April, July, and October (each such period, an "Index Rebalancing Period"). During each DLCS Index Rebalancing Period, a digital asset was removed as an Index Component from the DLCS, and therefore removed from the Fund also as a Fund Component, if (A) (i) it was not included in the Selection Universe, (ii) it failed to be listed on at least three Constituent Trading Platforms, (iii) it had a current market capitalization that was less than 1.0 times the median current market capitalization of the Selection Universe, (iv) it had an MDVT for the DLCS Index Rebalancing Period that was less than 1.0 times the MDVT of the Selection Universe for the DLCS Index Rebalancing Period, or (v) such digital asset had a weight of less than 0.8% and (B) such removal would not result in the DLCS holding less than five DLCS Index Components (collectively, the "DLCS Removal Criteria").

For example, if BCH was not included in the DLCS Selection Universe, failed to meet the thresholds in market capitalization and liquidity described above, or had a weight in the Index of less than 0.8%, BCH would be removed from the DLCS, unless its removal would result in the DLCS holding less than five DLCS Index Components, in which case it would not be removed.

CD5 Methodology

Index Universe

From and after June 5, 2025, the Index Components are drawn from the Index Universe meeting the following criteria (the “Index Universe”): (i) the digital asset must be ranked in the top 250 by market capitalization, excluding stablecoins; (ii) the digital asset must be able to support an applicable index price by nature of its inclusion on a sufficient amount of digital asset trading platforms and volume metrics; (iii) the digital asset must not be a “wrapped token,” “pegged token,” or “liquid-staked asset,” a “gas only token,” a “memecoin,” a “privacy-focused” token, each as defined by the Index Provider, or an asset that meets the definition of a security as determined by the Index Provider; and (iv) the digital asset must be listed as a USD and/or USDC pair on a minimum of three trading platforms that contribute to the applicable Index Price and such trading platform must meet the following requirements: (a) at least one listing has existed for the previous 90 days; (b) at least one digital trading platform is a Category 1 Trading Platform; and (c) there has been 30 consecutive days of non-zero volume on all three trading platforms described above.

Eligibility and Weighting

Under the CD5 Methodology and subject to the below, a digital asset included in the CD5 Index Universe will generally be eligible for inclusion in the CD5 as an Index Component, and thus the Fund’s portfolio as a Fund Component, if it satisfies market capitalization, liquidity and data availability metrics determined by the Index Provider. Digital assets will be included in the CD5 on a market capitalization-weighted basis. For example, a digital asset with a larger market capitalization will have a higher representation in the CD5, and thus the Fund’s portfolio (unless the Manager excludes the digital asset from the Fund). Market capitalization refers to a digital asset’s market value, as determined by multiplying the number of tokens of such digital asset in circulation by the market price of a token of such digital asset. The market price per token of a Fund Component will be determined by reference to the applicable Index Price. The market capitalization of any digital assets not in the CD5, and therefore not held by the Fund, will be determined based on data that the Index Provider obtains directly from trading platforms and other service providers. Because the Fund creates Shares in exchange for Fund Components on a daily basis, the market capitalization of each Fund Component is calculated, and its Fund Weighting therefore fluctuates, daily in accordance with changes in the market price of such Fund Components.

The CD5, and therefore the Fund, is rebalanced on a quarterly basis according to the CD5 Methodology during a period beginning 30 days before the last business day of each January, April, July, and October (each such period, an “Index Rebalancing Period”).

Inclusion of New Fund Components

In order for a new digital asset to qualify for inclusion in the CD5, and thus the Fund’s portfolio during a Fund Rebalancing Period, it must be included in the Index Universe and included in the CoinDesk 20 Index (the “Selection Universe”).

Inclusion in the Selection Universe

The digital assets that make up the Selection Universe are selected according to the following rules:

1. All digital assets in the Index Universe are ranked by 90-day MDVT. Daily volume data is sourced from USD and USDC trading pairs aggregated across centralized Digital Asset Trading Platforms that contribute to the applicable Index Price;
2. Following the ranking described in Step 1, the 50 highest ranked current constituents of the Index Universe and 40 highest ranked non-constituents of the Index Universe are eligible to qualify for the Selection Universe. The remainder of the assets are removed;
3. Following removal of ineligible digital assets described in Step 2, all digital assets that are not supported by Coinbase Custody Trust Company are removed;
4. Following the removals described in Step 3, the digital assets are ranked by market capitalization;
5. Following the ranking described in Step 4, the top 15 ranked digital assets are selected for inclusion in the Selection Universe;
6. From the remaining digital assets not selected in Step 5, any current constituents included within the top 25 ranking described in Step 4 are selected in order, until 20 digital assets are selected for inclusion in the Selection Universe;
7. If Step 6 results in fewer than 20 constituents included in the Selection Universe, the highest-ranked non-constituents from the remaining digital assets are selected until 20 constituents are selected.

Inclusion in the CD5

In order for a digital asset in the Selection Universe to be included in the CD5 and therefore the Fund's portfolio during a Fund Rebalancing Period, such digital asset must satisfy the following rules: (i) the top four assets by market capitalization in the Selection Universe will automatically be selected for inclusion; (ii) the fifth digital asset selected for inclusion will be a current CD5 constituent unless such digital asset falls below the top six digital asset by market capitalization in the Selection Universe; (iii) if no such current constituent is eligible pursuant to (ii), the digital asset with the largest market capitalization from the remaining Selection Universe will be selected for inclusion. Under ordinary circumstances, the CD5 is intended to have five digital asset constituents.

Outside of the quarterly Index Rebalancing Period, the Index Provider may remove a digital asset as an Index Component from the CD5 under extraordinary circumstances. For example, if an Index Component is determined to be a "security" under the federal securities laws by the SEC, a federal court or other U.S. government agency, it may be removed from the CD5 at a date determined and announced by the Index Provider. In the event the Index Provider removes an Index Component outside of the quarterly rebalancing period, the Manager expects the Fund would rebalance and the relevant digital asset would be removed as a Fund Component as soon as practical.

Index Components Compared to Fund Components

The Fund Components consist of the Index Components except when the Manager determines to exclude a particular Index Component in view of one or more of the following criteria (the "Exclusion Criteria"), as determined in the sole discretion of the Manager:

- none or few of the Authorized Participants or service providers has the ability to trade or otherwise support the digital asset;
- the Manager believes, based on current guidance, that use or trading of the digital asset raises or potentially raises significant governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, such as the U.S. federal securities or commodities laws or similar laws in other significant jurisdictions;
- the digital asset's underlying code contains, or may contain, significant flaws or vulnerabilities; or
- there is limited or no reliable information regarding, or concerns over the intentions of, the core developers of the digital asset.

The Manager will determine whether a particular digital asset that is included or eligible for inclusion in the Fund is a security for purposes of the federal securities laws by considering a number of factors, including the various definitions of "security" under the federal securities laws and federal court decisions interpreting elements of these definitions, such as the U.S. Supreme Court's decisions in the *Howey* and *Reves* cases, as well as reports, orders, press releases, public statements and speeches by the SEC and its staff providing guidance on when a digital asset may be a security for purposes of the federal securities laws. The Manager does not intend to permit the Fund to hold any digital asset that the Manager determines is a security under the federal securities laws, whether that determination is initially made by the Manager itself, or because a federal court upholds an allegation that a digital asset is a security.

The Fund Weightings are generally expected to be the same as the Index Weightings except when one or more digital assets have been excluded from the Fund Components based on the Exclusion Criteria, in which case the Fund Weightings are generally expected to be calculated proportionally to the respective Index Weightings for the remaining Index Components.

The Manager may exclude a digital asset or rebalance the Fund Weighting of an existing Fund Component to the extent its inclusion as a Fund Component or projected Fund Weighting would exceed a threshold that could, in the Manager's sole discretion, require the Fund to register as an investment company under the Investment Company Act or require the Manager to register as an investment adviser under the Investment Advisers Act.

Illustrative Example

For the purposes of illustration, the digital assets included in the Index Universe that qualified for inclusion in the CoinDesk 20 Index (the "Selection Universe") were Bitcoin, Avalanche (AVAX) and Chainlink (LINK). In order for a new digital asset to qualify for inclusion in the CD5, it must be included in the Index Universe and the Selection Universe. However, the only digital asset that qualified for inclusion in the CD5 based on the market capitalization requirements of CD5 was Bitcoin.

While Bitcoin met the criteria for inclusion in the Index, the Manager then sought to determine whether any of the aforementioned bases for exclusion from the Fund applied:

1. *none or few of the Authorized Participants or Liquidity Providers has the ability to trade or otherwise support the digital asset:* Because the Authorized Participants and Liquidity Providers had the ability to trade Bitcoin during this Fund Rebalancing Period, it satisfied this criterion.

2. *the Manager believes that, based on current guidance, use or trading of the digital asset raises or potentially raises significant governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, such as the U.S. federal securities or commodities laws or similar laws in other significant jurisdictions:* Bitcoin raised no such concern and therefore satisfied this criterion.
3. *the underlying code contains, or may contain, significant flaws or vulnerabilities:* Bitcoin raised no such concern and therefore satisfied this criterion.
4. *there is limited or no reliable information regarding, or concerns over the intentions of, the core developers of the digital asset:* Bitcoin raised no such concern and therefore satisfied this criterion.
5. *for any other reason, in each case as determined by the Manager in its sole discretion:* The Manager had no such reason and therefore, this Bitcoin satisfied this criterion.

Following this analysis, it was determined that Bitcoin should be included as a Fund Component.

Forked Assets

The Fund may from time to time hold positions in Forked Assets as a result of a fork, airdrop or similar event. Pursuant to the terms of the LLC Agreement, the Fund may take any lawful action necessary or desirable in connection with its ownership of Forked Assets. These actions may include (i) selling Forked Assets in the Digital Asset Markets and distributing the cash proceeds to shareholders, (ii) distributing Forked Assets in kind to the shareholders or to an agent acting on behalf of the shareholders for sale by such agent if an in-kind distribution would otherwise be infeasible, (iii) irrevocably abandoning Forked Assets and (iv) holding Forked Assets until the subsequent Fund Rebalancing Period, at which point the Manager may take any of the foregoing actions. The Fund may also use Forked Assets to pay the Manager's Fee and Additional Fund Expenses, if any, as discussed below under "—Fund Expenses."

On July 29, 2019, the Manager delivered to the Custodian a notice (the "Pre-Creation Abandonment Notice") stating that the Fund is abandoning irrevocably for no direct or indirect consideration, effective immediately prior to each time at which the Fund creates Shares (any such time, a "Creation Time"), all Forked Assets to which it would otherwise be entitled as of such time (any such abandonment, a "Pre-Creation Abandonment"), provided that a Pre-Creation Abandonment will not apply to any Forked Assets if (i) the Fund has taken, or is taking at such time, an Affirmative Action to acquire or abandon such Forked Assets at any time prior to such Creation Time or (ii) such Forked Assets has been subject to a previous Pre-Creation Abandonment. An Affirmative Action is a written notification from the Manager to the Custodian of the Fund's intention (i) to acquire and/or retain any Forked Assets or (ii) to abandon any Forked Assets with effect prior to the relevant Creation Time.

In determining whether to take an Affirmative Action to acquire and/or retain a Forked Asset, the Fund takes into consideration a number of factors, including:

- the Custodian's agreement to provide access to the Forked Asset;
- the availability of a safe and practical way to custody the Forked Asset;
- the costs of taking possession and/or maintaining ownership of the Forked Asset and whether such costs exceed the benefits of owning such Forked Asset;
- whether there are any legal restrictions on, or tax implications with respect to, the ownership, sale or disposition of the Forked Asset, regardless of whether there is a safe and practical way to custody and secure such Forked Asset;
- the existence of a suitable market into which the Forked Asset may be sold; and
- whether the Forked Asset is, or may be, a security under federal securities laws.

Prior to making any decision to retain a Forked Asset in the Fund, the Manager would analyze whether that asset should be deemed a security under the federal securities laws using the same process described under "—Fund Construction Criteria—CD5 Methodology—Inclusion of New Fund Components."

For Forked Assets with respect to which the Manager takes an Affirmative Action to acquire such Forked Asset, the Manager currently expects that it would (a) distribute the Forked Asset in kind to an agent on behalf of shareholders of record on a specified record date for sale by such agent or (b) monitor the Forked Asset from the date of the relevant fork, airdrop or similar event, or the date on which the Manager becomes aware of such event, leading up to, but not necessarily until, the subsequent Fund Rebalancing Period. In the case of option (a), the shareholders' agent would attempt to sell the Forked Asset, and if the agent is able to do so, remit the cash proceeds, net of expenses and any applicable withholding taxes, to the relevant record date shareholders. There can be no assurance as to the price or prices for any Forked Asset that the agent may realize, and the value of the Forked Asset may increase or decrease after any sale by the agent. See "Description of the Shares—Forked Assets."

In the case of option (b), leading up to the subsequent Fund Rebalancing Period, if the sale of such Forked Asset is economically and technologically feasible, the Manager currently expects to cause the Fund to sell such Forked Asset and use the cash proceeds to purchase additional tokens of the Fund Components then held by the Fund in proportion to their respective Weightings. If the sale of a Forked Asset is either economically or technologically infeasible at the time of the next Fund Rebalancing Period, the Manager may cause the Fund to abandon or continue holding such Forked Asset until such time as the sale is economically and technologically feasible, as determined by the Manager, in its sole discretion. In addition, the Manager may determine that a Forked Asset has a high probability of qualifying for inclusion in the Fund's portfolio once it has been trading for three months and can thus meet the liquidity requirements of the CD5 Methodology. Should the Manager make such determination, the Manager may, in its discretion, cause the Fund to continue to hold the Forked Asset until such time as the Manager determines to sell or abandon the Forked Asset or to include the Forked Asset in the Fund's portfolio as a Fund Component. In the case of abandonment of Forked Assets, the Fund would not receive any direct or indirect consideration for the Forked Assets and thus the value of the Shares will not reflect the value of the Forked Assets.

As a result of the Pre-Creation Abandonment Notice, since July 29, 2019, the Fund has irrevocably abandoned, prior to the Creation Time of any Shares, any Forked Asset that it may have had a right to receive. The Fund has no right to receive any Forked Asset abandoned pursuant to either the Pre-Creation Abandonment Notice or an Affirmative Action. Furthermore, the Custodian has no authority, pursuant to the Custodian Agreement or otherwise, to exercise, obtain or hold, as the case may be, any such abandoned Forked Asset on behalf of the Fund or to transfer any such abandoned Forked Asset to the Fund if the Fund terminates its custodial agreement with the Custodian.

The Manager intends to evaluate each fork, airdrop or similar event on a case-by-case basis in consultation with the Fund's legal advisers, tax consultants and the Custodian, and may, in its sole discretion, determine that a different course of action with respect to such event is in the best interests of the Fund. In the event the Manager decides to sell any Forked Assets, it would expect to execute the sale to or through an eligible financial institution that is subject to federal and state licensing requirements and practices regarding anti-money laundering ("AML") and know-your-customer ("KYC") regulations, which may include an Authorized Participant, a Liquidity Provider, or one or more of their affiliates. In either case, the Manager expects that an Authorized Participant or Liquidity Provider would only be willing to transact with the Manager on behalf of the Fund if an Authorized Participant or Liquidity Provider considered it possible to trade the Forked Asset on a Digital Asset Trading Platform or other venue to which the Authorized Participant or Liquidity Provider has access. Generally, any such Authorized Participant or Liquidity Provider would have access only to Digital Asset Trading Platforms or other venues that it reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each venue.

Fiat Currencies

The Fund may also hold cash in U.S. dollars from time to time due to sales of digital assets during a Fund Rebalancing Period, sales of Forked Assets following a fork, airdrop or similar event or contributions of cash to the Fund, as described in more detail under "Description of the Fund—Creation of Shares." The Manager does not currently expect to hold cash for a period of more than 90 days and intends to use any cash held by the Fund to purchase additional tokens of the Fund Components then held by the Fund in proportion to their respective Weightings during the next Fund Rebalancing Period. The foregoing notwithstanding, the Manager may, in its sole discretion, decide to cause the Fund to hold cash for longer than 90 days and to use any cash it holds for any other lawful purpose.

Rebalancing

From July 1, 2022 to June 5, 2025, the Index Provider reviewed the DLCS for rebalancing according to the DLCS Methodology quarterly during a period beginning 14 days before the second business day of each January, April, July, and October (each such period, a "DLCS Index Rebalancing Period" or, prior to June 5, 2025, an "Index Rebalancing Period"). At the start of each DLCS Index Rebalancing Period, the Index Provider applied the DLCS Methodology to determine any changes to the DLCS Index Components and the DLCS Index Weightings, after which the Manager would rebalance the Fund's portfolio accordingly, subject to application of the DLCS Exclusion Criteria. In order to rebalance the Fund's portfolio, the Manager would (i) determine whether any Fund Components had been removed from the DLCS and should therefore be removed as Fund Components, (ii) determine whether any new digital assets had been added to the DLCS and should therefore be included as Fund Components, and (iii) determine how much cash and Forked Assets the Fund held. If a Fund Component was no longer included in the DLCS, the Manager would adjust the Fund's portfolio by selling such Fund Component in the Digital Asset Markets and using the cash proceeds to purchase additional tokens of the remaining Fund Components and, if applicable, any new Fund Component in proportion to their respective DLCS Fund Weightings. If a digital asset not then included in the Fund's portfolio was newly eligible for inclusion in the Fund's portfolio because it was added to the DLCS and not excluded through the DLCS Exclusion Criteria, the Manager would adjust the Fund's portfolio by selling tokens of the then-current Fund Components in the Digital Asset Markets in proportion to their respective DLCS Fund Weightings and using the cash proceeds to purchase tokens of the newly eligible digital assets.

From July 1, 2022 to June 5, 2025, the Manager rebalanced the Fund's portfolio quarterly during a period beginning on the second business day of each January, April, July and October (each such period, a "DLCS Fund Rebalancing Period" or, prior to June 5, 2025, a "Fund Rebalancing Period"). The Manager expects each Fund Rebalancing Period to last between one and five business days. The

Manager would post on its website the new Fund Components and their respective Fund Weightings at the end of each Fund Rebalancing Period based on the assessment described above. During each Fund Rebalancing Period, the Manager would halt creations (and if redemptions are then permitted, redemptions) of Shares. If a Fund Rebalancing Period ended prior to 4:00 p.m., New York time, on a business day, the Manager would cause the Fund to resume creations on such business day and the Fund would create Shares in exchange for contributions or distributions of cash representing the Cash Portion, if any, plus then-current Fund Components in proportion to their respective DLCS Fund Weightings as of the end of such Fund Rebalancing Period, as determined as of 4:00 p.m., New York time, on such business day in the manner set forth under “Part I—Item 1. Business—Description of the Fund—Creation of Shares”. If a Fund Rebalancing Period ended after 4:00 p.m., New York time, on a business day, the Manager would cause the Fund to resume creations on the following business day.

Under the DLCS Methodology, there were two factors that drove changes in the market capitalization weighting of a Fund Component: (i) increases and decreases in the market price of a Fund Component, which occur daily as prices fluctuate in the digital asset market, and (ii) increases or decreases in the circulating supply of the Fund Component, which occur gradually over extended periods of time for a number of reasons, including in connection with mining or staking activity. Since the daily fluctuation in the market price of each Fund Component was the predominant driver of its market capitalization weighting, the Fund Weighting of each Fund Component would generally dynamically adjust with the market, even without adjustments to such Fund Component’s Fund Weighting, to account for gradual changes in supply. Therefore, the Manager would not expect the Index Provider to cause the DLCS to remove or add tokens of any Index Component during a DLCS Rebalancing Period, and accordingly the Manager generally would not expect the Fund to sell or purchase tokens of any Fund Component during a Fund Rebalancing Period other than in the event that (i) a Fund Component was eligible for removal, (ii) a new digital asset was eligible for inclusion, or (iii) the Fund held cash either from contributions in connection with the creation of Baskets or as a result of the sale of any Forked Assets. However, should the Manager determine that the DLCS Fund Weighting of a Fund Component does not accurately reflect its market capitalization due to, among other reasons, material increases or decreases in the circulating supply of such Fund Component that have not been accounted for over the course of prior Fund Rebalancing Periods, the Manager may cause the Fund to purchase or sell additional tokens of such Fund Component during a Fund Rebalancing Period to adjust such Fund Component’s Fund Weighting.

During any DLCS Fund Rebalancing Period, the Manager would also generally cause the Fund to use any cash contributed to the Fund as the Cash Portion to purchase additional tokens of all Fund Components then held by the Fund in proportion to their respective DLCS Fund Weightings as determined during such Fund Rebalancing Period.

Other than through the quarterly rebalancing described above, the Manager does not intend to actively manage the Fund portfolio in response to price changes in the Fund Components held by the Fund at any given time. Nevertheless, the Index Provider may remove a digital asset as an Index Component from the DLCS outside of the scheduled DLCS Rebalancing Period under extraordinary circumstances. In the event the Index Provider removed a DLCS Index Component outside of the quarterly rebalancing period, the Manager would expect that the Fund would rebalance and the relevant digital asset would be removed as a Fund Component as soon as practical.

From and after June 5, 2025, the Index Provider reviews the CD5 for rebalancing according to the CD5 Methodology quarterly during a period beginning 30 days before the last business day of each January, April, July, and October (each such period, an “Index Rebalancing Period”). At the start of each Index Rebalancing Period, the Index Provider will apply the CD5 Methodology to determine any changes to the Index Components and the Index Weightings, after which the Manager rebalances the Fund’s portfolio accordingly, subject to application of the Exclusion Criteria. In order to rebalance the Fund’s portfolio, the Manager will (i) determine whether any Fund Components have been removed from the CD5 and should therefore be removed as Fund Components, (ii) determine whether any new digital assets have been added to the CD5 and should therefore be included as Fund Components, and (iii) determine how much cash and Forked Assets the Fund holds. If a Fund Component is no longer included in the CD5, the Manager will adjust the Fund’s portfolio by selling such Fund Component in the Digital Asset Markets and using the cash proceeds to purchase additional tokens of the remaining Fund Components and, if applicable, any new Fund Component in proportion to their respective Fund Weightings. If a digital asset not then included in the Fund’s portfolio is newly eligible for inclusion in the Fund’s portfolio because it was added to the CD5 and not excluded through the Exclusion Criteria, the Manager will adjust the Fund’s portfolio by selling tokens of the then-current Fund Components in the Digital Asset Markets in proportion to their respective Fund Weightings and using the cash proceeds to purchase tokens of the newly eligible digital assets.

From and after June 5, 2025 the Manager will rebalance the Fund’s portfolio quarterly during a period beginning on the last business day of each January, April, July and October (each such period, a “Fund Rebalancing Period”). The Manager expects each Fund Rebalancing Period to last between one and five business days. The Manager will post on its website the new Fund Components and their respective Fund Weightings at the end of each Fund Rebalancing Period based on the assessment described above. During each Fund Rebalancing Period, the Manager will halt creations and redemptions of Shares. If a Fund Rebalancing Period ends prior to 4:00 p.m., New York time, on a business day, the Manager will cause the Fund to resume creations and redemptions on such business day and the Fund will create or redeem Shares in exchange for, respectively, contributions or distributions of cash representing the Cash Portion, if any, plus then-current Fund Components in proportion to their respective Fund Weightings as of the end of such Fund Rebalancing Period, as determined as of 4:00 p.m., New York time, on such business day in the manner set forth under “Part I—Item

1. Business—Description of the Fund—Creation of Shares” in this Annual Report. If a Fund Rebalancing Period ends after 4:00 p.m., New York time, on a business day, the Manager will cause the Fund to resume creations and redemptions on the following business day.

Under the CD5 Methodology, there are two factors that drive changes in the market capitalization weighting of a Fund Component: (i) increases and decreases in the market price of a Fund Component, which occur daily as prices fluctuate in the digital asset market, and (ii) increases or decreases in the circulating supply of the Fund Component, which occur gradually over extended periods of time for a number of reasons, including in connection with mining or staking activity. Since the daily fluctuation in the market price of each Fund Component is the predominant driver of its market capitalization weighting, the Fund Weighting of each Fund Component will generally dynamically adjust with the market, even without adjustments to such Fund Component’s Fund Weighting, to account for gradual changes in supply. Therefore, the Manager does not expect the Index Provider to cause the CD5 to remove or add tokens of any Index Component during an Index Rebalancing Period, and accordingly the Manager generally does not expect the Fund to sell or purchase tokens of any Fund Component during a Fund Rebalancing Period other than in the event that (i) a Fund Component is eligible for removal, (ii) a new digital asset is eligible for inclusion, or (iii) the Fund holds cash either from contributions in connection with the creation of Baskets or as a result of the sale of any Forked Assets. However, should the Manager determine that the Fund Weighting of a Fund Component does not accurately reflect its market capitalization due to, among other reasons, material increases or decreases in the circulating supply of such Fund Component that have not been accounted for over the course of prior Fund Rebalancing Periods, the Manager may cause the Fund to purchase or sell additional tokens of such Fund Component during a Fund Rebalancing Period to adjust such Fund Component’s Fund Weighting.

During any Fund Rebalancing Period, the Manager will also (i) decide whether to cause the Fund to sell or hold any Forked Assets then held by the Fund and (ii) generally cause the Fund to use the cash proceeds from the sale of any Forked Assets and any cash contributed to the Fund as the Forked Asset Portion or the Cash Portion to purchase additional tokens of all Fund Components then held by the Fund in proportion to their respective Fund Weightings as determined during such Fund Rebalancing Period.

Other than through the quarterly rebalancing described above, the Manager does not intend to actively manage the Fund portfolio in response to price changes in the Fund Components held by the Fund at any given time. Nevertheless, the Index Provider may remove a digital asset as an Index Component from the CD5 outside of the scheduled Index Rebalancing Period under extraordinary circumstances. In the event the Index Provider removes an Index Component outside of the quarterly rebalancing period, the Manager expects the Fund would rebalance and the relevant digital asset would be removed as a Fund Component as soon as practical.

Hypothetical Rebalancing Example

The following table illustrates the impact of the inclusion of a new digital asset in the Fund’s portfolio during a Fund Rebalancing Period under the CD5 Methodology. The table makes a number of assumptions, including that: (i) prior to the Fund Rebalancing Period, the Fund held two Fund Components, each with a weight of 50% of the Fund’s portfolio, (ii) the tokens for each Fund Component have the same value in U.S. dollars, (iii) the price of each Fund Component remains constant throughout the Fund Rebalancing Period, (iv) one digital asset is added to the Fund’s portfolio during the Fund Rebalancing Period and (v) following the Fund Rebalancing Period, each Fund Component has an equal weight in the Fund’s portfolio.

	Pre-Rebalancing Period	Post-Rebalancing Period
Fund Component 1		
Hypothetical average price per Fund Component 1 held by the Fund	\$ 10.00	\$ 10.00
Hypothetical average weight of Fund Component 1 in the Fund	50.00%	33.33%
Hypothetical number of units of Fund Component 1 in the Fund	5.00	3.33
Hypothetical contribution of Fund Component 1 to NAV per Share (before fees)	\$ 50.00	\$ 33.33
Hypothetical units of Fund Component 1 bought (sold) during Fund Rebalancing Period	—	(1.67)
Fund Component 2		
Hypothetical average price per Fund Component 2 held by the Fund	\$ 10.00	\$ 10.00
Hypothetical average weight of Fund Component 2 in the Fund	50.00%	33.33%
Hypothetical number of units of Fund Component 2 in the Fund	5.00	3.33
Hypothetical contribution of Fund Component 2 to NAV per Share (before fees)	\$ 50.00	\$ 33.33
Hypothetical units of Fund Component 2 bought (sold) during Fund Rebalancing Period	—	(1.67)
Fund Component 3		
Hypothetical average price per Fund Component 3 held by the Fund	—	\$ 10.00
Hypothetical average weight of Fund Component 3 in the Fund	—	33.33%
Hypothetical number of units of Fund Component 3 in the Fund	—	3.33
Hypothetical contribution of Fund Component 3 to NAV per Share (before fees)	—	\$ 33.33
Hypothetical units of Fund Component 3 bought (sold) during Fund Rebalancing Period	—	3.33
Hypothetical NAV per Share (before fees)	\$ 100.00	\$ 100.0

Characteristics of the Shares

The Shares are intended to offer investors an opportunity to gain exposure to digital assets through an investment in securities. As of June 30, 2025, each Share represented approximately 0.0004 of one Bitcoin, 0.0022 of one Ether, 0.0094 of one SOL, 1.0632 XRP, and 0.6580 of one ADA. On July 31, 2025, the Index Provider completed the quarterly rebalancing of the CD5 and determined that Bitcoin, Ethereum (“Ether”), Solana (“SOL”), XRP, and Cardano (“ADA”) met the inclusion criteria of the CD5 Index and adjusted their Index Weightings in accordance with the CD5 Methodology. Accordingly, the Manager adjusted the Fund’s portfolio by purchasing and selling the existing Fund Components in proportion to their respective Fund Weightings. As of August 1, 2025, following the rebalancing, each Share represented 0.0004 Bitcoin, 0.0022 Ether, 1.0738 XRP, 0.0098 SOL, and 0.6568 ADA. The logistics of accepting, transferring and safekeeping of digital assets are dealt with by the Manager and the Custodian, and the related expenses are built into the value of the Shares. Therefore, shareholders do not have additional tasks or costs over and above those generally associated with investing in any other privately placed security. The Shares have certain other key characteristics, including the following:

- *Easily Accessible and Relatively Cost Efficient.* Investors in the Shares can also directly access the Digital Asset Markets. The Manager believes that investors will be able to more effectively implement strategic and tactical asset allocation strategies that use digital assets by using the Shares instead of directly purchasing and holding digital assets, and for many investors, transaction costs related to the Shares will be lower than those associated with the direct purchase, storage and safekeeping of digital assets.
- *Market-Traded and Transparent.* The Shares are quoted on OTCQX. Shareholders that purchased Shares directly from the Fund and have held them for the requisite holding period under Rule 144 may sell their Shares on OTCQX upon receiving approval from the Manager. Investors may also choose to purchase Shares on OTCQX. Shares purchased on OTCQX are not restricted. The Manager believes the quotation of the Shares on OTCQX provides investors with an efficient means to implement various investment strategies. The Fund will not hold or employ any derivative securities. Furthermore, the value of the Fund’s assets will be reported each day on www.grayscale.com/funds/grayscale-digital-large-cap-fund/.
- *Minimal Credit Risk.* The Shares represent an interest in actual digital assets owned by the Fund. The Fund’s digital assets are not subject to borrowing arrangements with third parties and are subject to counterparty and minimal credit risk with respect to the Custodian. This contrasts with the other financial products such as CoinShares exchange-traded notes, TeraExchange swaps, futures and options traded on the Chicago Mercantile Exchange (“CME”) and the Intercontinental Exchange (“ICE”) through which investors gain exposure to digital assets through the use of derivatives that are subject to counterparty and credit risks.
- *Safekeeping System.* The Custodian has been appointed to control and secure the digital assets for the Fund using offline storage, or “cold storage,” mechanisms to secure the Fund’s private key “shards.” The hardware, software, administration

and continued technological development that are used by the Custodian may not be available or cost-effective for many investors.

The Fund differentiates itself from many competing digital asset financial vehicles in the following ways:

- *Custodian.* The Custodian that holds the private key shards associated with the Fund's digital assets is Coinbase Custody Trust Company, LLC. Other digital asset financial vehicles that use cold storage may not use a custodian to hold their private keys.
- *Cold Storage of Private Keys.* The private key shards associated with the Fund's digital assets are kept in cold storage, which means that the Fund's digital assets are disconnected and/or deleted entirely from the internet. See "—Custody of the Fund's Digital Assets" for more information relating to the storage and retrieval of the Fund's private keys to and from cold storage. Other digital asset financial vehicles may not utilize cold storage or may utilize less effective cold storage-related hardware and security protocols.
- *Location of Private Vaults.* Private key shards associated with the Fund's digital assets are distributed geographically by the Custodian in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes.
- *Enhanced Security.* Transfers from the Fund's Digital Asset Account require certain security procedures, including but not limited to, multiple encrypted private key shards, usernames, passwords and 2-step verification. Multiple private key shards held by the Custodian must be combined to reconstitute the private key to sign any transaction in order to transfer the Fund's digital assets. Private key shards are distributed geographically in secure vaults around the world, including in the United States. As a result, if any one secure vault is ever compromised, this event will have no impact on the ability of the Fund to access its assets, other than a possible delay in operations, while one or more of the other secure vaults is used instead. These security procedures are intended to remove single points of failure in the protection of the Fund's digital assets.
- *Custodian Inspections.* The Custodian has agreed to allow the Fund and the Manager to take such steps as necessary to verify that satisfactory internal control systems and procedures are in place.
- *Directly Held Digital Assets.* The Fund directly owns actual digital assets held through the Custodian. This may differ from other digital asset financial vehicles that provide digital assets exposure through other means, such as the use of financial or derivative instruments.
- *Manager's Fee.* The Manager's Fee is a competitive factor that may influence the value of the Shares.

Activities of the Fund

Except as described below, the activities of the Fund are limited to (i) issuing Baskets in exchange for Fund Components and cash transferred to the Fund as consideration in connection with the creations, (ii) transferring or selling Fund Components and Forked Assets as necessary to cover the Manager's Fee and/or any Additional Fund Expenses, (iii) transferring Fund Components and cash in exchange for Baskets surrendered for redemption (subject to obtaining regulatory approval from the SEC and approval from the Manager), (iv) causing the Manager to sell Fund Components and Forked Assets on the termination of the Fund, (v) making distributions of Forked Assets or cash from the sale thereof and (vi) engaging in all administrative and security procedures necessary to accomplish such activities in accordance with the provisions of the LLC Agreement, the Custodian Agreement, the Index License Agreement and the Participant Agreements.

In addition, the Fund may engage in any lawful activity necessary or desirable, including in order to facilitate shareholders' access to Forked Assets or for Staking or lending the Fund Property, provided that such activities do not conflict with the terms of the LLC Agreement. At this time, however, the Fund does not currently engage in, nor does it intend to engage in, any Staking or lending activities related to the Fund Property. In the future, any value created from such activities will be included in the Principal Market NAV or NAV calculation, or will be used to pay the Fund's expenses.

Other than through the quarterly rebalancing described under "—Rebalancing" above, the Manager has not, and does not, intend to actively manage the Fund portfolio in response to price changes in the Fund Components held by the Fund at any given time.

Although it has no current plans to do so, in the future the Fund may engage in Staking Activities, Governance Activities or lending activities involving the lending of Fund Components or Fund assets in a manner consistent with the LLC Agreement.

- Staking Activities include (i) using, or permitting to be used, in any manner, directly or indirectly, through an agent or otherwise (including, for the avoidance of doubt, through a delegation of rights to any third party with respect to any portion of the Fund Components, by making any portion of the Fund Components available to any third party or by entering into any similar arrangement with a third party), any portion of the Fund Components in a proof-of-stake or other type of validation protocol, (ii) accepting any Staking Consideration and (iii) holding any other staking consideration accepted by the Fund

pursuant to clause (ii) for not more than 30 days after the Fund's receipt thereof, pending the use of such other staking consideration for payment of Additional Fund Expenses or distribution to the shareholders.

- Governance Activities include using, or permitting to be used, in any manner, directly or indirectly, through an agent or otherwise (including, for the avoidance of doubt, through a delegation of rights to any third party with respect to any portion of the Fund Components, by making any portion of the Fund Components available to any third party or by entering into any similar arrangement with a third party), any portion of the Fund Components in a protocol in which token holders participate in the governance of the network.

The mere act of transferring units of virtual currency on a peer-to-peer virtual currency network that allows for token holders to participate in governance shall not be considered to be Staking Activities or Governance Activities.

Any value created from Staking Activities, Governance Activities or lending activities involving the lending of Fund Components or Fund assets would be included in the Principal Market NAV or NAV calculation, or used to pay the Fund's expenses.

Secondary Market Trading

While the Fund's investment objective is for the value of the Shares to reflect the value of the Fund Components as determined by reference to their respective Index Prices and weightings within the Fund, less the Fund's expenses and other liabilities, the Shares may trade in the Secondary Market on OTCQX (or on another Secondary Market in the future) at prices that are lower or higher than the NAV per Share. The amount of the discount or premium in the trading price relative to the NAV per Share may be influenced by non-concurrent trading hours and liquidity between OTCQX and larger Digital Asset Trading Platforms. While the Shares trade on OTCQX from 6:00 a.m. until 5:00 p.m., New York time, liquidity in the Digital Asset Markets may fluctuate depending upon the volume and availability of larger Digital Asset Trading Platforms. As a result, during periods in which Digital Asset Market liquidity is limited or a major Digital Asset Trading Platform is off-line, trading spreads, and the resulting premium or discount, on the Shares may widen.

Overview of the Digital Asset Industry and Market

Digital assets are created and transmitted through the operations of peer-to-peer Digital Asset Networks, which are decentralized networks of computers that operate on cryptographic protocols. No single entity owns or operates any Digital Asset Network, the infrastructure of which is collectively maintained by a decentralized user base. Digital Asset Networks allow people to exchange tokens of value, which are recorded on public transaction ledgers frequently known as blockchains.

Digital Asset Networks are decentralized in that they do not require governmental authorities or financial institution intermediaries to create, transmit or determine the value of their tokens. Rather, such digital assets are created and allocated by the Digital Asset Network's protocol, for example through a "mining," "staking" or other validating process. Most commonly, new digital assets are created and awarded to the miners, stakers or validators of a block in the digital asset's blockchain for verifying transactions. In other instances, all of the Digital Asset Network's tokens are created upon the Digital Asset Network's launch and may be used to pay transaction fees to validators. See "Market Participants—Miners and Validators" for more detail. A digital asset's blockchain or ledger is effectively a decentralized database that includes all blocks that have been mined by miners, stakers or validators and it is updated to include new blocks as they are mined. Each digital asset transaction is broadcast to the Digital Asset Network and, when included in a block, recorded in the digital asset blockchain or ledger. As each new block records outstanding digital asset transactions, and outstanding transactions are settled and validated through such recording, the digital asset blockchain or ledger represents a complete, transparent and unbroken history of all transactions of the Digital Asset Network.

The value of a digital asset is determined by the supply of and demand for such digital asset on Digital Asset Trading Platforms or in private end-user-to-end-user transactions. Digital assets can be used to pay for goods and services or can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Trading Platforms or in individual end-user-to-end-user transactions under a barter system. Additionally, digital assets can be used to pay for transaction fees to miners, stakers or validators for verifying transactions on the Digital Asset Network. Digital Asset Networks can also be used for more complex purposes. For example, various Digital Asset Networks allow users to run smart contracts, which are general purpose code that autonomously executes on every computer on the relevant network and can instruct the transmission of information and value to facilitate, verify and enforce the negotiation and performance of contracts. On decentralized finance or "DeFi" applications, digital assets are also employed in financial services transactions such as borrowing, lending, custodying, trading, derivatives, asset management and insurance, without the intermediation of a central trusted party such as a bank, custodian, broker-dealer, securities exchange, investment adviser, clearinghouse or transfer agent.

Composition of the Digital Asset Market

As of June 30, 2025, there were thousands of digital assets tracked by CoinMarketCap.com, one of the most widely used price aggregators for digital assets.

The CD5 Methodology, the DLCS Methodology and the Fund use information that the Index Provider obtains directly from trading platforms and other service providers for purposes of assessing the total market capitalization of each Index Component and therefore each Fund Component.

Market capitalization of a digital asset is calculated by multiplying the existing reference price of the digital asset by the current circulating supply.

The first digital asset to gain mass adoption was Bitcoin. Bitcoin is currently the largest digital asset with a market capitalization of \$2,130.5 billion as of June 30, 2025 and is widely considered the most prominent digital asset.

While Bitcoin possesses the “first-to-market” advantage and has captured the significant portion of the industry’s market share, Bitcoin is not the only type of digital asset founded on cryptography; Ethereum, Bitcoin Cash and Litecoin are just a few examples of Bitcoin alternatives. These and other digital assets may offer certain variations or enhancements of blockchain technology that enable them to serve purposes beyond acting as a means of payment.

For example, Zcash (ZEC), Dash and Horizen (ZEN) are examples of digital assets whose primary differentiating attributes revolve around enhanced levels of confidentiality and privacy as compared to Bitcoin. On the other hand, for example, Ethereum and Ethereum Classic’s distinguishing characteristic is that they allow users to program smart contracts that can run on their networks. A smart contract is general-purpose code that executes on every computer in the network and can instruct the transmission of information and value based on a sophisticated set of logical conditions. The use of smart contracts on the Ethereum and Ethereum Classic networks, for example, is one of a number of projects intended to expand the application of blockchain technology beyond just a peer-to-peer money system.

As of June 30, 2025, total market capitalization of the digital asset market was approximately \$3,072.1 billion. The market value of the digital assets held by the Fund represented approximately 86.8%, or \$2,665.7 billion, based on data from CoinMarketCap.com. The top digital assets by market capitalization that met the CD5 Methodology as of June 30, 2025 are detailed below:

Asset	Symbol	Market Cap (billions)	Circulating Supply (millions)	Maximum Supply (millions)
Bitcoin	BTC	\$ 2,130.5	19.9	21.0
Ether	ETH	\$ 300.2	120.7	N/A
Solana	SOL	\$ 82.7	534.5	N/A
XRP	XRP	\$ 132.1	59,005.5	100,000.0
Cardano	ADA	\$ 20.2	35,376.2	45,000.0

Bitcoin

Bitcoin is a digital asset that is created and transmitted through the operations of the peer-to-peer Bitcoin network, a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the Bitcoin network, the infrastructure of which is collectively maintained by a decentralized user base. The Bitcoin network allows people to exchange tokens of value, called Bitcoin, which are recorded on a public transaction ledger known as a blockchain. Bitcoin can be used to pay for goods and services, or it can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Trading Platforms that trade Bitcoin or in individual end-user-to-end-user transactions under a barter system.

The Bitcoin network was initially contemplated in a white paper that also described Bitcoin and the operating software to govern the Bitcoin network. The white paper was purportedly authored by Satoshi Nakamoto. However, no individual with that name has been reliably identified as Bitcoin’s creator, and the general consensus is that the name is a pseudonym for the actual inventor or inventors. The first Bitcoins were created in 2009 after Nakamoto released the Bitcoin network source code (the software and protocol that created and launched the Bitcoin network). The Bitcoin network has been under active development since that time by a group of engineers known as core developers. The core developers are able to access, and can alter, the Bitcoin network source code and, as a result, they are responsible for quasi-official releases of updates and other changes to the Bitcoin network’s source code. The release of updates to the Bitcoin network’s source code does not guarantee that the updates will be automatically adopted. Users and miners must accept any changes made to the Bitcoin source code by downloading the proposed modification of the Bitcoin network’s source code. A modification of the Bitcoin network’s source code is effective only with respect to the Bitcoin users and miners that download it. If a modification is accepted by only a percentage of users and miners, a division in the Bitcoin network will occur such that one network will run the pre-modification source code and the other network will run the modified source code. Such a division is known as a “fork.”

Core development of the Bitcoin network source code generally focuses on modifications of the Bitcoin network protocol to increase speed and scalability and also allow for non-financial, next generation uses. For example, following the activation of “Segregated Witness,” a network upgrade on the Bitcoin network, an alpha version of the Lightning network was released. The Lightning network is an open-source decentralized network that enables instant off-blockchain transfers of the ownership of Bitcoin without the need of a trusted third party. The system utilizes bidirectional payment channels that consist of multi-signature addresses. One on-

blockchain transaction is needed to open a channel and another on-blockchain transaction can close the channel. Once a channel is open, value can be transferred instantly between counterparties who are engaging in real Bitcoin transactions without broadcasting them to the Bitcoin network. New transactions will replace previous transactions and the counterparties will store everything locally as long as the channel stays open to increase transaction throughput and reduce computational burden on the Bitcoin network. Other efforts include increased use of smart contracts and distributed registers built into, built atop or pegged alongside the Bitcoin blockchain. Others have called for the use of “pegged sidechains” to develop programming environments that are built within Bitcoin blockchain ledgers that can interact with and rely on the security of the Bitcoin network and the Bitcoin blockchain, while remaining independent from them. Open-source projects such as RSK are a manifestation of this concept as a smart contract platform built on the Bitcoin blockchain designed to enable automated, condition-based payments with increased speed and scalability. The Fund’s activities will not directly relate to such projects, though such projects may utilize Bitcoin as tokens for the facilitation of their non-financial uses, thereby potentially increasing demand for Bitcoin and the utility of the Bitcoin network as a whole. Conversely, projects that operate and are built within the Blockchain may increase the data flow on the Bitcoin network and could either “bloat” the size of the Bitcoin blockchain or slow confirmation times.

The supply of new Bitcoin is mathematically controlled so that the amount of Bitcoin grows at a limited rate pursuant to a pre-set schedule. The amount of Bitcoin awarded for solving a new block is automatically halved after every 210,000 blocks are added to the Bitcoin blockchain. Currently, the fixed reward for solving a new block is 3.125 Bitcoin per block and this is expected to decrease by half to become 1.5625 Bitcoin after the next 210,000 blocks have entered the Bitcoin network, which is expected to be mid-2028. This deliberately controlled rate of Bitcoin creation means that the amount of Bitcoin in existence will increase at a controlled rate until the amount of Bitcoin in existence reaches the pre-determined 21 million Bitcoin. As of June 30, 2025, approximately 19.9 million Bitcoins were outstanding and the date when the 21 million Bitcoin limitation will be reached is estimated to be the year 2140.

Ethereum

Ethereum (“Ether”) is a digital asset that is created and transmitted through the operations of the peer-to-peer Ethereum network, a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the Ethereum network, the infrastructure of which is collectively maintained by a decentralized user base. The Ethereum network allows people to exchange tokens of value, called Ether, which are recorded on a public transaction ledger known as a blockchain. Ether can be used to pay for goods and services, including computational power on the Ethereum network, or it can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Trading Platforms or in individual end-user-to-end-user transactions under a barter system. Furthermore, the Ethereum network also allows users to write and implement smart contracts—that is, general-purpose code that executes on every computer in the network and can instruct the transmission of information and value based on a sophisticated set of logical conditions. Using smart contracts, users can create markets, store registries of debts or promises, represent the ownership of property, move funds in accordance with conditional instructions and create digital assets other than Ether on the Ethereum network. Smart contract operations are executed on the Ethereum blockchain in exchange for payment of Ether. The Ethereum network is one of a number of projects intended to expand blockchain use beyond just a peer-to-peer money system.

The Ethereum network was originally described in a 2013 white paper by Vitalik Buterin, a programmer involved with Bitcoin, with the goal of creating a global platform for decentralized applications powered by smart contracts. The formal development of the Ethereum network began through a Swiss firm called Ethereum Switzerland GmbH in conjunction with several other entities. Subsequently, the Ethereum Foundation, a Swiss non-profit organization, was set up to oversee the protocol’s development. The Ethereum network went live on July 30, 2015.

Smart Contracts and Development on the Ethereum Network

Smart contracts are programs that run on a blockchain that can execute automatically when certain conditions are met. Smart contracts facilitate the exchange of anything representative of value, such as money, information, property, or voting rights. Using smart contracts, users can send or receive digital assets, create markets, store registries of debts or promises, represent ownership of property or a company, move funds in accordance with conditional instructions and create new digital assets.

Development on the Ethereum network and other smart contract platforms involves building more complex tools on top of smart contracts, such as decentralized apps (DApps); organizations that are autonomous, known as decentralized autonomous organizations (DAOs); and entirely new decentralized networks. For example, a company that distributes charitable donations on behalf of users could hold donated funds in smart contracts that are paid to charities only if the charity satisfies certain pre-defined conditions.

Moreover, the Ethereum network has also been used as a platform for creating new digital assets and conducting their associated initial coin offerings. As of June 30, 2025, a majority of digital assets were built on the Ethereum network, with such assets representing a significant amount of the total market value of all digital assets.

In 2021, the Ethereum network implemented the EIP-1559 upgrade. EIP-1559 changed the methodology used to calculate the fees paid to miners (now validators). This new methodology splits fees into two components: a base cost and priority fee. The base cost is

now removed from circulation, or “burnt”, and the priority fee is paid to validators. EIP-1559 has reduced the total net issuance of fees, paid in Ether, to validators.

In the second half of 2020, the Ethereum network began the first of several stages of an upgrade that was initially known as “Ethereum 2.0.” and eventually became known as the “Merge” to transition the Ethereum network from a proof-of-work consensus mechanism to a proof-of-stake consensus mechanism. The Merge was completed on September 15, 2022 and the Ethereum network has operated on a proof-of-stake model since such time. As of June 30, 2025, following the Merge, approximately 2,650 Ether are issued per day, though the issuance rate varies based on the number of validators on the network. In addition, the issuance of new Ether could be partially or completely offset by the burn mechanism introduced by the EIP-1559 modification, under which Ether are removed from supply at a rate that varies with network usage. On occasion, the Ether supply has been deflationary over a 24-hour period as a result of the burn mechanism. The attributes of the proof-of-stake consensus algorithm are subject to change, but in sum, the proof-of-stake consensus algorithm and related modifications reduced total new Ether issuances and could turn the Ether supply deflationary over the long term.

The Ethereum network and other smart contract platforms are, among other uses, used for decentralized finance (DeFi) or open finance platforms, which seek to democratize access to financial services, such as borrowing, lending, custody, trading, derivatives and insurance, by removing third-party intermediaries. DeFi can allow users to lend and earn interest on their digital assets, exchange one digital asset for another and create derivative digital assets such as stablecoins, which are digital assets pegged to a reserve asset such as fiat currency. During the twelve months ended June 30, 2025, between approximately \$41 billion and \$76 billion worth of digital assets were locked up as collateral on DeFi platforms on the Ethereum network.

Solana

SOL is a digital asset that is created and transmitted through the operations of the peer-to-peer Solana network, a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the Solana network, the infrastructure of which is collectively maintained by a decentralized user base. The Solana network allows people to exchange tokens of value, called SOL, which are recorded on a public transaction ledger. SOL can be used to pay for goods and services, including to send a transaction on the Solana network, or it can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Trading Platforms or in individual end-user-to-end-user transactions under a barter system. Furthermore, the Solana network was designed to allow users to write and implement smart contracts—that is, general-purpose code that executes on every computer in the network and can instruct the transmission of information and value based on a sophisticated set of logical conditions. Using smart contracts, users can create markets, store registries of debts or promises, represent the ownership of property, move funds in accordance with conditional instructions and create digital assets other than SOL on the Solana network. Smart contract operations are executed on the Solana Blockchain in exchange for payment of SOL. The Solana network is one of a number of projects intended to expand blockchain use beyond just a peer-to-peer money system.

The Solana protocol introduced the Proof-of-History (“PoH”) timestamping mechanism. PoH automatically orders on-chain transactions by creating a historical record that proves an event has occurred at a specific moment in time. PoH is intended to provide a transaction processing speed and capacity advantage over other blockchain networks like the Bitcoin and Ethereum networks, which rely on sequential production of blocks and can lead to delays caused by validator confirmations. PoH is a new blockchain technology that is not widely used. PoH may not function as intended. For example, it may require more specialized equipment to participate in the network and fail to attract a significant number of users. In addition, there may be flaws in the cryptography underlying PoH, including flaws that affect functionality of the Solana network or make the network vulnerable to attack.

In addition to the PoH mechanism described above, the Solana network uses a proof-of-stake consensus mechanism to incentivize SOL holders to validate transactions. Unlike proof-of-work, in which miners expend computational resources to compete to validate transactions and are rewarded coins in proportion to the amount of computational resources expended, in proof-of-stake, validators risk or “stake” coins to compete to be randomly selected to validate transactions and are rewarded coins in proportion to the amount of coins staked. Any malicious activity, such as disagreeing with the eventual consensus or otherwise violating protocol rules, may result in a validator being selected less frequently by a consensus of other validators to validate blocks. Proof-of-stake is viewed as more energy efficient and scalable than proof-of-work and is sometimes referred to as “virtual mining”.

The Solana protocol was first conceived by Anatoly Yakovenko in a 2017 whitepaper. Development of the Solana network is overseen by the Solana Foundation, a Swiss non-profit organization, and Solana Labs, Inc. (the “Company”), a Delaware corporation, which administered the original network launch and token distribution.

Although the Company and the Solana Foundation continue to exert significant influence over the direction of the development of the Solana project, the Solana network is believed to be decentralized and does not require governmental authorities or financial institution intermediaries to create, transmit or determine the value of SOL.

On September 14, 2021, the Solana network experienced a significant disruption, later attributed to a type of denial of service attack, and was offline for 17 hours, only returning to full functionality 24 hours later. The Solana network has also experienced significant disruptions throughout 2022—for example, in January, April, May and June. In February 2022, a vulnerability in a smart

contract for Wormhole, a bridge between the Ethereum and Solana networks led to a \$320 million theft of Ethereum. In August 2022, over 8,000 internet-connected “hot” Solana wallets were hacked, with millions of dollars’ worth of various digital assets stolen. While persons associated with Solana Labs and/or the Solana Foundation are understood to have played a key role in bringing the network back online, the broader community also played a key role, as Solana validators coordinated to upgrade and restart the network.

In June 2023, the SEC asserted that SOL is a security in its complaints against Binance Holdings Ltd. (“Binance”), Kraken and Coinbase, Inc. (“Coinbase”), but has since dismissed each action with prejudice. The Manager continues to believe SOL is not a security and did not exclude such digital asset from the Fund following the assertions made by the SEC. Please see “Item 1A. Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Fund and the Shares—The SEC has taken, and may in the future take, the view that some of the digital assets held by the Fund are securities, which has adversely affected, and could adversely affect the value of such digital assets and the price of the Shares and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Fund.”

XRP

XRP is a digital asset that is created and transmitted through the operations of the peer-to-peer XRP network, a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the XRP network, the infrastructure of which is collectively maintained by a decentralized user base. The XRP network allows people to exchange tokens of value, called XRP, which are recorded on a public transaction ledger. XRP can be used to pay for goods and services, including to send a transaction on the XRP network, or it can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Trading Platforms or in individual end-user-to-end-user transactions under a barter system.

The XRP network is based on a shared public ledger, similar to the Bitcoin network. However, the XRP network differentiates itself from other digital asset networks in that its stated primary function is transactional utility, not store of value. The XRP network is designed to be a global real-time payment and settlement system. As a result, the XRP network and XRP aim to improve the speed at which parties on the network may transfer value while also reducing the fees and delays associated with the traditional methods of interbank payments.

The XRP network’s intended function is to allow users or businesses to conduct cross-currency transactions securely and quickly. A conventional cross-currency transaction often requires liquidity providers to work across several currency pairs to facilitate the transaction, which increases transaction costs and can be time-intensive, particularly when transacting between two rarely traded currency pairs. To reduce the costs and time associated with such transactions, XRP functions as a bridge token; it facilitates liquidity between any two currencies by acting as a bridge between such currencies. In an XRP-facilitated transaction, instead of working across several currency pairs, liquidity providers use XRP to transfer value between two currencies. Two types of parties are required for a transaction to occur on the XRP network: (a) “gateways”, which are typically a financial intermediary, such as a bank, exchange or money transmitter that allows customers to put money into and remove money from the XRP network system; and (b) market makers that facilitate liquidity in the system. Gateways serve as the first link in the chain between the sender and the recipient when the sender wants to make a payment and the last link in the chain when the sender wants to receive a payment. Gateways accept payments, issue balances to the distributed ledger maintained by Ripple Labs, and redeem ledger balances against the payments they hold when fiat currency is withdrawn. Gateways share one global ledger on the XRP network and may have anti-money laundering and know-your-customer policies to prevent criminal activity. Market makers on the XRP network hold balances in multiple currencies and connect multiple gateways, thus facilitating payments between users where no direct trust exists by enabling exchanges of value across gateways. As of August 2024, more than 100 financial institutions have signed up to use the XRP network.

Similar to the Bitcoin network, anyone can join and start using the XRP network; however unlike the Bitcoin network, which operates on a fully permissionless blockchain, the XRP network is maintained by a Trusted Nodes List that accept or reject transactions on the XRP Ledger. As of August 2024, the default configuration for the XRP network has two Trusted Nodes Lists: one published by the XRP Foundation and one published by Ripple Labs. Typically, these default Trusted Nodes Lists are very similar to one another or even identical. As of August 2024, Ripple Labs runs only 1 of the 35 validators in the default Trusted Nodes Lists.

In addition, XRP can be used to pay transaction fees incurred in such cross-currency transactions, with one transaction costing approximately 0.00001 XRP. This transaction fee payment via XRP acts as a safeguard against the system being overwhelmed by any single active participant trying to put through millions of transactions at once, thus promoting the system’s functionality. Within the XRP network’s currency exchange, XRP are traded freely against other currencies, and its market price fluctuates against dollars, euros, yen, Bitcoins and other digital and non-digital currencies and assets.

The initial creation of XRP was controlled by Ripple Labs, and Ripple Labs retains a central role in managing the supply and distribution of XRP due to the large quantity of XRP it retains. Ripple Labs, Inc. does not sell, exchange, transmit or retain custody of XRP for consumers or the public at large, but rather commits XRP to the system so that it can be used to facilitate payments among institutions as a “bridge token” and for transaction fees. The value of XRP is determined by the supply of, and demand for, XRP on exchanges where XRP is traded or in private end-user-to-end-user transactions, much of which is driven by speculation.

Although Ripple Labs and the XRP Foundation continue to exert significant influence over the direction of the development of the XRP network, like the Bitcoin network and the Ethereum network, the XRP network is decentralized and does not require governmental authorities or financial institution intermediaries to create, transmit or determine the value of XRP.

Cardano

ADA is a digital asset that is created and transmitted through the operations of the peer-to-peer Cardano network, a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the Cardano network, the infrastructure of which is collectively maintained by a decentralized user base. The Cardano network allows people to exchange tokens of value, called ADA, which are recorded on a public transaction ledger known as a blockchain. ADA can be used to pay for goods and services, including computational power on the Cardano network, or it can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Trading Platforms or in individual end-user-to-end-user transactions under a barter system. Furthermore, the Cardano network was designed to allow users to write and implement smart contracts—that is, general-purpose code that executes on every computer in the network and can instruct the transmission of information and value based on a sophisticated set of logical conditions. Using smart contracts, users can create markets, store registries of debts or promises, represent the ownership of property, move funds in accordance with conditional instructions and create digital assets other than ADA on the Cardano network. Smart contract operations are executed on the Cardano blockchain in exchange for payment of ADA. Like the Ethereum network, the Cardano network is one of a number of projects intended to expand blockchain use beyond just a peer-to-peer money system.

The Cardano network primarily uses a proof-of-stake consensus mechanism, called “Ouroboros,” to incentivize ADA holders to validate transactions. Unlike proof-of-work, in which miners expend computational resources to compete to validate transactions and are rewarded coins in proportion to the amount of computational resources expended, in proof-of-stake, validators risk or “stake” coins to compete to be randomly selected to validate transactions and are rewarded coins in proportion to the amount of coins staked. Proof-of-stake is viewed as more energy efficient and scalable than proof-of-work and is sometimes referred to as “virtual mining.”

Unlike with the Bitcoin blockchain, whereby every node validates every transaction, the Cardano network relies on the Ouroboros proof-of-stake protocol, which uses a randomized leader election process to determine which validator produces the next block. This approach is intended to allow the Cardano network to process transactions efficiently while maintaining decentralization and security. Ouroboros divides time into discrete “epochs” and “slots,” during which validators are selected to add blocks, a design that is intended to improve scalability and support upgrades and governance features without disrupting the operation of the network.

Components of the Cardano protocol were first conceived in academic research papers beginning in 2015. Development of the Cardano network is overseen by Input Output Global, Inc. (“IOG,” formerly IOHK), a Cayman Islands company with global operations, which was founded by Charles Hoskinson, one of the original co-founders of Ethereum, to formalize the Cardano protocol. IOG administered the original network launch and token distribution, working alongside the Cardano Foundation, a Swiss nonprofit, and EMURGO, a for-profit entity focused on adoption and commercialization.

Forks and Airdrops

A “hard fork” of a Digital Asset Network occurs when there is a disagreement among users and validators or miners over modifications to a Digital Asset Network, which are typically made through software upgrades and subsequently accepted or rejected through downloads or lack thereof of the relevant software upgrade by users. If less than a substantial majority of users and validators or miners consent to a proposed modification, and the modification is not compatible with the software prior to its modification, a fork in the blockchain results, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork is the existence of two versions of the relevant Digital Asset Network running in parallel, yet lacking interchangeability. After a fork, holders of the original digital asset typically end up holding equal amounts of the original digital asset and the new digital asset.

For example, in July 2017, Bitcoin “forked” into Bitcoin and a new digital asset, Bitcoin Cash, as a result of a several-year dispute over how to increase the speed and number of transactions that the Bitcoin network can process in a given time interval (i.e., transaction throughput).

Forks may also occur after a significant security breach. For example, in June 2016, a smart contract developed and deployed on the Ethereum network was hacked and approximately \$60 million worth of Ether were stolen, which resulted in most participants in the Ethereum ecosystem electing to adopt a hard fork that effectively reversed the hack. However, a minority of users continued to develop the old blockchain, now referred to as “Ethereum Classic” with the digital asset on that blockchain referred to as “ETC”. Ethereum Classic remains traded on several Digital Asset Trading Platforms.

Additionally, a fork could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run for any given digital asset. Such a fork could adversely affect the digital asset’s viability. It is possible, however, that a substantial number of users and validators or miners could adopt an incompatible version of the network while resisting community-led efforts to merge the two chains, resulting in a permanent fork.

In addition to forks, a digital asset may become subject to a similar occurrence known as an “airdrop.” In an airdrop, the promoters of a new digital asset announce to holders of another digital asset that they will be entitled to claim a certain amount of the new digital asset for free simply by virtue of having held the original digital asset at a certain point in time leading up to the airdrop. For example, in September 2020, the developers of UNI announced that anyone that had participated in a transaction on the Uniswap protocol as of September 1, 2020 could claim 400 UNI.

Fund Component Value

Digital Asset Trading Platform Valuation

The value of digital assets is determined by the value that various market participants place on digital assets through their transactions. The most common means of determining the value of a digital asset is by surveying one or more Digital Asset Trading Platforms where the digital asset is traded publicly and transparently. Additionally, there are over-the-counter dealers or market makers that transact in digital assets.

Digital Asset Trading Platform Public Market Data

On each online Digital Asset Trading Platform, digital assets are traded with publicly disclosed valuations for each executed trade, measured by one or more fiat currencies such as the U.S. dollar or euro, or stablecoins such as USDC. Over-the-counter dealers or market makers do not typically disclose their trade data.

As of July 1, 2025, upon the adoption of the CCIXber Index Price to support the transition to the CD5 Methodology, the Digital Asset Trading Platforms included in the Index Prices are Bitfinex, Bitstamp, Bullish, Bybit, Crypto.com, Gemini, itBit, Kraken, LMAX Digital, and OKX. As further described below, the Manager and the Fund believe each of these Digital Asset Trading Platforms are in material compliance with applicable licensing requirements based on the Trading Platform Category and jurisdiction, as detailed below, and maintain practices and policies designed to comply with anti-money laundering (“AML”) and know-your-customer (“KYC”) regulations.

Bitstamp by Robinhood: A U.K.-based trading platform that has U.S. operations and entities registered as money service businesses (“MSBs”) with the Financial Crimes Enforcement Network (“FinCEN”), holds a BitLicense, and that is licensed as a money transmitter in various U.S. states.

Bitfinex: A British Virgin Islands based trading platform. Bitfinex does not hold any licenses or registrations in the U.S. and is not available to U.S.-based customers. Bitfinex is categorized by the Index Provider as a “Category 2” trading platform that meets the Inclusion Criteria but is non-U.S. licensed.

Bullish: A Gibraltar-based trading platform that has entities registered as MSBs with FinCEN. Bullish is not available to U.S.-based customers. Bullish is categorized by the Index Provider as a “Category 2” trading platform that meets the Inclusion Criteria but is non-U.S. licensed.

Bybit: A United Arab Emirates-based trading platform. Bybit does not hold any licenses or registrations in the U.S. and is not available to U.S. based customers. Bybit is categorized by the Index Provider as a “Category 2” trading platform that meets the Inclusion Criteria but is non-U.S. licensed.

Crypto.com: A Singapore-based trading platform that has entities registered as MSBs with FinCEN, and that is licensed as a money transmitter in various U.S. states and chartered as a non-depository trust company by the New Hampshire Banking Department. Crypto.com does not hold a BitLicense.

Gemini: A U.S.-based trading platform that has entities registered as MSBs with FinCEN and that is licensed as a money transmitter in various U.S. states. Gemini is exempt from applying for a BitLicense under the framework established by NYDFS because of their trust charter under New York Banking Law.

itBit: A U.S.-based trading platform that has entities registered as MSBs with FinCEN and that is licensed as a limited purpose trust company under the NYDFS through its parent company, Paxos Trust Company, LLC. itBit does not hold a BitLicense.

Kraken: A U.S.-based trading platform that has entities registered as MSBs with FinCEN, and that is licensed as a money transmitter in various U.S. states and chartered as a Special Purpose Depository Institution by the Wyoming Division of Banking. Kraken does not hold a BitLicense.

LMAX Digital: A U.K.-based trading platform that has entities registered as a broker with the U.K. Financial Conduct Authority, and that is licensed as an MSB with FinCEN and regulated by the Gibraltar Financial Services Commission.

OKX: A Seychelles-based trading platform. OKX does not hold any licenses or registrations in the U.S. and is not available to U.S.-based customers. OKX is categorized by the Index Provider as a “Category 2” trading platform that meets the Inclusion Criteria but is non-U.S. licensed.

The below tables reflect the trading volume in Fund Components and market share of the Fund Component-U.S. dollar trading pairs of each of the Digital Asset Trading Platforms included in the Index Prices as of July 1, 2025 (collectively, “Constituent Trading Platforms”), using data reported by the Index Price Provider from January 1, 2024 to July 1, 2025, unless otherwise stated:

Bitcoin Trading Platforms included in the Index Price as of July 1, 2025	Volume (Bitcoin)	Market Share⁽¹⁾
Crypto.com	6,294,236	34.95%
Kraken	1,188,529	6.60%
Bitstamp	1,076,675	5.98%
LMAX Digital	993,577	5.52%
Bitfinex	685,519	3.81%
Bullish	654,398	3.63%
Gemini	407,837	2.26%
itBit	85,626	0.48%
OKX	29,935	0.17%
Total U.S. Dollar-Bitcoin trading pair	11,416,331	63.40%

Bitcoin Trading Platforms included in the Index Price as of July 1, 2025	Volume (Bitcoin)	Market Share⁽¹⁾
Bullish	4,524,080	40.90%
Bybit	2,923,115	26.43%
OKX	698,911	6.32%
Kraken	62,728	0.57%
Bitstamp	7,353	0.07%
Total USDC-Bitcoin trading pair	8,216,187	74.28%

- (1) Market share is calculated using trading volume (in Bitcoin) for certain Digital Asset Trading Platforms, including Bitfinex, Bitstamp, Bullish, Bybit, Crypto.com, Gemini, itBit, Kraken, LMAX Digital, and OKX, as well as certain other large U.S. dollar (“USD”) and USDC denominated Digital Asset Trading Platforms that were not included in the Index Price as of June 30, 2025, including Binance, Binance.US (USD data included from February 18, 2025), Bitflyer (data included from December 24, 2018), Coinbase, CEX.IO (USD data included through February 25, 2025), Deribit, Gate.IO (USDC data included from April 1, 2025), HitBTC, Huobi, KuCoin, Lbank, and MEXC.

Ether Trading Platforms included in the Index Price as of July 1, 2025	Volume (Ether)	Market Share⁽¹⁾
Crypto.com	168,186,293	59.90%
LMAX Digital	10,587,574	3.77%
Kraken	10,093,237	3.59%
Bullish	9,385,914	3.34%
Bitstamp	4,566,920	1.63%
Bitfinex	4,450,665	1.59%
Gemini	4,089,071	1.46%
OKX	1,877,060	0.67%
itBit	976,974	0.35%
Total U.S. Dollar-Ether trading pair	214,213,707	76.29%

Ether Trading Platforms included in the Index Price as of July 1, 2025	Volume (Ether)	Market Share⁽¹⁾
Bullish	54,627,535	25.43%
Bybit	51,330,723	23.90%
OKX	11,479,951	5.35%
Kraken	604,232	0.28%
Bitstamp	42,257	0.02%
Total USDC-Ether trading pair	118,084,700	54.98%

- (1) Market share is calculated using trading volume (in Ether) for certain Digital Asset Trading Platforms, including Bitfinex, Bitstamp, Bullish, Bybit, Crypto.com, Gemini, itBit, Kraken, LMAX Digital and OKX, as well as certain other large U.S.-dollar and USDC denominated Digital Asset Trading Platforms that were not included in the Index Price as of June 30, 2025, including Binance, Binance.US (USD data included from February 18, 2025), Bitflyer, CEX.IO (USD data included through February 25, 2025), Coinbase, Deribit, Gate.IO (USDC data included from April 1, 2025), HitBTC, Huobi, KuCoin, Lbank, and MEXC.

SOL Trading Platforms included in the Index Price as of July 1, 2025	Volume (SOL)	Market Share⁽¹⁾
Kraken	200,017,752	19.45%
Crypto.com	92,105,084	8.96%
LMAX Digital	34,213,807	3.33%
Bitstamp	27,602,195	2.68%
Gemini	17,525,876	1.70%
Bitfinex	14,496,152	1.41%
Bullish	5,296,591	0.52%
OKX	4,212,067	0.41%
itBit	2,482,931	0.24%
Total U.S. Dollar-SOL trading pair	397,952,455	38.70%

SOL Trading Platforms included in the Index Price as of July 1, 2025	Volume (SOL)	Market Share⁽¹⁾
Bybit	78,991,626	15.21%
Bullish	37,525,724	7.23%
OKX	30,250,342	5.83%
Kraken	2,997,940	0.58%
Total USDC-SOL trading pair	149,765,632	28.84%

- (1) Market share is calculated using trading volume (in SOL) for certain Digital Asset Trading Platforms, including Bitfinex, Bitstamp, Bullish, Bybit, Crypto.com, Gemini, itBit, Kraken, LMAX Digital, and OKX, as well as certain other large U.S. dollar and USDC denominated Digital Asset Trading Platforms that were not included in the Index Price as of June 30, 2025, including Binance, Binance.US (USD data included from February 18, 2025), CEX.IO (USD data included through February 23, 2025), Coinbase, Deribit, Gate.IO, KuCoin, Lbank, and MEXC.

XRP Trading Platforms included in the Index Price as of July 1, 2025⁽¹⁾	Volume (XRP)	Market Share⁽²⁾
Crypto.com	14,710,072,485	13.64%
Kraken	13,039,475,236	12.09%
Bitstamp	7,482,685,106	6.94%
LMAX Digital	6,434,587,811	5.97%
Bitfinex	1,832,246,603	1.70%
Gemini	1,161,534,757	1.08%
OKX	297,074,783	0.28%
Total U.S. Dollar-XRP trading pair	44,957,676,782	41.68%

XRP Trading Platforms included in the Index Price as of July 1, 2025⁽¹⁾	Volume (XRP)	Market Share⁽²⁾
Bullish	22,858,557,017	49.56%
Bybit	5,411,862,651	11.73%
OKX	2,478,277,260	5.37%
Kraken	140,878,397	0.31%
Total USDC-XRP trading pair	30,889,575,325	66.98%

- (1) Effective January 4, 2024, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase XRP in accordance with the DLCS Methodology.
- (2) Market share is calculated using trading volume (in XRP) for certain Digital Asset Trading Platforms, including Bitfinex, Bitstamp, Bullish, Bybit, Crypto.com, Gemini, Kraken, LMAX Digital, and OKX, as well as certain other large U.S. dollar and USDC denominated Digital Asset Trading Platforms that were not included in the Index Price as of June 30, 2025, including Binance, Binance.US (USD data included from March 11, 2025), CEX.IO (USD data included through February 26, 2025), Coinbase, Deribit, Gate.IO, KuCoin, Lbank, MEXC, and Bibox.

ADA Trading Platforms included in the Index Price as of July 1, 2025⁽¹⁾	Volume (ADA)	Market Share⁽²⁾
Kraken	6,262,023,372	17.77%
Crypto.com	3,199,687,179	9.08%
Bitfinex	968,609,679	2.75%
Bitstamp	854,063,615	2.42%
Total U.S. Dollar-ADA trading pair	11,284,383,845	32.02%

ADA Trading Platforms included in the Index Price as of July 1, 2025⁽¹⁾	Volume (ADA)	Market Share⁽²⁾
Bybit	1,298,580,376	8.30%
OKX	681,517,918	4.36%
Kraken	230,629,975	1.47%
Total USDC-ADA trading pair	2,210,728,269	14.13%

- (1) Effective January 4, 2024, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ADA in accordance with the DLCS Methodology.
- (2) Market share is calculated using trading volume (in ADA) for certain Digital Asset Trading Platforms, including Bitfinex, Bitstamp, Bybit, Crypto.com, Kraken, and OKX, as well as certain other large U.S. dollar and USDC denominated Digital Asset Trading Platforms that were not included in the Index Price as of June 30, 2025, including Binance, Binance.US (USD data included from February 18, 2025), CEX.IO (USD data included through January 2, 2025 through February 24, 2025), Coinbase, Gate.IO (USDC data included from January 1, 2024 through August 30, 2024 and from April 1, 2025), HitBTC, KuCoin, MEXC, and OKX (USD data included from March 31, 2024).

The domicile, regulation and legal compliance of the Digital Asset Trading Platforms used to determine the Index Prices vary. Information regarding each Digital Asset Trading Platform may be found, where available, on the websites for such Digital Asset Trading Platforms, among other places.

Although each Index Price is designed to accurately capture the market price of the digital asset it tracks, third parties may be able to purchase and sell such digital assets on public or private markets not included among the Constituent Trading Platforms of such Index Price, and such transactions may take place at prices materially higher or lower than the Index Price. Moreover, there may be variances in the prices of digital assets on the various Digital Asset Trading Platforms, including as a result of differences in fee structures or administrative procedures on different Digital Asset Trading Platforms.

For example, based on data provided by the Index Provider, on any given day during the twelve months ended June 30, 2025, the maximum differential between the 4:00 p.m., New York time, spot price of Bitcoin on any single Digital Asset Trading Platform included in the Index Price was 0.59% and the average of the maximum differentials of the 4:00 p.m., New York time, spot price of each Digital Asset Trading Platform included in the Index Price was 0.23%. During this same period, the average differential between the 4:00 p.m., New York time, spot prices of all the Digital Asset Trading Platforms included in the Index Price was 0.003%. Further, on any given day during the twelve months ended June 30, 2025, the maximum differential between the 4:00 p.m., New York time, spot price of Ether on any single Digital Asset Trading Platform included in the Index Price was 2.30% and the average of the maximum differentials of the 4:00 p.m., New York time, spot price of each Digital Asset Trading Platform included in the Index Price was 0.42%. During this same period, the average differential between the 4:00 p.m., New York time, spot prices of all the Digital Asset Trading Platforms included in the Index Price was 0.005%. All Digital Asset Trading Platforms that were included in the relevant Index Price throughout the period were considered in this analysis. To the extent such prices differ materially from the relevant Index Price, investors may lose confidence in the Shares' ability to track the market price of Fund Components.

The Index Prices

The Fund values its digital assets for operational purposes by reference to Index Prices (or Digital Asset Reference Rates, prior to July 1, 2025) and weightings within the Fund, plus any cash held by the Fund and reduced by the Fund's expenses and other liabilities. Each Index Price (or Digital Asset Reference Rate, prior to July 1, 2025) is a U.S. dollar-denominated composite reference rate for the price of the applicable digital asset.

From July 1, 2022 through June 30, 2025, upon adoption of the DLCS Methodology, the Digital Asset Reference Rate for each Fund Component was the reference rate used by the Index Provider to constitute the DLCS. From July 1, 2022 through June 30, 2025, the Digital Asset Reference Rate used by the Index Provider for each Index Component had been an Indicative Price. As such, from July 1, 2022 through June 30, 2025, the Digital Asset Reference Rate for each Fund Component had been an Indicative Price. The Index Provider may also have used an Index Price as the reference rate for an Index Component, and if it did so, then the Manager would have used an Index Price for the relevant Fund Component. The "Index Price" for a Fund Component would have been determined by the Index Provider by further cleansing and compiling the trade data used to determine the Indicative Price in such a manner as to algorithmically reduce the impact of anomalous or manipulative trading.

Prior to February 7, 2024, NAV was referred to as Digital Asset Holdings and NAV per Share was referred to as Digital Asset Holdings per Share.

From and after July 1, 2025, the value of the Fund Components is determined by reference to Index Prices, as the Fund transitioned from the DLCS to the CD5. The "Index Price" of each Fund Component is the U.S. dollar value of each Fund Component derived from the Digital Asset Trading Platforms that are reflected in each Fund Component's CoinDesk CCIXber Reference Rate, calculated at 4:00 p.m., New York time, on each business day.

The Manager believes the Index Provider’s selection process for Constituent Trading Platforms described below as well as, in the case of Index Prices, the methodology of each Index Price’s algorithm described below provides a more accurate picture of digital asset price movements than a simple average of Digital Asset Trading Platform spot prices, and that the weighting of digital asset prices on the Constituent Trading Platforms limits the inclusion of data that is influenced by temporary price dislocations that may result from technical problems, limited liquidity or fraudulent activity elsewhere in the digital asset spot market. By referencing multiple trading venues and weighting them based on trade activity, the Manager believes that the impact of any potential fraud, manipulation or anomalous trading activity occurring on any single venue is reduced.

Constituent Trading Platform Selection

The Constituent Trading Platforms that are included in each Fund Component’s Index Price are selected by the Index Provider utilizing a methodology that is guided by the International Organization of Securities Commissions (“IOSCO”) principles for financial benchmarks. For a trading platform to become a Constituent Trading Platform, it must satisfy the criteria listed below (the “Inclusion Criteria”):

- No evidence in the past 12 months of trading restrictions on individuals or entities that would otherwise meet the trading platform’s eligibility requirements to trade;
- No evidence in the past 12 months of undisclosed restrictions on deposits or withdrawals from user accounts;
- Real-time price discovery;
- Limited or no capital controls;
- Transparent ownership including a publicly-known ownership entity;
- Publicly available language and policies addressing legal and regulatory compliance in the US, including KYC, AML and other policies designed to comply with relevant regulations that might apply to it;
- Offer programmatic spot trading of the trading pair, and reliably publish trade prices and volumes on a real-time basis through Rest and Websocket APIs.
- Is a centralized spot trading platform ranked BB or higher in the Index Provider’s latest published Trading Platform Benchmark report; and
- Is not classified as an Excluded Trading Platform as defined in the Index Provider’s Digital Asset Indices Policy Methodology.

All trading platforms that meet these Inclusion Criteria will be assigned to a “Trading Platform Category” as defined by the additional criteria below, and at least one Category 1 Trading Platform must be included in each Index Price.

- A “Category 1 Trading Platform” is a trading platform:
 - o Licensed and/or able to serve investors, retail or professional, in the U.S.; and
 - o That maintains sufficient USD or USDC liquidity relative to the size of the listed assets.
- A “Category 2 Trading Platform” is a trading platform:
 - o Licensed (including in-principal licensure) and/or able to serve investors, retail or professional, in one or more of the following jurisdictions:
 - United Kingdom
 - European Union
 - In the event a trading platform is only licensed to served investors in select European Union countries and none of the other listed jurisdictions, the Index Provider reserves the right to evaluate its eligibility on a case-by-case basis.
 - Hong Kong
 - Singapore; and
 - o That maintains sufficient USD or USDC liquidity relative to the size of the listed assets.

A Digital Asset Trading Platform is removed from the Constituent Trading Platforms when it no longer satisfies the criteria for inclusion. The Index Provider does not currently include data from over-the-counter markets or derivatives platforms among the Constituent Trading Platforms. Over-the-counter data is not currently included because of the potential for trades to include a significant

premium or discount paid for larger liquidity, which creates an uneven comparison relative to more active markets. There is also a higher potential for over-the-counter transactions to not be arms-length, and thus not be representative of a true market price. Digital asset derivative markets are also not currently included. While the Index Provider has no plans to include data from over-the-counter markets or derivative platforms at this time, the Index Provider will consider IOSCO principles for financial benchmarks, the management of trading venues of digital asset derivatives and the aforementioned Inclusion Criteria when considering whether to include over-the-counter or derivative platform data in the future.

The Index Provider and the Manager have entered into the index license agreement, dated as of February 1, 2022 (as amended, the “Index License Agreement”), governing the Manager’s use of the Index Prices. The Index Provider may adjust the calculation methodology for an Index Price without notice to, or consent of, the Fund or its shareholders. The Index Provider may decide to change the calculation methodology to maintain the integrity of the Index Price calculation should it identify or become aware of previously unknown variables or issues with the existing methodology that it believes could materially impact its performance and/or reliability. The Index Provider has sole discretion over the determination of Index Prices and may change the methodologies for determining the Index Prices from time to time. Shareholders will be notified of any material changes to the calculation methodology or the Index Prices in the Fund’s current reports and will be notified of all other changes that the Manager considers significant in the Fund’s periodic or current reports. The Manager will determine the materiality of any changes to the Index Prices on a case-by-case basis, in consultation with external counsel.

The Index Provider may change the trading venues that are used to calculate an Index Price or otherwise change the way in which an Index Price is calculated at any time. For example, the Index Provider has scheduled quarterly reviews in which it may add or remove Constituent Trading Platforms that satisfy or fail the criteria described above. The Index Provider does not have any obligation to consider the interests of the Manager, the Fund, the shareholders, or anyone else in connection with such changes. While the Index Provider is not required to publicize or explain the changes or to alert the Manager to such changes, it has historically notified the Fund of any material changes to the Constituent Trading Platforms, including any additions or removals of the Constituent Trading Platforms, in addition to issuing press releases in connection with the same in accordance with its index review and index change communication policies. The Manager will notify investors of any such material event by filing a current report on Form 8-K. Although the Index Price methodology is designed to operate without any manual intervention, rare events would justify manual intervention. Intervention of this kind would be in response to non-market-related events, such as the halting of deposits or withdrawals of funds on a Digital Asset Trading Platform, the unannounced closure of operations on a Digital Asset Trading Platform, insolvency or the compromise of user funds. In the event that such an intervention is necessary, the Index Provider would issue a public announcement through its website, API and other established communication channels with its clients.

Determination of the Index Prices

From July 1, 2022 through June 30, 2025, all of the Digital Asset Reference Rates had been Indicative Prices. From and after July 1, 2025, the value of the Fund Components is determined by reference to Index Prices, in connection with the Fund’s transition from the DLCS to the CD5.

Under the CD5 Methodology, the Index Price for each Fund Component will be calculated through the application of an algorithm to the price of each Fund Component on the Constituent Trading Platforms calculated every 5 seconds over a 24-hour period. The Index Price’s algorithm is expected to reflect a five-pronged methodology to calculate the Index Price from the Constituent Trading Platforms for each Fund Component:

- **Volume Weighting:** Constituent Trading Platforms with greater liquidity receive a higher weighting in each Index Price, increasing the ability to execute against (i.e., replicate) the Index Price in the underlying spot markets. The Index Price methodology is a volume-weighted real-time price where each Constituent Trading Platform is weighted based on its trailing 24-hour volume.
- **FX Conversion:** Each Index Price algorithm utilizes a volume-weighted real-time FX conversion rate for any trading activity for the relevant Stablecoin-USD pair. This normalizes all trading activity to USD denomination.
- **Outlier Detection Factor:** Each Index Price algorithm excludes trade data and price(s) deemed to be an outlier relative to the most recently calculated Index Price.
- **Inactivity Adjustment:** Each Index Price algorithm penalizes stale activity from any given Constituent Trading Platform. When a Constituent Trading Platform does not have recent trading data, the outdated prices and their contribution to the Index Price calculation are gradually reduced until they are de-weighted to 0.1%. Similarly, once trading activity at a Constituent Trading Platform resumes, the corresponding weighting for that Constituent Trading Platform will no longer be penalized.
- **Manipulation Resistance:** In an effort to determine and prioritize the most significant Constituent Trading Platforms (i.e., those that are likely to have the most impact on price discovery) for a given asset, the Index Provider conducts a Constituent Trading Platform selection and review process, which seeks to identify the highest-ranking Constituent Trading Platforms based on both qualitative and quantitative factors. The qualitative review includes legal and regulation, data provision,

security, trade monitoring, market quality, and negative events policy, among others. The quantitative review includes review of trading activity for the asset on the given Constituent Trading Platform.

In addition, the Index Provider will re-evaluate the weighting algorithm on a periodic basis, but will maintain discretion to change the way in which an Index Price is calculated based on its periodic review or in extreme circumstances. Nonetheless, the Manager believes that each Index Price is designed to limit exposure to trading or price distortion of any individual Digital Asset Trading Platform that experiences periods of unusual activity or limited liquidity, and thereby mitigate the effects of potential manipulation by discounting, in real-time, anomalous price movements at individual Digital Asset Trading Platforms.

The Manager believes the Index Provider's selection process for Constituent Trading Platforms as well as the methodology of the Index Price's algorithm provides a more accurate picture of Fund Component price movements than a simple average of Digital Asset Trading Platform spot prices, and that the weighting of Fund Component prices on the Constituent Trading Platforms limits the inclusion of data that is influenced by temporary price dislocations that may result from technical problems, limited liquidity or fraudulent activity elsewhere in the Fund Component spot market. By referencing multiple trading venues and weighting them based on trade activity, the Manager believes that the impact of any potential fraud, manipulation or anomalous trading activity occurring on any single venue is reduced.

If an Index Price becomes unavailable, or if the Manager determines in good faith that such Index Price does not reflect an accurate price for a Fund Component, then the Manager will, on a best-efforts basis, contact the Index Provider to obtain such Index Price directly from the Index Provider. If after such contact such Index Price remains unavailable or the Manager continues to believe in good faith that such Index Price does not reflect an accurate price for the Fund Component, then the Manager will employ a cascading set of rules to determine the Index Price, as described below in "Determination of the Index Prices When the Index Prices are Unavailable."

Effective July 1, 2025, the Fund will value the Fund Components for operational purposes by reference to Index Prices. Each Index Price is the U.S. dollar value of a Fund Component derived from the Digital Asset Trading Platforms that are reflected in each respective Fund Components CoinDesk CCIXber Reference Rate, calculated at 4:00 p.m., New York time, on each business day.

Illustrative Example

For the purposes of illustration, outlined below are examples of how the attributes that impact weighting and adjustments in the CD5 Methodology may be utilized to generate an Index Price for a digital asset. For example, Constituent Trading Platforms used to calculate the Index Price of the digital asset may include trading platforms such as Bitstamp, Kraken, LMAX Digital and Crypto.com. The Index Price algorithm, as described above, is designed to account for manipulation at the outset by only including data from executed trades on Constituent Trading Platforms. Then, the below-listed elements may impact the weighting of the Constituent Trading Platforms on the Index Price as follows:

- **Volume Weighting:** Each Constituent Trading Platform will be weighted to appropriately reflect the trading volume share of the Constituent Trading Platform relative to all the Constituent Trading Platforms during this same period. For example, an average hourly weighting of 67.06%, 14.57%, 11.88%, and 6.49% for Bitstamp, Kraken, LMAX Digital, and Crypto.com, respectively, would represent each Constituent Trading Platform's share of trading volume during the same period.
- **Inactivity Adjustment:** Assume that a Constituent Trading Platform represented a 14% weighting on the Index Price of the digital asset, which is based on the per-second calculations of its trading volume and price-variance relative to the cohort of Constituent Trading Platforms included in such Index, and then went offline for approximately two hours. The Index Price algorithm would automatically recognize inactivity and start de-weighting the Constituent Trading Platform at the 5-minute mark and continue to do so with each additional 5-minute period of inactivity until its influence was effectively zero, 25 minutes after becoming inactive. As soon as trading activity resumed at the Constituent Trading Platform, the Index Price algorithm would re-weight it to the appropriate weighting based on trading volume and price-variance relative to the cohort of Constituent Trading Platforms included in the Index.
- **Price Outlier Detection:** New traded prices from Constituent Trading Platforms are compared to the latest calculated Index Price. If a new traded price deviates by +/- 5% from the latest calculated Index Price, it will be considered an outlier and will not be used in the calculation of the Index Price until such time as a majority of the Constituent Trading Platforms are similarly considered outlier prices. In that case, the new prices will be used to calculate the Index Price. For example, if the Index Price is \$10 and there is a new trade price of \$11 from Constituent Trading Platform X, the price of \$11 will be considered an outlier and will not be used. However, if the most recent prices on a majority of the Constituent Trading Platforms are aligned with the price of \$11, then these prices will no longer be considered outliers and will be used to calculate the new Index Price.

Determination of the Index Prices When the Index Prices are Unavailable

Under the CD5 Methodology, the Manager uses the following cascading set of rules to calculate the Index Price for a Fund Component when the Index Price for such Fund Component is unavailable. For the avoidance of doubt, the Manager will employ the below rules sequentially and in the order as presented below, should one or more specific rule(s) fail:

1. Index Price = The price set by the relevant Index Price as of 4:00 p.m., New York time, on the valuation date. If the relevant Index Price becomes unavailable, or if the Manager determines in good faith that such Index Price does not reflect an accurate digital asset price, then the Manager will, on a best efforts basis, contact the Index Provider to obtain the Index Price directly from the Index Provider. If after such contact such Index Price remains unavailable or the Manager continues to believe in good faith that such Index Price does not reflect an accurate price for the relevant digital asset, then the Manager will employ the next rule to determine the Index Price. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.
2. Index Price = The price set by Coin Metrics Real-Time Rate (the “Secondary Index”) as of 4:00 p.m., New York time, on the valuation date (the “Secondary Index Price”). The Secondary Index Price is a real-time reference rate price, calculated using trade data from constituent markets selected by Coin Metrics, Inc. (the “Secondary Index Provider”). The Secondary Index Price is calculated by applying weighted-median techniques to such trade data where half the weight is derived from the trading volume on each constituent market and half is derived from inverse price variance, where a constituent market with high price variance as a result of outliers or market anomalies compared to other constituent markets is assigned a smaller weight. The Secondary Index Provider and the Manager have entered into the master services agreement, dated as of August 4, 2020, and order forms thereunder, pursuant to which the Manager may obtain and use the Secondary Index and the Secondary Index Price from the Secondary Index Provider. If the Secondary Index Price for the relevant Fund Component becomes unavailable, or if the Manager determines in good faith that the Secondary Index Price does not reflect an accurate price for such Fund Component, then the Manager will, on a best efforts basis, contact the Secondary Index Provider to obtain the Secondary Index Price directly from the Secondary Index Provider. If after such contact the Secondary Index Price remains unavailable or the Manager continues to believe in good faith that the Secondary Index Price does not reflect an accurate price for such Fund Component, then the Manager will employ the next rule to determine the Index Price. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.
3. Index Price = The price set by the Fund’s principal market (the “Tertiary Pricing Option”) as of 4:00 p.m., New York time, on the valuation date. The Tertiary Pricing Option is a spot price derived from the relevant principal market’s public data feed that is believed to be consistently publishing pricing information as of 4:00 p.m., New York time, and is provided to the Manager via an application programming interface. If the Tertiary Pricing Option becomes unavailable, or if the Manager determines in good faith that the Tertiary Pricing Option does not reflect an accurate price for such Fund Component, then the Manager will, on a best efforts basis, contact the Tertiary Pricing Provider to obtain the Tertiary Pricing Option directly from the Tertiary Pricing Provider. If after such contact the Tertiary Pricing Option remains unavailable after such contact or the Manager continues to believe in good faith that the Tertiary Pricing Option does not reflect an accurate price for such Fund Component, then the Manager will employ the next rule to determine the Index Price. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.
4. Index Price = The Manager will use its best judgment to determine a good faith estimate of the Index Price. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.

In the event of a fork, the Index Provider may calculate the Index Price based on a digital asset that the Manager does not believe to be the appropriate asset that is held by the Fund (i.e., a digital asset other than the Fund Components). In this event, the Manager has full discretion to use a different index provider or calculate the Index Price itself using its best judgment. In such an event, the Exchange will submit a proposed rule filing to contemplate the assets that would subsequently be held by the Fund.

The Manager may, in its sole discretion, select a different index provider, select a different index price provided by the Index Provider, calculate the Index Price by using the cascading set of rules set forth above, or change the cascading set of rules set forth above at any time.

Forms of Attack Against Digital Asset Networks

All networked systems are vulnerable to various kinds of attacks. As with any computer network, each Digital Asset Network contains certain vulnerabilities. Digital Asset Networks rely on a network of validator nodes that agree on the order and validity of transactions. These nodes form the backbone of the consensus process. If the malicious actor cannot control the nodes directly, they might attempt to compromise the nodes that are already trusted by the network. This could involve hacking, bribery, deception or coercion. A malicious actor could also conduct an “eclipse attack.” In an eclipse attack, a malicious actor could isolate parts of the network so that the malicious actor’s nodes can influence the consensus in isolated sections of the network, eventually leading to a split or takeover.

In addition, many Digital Asset Networks have been subjected to a number of denial of service attacks, which has led to temporary delays in block creation and the transfer of digital assets. Any similar attacks on a Digital Asset Network underlying a Fund Component that impacts the ability to transfer such Fund Component could have a material adverse effect on the price of such Fund Component and the value of the Shares. This is not intended as an exhaustive list of all forms of attack against Digital Asset Networks. For additional information, see “Risk Factors.”

Market Participants

Miners and Proof-of-Work

Miners range from digital asset enthusiasts to professional mining operations that design and build dedicated machines and data centers, including mining pools, which are groups of miners that act cohesively and combine their processing power to solve blocks (in the case of PoW) or stake coins (in the case of PoS). When a pool mines a new block, the pool operator receives the digital asset and, after taking a nominal fee, splits the resulting reward among the pool participants based on the processing power each of them contributed to mine such block. Mining pools provide participants with access to smaller, but steadier and more frequent, digital asset payouts.

Under a PoW ecosystem, miners, through the use of a software program, engage in a set of prescribed complex mathematical calculations in order to add a block to the blockchain and thereby confirm transactions included in that block's data. The mathematical solution to add, or "solve," a block is called a hash. Miners validate unconfirmed transactions by adding the previously unconfirmed transactions to new blocks in the blockchain. Miners are incentivized to participate in PoW ecosystems because the addition of a block creates new tokens of the applicable digital asset, which are awarded to miners that successfully solve the block.

The significant increase in the number of miners supporting the operations of Digital Asset Networks and the associated increase in mining capacity in recent years have radically increased the difficulty of finding a valid hash on any given digital asset's network. In some respects, hashing is akin to a mathematical lottery, and miners that have devices with greater processing power (i.e., the ability to make more hash calculations per second) are more likely to be successful miners. Currently, the likelihood that an individual acting alone will be able to solve a block, and thus be awarded digital asset tokens, is extremely low. As a result, although there are individual miners, the vast majority of mining is undertaken by professional mining operations and mining "pools," which are groups of multiple miners that act cohesively and combine their processing power to solve blocks. When a pool solves a new block, the pool operator receives the digital asset reward and, after taking a nominal fee, splits the resulting amount among the pool participants based on the processing power they each contributed to solve for such block.

Validators and Proof-of-Stake

Unlike PoW, in which miners expend computational resources to compete to validate transactions and are rewarded coins in proportion to the amount of computational resources expended, in PoS, validators risk or "stake" coins to compete to be randomly selected to validate transactions and are rewarded coins in proportion to the amount of coins staked. Any malicious activity, such as validating multiple blocks, disagreeing with the eventual consensus or otherwise violating protocol rules, results in the forfeiture or "slashing" of a portion of the staked coins.

A validator is a node on a PoS blockchain that is responsible for securing the network, storing the history of transactions and confirming the validity of new transactions added to the next block in the chain. On the Ethereum network, a validator must stake 32 Ether in order to participate in maintaining the network. When a validator confirms a transaction, the validator receives a fee, sometimes referred to as a block reward. Validators range from digital asset enthusiasts to professional operations that design and build dedicated machines and data centers. During the course of ordering transactions and validating blocks, validators may be able to prioritize certain transactions in return for increased transaction fees, an incentive system known as "Maximal Extractable Value" or MEV. For example, in blockchain networks that facilitate DeFi protocols in particular, such as the Ethereum network, users may attempt to gain an advantage over other users by increasing offered transaction fees. Certain software solutions, such as Flashbots, have been developed which facilitate validators in capturing MEV produced by these increased fees.

Investment and Speculative Sector

This sector includes the investment and trading activities of both private and professional investors and speculators. Historically, larger financial services institutions are publicly reported to have limited involvement in investment and trading in digital assets, although the participation landscape is beginning to change. Currently, there is relatively limited use of digital assets in the retail and commercial marketplace in comparison to relatively extensive use by speculators, and a significant portion of demand for digital assets is generated by speculators and investors seeking to profit from the short- or long-term holding of digital assets.

Retail Sector

The retail sector includes users transacting in direct peer-to-peer digital asset transactions through the direct sending of the digital assets over Digital Asset Networks. The retail sector also includes transactions in which consumers pay for goods or services with digital assets through direct transactions or third-party service providers such as BitPay, Coinbase and GoCoin, although the use of digital assets as a means of payment is still developing.

Service Sector

This sector includes companies that provide a variety of services including the buying, selling, payment processing and storing of digital assets. Coinbase, Crypto.com, Kraken, LMAX Digital, and Bitstamp are some of the largest Digital Asset Trading Platforms by

volume traded. Coinbase Custody Trust Company, LLC, the Custodian for the Fund, is a digital asset custodian that provides custodial accounts that store digital assets for users. As a Digital Asset Network continues to grow in acceptance, it is anticipated that service providers will expand the currently available range of services and that additional parties will enter the service sector for Digital Asset Networks.

Competition

Thousands of digital assets, as tracked by CoinMarketCap.com as of June 30, 2025, have been developed since the inception of Bitcoin, which is currently the most developed digital asset because of the length of time it has been in existence, the investment in the infrastructure that supports it, and the network of individuals and entities that are using Bitcoin in transactions. While digital assets, including the Fund Components, have enjoyed some success in their limited history, the aggregate value of outstanding Fund Components, excluding Bitcoin, is much smaller than that of Bitcoin and may be eclipsed by the more rapid development of other digital assets. Some industry groups have also created private, permissioned blockchains. For example, J.P. Morgan has developed a platform called Kinexys, which is a blockchain-based platform designed for use by the financial services industry. Similar events may occur with other digital assets that are Fund Components.

Not a Regulated Commodity Pool

The Fund will not trade, buy, sell or hold digital asset derivatives, including digital asset futures contracts, on any futures trading platform. The Fund is authorized solely to take immediate delivery of actual digital assets or cash. The Manager does not believe the Fund's activities are required to be regulated by the U.S. Commodity Futures Trading Commission ("CFTC") under the Commodity Exchange Act of 1936, as amended ("CEA"), as a "commodity pool" under current law, regulation and interpretation. The Fund will not be operated by a CFTC-regulated commodity pool operator because it will not trade, buy, sell or hold digital asset derivatives, including digital asset futures contracts, on any futures trading platform. Investors in the Fund will not receive the regulatory protections afforded to investors in regulated commodity pools, nor may the COMEX division of the New York Mercantile Exchange or any futures trading platform enforce its rules with respect to the Fund's activities. In addition, investors in the Fund will not benefit from the protections afforded to investors in digital asset futures contracts on regulated futures trading platforms.

Government Oversight

As digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies (including FinCEN, the Treasury Department Office of Foreign Assets Control ("OFAC"), SEC, CFTC, the Financial Industry Regulatory Authority ("FINRA"), the Consumer Financial Protection Bureau ("CFPB"), the Department of Justice, the Department of Homeland Security, the Federal Bureau of Investigation, the U.S. Internal Revenue Service, a bureau of the U.S. Department of the Treasury (the "IRS"), the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve and state financial institution and securities regulators) have been examining the operations of Digital Asset Networks, digital asset users and the Digital Asset Markets, with particular focus on the extent to which digital assets can be used to launder the proceeds of illegal activities, evade sanctions or fund criminal or terrorist enterprises and the safety and soundness of trading platforms and other service providers that hold or custody digital assets for users. Many of these state and federal agencies have issued consumer advisories regarding the risks posed by digital assets to investors. In addition, federal and state agencies, and other countries and international bodies have issued rules or guidance about the treatment of digital asset transactions or requirements for businesses engaged in digital asset activity. Moreover, the failure of FTX Trading Ltd. ("FTX") in November 2022 and the resulting market turmoil substantially increased regulatory scrutiny in the United States and globally and led to SEC enforcement actions, criminal investigations, and other regulatory activity across the digital asset ecosystem.

There have been several bills introduced in, and in the case of the GENIUS Act passed by, Congress that propose to establish additional regulation and oversight of the digital asset markets. It is difficult to predict whether, or when, any of these developments will lead to Congress granting additional authorities to the SEC or other regulators, what the nature of such additional authorities might be, how additional legislation and/or regulatory oversight might impact the ability of digital asset markets to function or how any new regulations or changes to existing regulations might impact the value of digital assets generally and those held by us specifically. In addition, on January 23, 2025, President Trump issued an executive order titled "Strengthening American Leadership in Digital Financial Technology," aimed at supporting "the responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy." The executive order established an interagency working group tasked with "proposing a Federal regulatory framework governing the issuance and operation of digital assets" in the United States. Pursuant to this executive order, the working group released a report in July 2025 outlining the administration's recommendations to Congress and various agencies reflecting the administration's "pro-innovation mindset toward digital assets and blockchain technologies."

In addition, the SEC, U.S. state securities regulators and several foreign governments have issued warnings and instituted legal proceedings in which they argue that certain digital assets may be classified as securities and that both those digital assets and any related initial coin offerings or other primary and secondary market transactions are subject to securities regulations. For example, in June 2023, the SEC brought charges against Binance (the "Binance Complaint") and Coinbase (the "Coinbase Complaint"), and in

November 2023, the SEC brought charges against Kraken (the “Kraken Complaint”), alleging that they operated unregistered securities exchanges, brokerages and clearing agencies. In its complaints, the SEC asserted that several digital assets are securities under the federal securities laws, including SOL, which is currently one of the Fund Components held by the Fund representing approximately 3.01% of the Fund’s Principal Market NAV as of June 30, 2025. Between February 2025 and May 2025, the SEC entered into court-approved joint stipulations to dismiss each of the Binance Complaint, Coinbase Complaint and the Kraken Complaint. The SEC has terminated its investigation or enforcement action into many other digital asset market participants as well. Additionally, U.S. state and federal, and foreign regulators and legislatures have taken action against virtual currency businesses or enacted restrictive regimes in response to adverse publicity arising from hacks, consumer harm, or criminal activity stemming from virtual currency activity.

In addition, in December 2020, the SEC brought charges against Ripple Labs, Inc. and two of its executives asserting that XRP was a security. Subsequently, in July 2023, the District Court for the Southern District of New York held that while XRP is not a security, certain sales of XRP to certain buyers (but not other types of sales to other buyers) amounted to “investment contracts” under the *Howey* test. Following the court’s decision, major digital asset trading platforms announced that they would once again list XRP on their platforms, and subsequently, XRP met the inclusion criteria of the DLCS Index. The SEC’s action against XRP’s promoters underscores the continuing uncertainty around whether or which digital assets are securities. The District Court entered a final judgment in the case on August 7, 2024. As of June 30, 2025, XRP represented approximately 5.04% of the Fund’s Principal Market NAV. Additionally, U.S. state and federal, and foreign regulators and legislatures have taken action against virtual currency businesses or enacted restrictive regimes in response to adverse publicity arising from hacks, consumer harm, or criminal activity stemming from virtual currency activity.

In August 2021, the former chair of the SEC stated that he believed investors using digital asset trading platforms are not adequately protected, and that activities on the platforms can implicate the securities laws, commodities laws and banking laws, raising a number of issues related to protecting investors and consumers, guarding against illicit activity and ensuring financial stability. The former chair expressed a need for the SEC to have additional authorities to prevent transactions, products and platforms from “falling between regulatory cracks,” as well as for more resources to protect investors in “this growing and volatile sector.” The former chair called for federal legislation centering on digital asset trading, lending and DeFi platforms, seeking “additional plenary authority” to write rules for digital asset trading and lending. The SEC under the current administration, however, is taking a different approach to digital assets.

There have been several bills introduced in Congress that propose to establish additional regulation and oversight of the digital asset markets. Certain of these bills passed out of relevant committees and were passed in the House of Representatives in the last Congress, though not the Senate. Some of these bills have since been reintroduced with changes, and continue to be contemplated in the relevant committees, as well as the full House of Representatives and Senate. For example, in July 2025, the GENIUS Act was signed into law and the House of Representatives passed the CLARITY Act in an effort to pass laws relating to digital asset market structure. It is difficult to predict whether, or when, any of these developments will lead to Congress granting additional authorities to the SEC or other regulators, what the nature of such additional authorities might be, how additional legislation and/or regulatory oversight might impact the ability of digital asset markets to function or how any new regulations or changes to existing regulations might impact the value of digital assets generally and those held by us specifically. See “Item 1A. Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Fund and the Shares—Regulatory changes or actions by the U.S. Congress or any U.S. federal or state agencies may affect the value of the Shares or restrict the use of one or more digital assets, mining or validating activity or the operation of their networks or the Digital Asset Trading Platform Markets in a manner that adversely affects the value of the Shares,” “Item 1A. Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Fund and the Shares—The SEC has taken, and may in the future take, the view that some of the digital assets held by the Fund are securities, which has adversely affected, and could adversely affect the value of such digital assets and the price of the Shares and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Fund” and “Item 1A. Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Fund and the Shares—Changes in SEC policy could adversely impact the value of the Shares.”

Various foreign jurisdictions have, and may continue to, in the near future, adopt laws, regulations or directives that affect a Digital Asset Network, the Digital Asset Markets, and their users, particularly Digital Asset Trading Platforms and service providers that fall within such jurisdictions’ regulatory scope. For example:

- China has made transacting in cryptocurrencies illegal for Chinese citizens in mainland China, and additional restrictions may follow. China has banned initial coin offerings and there have been reports that Chinese regulators have taken action to shut down a number of China-based Digital Asset Trading Platforms.
- South Korea determined to amend its Financial Information Act in March 2020 to require virtual asset service providers to register and comply with its AML and counter-terrorism funding framework. These measures also provide the government with the authority to close Digital Asset Trading Platforms that do not comply with specified processes. South Korea has also banned initial coin offerings.
- The Reserve Bank of India in April 2018 banned the entities it regulates from providing services to any individuals or business entities dealing with or settling digital assets. In March 2020, this ban was overturned in the Indian Supreme Court, although the Reserve Bank of India is currently challenging this ruling.

- The United Kingdom’s Financial Conduct Authority published final rules in October 2020 banning the sale of derivatives and exchange-traded notes that reference certain types of digital assets, contending that they are “ill-suited” to retail investors citing extreme volatility, valuation challenges and association with financial crime. A new law, the Financial Services and Markets Act 2023 (“FSMA”), received royal assent in June 2023. The FSMA brings digital asset activities within the scope of existing laws governing financial institutions, markets and assets.
- The Parliament of the European Union approved the text of the Markets in Crypto-Assets Regulation (“MiCA”) in April 2023, establishing a regulatory framework for digital asset services across the European Union. MiCA is intended to serve as a comprehensive regulation of digital asset markets and imposes various obligations on digital asset issuers and service providers. The main aims of MiCA are industry regulation, consumer protection, prevention of market abuse and upholding the integrity of digital asset markets. MiCA was formally approved by the European Union’s member states in 2023. Certain parts of MiCA became effective as of June 2024 and the remainder applied as of December 2024.

There remains significant uncertainty regarding foreign governments’ future actions with respect to the regulation of digital assets and Digital Asset Trading Platforms. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of one or more digital assets by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the digital asset economy in the United States and globally, or otherwise negatively affect the value of the digital assets held by the Fund. The effect of any future regulatory change on the Fund or the digital assets held by the Fund is impossible to predict, but such change could be substantial and adverse to the Fund and the value of the Shares.

See “Item 1A. Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Fund and the Shares—Regulatory changes or other events in foreign jurisdictions may affect the value of the Shares or restrict the use of one or more digital assets, mining activity or the operation of their networks or the Digital Asset Markets in a manner that adversely affects the value of the Shares.”

Cayman Islands

Anti-Money Laundering and Countering of Terrorist and Proliferation Financing

In order to comply with legislation or regulations aimed at the prevention of money laundering and the countering of terrorist and proliferation financing the Fund is required to adopt and maintain procedures, and may require prospective investors to provide evidence to verify their identity, the identity of their beneficial owners/controllers (where applicable), and source of funds. Where permitted, and subject to certain conditions, the Fund may also rely upon a suitable person for the maintenance of these procedures (including the acquisition of due diligence information) or otherwise delegate the maintenance of such procedures to a suitable person (a “Relevant AML Person”).

The Fund, or the Relevant AML Person on the Fund’s behalf, reserve the right to request such information as is necessary to verify the identity of a prospective investor (i.e. a subscriber for or a transferee of interests in the Fund) and the identity of their beneficial owners/controllers (where applicable), and their source of subscription funds. Where the circumstances permit, the Fund, or the Relevant AML Person on the Fund’s behalf, may be satisfied that full due diligence is not required upon subscription where a relevant exemption applies under applicable law. However, detailed verification information may be required prior to the payment of any proceeds in respect of, or any transfer of, an interest in the Fund.

In the event of delay or failure on the part of the prospective investor in producing any information required for verification purposes, the Fund, or the Relevant AML Person on the Fund’s behalf, may refuse to accept the application, or if the application has already occurred, may suspend or redeem the interest, in which case any funds received will, to the fullest extent permitted by applicable law, be returned without interest to the account from which they were originally debited.

The Fund or the Relevant AML Person on the Fund’s behalf, also reserves the right to refuse to make any redemption or distribution payment to a holder of Fund interests if the Fund or the Relevant AML Person on the Fund’s behalf suspect or are advised that the payment of redemption or distribution proceeds to such interest holder may be non-compliant with applicable laws or regulations, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the Relevant AML Person with any applicable laws or regulations.

The Authority has a discretionary power to impose substantial administrative fines upon the Fund in connection with any breaches by the Fund of prescribed provisions of the Anti-Money Laundering Regulations (As Revised) of the Cayman Islands, as amended and revised from time to time, and upon any manager or officer of the Fund who either consented to or connived in the breach, or to whose neglect the breach is proved to be attributable. To the extent any such administrative fine is payable by the Fund, the Fund will bear the costs of such fine and any associated proceedings.

If any person in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or money laundering or is involved with terrorism or terrorist financing and property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of

the Cayman Islands (“FRA”), pursuant to the Proceeds of Crime Act (As Revised) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the FRA pursuant to the Terrorism Act (As Revised) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Investors may obtain details (including contact details) of the current AML Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer of the Fund, by contacting the Manager.

Sanctions

The Fund is subject to laws that restrict it from dealing with entities, individuals, organizations and/or investments which are subject to applicable sanctions regimes.

Accordingly, the Fund will require the subscriber to represent and warrant, on a continuing basis, that it is not, and that to the best of its knowledge or belief its beneficial owners, controllers or authorized persons (“Related Persons”) (if any) are not; (i) named on any list of sanctioned entities or individuals maintained by the US Treasury Department’s Office of Foreign Assets Control (“OFAC”) or the United Nations or pursuant to European Union (“EU”) and/or United Kingdom (“UK”) Regulations (as the latter are extended to the Cayman Islands by Statutory Instrument) and/or Cayman Islands legislation; (ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the United Nations, OFAC, the EU, the UK and/or the Cayman Islands apply; or (iii) otherwise subject to sanctions imposed by the United Nations, OFAC, the EU or the UK (including as the latter are extended to the Cayman Islands by Statutory Instrument) or the Cayman Islands (collectively, a “Sanctions Subject”).

Where the subscriber or a Related Person is or becomes a Sanctions Subject, the Fund may be required immediately and without notice to the subscriber to cease any further dealings with the subscriber and/or the subscriber’s interest in the Fund until the subscriber or the relevant Related Person (as applicable) ceases to be a Sanctions Subject, or a license is obtained under applicable law to continue such dealings (a “Sanctioned Persons Event”). The Fund and the Manager shall have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) incurred by the subscriber as a result of a Sanctioned Persons Event.

In addition, should any investment made on behalf of the Fund subsequently become subject to applicable sanctions, the Fund may immediately and without notice to the subscriber cease any further dealings with that investment until the applicable sanctions are lifted or a license is obtained under applicable law to continue such dealings.

Private Funds Act Regulation

The Fund is registered and regulated as a private fund under the Private Funds Act (As Revised) of the Cayman Islands (the “Private Funds Act”). The Authority has supervisory and enforcement powers to ensure the Fund’s compliance with the Private Funds Act. Regulation under the Private Funds Act will entail the filing of prescribed details and audited accounts annually with the Authority. As a regulated private fund, the Authority may at any time instruct the Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies or to provide a one-off or periodic report to the Authority on certain matters requested by the Authority in the connection with the private fund in such form and within such time as the Authority specifies. In addition the Authority may ask the Manager to give the Authority such documents, statements or other information in respect of the Fund as the Authority may reasonably require to enable it to carry out its duty under the Private Funds Act.

However, as a regulated private fund the Fund will not be subject to supervision in respect of its investment activities or the constitution of its investment assets by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Fund in certain circumstances.

The Authority may take certain actions if it is satisfied that a regulated private fund is or is likely to become unable to meet its obligations as they fall due, or is carrying on business fraudulently or otherwise in a manner detrimental to the public interest or to the interests of its investors or creditors, or is carrying on or is attempting to carry on business or is winding up of its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include, inter alia, the power to require the substitution of the Manager, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

The costs of registration of the Fund in the Cayman Islands and any costs, including legal costs and any registration or other fees payable to the Authority or any other governmental authority in the Cayman Islands, shall be incurred by the Manager.

Neither the Authority nor any other governmental authority in the Cayman Islands has commented upon or approved the terms of this document or the merits of an investment in the Fund. There is no investment compensation scheme available in the Cayman Islands to investors.

At the time of listing, the Fund intends to apply to de-register as a private fund with the Authority on the basis that the Fund will not be registrable with the Authority as an investment fund by virtue of the Shares being listed on the NYSE Arca being a recognized stock exchange by the Authority.

Beneficial Ownership Regime

Under the Beneficial Ownership Transparency Act (As Revised) of the Cayman Islands (the “BOTA”), unless a Cayman Islands entity is able to avail itself of an alternative route to compliance, it is required to take reasonable steps to identify its beneficial owners and certain intermediate holding entities, and to maintain a beneficial ownership register at its registered office in the Cayman Islands.

The Fund (or its subsidiaries) may be required to provide beneficial ownership information to its corporate services provider or other authorized contact of the Fund which, in turn, will provide such information to the competent authority in the Cayman Islands. Subscribers will be required, upon request by or on behalf of the Fund (or its subsidiaries), to provide such information and supporting documentation as is required in respect of the subscriber, its owners and/or controllers to satisfy the requirements, present or future, of the BOTA and to update such information and supporting documentation should any relevant change occur thereto.

As a private fund which is registered as such with the Authority, in lieu of maintaining a beneficial ownership register, the Fund is permitted to supply the contact details of an authorized contact, being a registered office services provider, a licensed fund administrator or another appropriately licensed Cayman Islands service provider (an “Authorized Contact”) that will be required to provide beneficial ownership information (on behalf of the Fund) to the competent authority, on request (from the competent authority), within 24 hours (or such longer period as is specified in the request). At the time of listing, in lieu of maintaining a beneficial ownership register, the Fund will be permitted to supply the name of the stock exchange on which the Shares will be listed, being the NYSE Arca.

Description of the Fund

The Fund was constituted on January 25, 2018 as a Cayman Islands limited liability company under the LLC Act. A Cayman Islands limited liability company is constituted by the filing with the Registrar of Limited Liability Companies a registration statement signed by or on behalf of any person forming the limited liability company and the payment of a registration fee.

From the date of registration, a limited liability company such as the Fund is considered a body corporate (with legal personality separate from that of its members from time to time) having the name contained in the certificate of registration, capable of exercising all the functions of a natural person of full capacity irrespective of any questions of corporate benefit and, without limitation, having perpetual succession, the capacity to sue and to be sued, defend legal proceedings in its name, and with power to acquire, hold and dispose of property and to incur liabilities and obligations but with such liability on the part of the members to contribute to the assets of the limited liability company in the event of its being wound up as provided pursuant to the LLC Act.

The Fund operates pursuant to the LLC Agreement. The Shares represent units of fractional undivided beneficial interest in, and ownership of, the Fund, with such relative rights and terms as set out in the LLC Agreement. In general, the Fund holds Fund Components, Forked Assets and cash in U.S. dollars and is expected from time to time to issue Baskets in exchange for contributions of Fund Components and cash and, subject to the Fund’s obtaining regulatory approval from the SEC to operate an ongoing redemption program and registering with the Authority (to the extent required) and the consent of the Manager, to distribute Fund Components and cash in connection with redemptions of Baskets.

The Fund is not a registered investment company under the Investment Company Act and the Manager believes that the Fund is not required to register under the Investment Company Act. The Fund will not hold or trade in commodity futures contracts or other derivative contracts regulated by the CEA, as administered by the CFTC. The Manager believes that the Fund is not a commodity pool for purposes of the CEA, and that the Manager is not subject to regulation as a commodity pool operator or a commodity trading adviser in connection with the operation of the Fund.

The Fund creates Shares from time to time but only in Baskets. A Basket equals a block of 100 Shares. The number of outstanding Shares is expected to increase from time to time as a result of the creation of Baskets. The creation of a Basket will require the delivery to the Fund of the Basket Amount, which is the sum of the Fund Component Basket Amounts for all Fund Components then held by the Fund, the Forked Asset Portion, if any, and the Cash Portion. See “—Creation of Shares” for more information on the calculation of the Basket Amount.

Although the redemption of Shares is provided for in the LLC Agreement, the redemption of Shares is not currently permitted and the Fund does not currently operate a redemption program. Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program when the shares of the Fund begin trading on NYSE Arca as shares of an exchange-traded product (“the Uplisting Date”). No assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Manager approves a redemption program for the Fund, the Shares will be redeemable in accordance with the provisions of the LLC Agreement and the Participant Agreement. Although the Manager cannot predict with certainty what effect, if any, the operation of a redemption program would have on the value of the Shares, a redemption program would allow Authorized Participants to take advantage of arbitrage opportunities created when the market value of

the Shares deviates from the value of the Fund's Fund Components, less the Fund's expenses and other liabilities, which may have the effect of reducing any premium at which the Shares trade on OTCQX over such value, or cause the Shares to trade at a discount to such value, which historically has been substantial.

Initially, each Share represented approximately 0.0005 of one Bitcoin, 0.0030 of one Ether, 1.1941 XRP, 0.0005 of one BCH and 0.0017 of one LTC. As of June 30, 2025, each Share represented approximately 0.0004 of one Bitcoin, 0.0022 of one Ether, 0.0094 of one SOL, 1.0632 XRP, and 0.6580 of one ADA. The amount of Fund Components required to create or, if permitted, to redeem a Basket is expected to gradually decrease over time due to the transfer or sale of the Fund's Fund Components to pay the Manager's Fee and any Additional Fund Expenses. The Shares are restricted shares and Authorized Participants may sell the Shares they purchase from the Fund to other investors only in transactions exempt from registration under the Securities Act. For a discussion of risks relating to the unavailability of a redemption program, see "Item 1A. Risk Factors—Risk Factors Related to the Fund and the Shares—Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Fund's ability to halt creations from time to time, there is no arbitrage mechanism to keep the value of the Shares closely linked to the Index Prices (or Digital Asset Reference Rates, prior to July 1, 2025) and the Shares have historically traded at a substantial premium over, or a substantial discount to, the NAV per Share." The Manager will determine the Fund's NAV on each business day as of 4:00 p.m., New York time, or as soon thereafter as practicable. The Manager will also determine the NAV per Share, which equals the NAV of the Fund divided by the number of outstanding Shares. Each business day, the Manager will publish the Fund's NAV and NAV per Share on the Fund's website, www.grayscale.com/funds/grayscale-digital-large-cap-fund/, as soon as practicable after the Fund's NAV and NAV per Share have been determined by the Manager. See "—Valuation of Digital Assets and Determination of NAV."

Pricing information is available on a 24-hour basis from various financial information service providers or digital asset information sites, such as CoinMarketCap.com. The spot prices and bid/ask spreads for several digital assets may also be generally available directly from Digital Asset Trading Platforms, such as Bitfinex, Bitstamp, Bullish, Bybit, Crypto.com, Gemini, itBit, Kraken, LMAX Digital, and OKX.

The Fund has no fixed termination date.

Service Providers of the Fund

The Manager

Until December 31, 2024, the Fund's Manager was Grayscale Investments, LLC, a Delaware limited liability company formed on May 29, 2013 and a wholly owned subsidiary of DCG. As a result of the Reorganization on January 1, 2025, Grayscale Investment Sponsors ("GSIS") and Grayscale Operating LLC ("GSO"), indirect wholly owned subsidiaries of DCG, became Co-Managers of the Fund. On January 3, 2025, GSO voluntarily withdrew as a Manager of the Fund, and effective May 3, 2025, GSIS is the sole remaining Manager. The Manager's principal place of business is 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902, and its telephone number is (212) 668-1427. Under the Delaware Limited Liability Company Act and the governing documents of the Manager, DCG, the sole equity holder of the Manager, is not responsible for the debts, obligations and liabilities of the Manager solely by reason of being the sole equity holder of the Manager.

The Manager is neither an investment adviser registered with the SEC nor a commodity pool operator registered with the CFTC, and will not be acting in either such capacity with respect to the Fund, and the Manager's provision of services to the Fund will not be governed by the Investment Advisers Act or the CEA.

The Manager arranged for the creation of the Fund and quotation of the Shares on OTCQX. As partial consideration for its receipt of the Manager's Fee from the Fund, the Manager is obligated to pay the Manager-paid Expenses. The Manager also paid the costs of the Fund's organization and the costs of the initial sale of the Shares.

The Manager is generally responsible for the day-to-day administration of the Fund under the provisions of the LLC Agreement. This includes (i) preparing and providing periodic reports and financial statements on behalf of the Fund to investors, (ii) processing orders to create Baskets and coordinating the processing of such orders with the Custodian and the Transfer Agent, (iii) calculating and publishing the NAV and the NAV per Share of the Fund each business day as of 4:00 p.m., New York time, or as soon thereafter as practicable, (iv) selecting and monitoring the Fund's service providers and from time to time engaging additional, successor or replacement service providers, (v) instructing the Custodian to transfer the Fund's digital assets, cash and/or Forked Assets, as needed to pay the Manager's Fee and any Additional Fund Expenses, (vi) upon dissolution of the Fund, distributing the Fund's remaining digital assets (including Fund Components and/or Forked Assets) or the cash proceeds of the sale of digital assets, as well as any of the cash held by the Fund at such time, to the owners of record of the Shares and (vii) establishing the principal market for each Fund Component of the Fund for U.S. GAAP purposes. In addition, if there is a fork in the network of any Fund Component held by the Fund, the Manager will use its discretion to determine, in good faith, which peer-to-peer network, among a group of incompatible forks of such network, is generally accepted as the network for such Fund Component and should therefore be considered the appropriate network for such Fund Component for the Fund's purposes.

The Manager does not store, hold, or maintain custody or control of the Fund's digital assets but instead has entered into the Custodian Agreement with the Custodian to facilitate the security of the Fund's digital assets.

The Manager may transfer all or substantially all of its assets to an entity that carries on the business of the Manager if at the time of the transfer the successor assumes all of the obligations of the Manager under the LLC Agreement. In such an event, the Manager will be relieved of all further liability under the LLC Agreement.

The Manager's Fee is paid by the Fund to the Manager as compensation for services performed under the LLC Agreement and as partial consideration for the Manager's agreement to pay the Manager-paid Expenses. See "—Expenses; Sales of Digital Assets."

The Manager has sole discretion to replace the CD5 with a different Large Cap index and sole discretion to replace the Index Provider with a different Large Cap index provider, and may replace either the CD5 or the Index Provider from time to time. The Index Provider has sole discretion over the CD5 Methodology and may change it from time to time. The current CD5 Methodology and current Index Components are available at the Index Provider's public website, at <https://indices.coindesk.com/indices/cd5>. The Index Provider has sole discretion over the determination of Index Prices and may change the methodologies for determining the Index Prices from time to time.

Distribution and Marketing Agreement

Effective October 3, 2022, the Manager has entered into a distribution and marketing agreement (the "Distribution and Marketing Agreement") with Grayscale Securities, LLC, a Delaware limited liability company ("Grayscale Securities"), a wholly owned subsidiary of the Manager and an affiliate and related party of the Fund, to assist the Manager in distributing the Shares, developing an ongoing marketing plan for the Fund; preparing marketing materials regarding the Shares, including the content on the Fund's website, and executing the marketing plan for the Fund.

On October 3, 2022, in connection with the entry into the Distribution and Marketing Agreement with Grayscale Securities, the Manager and Genesis Global Trading, Inc. ("Genesis") agreed to terminate the distribution and marketing agreement, dated November 15, 2019, among the Manager, the Fund and Genesis, pursuant to which Genesis assisted the Manager in distributing the Shares, as described further in "—Authorized Participants". As a result, effective October 3, 2022, Genesis has no longer acted as the distributor and marketer of the Shares of the Fund.

Marketing Agent Agreement

The Manager, on behalf of the Fund, is party to a marketing agent agreement dated June 25, 2025 (as amended, the "Marketing Agent Agreement") with Foreside Fund Services, LLC (the "Marketing Agent"). Under the Marketing Agent Agreement, the Marketing Agent will provide the following services to the Manager: (i) assist the Manager in facilitating Participation Agreements between and among Authorized Participants, the Manager, on behalf of the Fund, and the Transfer Agent; (ii) provide prospectuses to Authorized Participants; (iii) work with the Transfer Agent to review and approve orders placed by the Authorized Participants and transmitted to the Transfer Agent; (iv) review and file applicable marketing materials with FINRA and (v) maintain, reproduce and store applicable books and records related to the services provided under the Marketing Agent Agreement. The Manager will pay the Marketing Agent an annual fee, as well as certain out-of-pocket fees and expenses of the Marketing Agent incurred in connection with its assistance in the marketing of the Fund and its Shares.

Although executed on June 25, 2025, the Marketing Agent Agreement shall not become effective and the services to be provided under the Marketing Agent Agreement shall not be provided until the date on which the shares of the Fund begin trading on NYSE Arca as shares of an exchange-traded product (the "Uplisting Date").

Index License Agreement

The Index Provider and the Manager have entered into the Index License Agreement with CoinDesk Indices, Inc., the Index Provider, governing the Manager's use of various indices for the calculation of the Index Prices. The Index Provider may adjust the calculation methodology for an Index Price without notice to, or consent of, the Fund or its shareholders. Under the Index License Agreement, the Manager pays a monthly fee and a fee based on the NAV of the Fund to the Index Provider in consideration of its license to the Manager of Index Price-related intellectual property. The initial term of the Index License Agreement was February 1, 2022 through the later of February 29, 2024 and the latest date set forth on any order form executed under the Index License Agreement. On June 20, 2023, the Manager and the Index Provider entered into an amendment to the Index License Agreement to extend the initial term of the Index License Agreement from February 29, 2024, to February 28, 2025. Thereafter, the Index License Agreement will automatically renew on an annual basis, unless a notice of non-renewal is provided. The Index License Agreement is terminable by either party upon written notice in the event of a material breach that remains uncured for thirty days after initial written notice of such breach. Further, either party may terminate the Index License Agreement immediately upon notice under certain circumstances, including with respect to the other party's (i) insolvency, bankruptcy or analogous event or (ii) violation of money transmission, taxation or trading regulations that materially adversely affect either party's ability to perform under the Index License Agreement. On June 25, 2025, the Manager and the Index Provider entered into a further amendment to the Index License Agreement that, among other things,

governs the Manager's use of the Index to calculate the value of the Fund Components and sets forth certain licensing rights and obligations concerning the Manager's use of the Index in connection with its efforts to convert the Fund into an ETF listed on NYSE Arca.

COINDESK[®] and CoinDesk 5 Index (the "Index") are trade or service marks of CoinDesk Indices, Inc. (with its affiliates, including CC Data Limited, "CDI") and/or its licensors. CDI or CDI's licensors own all proprietary rights in the Data.

CDI is not the issuer or producer of the Fund and has no responsibilities, obligations, or duties to investors in or holders of the Fund. The Index is licensed for use by the Manager as the manager of the Fund. The only relationship that CDI has with the Manager in respect of the Fund is the licensing of the Index, which is administered and published by CDI, or any successor thereto, without regard to the Manager or the owners or holders of Shares of the Fund.

Investors or holders acquire shares of the Fund offered by the Manager and investors and holders neither acquire any interest in the Index nor enter into any relationship of any kind whatsoever with CDI upon making an investment in or acquisition of the Fund. The Fund is not managed, endorsed, sold, or promoted by CDI. CDI makes no representation or warranty, express or implied, regarding the advisability of investing in or otherwise acquiring the Fund or the advisability of investing in securities or digital assets generally or the ability of the Index to track corresponding or relative market performance. CDI has not passed on the legality or suitability of the Fund with respect to any person or entity. CDI is not responsible for, nor has participated in, the determination of the timing of, prices at, or quantities of the Fund to be issued. CDI has no obligation to take the needs of the Manager or the owners or holders of the Fund or any other third party into consideration in administering, composing, calculating, or publishing the Index. CDI has no obligation or liability in connection with administration, marketing, or trading of the Fund.

The licensing agreement between the Manager and CDI is solely for the benefit of the Manager and CDI and not for the benefit of the owners or holders of Shares of the Fund or any other third parties.

CDI shall have no liability to the Manager, the Fund, investors, holders or other third parties for the quality, accuracy and/or completeness of the index or any data included therein or for interruptions in the delivery of the data. CDI hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any other data included therein. CDI reserves the right to change the methods of calculation or publication, or to cease the calculation or publication of the Index and shall not be liable for any miscalculation of or any incorrect, delayed, or interrupted publication with respect to the Index. CDI shall not be liable for any damages, including, without limitation, any special, indirect or consequential damages, or any lost profits, even if advised of the possibility of such, resulting from the use of the Index or any other data included therein or with respect to the Fund.

The Transfer Agent

Continental Stock Transfer & Trust Company, a Delaware corporation, currently serves as the Transfer Agent of the Fund pursuant to the terms and provisions of the Transfer Agency and Service Agreement. The Transfer Agent has its principal office at 1 State Street, 30th Floor, New York, NY 10004. A copy of the Transfer Agency and Service Agreement is available for inspection at the Manager's principal office identified herein.

The Transfer Agent holds the Shares primarily in book-entry form. The Manager directs the Transfer Agent to credit the number of Creation Baskets to the investor on behalf of which an Authorized Participant submitted a creation order. The Transfer Agent will issue Creation Baskets. The Transfer Agent will also assist with the preparation of shareholders' account and tax statements.

The Manager will indemnify and hold harmless the Transfer Agent, and the Transfer Agent will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

Fees paid to the Transfer Agent are a Manager-paid Expense.

The Manager of the Fund and The Bank of New York Mellon ("BNY") plan to enter into a Transfer Agency and Service Agreement (the "Future Transfer Agency and Service Agreement") engaging BNY to serve as the transfer agent for the Fund (the "Future Transfer Agent") effective as of the Uplisting Date. Under the Future Transfer Agency and Service Agreement, the Transfer Agent will provide the following services to the Fund and the Manager as of the Uplisting Date: (1) facilitate the issuance and redemption of shares of the Fund; (2) respond to correspondence by Fund shareholders and others relating to its duties; (3) maintain shareholder accounts; and (4) make periodic reports to the Fund. Fees paid to the Transfer Agent are a Manager-paid Expense. BNY also serves as the administrator for the Fund.

On June 25, 2025, the Manager and Continental Stock Transfer & Fund Company, a Delaware corporation ("Continental"), entered into a Co-Transfer Agency Agreement (the "Co-Transfer Agency Agreement") engaging Continental to serve as a co-transfer agent for the Fund (in this capacity, the "Co-Transfer Agent"). In connection with the entry into the Future Transfer Agency and Services Agreement with BNY and the Co-Transfer Agency Agreement with Continental, the Manager and Continental agreed to terminate, as of the Uplisting Date, the transfer agency and services agreement, dated December 12, 2017, among the Manager, the Fund and Continental, pursuant to which Continental served as transfer agent for the Fund. As a result, effective as of the Uplisting Date, Continental will no longer act as the transfer agent for the Fund but will continue to serve as the Co-Transfer Agent.

Although executed as of June 25, 2025, the Co-Transfer Agency Agreement shall not become effective and the services to be provided under the Co-Transfer Agency Agreement shall not be provided until the Uplisting Date.

Authorized Participants

An Authorized Participant must enter into a “Participant Agreement” with the Manager and the Fund to govern its placement of orders to create (and, should the Fund commence a redemption program, redeem) Baskets. The Participant Agreement sets forth the procedures for the creation and redemption of Baskets and for the delivery of digital assets required for creations and redemptions. A copy of the form of Participant Agreement is available for inspection at the Manager’s principal office identified herein.

Each Authorized Participant must (i) be a registered broker-dealer, (ii) enter into a Participant Agreement with the Manager and (iii) own a digital asset wallet address that is known to the Custodian as belonging to the Authorized Participant, or another entity that has been engaged to source digital assets (any such representative, a “Liquidity Provider”). A list of the current Authorized Participants can be obtained from the Manager. Prior to October 3, 2022, Genesis (in such capacity, an “Authorized Participant”), a registered broker-dealer and wholly owned subsidiary of DCG, was the only Authorized Participant, and was party to a participant agreement with the Manager and the Fund.

Effective October 3, 2022, the Manager entered into a Participant Agreement with Grayscale Securities, pursuant to which Grayscale Securities has agreed to act as an Authorized Participant of the Fund, and terminated its participant agreement with Genesis, dated January 11, 2019, among the Manager, the Fund and Genesis, which provided the procedures for the creation of Shares. As a result, since October 3, 2022, Genesis ceased acting as an Authorized Participant of the Fund, but served as a Liquidity Provider to Grayscale Securities from October 3, 2022 through September 12, 2023.

As of the date of this Annual Report, Grayscale Securities is the only acting Authorized Participant. The Manager intends to engage additional Authorized Participants that are unaffiliated with the Fund in the future.

No Authorized Participant has any obligation or responsibility to the Manager or the Fund to effect any sale or resale of Shares.

The Custodian

Coinbase Custody Trust Company, LLC is a fiduciary under § 100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act. The Custodian is authorized to serve as the Fund’s custodian under the LLC Agreement and pursuant to the terms and provisions of the Custodian Agreement. The Custodian has its principal office at 200 Park Avenue South, Suite 1208, New York, NY 10003. A copy of the Custodian Agreement is available for inspection at the Manager’s principal office identified herein.

Under the Custodian Agreement, the Custodian controls and secures the Fund’s “Digital Asset Account,” a segregated custody account to store private keys, which allow for the transfer of ownership or control of the Fund Components, on the Fund’s behalf. The Custodian’s services (i) allow Fund Components to be deposited from a public blockchain address to the Fund’s Digital Asset Account and (ii) allow the Fund or Manager to withdraw Fund Components from the Fund’s Digital Asset Account to a public blockchain address the Fund or Manager controls (the “Custodial Services”). The Digital Asset Account uses offline storage, or “cold” storage, mechanisms to secure the Fund’s private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet.

The Custodian will withdraw from the Fund’s Digital Asset Account the amount of Fund Components necessary to pay the Fund’s expenses.

Fees paid to the Custodian are a Manager-paid Expense.

Under the Custodian Agreement, each of the Custodian and the Fund has agreed to indemnify and hold harmless the other party from any third-party claim or third-party demand (including reasonable and documented attorneys’ fees and any fines, fees or penalties imposed by any regulatory authority) arising out of or related to the Custodian’s or the Fund’s, as the case may be, breach of the Custodian Agreement, inaccuracy in any of the Custodian’s or the Fund’s, as the case may be, representations or warranties in the Custodian Agreement, or the Fund’s violation, or the Custodian’s knowing violation, of any law, rule or regulation, or the rights of any third party, except where such claim directly results from the gross negligence, fraud or willful misconduct of the other such party. In addition, the Fund has agreed to indemnify the Custodian with respect to any Forked Assets abandoned by the Fund and any tax liability relating thereto or arising therefrom.

The Custodian and its affiliates may from time to time purchase or sell Fund Components for their own accounts and as agent for their customers or Shares for their own accounts. The foregoing notwithstanding, Fund Components in the Digital Asset Account are not treated as general assets of the Custodian and cannot be commingled with any other digital assets held by the Custodian. The Custodian serves as a fiduciary and custodian on the Fund’s behalf, and the Fund Components in the Digital Asset Account are considered fiduciary assets that remain the Fund’s property at all times.

Once each calendar year, the Manager or the Fund may request that the Custodian deliver a certificate signed by a duly authorized officer to certify that all representations and warranties made by the Custodian in the Custodian Agreement are true and correct on and as of the date of such certificate, and have been true and correct throughout the preceding year. In addition, the Custodian has agreed to allow the Fund and the Manager to take any necessary steps to verify that satisfactory internal control system and procedures are in place, and to visit and inspect the systems on which the Custodian's coins are held.

If the Custodian resigns in its capacity as custodian, the Manager may appoint an additional or replacement custodian and enter into a custodian agreement on behalf of the Fund with such custodian. Furthermore, the Manager and the Fund may use Fund Components custody services or similar services provided by entities other than Coinbase Custody Trust Company, LLC at any time without prior notice to Coinbase Custody Trust Company, LLC.

On June 25, 2025, the Fund, the Manager and Coinbase, Inc., the prime broker of the Fund ("Coinbase" or the "Prime Broker"), on behalf of itself and as agent for the Custodian and Coinbase Credit, Inc. ("Coinbase Credit" and, collectively with Coinbase and the Custodian, the "Coinbase Entities"), entered into the Coinbase Prime Broker Agreement, which includes the Coinbase Custodial Services Agreement attached thereto as Exhibit A (the "CSA"), the Coinbase Settlement and Transfer Agreement attached thereto as Exhibit B (the "STA") and all other exhibits, addenda and supplements attached thereto (collectively with the CSA and STA, the "Prime Broker Agreement") governing the Fund's and the Manager's use of the custodial and prime broker services provided by the Custodian and the Prime Broker. The Prime Broker Agreement establishes the rights and responsibilities of the Custodian, the Prime Broker, the Manager and the Fund with respect to the Fund's Fund Components which are held in accounts maintained and operated by the Custodian, as a fiduciary with respect to the Fund's assets, and the Prime Broker (together with the Custodian, the "Custodial Entities") on behalf of the Fund.

The Prime Broker Agreement shall not become effective until the Uplisting Date. In connection with the entry into the Prime Broker Agreement, the Manager and the Custodian agreed to terminate, as of the Uplisting Date, the Custodian Agreement.

The Custodian and certain of its affiliates are party to the Prime Broker Agreement.

Fund Administration and Accounting

The Manager of the Fund has engaged BNY Mellon Asset Servicing, a division of The Bank of New York Mellon, a New York corporation authorized to do a banking business ("BNY"), to provide the Fund with certain administrative and accounting services pursuant to the Fund Administration and Accounting Agreement with BNY, which became effective on June 4, 2025.

The Distributor and Marketer

Prior to October 3, 2022, Genesis was the distributor and marketer of the Shares. Since October 3, 2022, Grayscale Securities is the distributor and marketer of the Shares, and Genesis ceased acting as the distributor and marketer of the Shares of the Fund. Grayscale Securities is a registered broker-dealer with the SEC and is a member of FINRA.

In its capacity as distributor and marketer, Grayscale Securities assists the Manager in developing an ongoing marketing plan for the Fund; preparing marketing materials regarding the Shares, including the content on the Fund's website, www.grayscale.com/funds/grayscale-digital-large-cap-fund/; and executing the marketing plan for the Fund. Grayscale Securities is an affiliate of the Manager.

The Manager has entered into a Distribution and Marketing Agreement with Grayscale Securities. The Manager may engage additional or successor distributors and marketers in the future.

Custody of the Fund's Digital Assets

Digital assets and digital asset transactions are recorded and validated on blockchains, the public transaction ledgers of a Digital Asset Network. Each digital asset blockchain serves as a record of ownership for all of the units of such digital asset, even in the case of certain privacy-preserving digital assets, where the transactions themselves are not publicly viewable. All digital assets recorded on a blockchain are associated with a public blockchain address, also referred to as a digital wallet. Digital assets held at a particular public blockchain address may be accessed and transferred using a corresponding private key.

Key Generation

Public addresses and their corresponding private keys are generated by the Custodian in secret key generation ceremonies at secure locations inside faraday cages, which are enclosures used to block electromagnetic fields and thus mitigate against attacks. The Custodian uses quantum random number generators to generate the public and private key pairs.

Once generated, private keys are encrypted, separated into "shards" and then further encrypted. After the key generation ceremony, all materials used to generate private keys, including computers, are destroyed. All key generation ceremonies are performed offline. No party other than the Custodian has access to the private key shards of the Fund, including the Fund itself.

Key Storage

Private key shards are distributed geographically in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes.

The Digital Asset Account uses offline storage, or “cold storage,” mechanisms to secure the Fund’s private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet. Cold storage of private keys may involve keeping such keys on a non-networked (or “air-gapped”) computer or electronic device or storing the private keys on a storage device (for example, a USB thumb drive) or printed medium (for example, papyrus, paper or a metallic object). A digital wallet may receive deposits of digital assets but may not send digital assets without use of the digital assets’ corresponding private keys. In order to send digital assets from a digital wallet in which the private keys are kept in cold storage, either the private keys must be retrieved from cold storage and entered into an online, or “hot,” digital asset software program to sign the transaction, or the unsigned transaction must be transferred to the cold server in which the private keys are held for signature by the private keys and then transferred back to the online digital asset software program. At that point, the user of the digital wallet can transfer its digital assets.

Security Procedures

The Custodian is the custodian of the Fund’s private keys in accordance with the terms and provisions of the Custodian Agreement. Transfers from the Digital Asset Account requires certain security procedures, including but not limited to, multiple encrypted private key shards, usernames, passwords and 2-step verification. Multiple private key shards held by the Custodian must be combined to reconstitute the private key to sign any transaction in order to transfer the Fund’s assets. Private key shards are distributed geographically in secure vaults around the world, including in the United States.

As a result, if any one secure vault is ever compromised, this event will have no impact on the ability of the Fund to access its assets, other than a possible delay in operations, while one or more of the other secure vaults is used instead. These security procedures are intended to remove single points of failure in the protection of the Fund’s assets.

Transfers of Fund Components to the Digital Asset Account will be available to the Fund once processed on the relevant blockchain.

Subject to obtaining regulatory approval to operate a redemption program and authorization of the Manager, the process of accessing and withdrawing Fund Components from the Fund to redeem a Basket by an Authorized Participant will follow the same general procedure as transferring Fund Components to the Fund to create a Basket by an Authorized Participant, only in reverse. See “—Description of Creation of Shares.”

Description of the Shares

The Fund is authorized under the LLC Agreement to create and issue an unlimited number of Shares. Shares will be issued only in Baskets (a Basket equals a block of 100 Shares) in connection with creations. The Shares represent equal, fractional, undivided interest in, the profits, losses, distributions, capital and assets of and ownership of the Fund with such relative rights and terms as set out in the LLC Agreement. The Shares are quoted on OTCQX under the ticker symbol “GDLC.”

Description of Limited Rights

The Shares do not represent a traditional investment and should not be viewed as similar to “shares” of a corporation operating a business enterprise with management and a board of directors. A shareholder will not have the statutory rights normally associated with the ownership of shares of a corporation. Each Share is transferable, is fully paid and non-assessable and entitles the holder to vote on the limited matters upon which shareholders may vote under the LLC Agreement. For example, shareholders do not have the right to remove the Manager. The Shares do not entitle their holders to any conversion or pre-emptive rights or, except as discussed below, any redemption rights or rights to distributions.

Voting and Approvals

Under the LLC Agreement, shareholders have limited voting rights. For example, in the event that the Manager withdraws, a majority of the shareholders may elect and appoint a successor manager to carry out the affairs of the Fund. In addition, no amendments to the LLC Agreement that materially adversely affect the interests of shareholders may be made without the vote of at least a majority (over 50%) of the Shares (not including any Shares held by the Manager or its affiliates). However, the Manager may make any other amendments to the LLC Agreement in its sole discretion without shareholder consent, provided that the Manager provides 20 days’ notice of any such amendment.

Distributions

Pursuant to the terms of the LLC Agreement, the Fund may make distributions on the Shares in-cash or in-kind, including in such form as is necessary or permissible for the Fund to facilitate its shareholders' access to any Forked Assets.

In addition, if the Fund is wound up, liquidated and dissolved, the Manager will distribute to the shareholders any amounts of the cash proceeds of the liquidation of the Fund's assets remaining after the satisfaction of all outstanding liabilities of the Fund and the establishment of reserves for applicable taxes, other governmental charges and contingent or future liabilities as the Manager will determine. See "—Description of the LLC Agreement—Termination of the Fund." Shareholders of record on the record date fixed by the Transfer Agent for a distribution will be entitled to receive their pro rata portions of any distribution.

Forked Assets; Appointment of Agent

Pursuant to the terms of the LLC Agreement, the Fund may take any lawful action necessary or desirable in connection with its ownership of Forked Assets. These actions may include (i) selling in the Digital Asset Markets Forked Assets and distributing the cash proceeds to shareholders, (ii) distributing Forked Assets in kind to the shareholders or to an agent acting on behalf of the shareholders for sale by such agent if an in-kind distribution would otherwise be infeasible, (iii) irrevocably abandoning Forked Assets and (iv) holding Forked Assets until the subsequent Fund Rebalancing Period, at which point the Manager may take any of the foregoing actions.

On July 29, 2019, the Manager delivered to the Custodian the Pre-Creation Abandonment Notice stating that the Fund is abandoning irrevocably for no direct or indirect consideration, effective immediately prior to each Creation Time, all Forked Assets to which it would otherwise be entitled as of such time, provided that a Pre-Creation Abandonment will not apply to any Forked Assets if (i) the Fund has taken, or is taking at such time, an Affirmative Action to acquire or abandon such Forked Assets at any time prior to such Creation Time or (ii) such Forked Assets has been subject to a previous Pre-Creation Abandonment. An Affirmative Action is a written notification from the Manager to the Custodian of the Fund's intention (i) to acquire and/or retain a Forked Asset or (ii) to abandon any Forked Assets with effect prior to the relevant Creation Time.

For Forked Assets with respect to which the Manager takes an Affirmative Action to acquire such Forked Asset, the Manager currently expects that it would (a) distribute the Forked Asset in kind to an agent on behalf of shareholders of record on a specified record date for sale by such agent or (b) monitor the Forked Asset from the date of the relevant fork, airdrop or similar event, or the date on which the Manager becomes aware of such event, leading up to, but not necessarily until, the subsequent Fund Rebalancing Period.

In the case of option (a), the shareholders' agent would attempt to sell the Forked Asset, and if the agent is able to do so, remit the cash proceeds, net of expenses and applicable withholding taxes, to the relevant record date shareholders. The Manager may cause the Fund to appoint Grayscale Investments Sponsors, LLC (acting other than in its capacity as Manager) or any of its affiliates to act as such agent. Any agent appointed to facilitate a distribution of Forked Assets will receive an in-kind distribution of Forked Assets on behalf of the shareholders of record with respect to such distribution, and following receipt of such distribution, will determine whether and when to sell the distributed Forked Assets on behalf of the record date shareholders. There can be no assurance as to the price or prices for any Forked Asset that the agent may realize, and the value of the Forked Asset may increase or decrease after any sale by the agent.

The Manager expects that any agent so appointed would not receive any compensation in connection with its role as agent, but would be entitled to receive from the record-date shareholders, out of the distributed Forked Assets, an amount of Forked Assets with an aggregate fair market value equal to the amount of administrative and other reasonable expenses incurred by the agent in connection with its activities as agent of the record-date shareholders, including expenses incurred by the agent in connection with any post-distribution sale of such Forked Assets. Should the Manager determine to distribute Forked Assets to an agent on behalf of shareholders to facilitate the distribution of Forked Assets in kind, the Manager currently expects to cause the Fund to appoint Grayscale Investments Sponsors, LLC, acting other than in its capacity as Manager, to act in such capacity.

In the case of option (b), leading up to the subsequent Fund Rebalancing Period, if the sale of such Forked Asset is economically and technologically feasible, the Manager currently expects to cause the Fund to sell such Forked Asset and use the cash proceeds to purchase additional tokens of the Fund Components then held by the Fund in proportion to their respective Weightings. If the sale of a Forked Asset is either economically or technologically infeasible at the time of the next Fund Rebalancing Period, the Manager may cause the Fund to abandon or continue holding such Forked Asset until such time as the sale is economically and technologically feasible, as determined by the Manager, in its sole discretion. In addition, the Manager may determine that a Forked Asset has a high probability of qualifying for inclusion in the Fund's portfolio once it has been trading for three months and can thus meet the liquidity requirements of the CD5 Methodology. Should the Manager make such a determination, the Manager may, in its discretion, cause the Fund to continue to hold the Forked Asset until such time as the Manager determines to sell or abandon the Forked Asset or to include the Forked Asset in the Fund's portfolio as a Fund Component. In the case of abandonment of Forked Assets, the Fund would not receive any direct or indirect consideration for the Forked Assets and thus the value of the Shares will not reflect the value of the Forked Assets.

Creation of Shares

The Fund creates Shares at such times and for such periods as determined by the Manager, but only in one or more whole Baskets. A Basket equals 100 Shares. See “—Description of Creation of Shares.” The creation of a Basket requires the delivery to the Fund of the amount of Fund Components represented by one Share immediately prior to such creation multiplied by 100. The Fund may from time to time halt creations, including for extended periods of time, for a variety of reasons, including in connection with forks, airdrops and other similar occurrences.

Redemption of Shares

Redemptions of Shares are currently not permitted and the Fund is unable to redeem Shares. Subject to receipt of regulatory approval from the SEC, approval by the Manager in its sole discretion and registration, to the extent required, with the Authority under the laws and regulations of the Cayman Islands after making such modifications to the LLC Agreement as may be necessary to effect such registration, the Fund may in the future operate a redemption program.

No assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Manager approves a redemption program, the Shares will be redeemable only in accordance with the provisions of the LLC Agreement and the relevant Participant Agreement. See “Item 1A. Risk Factors—Risk Factors Related to the Fund and the Shares—Because of the holding period under Rule 144, the lack of an ongoing redemption program, and the Fund’s ability to halt creations from time to time, there is no arbitrage mechanism to keep the value of the Shares closely linked to the Index Prices (or Digital Asset Reference Rates, prior to July 1, 2025) and the Shares have historically traded at a substantial premium over, or a substantial discount to, the NAV per Share,” “Item 1A. Risk Factors—Risk Factors Related to the Fund and the Shares—The Shares may trade at a price that is at, above or below the Fund’s NAV per Share as a result of the non-current trading hours between OTCQX and the Digital Asset Trading Platform Market” and “Item 1A. Risk Factors—Risk Factors Related to the Fund and the Shares—The restrictions on transfer and redemption may result in losses on the value of the Shares.”

Transfer Restrictions

Shares purchased in the private placement are restricted securities that may not be resold except in transactions exempt from registration under the Securities Act and state securities laws and any such transaction must be approved by the Manager. In determining whether to grant approval, the Manager will specifically look at whether the conditions of Rule 144 under the Securities Act and any other applicable laws have been met. Any attempt to sell Shares without the approval of the Manager in its sole discretion will be void ab initio.

Pursuant to Rule 144, a minimum six-month holding period applies to all Shares purchased from the Fund.

On a bi-weekly basis, the Fund aggregates the Shares that have been held for the requisite holding period under Rule 144 by non-affiliates of the Fund to assess whether the Rule 144 transfer restriction legends may be removed. Any Shares that qualify for the removal of the Rule 144 transfer restriction legends are presented to outside counsel, who may instruct the Transfer Agent to remove the transfer restriction legends from the Shares, allowing the Shares to then be resold without restriction, including on OTCQX Best Market. The outside counsel requires that certain representations be made, providing that:

- the Shares subject to each sale have been held for the requisite holding period under Rule 144 by the selling shareholder;
- the shareholder is the sole beneficial owner of the Shares;
- the Manager is aware of no circumstances in which the shareholder would be considered an underwriter or engaged in the distribution of securities for the Fund;
- none of the Shares are subject to any agreement granting any pledge, lien, mortgage, hypothecation, security interest, charge, option or encumbrance;
- none of the identified selling shareholders is an affiliate of the Manager;
- the Manager consents to the transfer of the Shares; and
- outside counsel and the Transfer Agent can rely on the representations.

In addition, because the LLC Agreement prohibits the transfer or sale of Shares without the prior written consent of the Manager, the Manager must provide a written consent that explicitly states that it irrevocably consents to the transfer and resale of the Shares. Once the transfer restriction legends have been removed from a Share and the Manager has provided its written consent to the transfer of that Share, no consent of the Manager is required for future transfers of that particular Share.

Book-Entry Form

Shares are held primarily in book-entry form by the Transfer Agent. The Manager or its delegate will direct the Transfer Agent to credit the number of Creation Baskets to the applicable Authorized Participant. The Transfer Agent will issue Creation Baskets. Transfers will be made in accordance with standard securities industry practice. The Manager may cause the Fund to issue Shares in certificated form in limited circumstances in its sole discretion.

Share Splits

In its discretion, the Manager may direct the Transfer Agent to declare a share split or consolidation in the number of Shares outstanding and to make a corresponding change in the number of Shares constituting a Basket. For example, if the Manager believes that the per Share price in the secondary market for Shares has risen or fallen outside a desirable trading price range, it may declare such a share split or consolidation.

Description of Creation of Shares

The following is a description of the material terms of the Fund Documents as they relate to the creation of the Fund's Shares on a periodic basis from time to time through sales in private placement transactions exempt from the registration requirements of the Securities Act.

The Fund Documents also provide procedures for the redemption of Shares. However, the Fund does not currently operate a redemption program and the Shares are not currently redeemable. Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. Further, the Fund is registered and regulated as a private fund under the Private Funds Act. The Authority has supervisory and enforcement powers to ensure the Fund's compliance with the Private Funds Act.

The Fund will issue Shares to Authorized Participants from time to time, but only in one or more Baskets (with a Basket being a block of 100 Shares). The Fund will not issue fractions of a Basket. The creation of Baskets will be made only in exchange for the delivery to the Fund, or the distribution by the Fund, of the amount of whole and fractional tokens of each Fund Component represented by each Basket being created plus cash representing the Forked Asset Portion, if any, and the Cash Portion, if any. The amount of tokens of each Fund Component required to be delivered in connection with a Basket is calculated by dividing the total amount of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on the trade date of a creation or redemption order, after deducting all accrued but unpaid Fund Component Fee Amounts for such Fund Component and the amount of tokens of such Fund Component payable as a portion of Additional Fund Expenses (in each case, determined using the applicable Index Price), by the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)), and multiplying such quotient by 100. We refer to the amount of tokens of each Fund Component so obtained as the "Fund Component Basket Amount." If the Fund holds any Forked Assets that can be reasonably valued in the sole discretion of the Manager, each Basket created will also require the delivery of an amount of cash determined by dividing the aggregate U.S. dollar value of all of such Forked Assets by the total number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)) and multiplying the quotient so obtained by 100 (such product, the "Forked Asset Portion"). If the Fund holds any cash in U.S. dollars or other fiat currency, each Basket created will also require the delivery of an amount of U.S. dollars or other fiat currency (as converted into U.S. dollars at the applicable exchange rate as of 4:00 p.m., New York time, on each business day) determined by dividing the amount of cash held by the Fund by the total number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)), and multiplying such quotient by 100 (the "Cash Portion"). The Manager will generally consider it possible to assign a reasonable value to a Forked Asset if such Forked Asset is traded on at least one trading platform meeting the guidelines of the Index Provider. We refer to the sum of the Fund Component Basket Amounts for all Fund Components then held by the Fund, the Forked Asset Portion, if any, and the Cash Portion, if any, as the "Basket Amount."

All questions as to the calculation of the Basket Amount will be conclusively determined by the Manager and will be final and binding on all persons interested in the Fund. The Basket Amount multiplied by the number of Baskets being created or redeemed is the "Total Basket Amount." Except as otherwise affected by a rebalancing of the Fund's portfolio, the amount of Fund Components represented by a Share will decrease over time as the Fund Components are used to pay the Fund's expenses. Information regarding the Fund's Fund Components per Share is posted to the Fund's website daily at www.grayscale.com/funds/grayscale-digital-large-cap-fund/.

Authorized Participants are the only persons that may place orders to create Baskets. Each Authorized Participant must (i) be a registered broker-dealer, (ii) enter into a Participant Agreement with the Manager and (iii) own digital asset wallet addresses and bank accounts that are recognized by the Manager and the Custodian as belonging to the Authorized Participant, or a Liquidity Provider. An Authorized Participant may act for its own account or as agent for investors who have entered into a subscription agreement with the Authorized Participant (each such investor, an "Investor").

An investor that enters into a subscription agreement with an Authorized Participant subscribes for Shares by submitting a purchase order and paying a subscription amount to the Authorized Participant. At this time, subscription amounts may be paid only in cash. After an Investor wires its cash, the Authorized Participant or Liquidity Provider purchases digital assets in the Digital Asset Markets or, to the extent the Authorized Participant or Liquidity Provider already hold the applicable digital assets, the Authorized Participant or Liquidity Provider may contribute such digital assets to the Fund. Depending on whether the Investor wires cash to the Authorized Participant before or after 4:00 p.m. New York time, the Investor's Shares will be created based on the same or next business day's NAV and the risk of any price volatility in the digital assets during this time will be borne by the Authorized Participant or Liquidity Provider.

The creation of Baskets requires the delivery to the Fund of the Total Basket Amount.

The Participant Agreement provides the procedures for the creation of Baskets and for the delivery of Fund Components and cash required for such creations. The Participant Agreement and the related procedures attached thereto may be amended by the Manager and the relevant Authorized Participant. Under the Participant Agreement, the Manager has agreed to indemnify each Authorized Participant against certain liabilities, including liabilities under the Securities Act.

Authorized Participants do not pay a transaction fee to the Fund in connection with the creation of Baskets, but there may be transaction fees associated with the validation of the transfer of digital assets on the relevant Digital Asset Networks.

The following description of the procedures for the creation of Baskets is only a summary and shareholders should refer to the relevant provisions of the LLC Agreement and the form of Participant Agreement for more detail.

Creation Procedures

On any business day, an Authorized Participant may order one or more Creation Baskets from the Fund by placing a creation order with the Manager no later than 4:00 p.m., New York time, which the Manager will accept or reject. By placing a creation order, an Authorized Participant agrees to transfer the Total Basket Amount from a digital wallet address that is known to the Custodian as belonging to the Authorized Participant, or a Liquidity Provider, to the Fund Accounts.

All creation orders are accepted (or rejected) by the Manager on the business day on which the relevant creation order is placed. If a creation order is accepted, the Manager will calculate the Total Basket Amount on the same business day, which will be the trade date, and will communicate the Total Basket Amount to the Authorized Participant. The Authorized Participant or Liquidity Provider must transfer the Total Basket Amount to the Fund no later than 6:00 p.m., New York time, on the trade date. The expense and risk of delivery, ownership and safekeeping of the Fund Components and U.S. dollars transferred by the Authorized Participant will be borne solely by the Authorized Participant or Liquidity Provider until such Fund Components and U.S. dollars have been received by the Fund.

Following receipt of the Total Basket Amount by the Custodian, the Transfer Agent will credit the number of Shares to the account of the Investor on behalf of which the Authorized Participant placed the creation order by no later than 6:00 p.m., New York time, on the trade date. The Authorized Participant may then transfer the Shares directly to the relevant Investor.

Suspension or Rejection of Orders and Total Basket Amount

The creation of Shares may be suspended generally, or refused with respect to particular requested creations during any period when the transfer books of the Transfer Agent are closed or if circumstances outside the control of the Manager or its delegates make it for all practical purposes not feasible to process such creation orders. The Manager may reject an order or, after accepting an order, may cancel such order by rejecting the Total Basket Amount, in the case of creations, or the Baskets to be redeemed, if (i) such order is not presented in proper form as described in the Participant Agreement, (ii) the transfer of the Total Basket Amount comes from an account other than a digital wallet address that is known to the Custodian as belonging to the Authorized Participant or a Liquidity Provider, or (iii) the fulfillment of the order, in the opinion of counsel, might be unlawful, among other reasons. None of the Manager or its delegates will be liable for the suspension, rejection or acceptance of any creation order or Total Basket Amount.

Tax Responsibility

Authorized Participants are responsible for any transfer tax, sales or use tax, stamp tax, recording tax, value-added tax or similar tax or governmental charge applicable to the creation of Baskets, regardless of whether such tax or charge is imposed directly on the Authorized Participant, and agree to indemnify the Manager and the Fund if the Manager or the Fund is required by law to pay any such tax, together with any applicable penalties, additions to tax or interest thereon.

Valuation of Digital Assets and Determination of NAV

The Manager will evaluate the digital assets held by the Fund and determine the NAV of the Fund in accordance with the relevant provisions of the Fund Documents. The following is a description of the material terms of the Fund Documents as they relate to valuation of the Fund's digital assets and the NAV calculations, which is calculated using non-GAAP methodology and is not used in the Fund's financial statements.

At 4:00 p.m., New York time, on each business day, or as soon thereafter as practicable, the Manager will evaluate the digital assets held by the Fund and calculate and publish the NAV of the Fund. To calculate the NAV, the Manager will:

1. For each Fund Component then held by the Fund:
 - a. Determine the Index Price for the Fund Component as of such business day;
 - b. Multiply the Index Price by the aggregate amount of tokens of the Fund Component held by the Fund as of 4:00 p.m., New York time, on the immediately preceding business day;
 - c. Add the U.S. dollar value of the amount of tokens of the Fund Component receivable under pending Creation Orders, if any, as calculated by multiplying the applicable Fund Component Basket Amount by the applicable Index Price, and multiplying the result by the number of Baskets pending under such pending Creation Orders; and
 - d. Subtract the U.S. dollar value of the amount of tokens of the Fund Component to be distributed under pending Redemption Orders, if any, as calculated by multiplying the applicable Fund Component Basket Amount by the applicable Index Price, and multiplying the result by the number of Baskets pending under such pending redemption orders;
2. Calculate the sum of the resulting U.S. dollar values for all Fund Components then held by the Fund, as determined pursuant to paragraph 1 above;
3. Add the aggregate U.S. dollar value of each Forked Asset then held by the Fund calculated by reference to a reputable Digital Asset Trading Platform as determined by the Manager or, if possible, an Index Price;
4. Add (i) the amount of U.S. dollars then held by the Fund plus (ii) the amount of any U.S. dollars to be received by the Fund in connection with any pending creations;
5. Subtract the amount of any U.S. dollars to be distributed under pending redemption orders;
6. Subtract the U.S. dollar amount of accrued and unpaid Additional Fund Expenses, if any;
7. Subtract the U.S. dollar value of the accrued and unpaid Manager's Fee as of 4:00 p.m., New York time, on the immediately preceding business day (the amount derived from steps 1 through 7 above, the "NAV Fee Basis Amount"); and
8. Subtract the U.S. dollar value of the accrued and unpaid Manager's Fee that accrues for such business day, as calculated based on the NAV Fee Basis Amount for such business day.

Notwithstanding the foregoing, in the event that the Manager determines that the primary methodology used to determine any of the Index Prices is not an appropriate basis for valuation of the Fund's digital assets, the Manager will utilize the cascading set of rules as described in "Overview of the Digital Asset Industry and Market—Fund Component Value—The Index Prices."

The Manager will publish the Fund's NAV and the NAV per Share on the Fund's website as soon as practicable after its determination by the Manager. If the NAV and NAV per Share have been calculated using a price for a Fund Component or Forked Asset other than an Index Price, the publication on the Fund's website will note the valuation methodology used and the price per digital asset held by the Fund resulting from such calculation.

In the event of a hard fork of the network for any Fund Component, the Manager will use its discretion to determine, in good faith, which peer-to-peer network, among a group of incompatible forks of such network, is generally accepted as such network for such Fund Component and should therefore be considered the appropriate network for such Fund Component for the Fund's purposes. The Manager will base its determination on a variety of then relevant factors, including (but not limited to) the following: (i) the Manager's beliefs regarding expectations of the core developers, users, services, businesses, miners or validators and other constituencies and (ii) the actual continued acceptance of, mining or validating power on, and community engagement with the relevant network.

The shareholders may rely on any evaluation furnished by the Manager. The determinations that the Manager makes will be made in good faith upon the basis of, and the Manager will not be liable for any errors contained in, information reasonably available to it. The Manager will not be liable to the Authorized Participants, the shareholders or any other person for errors in judgment. However, the preceding liability exclusion will not protect the Manager against any liability resulting from gross negligence, willful misconduct or bad faith in the performance of its duties.

Expenses; Sales of Digital Assets

The Fund's only ordinary recurring expense is expected to be the Manager's Fee. Effective January 1, 2021, the Manager's Fee was lowered to 2.5%. The Manager's Fee will accrue daily in U.S. dollars at an annual rate of 2.5% of the Fund's NAV Fee Basis Amount as of 4:00 p.m., New York time, and will generally be paid in the tokens of the Fund Components then held by the Fund in proportion to their respective Fund Weightings. For any day that is not a business day or in a Fund Rebalancing Period, the Manager's Fee will accrue in U.S. dollars at a rate of 2.5% of the NAV Fee Basis Amount of the Fund from the most recent business day, reduced

by the accrued and unpaid Manager's Fee for such most recent business day and for each day after such most recent business day and prior to the relevant calculation date. The U.S. dollar amount of the Manager's Fee will be converted into Fund Components on a daily basis by multiplying such U.S. dollar amount by the Fund Weighting for each Fund Component and dividing the resulting product for each Fund Component by the Index Price for such Fund Component on such day. We refer to the amount of tokens of each Fund Component payable as the Manager's Fee for any day as a "Fund Component Fee Amount." For any day that is not a business day or during a Fund Rebalancing Period for which the NAV Fee Basis Amount is not calculated, the amount of each Fund Component payable in respect of such day's U.S. dollar accrual of the Manager's Fee will be determined by reference to the Fund Component Fee Amount from the most recent business day. Payments of the Manager's Fee will be made monthly in arrears.

Expenses to Be Paid by the Manager

The Fund pays the Manager's Fee to the Manager. As partial consideration for its receipt of the Manager's Fee from the Fund, the Manager shall assume and pay the following fees and other expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes, but including: (i) the Marketing Fee; (ii) the Administrator Fee; (iii) the Custodian Fee and fees for any other security vendor engaged by the Fund; (iv) the Transfer Agent fee; (v) the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year; (vi) ordinary course legal fees and expenses; (vii) audit fees; (viii) regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act and fees relating to registration and any other regulatory requirements in the Cayman Islands; (ix) printing and mailing costs; (x) costs of maintaining the Fund's website; and (xi) applicable license fees (the "Manager-paid Expenses").

The Manager's Fee will generally be paid in Fund Components. If the Fund holds any Forked Assets or cash, the Fund may also pay all or a portion of the Manager's Fee in Forked Assets and/or cash in lieu of paying the Manager's Fee in Fund Components, in which case, the Fund Component Fee Amounts in respect of such payment will be correspondingly and proportionally reduced.

After the payment of the Manager's Fee to the Manager, the Manager may elect to convert any digital assets it receives into U.S. dollars. The rate at which the Manager converts such digital assets into U.S. dollars may differ from the rate at which the Manager's Fee was initially determined. The Fund will not be responsible for any fees and expenses incurred by the Manager to convert digital assets received in payment of the Manager's Fee into U.S. dollars. The Manager, from time to time, may temporarily waive all or a portion of the Manager's Fee at its sole discretion. Presently, the Manager does not intend to waive any of the Manager's Fee and there are no circumstances under which the Manager has determined it will definitely waive the fee.

The Manager has not assumed the obligation to pay Additional Fund Expenses.

Extraordinary and Other Expenses

The Fund may incur certain extraordinary, non-recurring expenses that are not Manager-paid Expenses, including, but not limited to: taxes and governmental charges; expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets); any indemnification of the Custodian or other agents, service providers or counterparties of the Fund; the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year; and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters (collectively, "Additional Fund Expenses").

If Additional Fund Expenses are incurred, the Manager will (i) withdraw Fund Components from the Digital Asset Accounts in proportion to their respective Fund Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund to convert such Fund Components into U.S. dollars or other fiat currencies at the Actual Exchange Rate or (y) cause the Fund (or its delegate) to deliver such Fund Components in kind in satisfaction of such Additional Fund Expenses. If the Fund holds cash and/or Forked Assets, the Fund may also pay all or a portion of the Additional Fund Expenses in cash or Forked Assets instead of Fund Components, in which case, the amount of Fund Components that would otherwise have been used to satisfy such Additional Fund Expenses will be correspondingly and proportionally reduced.

The fractional amount of Fund Components, or the amount of Forked Assets and/or cash, represented by each Share will decline each time the Fund pays the Manager's Fee or any Additional Fund Expenses by transferring or selling Fund Components, Forked Assets and/or cash.

Dispositions of Fund Components and Forked Assets

The Fund will pay the Manager's Fee to the Manager in Fund Components held by the Fund, in cash or in Forked Assets. In addition, the Fund will sell Fund Components to raise the funds needed for the payment of any Additional Fund Expenses or will pay Additional Fund Expenses in Fund Components held by the Fund, cash or Forked Assets. Fund Components, as well as the value of any cash or Forked Assets held by the Fund, will be the Fund's sole source of funds to cover the Manager's Fee and any Additional Fund Expenses. To cause the Fund to pay the Manager's Fee, the Manager shall, instructing the Custodian as necessary, withdraw from the

relevant Digital Asset Account the amount of tokens of each Fund Component equal to the Fund Component Fee Amount for such Fund Component and transfer such tokens of all Fund Components to the Manager's account at such times as the Manager determines in its absolute discretion. To cause the Fund to pay the Additional Fund Expenses, if any, the Manager or its delegates shall, instructing the Custodian as necessary, (i) withdraw from the Digital Asset Accounts Fund Components in proportion to their respective Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund (or its delegate) to convert such Fund Components into U.S. Dollars or other fiat currencies at the Actual Exchange Rate or (y) when the Manager incurs such expenses on behalf of the Fund, cause the Fund (or its delegate) to deliver such Fund Components in kind to the Manager in satisfaction of such Additional Fund Expenses.

Because the amount of Fund Components, or the amount of Forked Assets and/or cash, held by the Fund will decrease when Fund Components are used to pay the Manager's Fee or any Additional Fund Expenses, it is expected that the fractional amount of Fund Components, or the amount of Forked Assets and/or cash, represented by each Share will gradually decrease over the life of the Fund. Accordingly, the shareholders will bear the cost of the Manager's Fee and Additional Fund Expenses. New digital assets that are transferred into the Digital Asset Accounts in exchange for new Baskets issued by the Fund will not reverse this trend.

Hypothetical Expense Example

The following tables illustrate the anticipated impact of the payment of the Fund's expenses on the amount of Fund Components represented by each outstanding Share for three years, on a per Fund Component and aggregate basis, assuming that the Fund does not make any payments using any cash or Forked Assets. Each table assumes that the only transfers of Fund Components will be those needed to pay the Manager's Fee and that the price of each Fund Component and the number of Shares remain constant during the three-year period covered. The tables do not show the impact of any Additional Fund Expenses. Any Additional Fund Expenses, if and when incurred, will accelerate the decrease in the fractional amount of Fund Components represented by each Share. In addition, the tables do not show the effect of any waivers of the Manager's Fee that may be in effect from time to time.

	Year		
	1	2	3
<i>Digital Asset 1</i>			
Hypothetical average price per Fund Component 1 held by the Fund	\$ 10.00	\$ 10.00	\$ 10.00
Hypothetical average weight of Fund Component 1 in the Fund	50.00%	50.00%	50.00%
Contribution of Fund Component 1 to NAV per Share (before fees)	\$ 5.00	\$ 4.88	\$ 4.75
Manager's Fee	2.50%	2.50%	2.50%
Manager's Fee Paid from Fund Component 1 on a per Share Basis	\$ 0.13	\$ 0.12	\$ 0.12
Contribution of Fund Component 1 to NAV per Share (after fees)	\$ 4.88	\$ 4.75	\$ 4.63
<i>Digital Asset 2</i>			
Hypothetical average price per Fund Component 2 held by the Fund	\$ 10.00	\$ 10.00	\$ 10.00
Hypothetical average weight of Fund Component 2 in the Fund	50.00%	50.00%	50.00%
Contribution of Fund Component 2 to NAV per Share (before fees)	\$ 5.00	\$ 4.88	\$ 4.75
Manager's Fee	2.50%	2.50%	2.50%
Manager's Fee Paid from Fund Component 2 on a per Share Basis	\$ 0.13	\$ 0.12	\$ 0.12
Contribution of Fund Component 2 to NAV per Share (after fees)	\$ 4.88	\$ 4.75	\$ 4.63

	Year		
	1	2	3
Impact on NAV			
Hypothetical NAV per Share for Fund (before fees)	\$ 10.00	\$ 10.00	\$ 10.00
Manager's Fee	2.50%	2.50%	2.50%
Shares of Fund, beginning	100,000.00	100,000.00	100,000.00
Hypothetical value of Fund Components in Fund	\$ 1,000,000.00	\$ 975,000.00	\$ 950,625.00
Beginning NAV of the Fund	\$ 1,000,000.00	\$ 975,000.00	\$ 950,625.00
Value of Fund Components to be delivered to cover the			
Manager's Fee	\$ 25,000.00	\$ 24,375.00	\$ 23,765.63
Ending NAV of the Fund	\$ 975,000.00	\$ 950,625.00	\$ 926,859.38
Ending NAV per Share	\$ 9.75	\$ 9.51	\$ 9.27

Discretion of the Manager and Index Provider

The Manager has sole discretion to replace the CD5 with a different Large Cap index and sole discretion to replace the Index Provider with a different Large Cap index provider, and may replace either the CD5 or the Index Provider from time to time. The Index Provider has sole discretion over the CD5 Methodology and may change it from time to time. The current CD5 Methodology and current Index Components are available at the Index Provider's public website, at <https://indices.coindesk.com/indices/cd5>. The Index Provider has sole discretion over the determination of Index Prices and may change the methodologies for determining the Index Prices from time to time.

Description of the LLC Agreement

The following is a description of the material terms of the LLC Agreement. The LLC Agreement establishes the roles, rights and duties of the Manager and the Fund.

The Manager

Under the LLC Agreement, the management of the Fund is vested exclusively in the Manager. The Manager may appoint such officers of the Fund on such terms as may be determined by the Manager and with such powers and authorities as may be delegated to such officers. The Manager may appoint any person, firm or corporation to act as an authorized person or service provider to the Fund and may entrust to and confer upon any such authorized persons or service providers any of the functions, duties, powers and discretions exercisable by the Manager, upon such terms and conditions (including as to remuneration payable by the Fund) and with such powers of delegation, but subject to such restrictions, as the Manager thinks fit.

Liability of the Manager and Indemnification

Neither the Manager nor the Fund insures the Fund's digital assets. The Manager and its affiliates (each a "Covered Person") will not be liable to the Fund or any shareholder for any loss suffered by the Fund which arises out of any action or inaction of such Covered Person if such Covered Person determined in good faith that such course of conduct was in the best interests of the Fund. However, the preceding liability exclusion will not protect any Covered Person against any liability resulting from its own actual fraud, willful misconduct, bad faith or gross negligence in the performance of its duties.

Each Covered Person will be indemnified by the Fund against any loss, judgment, liability, expense incurred or amount paid in settlement of any claim sustained by it in connection with the Covered Person's activities for the Fund, provided that (i) such Covered Person was acting on behalf of, or performing services for, the Fund and had determined, in good faith, that such course of conduct was in the best interests of the Fund and such liability or loss was not the result of actual fraud, gross negligence, bad faith, willful misconduct or a material breach of the LLC Agreement on the part of such Covered Person and (ii) any such indemnification will be recoverable only from the property of the Fund. Any amounts payable to an indemnified party will be payable in advance under certain circumstances.

Fiduciary and Regulatory Duties of the Manager

The Manager has duties (including fiduciary duties) and liabilities relating thereto to the Fund. In fulfilling their duties, the Manager may take into account such factors as the Manager deems appropriate or necessary. The general fiduciary duties that apply to the Manager are defined and limited in scope by the LLC Agreement.

The LLC Agreement provides that in addition to any other requirements of applicable law, no shareholder will have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Fund unless two or more shareholders who (i) are not affiliates of one another and (ii) collectively hold at least 10.0% of the outstanding Shares join in the bringing or

maintaining of such action, suit or other proceeding. The Fund selected the 10.0% ownership threshold because the Fund believed that this was a threshold that investors would be comfortable with based on market precedent.

This provision applies to any derivative action brought in the name of the Fund other than claims brought under the federal securities laws or the rules and regulations thereunder, to which Section 7.4 does not apply. Due to this additional requirement, a shareholder attempting to bring a derivative action in the name of the Fund will be required to locate other shareholders with which it is not affiliated and that have sufficient Shares to meet the 10.0% threshold based on the number of Shares outstanding on the date the claim is brought and thereafter throughout the duration of the action, suit or proceeding.

“Affiliate” is defined in the LLC Agreement to mean any natural person, partnership, limited liability company, statutory trust, corporation, association or other legal entity (each, a “Person”) directly or indirectly owning, controlling or holding with power to vote 10% or more of the outstanding voting securities of such Person, (ii) any Person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by such Person, (iii) any Person, directly or indirectly, controlling, controlled by or under common control of such Person, (iv) any employee, officer, director, member, manager or partner of such Person, or (v) if such Person is an employee, officer, director, member, manager or partner, any Person for which such Person acts in any such capacity.

Any shareholders seeking to bring a derivative action may determine whether the 10.0% ownership threshold required to bring a derivative action has been met by dividing the number Shares owned by such shareholders by the total number of Shares outstanding. Shareholders may determine the total number of Shares outstanding by reviewing the Fund’s annual filings on Form 10-K, quarterly filings on Form 10-Q and current reports on Form 8-K reporting sales of unregistered securities pursuant to Item 3.02 thereof, or by requesting the number of Shares outstanding at any time from the Manager pursuant to Sections 7.2 and 8.1 of the LLC Agreement.

The Fund offers Shares on a periodic basis at such times and for such periods as the Manager determines in its sole discretion. As a result, in order to maintain the 10.0% ownership threshold required to maintain a derivative action, shareholders may need to increase their holdings or locate additional shareholders during the pendency of a claim. The Fund posts the number of Shares outstanding as of the end of each month on its website and as of the end of each quarter in its annual and quarterly filings with the SEC. The Fund additionally reports sales of unregistered securities on Form 8-K pursuant to Item 3.02 thereof. Shareholders may monitor the number of Shares outstanding at any time for purposes of calculating their ownership threshold by reviewing the Fund’s website and SEC filings and by requesting the number of Shares outstanding on any date from the Manager at any time pursuant to Sections 7.2 and 8.1 of the LLC Agreement. Shareholders have the opportunity at any time to increase their holdings or locate other shareholders to maintain the 10.0% threshold throughout the duration of a derivative claim. Shareholders may do so by contacting shareholders that are required to file Schedule 13Ds or Schedule 13Gs with the SEC or by requesting from the Manager the list of the names and last known address of all shareholders pursuant to Sections 7.2 and 8.1 of the LLC Agreement. The Manager is not aware of any reason to believe that Section 7.4 of the LLC Agreement is not enforceable under state or federal law.

Beneficial owners may have the right, subject to certain legal requirements, to bring class actions in federal court to enforce their rights under the U.S. federal securities laws and the rules and regulations promulgated thereunder by the SEC. Beneficial owners who have suffered losses in connection with the purchase or sale of their beneficial interests may be able to recover such losses from the Manager where the losses result from a violation by the Manager of the anti-fraud provisions of the federal securities laws.

Actions Taken to Protect the Fund

The Manager may prosecute, defend, settle or compromise actions or claims at law or in equity that it considers necessary or proper to protect the Fund or the interests of the shareholders. The expenses incurred by the Manager in connection therewith (including the fees and disbursements of legal counsel) will be expenses of the Fund and are deemed to be Additional Fund Expenses. The Manager will be entitled to be reimbursed for the Additional Fund Expenses it pays on behalf of the Fund.

Successor Managers

In the event that the filing of a certificate of dissolution or revocation of the Manager’s charter (and the expiration of 90 days after the date of notice to the Manager of revocation without a reinstatement of its charter) or the withdrawal, removal, adjudication or admission of bankruptcy or insolvency of the Manager has occurred, shareholders holding Shares representing at least a majority (over 50%) of the Shares may vote to appoint one or more successor Managers. If the Manager withdraws and a successor Manager is named, the withdrawing Manager shall pay all expenses as a result of its withdrawal and make such filings with the Registrar as are necessary to appoint the successor Manager.

Possible Repayment of Distributions Received by Shareholders; Indemnification by Shareholders

The Shares are limited liability investments. Investors may not lose more than the amount that they invest plus any profits recognized on their investment. Although it is unlikely, the Manager may, from time to time, make distributions to the shareholders. However, shareholders could be required, as a matter of bankruptcy law, to return to the estate of the Fund any distribution they received at a time when the Fund was in fact insolvent or in violation of its LLC Agreement. In addition, the LLC Agreement provides that

shareholders will indemnify the Fund for any harm suffered by it as a result of shareholders' actions unrelated to the activities of the Fund.

Holding of Fund Property

The Fund will hold and record the ownership of the Fund's assets in a manner such that it will be owned for the benefit of the shareholders for the purposes of, and subject to and limited by the terms and conditions set forth in, the LLC Agreement. The Fund will not create, incur or assume any indebtedness or borrow money from or loan money to any person. The Manager may not commingle its assets with those of any other person, provided that any delay between the sale of assets to a third party and transfer of such assets from the Fund Accounts to such third party in settlement of such sale will not be deemed to be a contravention of this prohibition.

The Manager may appoint any person, firm or corporation to act as an authorized person or service provider, including investment managers, investment advisers, administrators, registrars, transfer agents, custodians and prime brokers, to the Fund and will not be answerable for the conduct or misconduct of any delegatee if such delegates have been selected with reasonable care.

Amendments to the LLC Agreement

In general, the Manager may amend the LLC Agreement without the consent of any shareholder. However, no amendments to the LLC Agreement that materially adversely affect the interests of shareholders may be made without the vote of at least a majority (over 50%) of the Shares (not including any Shares held by the Manager or its affiliates). A shareholder will be deemed to have consented to a modification or amendment of the LLC Agreement if the Manager has notified the shareholders in writing of the proposed modification or amendment and the shareholder has not, within 20 calendar days of such notice, notified the Manager in writing the shareholder objects to such modification or amendment.

Termination of the Fund

The Fund will dissolve if any of the following events occur:

- a Cayman Islands or U.S. federal or state regulator requires the Fund to shut down or forces the Fund to liquidate its digital assets or seizes, impounds or otherwise restricts access to Fund assets; or
- the filing of a certificate of dissolution or revocation of the Manager's charter (and the expiration of 90 days after the date of notice to the Manager of revocation without a reinstatement of its charter) or the withdrawal, removal, adjudication or admission of bankruptcy or insolvency of the Manager has occurred unless (i) at the time there is at least one remaining Manager and that remaining Manager carries on the Fund or (ii) within 90 days of notice of any such event shareholders holding at least a majority (over 50%) of Shares agree in writing to resume and continue the activities of the Fund and to select, effective immediately, one or more successor Managers.

The Manager may, in its sole discretion, wind up, liquidate and dissolve the Fund if any of the following events occur:

- the SEC determines that the Fund is an investment company required to be registered under the Investment Company Act;
- the CFTC determines that the Fund is a commodity pool under the CEA;
- the Fund is determined to be a "money service business" under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act and is required to comply with certain FinCEN regulations thereunder;
- the Fund is required to obtain a license or make a registration under any U.S. state law regulating money transmitters, money services business, providers of prepaid or stored value, virtual currency business or similar entities;
- the Fund becomes insolvent or bankrupt;
- a security vendor to the Fund, such as the Custodian, resigns or is removed without replacement;
- all of the Fund's digital assets are sold;
- the Manager determines that the aggregate net assets of the Fund in relation to the expenses of the Fund make it unreasonable or imprudent to continue the Fund; or
- the Manager determines, in its sole discretion, that it is desirable or advisable for any reason to discontinue the affairs of the Fund.

The Manager may determine that it is desirable or advisable to discontinue the affairs of the Fund for a variety of reasons. For example, the Manager may terminate the Fund if a federal court upholds an allegation that some or all of the digital assets held by such Fund are securities under the federal securities laws.

No shareholder may present a winding up petition in respect of the Fund. Additionally, the death, legal disability, bankruptcy, insolvency, dissolution, or withdrawal of any shareholder (as long as such shareholder is not the sole shareholder of the Fund) will not result in the termination of the Fund, and such shareholder, his or her estate, custodian or personal representative will have no right to a redemption of such shareholder's Shares. Each shareholder (and any assignee thereof) expressly agrees that in the event of his or her death, he or she waives on behalf of himself or herself and his or her estate, and he or she directs the legal representative of his or her estate and any person interested therein to waive the furnishing of any inventory, accounting or appraisal of the assets of the Fund and any right to an audit or examination of the books of account for the Fund, except for such rights as are set forth in Article VII of the LLC Agreement relating to the books of account and reports of the Fund.

Upon dissolution of the Fund and surrender of Shares by the shareholders, shareholders will receive a distribution in U.S. dollars or in digital assets, at the sole discretion of the Manager, after the Manager has sold the Fund's Digital Assets, if applicable, and has paid or made provision for the Fund's claims and obligations.

Governing Law

The LLC Agreement and the rights of the Manager and shareholders under the LLC Agreement are governed by the laws of the Cayman Islands.

Description of the Custodian Agreement

The Custodian Agreement establishes the rights and responsibilities of the Custodian, Manager, the Fund and Authorized Participants with respect to the Fund's digital assets in the Digital Asset Accounts, which is maintained and operated by the Custodian on behalf of the Fund. For a general description of the Custodian's obligations, see "The Custodian."

Account; Location of Digital Assets

The Fund's Digital Asset Accounts are segregated custody accounts controlled and secured by the Custodian to store private keys, which allow for the transfer of ownership or control of the Fund Components, on the Fund's behalf. Private key shards associated with the Fund Components are distributed geographically by the Custodian in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes. The Custodian requires written approval of the Fund prior to changing the location of the private key shards, and therefore the Fund Components, to a location outside of the United States. The Digital Asset Accounts use offline storage, or cold storage, mechanisms to secure the Fund's private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet.

The Custodian Agreement states that the Custodian serves as a fiduciary and custodian on the Fund's behalf, and the digital assets in the Digital Asset Accounts are considered fiduciary assets that remain the Fund's property at all times and are not treated as general assets of the Custodian. Under the Custodian Agreement, the Custodian represents and warrants that it has no right, interest, or title in the digital assets held in the Digital Asset Accounts, and agrees that it will not, directly or indirectly, lend, pledge, hypothecate or rehypothecate such digital assets. The Custodian does not reflect such digital assets as assets on the balance sheet of the Custodian, but does reflect the obligation to safeguard such digital assets with a corresponding asset measured at fair value for such obligation. The Custodian Agreement also contains an agreement by the parties to treat the digital assets credited to the Fund's Digital Asset Accounts as financial assets under Article 8 of the New York Uniform Commercial Code ("Article 8"). The Custodian's parent, Coinbase Global Inc., has stated in its public securities filings that in light of the inclusion in its custody agreements of provisions relating to Article 8 it believes that a court would not treat custodied digital assets as part of its general estate, although due to the novelty of digital assets courts have not yet considered this type of treatment for custodied digital assets. See "Item 1A. Risk Factors—Risk Factors Related to the Fund and the Shares—The Fund relies on third-party service providers to perform certain functions essential to the affairs of the Fund and the replacement of such service providers could pose a challenge to the safekeeping of the Fund's digital assets and to the operations of the Fund."

Safekeeping of Digital Assets

The Custodian will use best efforts to keep in safe custody on behalf of the Fund all digital assets received by the Custodian. All digital assets credited to the Fund's Digital Asset Accounts will (i) be held in the Digital Asset Accounts at all times, and the Digital Asset Accounts will be controlled by the Custodian; (ii) be labeled or otherwise appropriately identified as being held for the Fund; (iii) be held in the Digital Asset Accounts on a non-fungible basis; (iv) not be commingled with other digital assets held by the Custodian, whether held for the Custodian's own account or the account of other clients other than the Fund; (v) not without the prior written consent of the Fund be deposited or held with any third-party depository, custodian, clearance system or wallet; and (vi) for any Digital Asset Accounts maintained by the Custodian on behalf of the Fund, the Custodian will use best efforts to keep the private key or keys secure, and will not disclose such keys to the Fund, the Manager or to any other individual or entity except to the extent that any keys are disclosed consistent with a standard of best efforts and as part of a multiple signature solution that would not result in the Fund or the Manager "storing, holding, or maintaining custody or control of" the digital assets "on behalf of others" within the meaning of the

New York BitLicense Rule (23 NYCRR Part 200) as in effect as of June 24, 2015 such that it would require the Fund or the Manager to become licensed under such law.

Insurance

Pursuant to the terms of the Custodian Agreement, the Custodian is required to maintain insurance in such types and amounts as are commercially reasonable for the custodial services provided by the Custodian. The Custodian has advised the Manager that it has insurance coverage pursuant to policies held by Coinbase Global, Inc. (“Coinbase”), which procures fidelity (or crime) insurance coverage at commercially reasonable amounts for the custodial services provided. This insurance coverage is limited to losses of the digital assets the Custodian custodies on behalf of its clients, including the Fund Components, resulting from theft, including theft by employees of Coinbase or its subsidiaries and theft or fraud by a director of Coinbase if the director is acting in the capacity of an employee of Coinbase or its subsidiaries.

Moreover, while the Custodian maintains certain capital reserve requirements depending on the assets under custody and to the extent required by applicable law, and such capital reserves may provide additional means to cover client asset losses, the Manager does not know the amount of such capital reserves, and neither the Fund nor the Manager have access to such information. The Fund cannot be assured that the Custodian will maintain capital reserves sufficient to cover losses with respect to the Fund’s digital assets. Furthermore, Coinbase has represented in securities filings that the total value of crypto assets in its possession and control is significantly greater than the total value of insurance coverage that would compensate Coinbase in the event of theft or other loss of funds.

Deposits, Withdrawals and Storage; Access to the Digital Asset Accounts

The Custodial Services (i) allow digital assets to be deposited from a public blockchain address to the Digital Asset Accounts and (ii) allow the Fund or Manager to withdraw digital assets from the Digital Asset Accounts to a public blockchain address the Fund or the Manager controls (each such transaction is a “Custody Transaction”).

The Custodian reserves the right to refuse to process or to cancel any pending Custody Transaction as required by law or in response to a subpoena, court order, or other binding government order or to enforce transaction, threshold, and condition limits, in each case as communicated to the Fund and the Manager as soon as reasonably practicable where the Custodian is permitted to do so, or if the Custodian reasonably believes that the Custody Transaction may violate or facilitate the violation of an applicable law, regulation or applicable rule of a governmental authority or self-regulatory organization. The Custodian may suspend or restrict the Fund’s and Manager’s access to the Custodial Services, and/or deactivate, terminate or cancel the Digital Asset Accounts if the Fund or Manager taken certain actions, including any Prohibited Use or Prohibited Business as set forth in the Custodian Agreement, or if the Custodian is required to do so by a subpoena, court order, or other binding government order.

From the time the Custodian has verified the authorization of a complete set of instructions to withdraw digital assets from the Digital Asset Accounts, the Custodian will have up to forty-eight (48) hours to process and complete such withdrawal. The Custodian will ensure that initiated deposits are processed in a timely manner but the Custodian makes no representations or warranties regarding the amount of time needed to complete processing which is dependent upon many factors outside of the Custodian’s control.

Subject to certain exceptions in the Custodian Agreement, the Fund, the Manager and their authorized representatives will be able to access the Digital Asset Accounts via the Custodian’s website in order to check information about the Digital Asset Accounts, deposit digital assets to the Digital Asset Accounts or initiate a Custody Transaction (subject to the timing described above).

The Custodian makes no other representations or warranties with respect to the availability and/or accessibility of digital assets or the availability and/or accessibility of the Digital Asset Accounts or Custodial Services.

Subject to any legal and regulatory requirements, in order to support the Fund’s ordinary course of deposits and withdrawals, which involves, or will in the future involve, deposits from and withdrawals to digital assets accounts owned by any Authorized Participant, or a Liquidity Provider, the Custodian will use commercially reasonable efforts to cooperate with the Fund and Manager to design and put in place via the Custodial Services a secure procedure to allow Authorized Participants to receive a digital asset address for deposits by Authorized Participants, or Liquidity Providers, and to initiate withdrawals to digital asset addresses controlled by Authorized Participants or Liquidity Providers.

The Custodian Agreement further provides that the Fund’s and the Manager’s auditors or third-party accountants upon 30 days’ advance written notice, have inspection rights to inspect, take extracts from and audit the records maintained with respect to the Digital Asset Accounts. Such auditors or third-party accountants are not obligated under the Custodian Agreement to exercise their inspection rights.

Security of the Account

The Custodian securely stores all digital assets private keys held by the Custodian in offline storage. Under the Custodian Agreement, the Custodian must use best efforts to keep private and public keys secure, and may not disclose private keys to the Manager, Fund or any other individual or entity.

The Custodian has implemented and will maintain a reasonable information security program that includes policies and procedures that are reasonably designed to safeguard the Custodian's electronic systems and the Fund's and the Manager's confidential information from, among other things, unauthorized access or misuse. In the event of a Data Security Event (as defined below), the Custodian will promptly (subject to any legal or regulatory requirements) notify the Fund and the Manager. "Data Security Event" is defined as any event whereby (a) an unauthorized person (whether within the Custodian or a third party) acquired or accessed the Fund's or Manager's information, (b) the Fund's or Manager's information is otherwise lost, stolen or compromised or (c) the Custodian's Chief Information Security Officer, or other senior security officer of a similar title, is no longer employed by the Custodian.

Record Keeping; Inspection and Auditing

The Custodian will keep timely and accurate records of its services pursuant to the Custodian Agreement, and such records must be retained by the Custodian for no less than seven years. The Custodian Agreement also provides that the Custodian will permit, to the extent it may legally do so, the Fund's or the Manager's auditors or third-party accountants, upon reasonable notice, to inspect, take extracts from and audit the records that it maintains, take such steps as necessary to verify that satisfactory internal control systems and procedures are in place as the Fund or the Manager may reasonably request. The Custodian is obligated to notify the Fund and the Manager of any audit report prepared by its internal or independent auditors if such report reveals any material deficiencies or makes any material objections.

The Fund and the Manager obtain and perform a comprehensive review of the Services Organization Controls ("SOC") 1 report and SOC 2 each year. For additional information, see "—Annual Certificate and Report." In addition to the review of SOC 1 and SOC 2 reports, the Fund, the Manager and/or their respective auditors may inspect or audit the Custodian's records in a variety of manners if considered necessary. Such processes, may include validating the existing balances as reflected on the Custodian's user interface to nodes of the underlying blockchain and confirming that such digital assets are associated with its public keys to validate the existence and exclusive ownership of the digital assets. To validate software functionality of the private keys, the Fund may transfer a portion of its digital assets from one public key to another public key of the Fund.

The Fund, the Manager and their independent auditors may evaluate the Custodian's protection of private keys and other customer information, including review of supporting documentation related to the processes surrounding key lifecycle management, the key generation process (hardware, software, and algorithms associated with generation) the infrastructure used to generate and store private keys, how private keys are stored (for example, cold wallets), the segregation of duties in the authorization of digital asset transactions, and the number of users required to process a transaction and the monitoring of addresses for any unauthorized activity. For additional information, see "—Custody of the Fund's Digital Assets."

Annual Certificate and Report

Once each calendar year, the Manager or Fund may request that the Custodian deliver a certificate signed by a duly authorized officer to certify that all representations and warranties made by the Custodian in the Custodian Agreement are true and correct on and as of the date of such certificate, and have been true and correct throughout the preceding year.

Once each calendar year, the Fund and the Manager will be entitled to request that the Custodian provide a copy of its most recent SOC 1 and SOC 2 reports, which are required to be dated within one year prior to such request. The Custodian reserves the right to combine the SOC 1 and SOC 2 reports into a comprehensive report. In the event that the Custodian does not deliver a SOC 1 Report or SOC 2 Report, as applicable, the Manager and the Fund will be entitled to terminate the Agreement.

Standard of Care; Limitations of Liability

The Custodian will use best efforts to keep in safe custody on behalf of the Fund all digital assets received by the Custodian. The Custodian is liable to the Manager and the Fund for the loss of any digital assets to the extent that the Custodian directly caused such loss through a breach of the Custodian Agreement, and the Custodian is required to return to the Fund a quantity equal to the quantity of any such lost digital assets. In addition, if the Fund or the Manager is unable to timely withdraw digital assets from the Digital Asset Accounts due to the Custodian's systems being offline or otherwise unavailable for a period of 48 hours or more, the Custodian will use its best efforts to provide the Manager and the Fund with an amount of digital assets that is equivalent to any pending withdrawal amounts in order to permit the Manager and the Fund to carry on processing withdrawals.

The Custodian's or Fund's total liability under the Custodian Agreement will never exceed the greater of the value of the digital assets on deposit in the Digital Asset Accounts at the time of, and directly relating to, the events giving rise to the liability occurred, the value of which will be determined in accordance with the Custodian Agreement. In addition, for as long as a cold storage address for

the Fund's Digital Asset Account holds digital assets with a value in excess of \$100 million (the "Cold Storage Threshold") for a period of five consecutive business days or more without being reduced to the Cold Storage Threshold or lower, the Custodian's maximum liability for such cold storage address shall be limited to the Cold Storage Threshold. The Manager monitors the value of digital assets deposited in cold storage addresses for whether the Cold Storage Threshold has been met by determining the U.S. dollar value of digital assets deposited in each cold storage address on business days. Although the Cold Storage Threshold has never been met for a given cold storage address, to the extent it is met and not reduced within five business days, the Fund would not have a claim against the Custodian with respect to U.S. dollar value of the digital assets held in such address to the extent the value exceeds the Cold Storage Threshold.

The Custodian or Fund are not liable to each other for any lost profits or any special, incidental, indirect, intangible, or consequential damages, whether based in contract, tort, negligence, strict liability or otherwise, and whether or not the Custodian has been advised of such losses or the Custodian knew or should have known of the possibility of such damages.

Furthermore, the Custodian is not liable for delays, suspension of operations, whether temporary or permanent, failure in performance, or interruption of service which result directly or indirectly from any cause or condition beyond the reasonable control of the Custodian, including but not limited to, any delay or failure due to any act of God, natural disasters, act of civil or military authorities, act of terrorists, including but not limited to cyber-related terrorist acts, hacking, government restrictions, exchange or market rulings, civil disturbance, war, strike or other labor dispute, fire, interruption in telecommunications or internet services or network provider services, failure of equipment and/or software, other catastrophe or any other occurrence which is beyond the reasonable control of the Custodian and will not affect the validity and enforceability of any remaining provisions. For the avoidance of doubt, a cybersecurity attack, hack or other intrusion by a third party or by someone associated with the Custodian is not a circumstance that is beyond the Custodian's reasonable control, to the extent due to the Custodian's failure to comply with its obligations under the Custodian Agreement.

The Custodian does not bear any liability, whatsoever, for any damage or interruptions caused by any computer viruses, spyware, scareware, Trojan horses, worms or other malware that may affect the Manager's or the Fund's computer or other equipment, or any phishing, spoofing or other attack, unless such damage or interruption originated from the Custodian due to its gross negligence, fraud, willful misconduct or breach of the Custodian Agreement.

Indemnity

Each of the Custodian and the Fund has agreed to indemnify and hold harmless the other such parties from any third-party claim or third-party demand (including reasonable and documented attorneys' fees and any fines, fees or penalties imposed by any regulatory authority) arising out of the Custodian's or the Fund's, as the case may be, breach of the Custodian Agreement, inaccuracy in any of the Custodian's or the Fund's, as the case may be, representations or warranties in the Custodian Agreement, or the Custodian's or the Fund's, as the case may be, knowing, in the case of the Custodian, violation of any law, rule or regulation, or the rights of any third party, except where such claim directly results from the gross negligence, fraud or willful misconduct of the other such party. In addition, the Fund has agreed to indemnify the Custodian with respect to any Forked Assets abandoned by the Fund and any tax liability relating thereto or arising therefrom.

Fees and Expenses

The Custodian Fee is an annualized fee charged monthly that is a percentage of the Fund's monthly assets under custody. Following the second anniversary of the Custodian Agreement, the fee may be adjusted by the Custodian with at least six months' advance notice. Any changes to the fee will be agreed to by the Fund and the Manager and the Custodian in writing. To the extent the parties cannot reach an agreement regarding any modifications in pricing, either party may elect to terminate the Custodian Agreement. It is the Fund's and the Manager's sole responsibility to determine whether, and to what extent, any taxes apply to any deposits or withdrawals conducted through the Custodial Services.

Term; Renewal

Subject to each party's termination rights, the Custodian Agreement is for a term of two years. Thereafter, the Custodian Agreement automatically renews for successive terms of one year, unless either party elects not to renew, by providing no less than thirty days' written notice to the other party prior to the expiration of the then-current term, or unless terminated earlier as provided herein.

Termination

During the initial term, either party may terminate the Custodian Agreement for Cause (as defined below) at any time by written notice to the other party, effective immediately, or on such later date as may be specified in the notice. "Cause" is defined as if: (i) such other party commits any material breach of any of its obligations under the Custodian Agreement; (ii) such other party is adjudged bankrupt or insolvent, or there is commenced against such party a case under any applicable bankruptcy, insolvency or other similar law

now or hereafter in effect, or such party files an application for an arrangement with its creditors, seeks or consents to the appointment of a receiver, administrator or other similar official for all or any substantial part of its property, admits in writing its inability to pay its debts as they mature, or takes any corporate action in furtherance of any of the foregoing, or fails to meet applicable legal minimum capital requirements; or (iii) with respect to the Fund's and the Manager's right to terminate, any applicable law, rule or regulation or any change therein or in the interpretation or administration thereof has or may have a material adverse effect on the rights of the Fund, the Manager or any of their respective beneficiaries with respect to any services covered by the Custodian Agreement.

After the initial term, either party may terminate the Custodian Agreement (i) upon ninety (90) days' prior written notice to the other party and (ii) for Cause at any time by written notice to the other party, effective immediately, or on such later date as may be specified in the notice.

Notwithstanding the foregoing, the Manager and the Fund may cancel the Digital Asset Accounts at any time by withdrawing all balances and contacting the Custodian. Upon termination of the Custodian Agreement, the Custodian will promptly upon the Manager's or the Fund's order deliver or cause to be delivered all digital assets held or controlled by the Custodian as of the effective date of termination, together with such copies of the records maintained pursuant to the Custodian Agreement and as the Manager and the Fund requests in writing.

Governing Law

The Custodian Agreement is governed by New York law.

CERTAIN CAYMAN ISLANDS AND U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion of Cayman Islands and U.S. federal income tax considerations is not intended as a substitute for careful tax planning. It does not address all of the relevant tax principles that will apply to the Fund and its shareholders. In particular, it does not discuss the tax principles of countries other than the Cayman Islands and the United States or any state or local tax principles. **Prospective investors in the Fund are urged to consult their professional advisers regarding the possible tax consequences of an investment in the Fund in light of their own situations.**

Certain Cayman Islands Tax Considerations

Taxation—Cayman Islands

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the shareholders. Interest, dividends and gains payable to the Fund and all distributions by the Fund to shareholders will be received free of any Cayman Islands income or withholding taxes. The Fund has received an undertaking from the Financial Secretary of the Cayman Islands to the effect that, for a period of 50 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Fund or to any shareholder in respect of the operations or assets of the Fund or the Shares of a shareholder; and that any such taxes or any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of the Fund or the interests of the shareholders therein. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Fund.

Cayman Islands—Automatic Exchange of Financial Account Information

The Cayman Islands has signed an inter-governmental agreement to improve international tax compliance and the exchange of information with the United States (the “U.S. IGA”). The Cayman Islands has also signed, along with over 100 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information—Common Reporting Standard (“CRS” and together with the U.S. IGA, “AEOI”).

Cayman Islands regulations have been issued to give effect to the U.S. IGA and CRS (collectively, the “AEOI Regulations”). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the “TIA”) has published guidance notes on the application of the U.S. IGA and CRS.

All Cayman Islands “Financial Institutions” are required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless they are able to rely on an exemption that allows them to become a “Non-Reporting Financial Institution” (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes, in which case only the registration requirement would apply under CRS. The Fund does not propose to rely on any Non-Reporting Financial Institution exemption and therefore intends to comply with all of the requirements of the AEOI Regulations.

The AEOI Regulations require the Fund to, amongst other things (i) register with the IRS to obtain a Global Intermediary Identification Number (in the context of the U.S. IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a “Reporting Financial Institution,” (iii) adopt and implement written policies and procedures setting out how it will address its obligations under CRS, (iv) conduct due diligence on its accounts to identify whether any such accounts are considered “Reportable Accounts,” (v) report information on such Reportable Accounts to the TIA, and (vi) file a CRS Compliance Form with the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (e.g., the IRS in the case of a US Reportable Account) annually on an automatic basis.

For information on any potential withholding tax that may be levied against the Fund, see also “—Certain United States Tax Considerations.”

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that further information may need to be provided to the Fund, the Fund’s compliance with the AEOI Regulations may result in the disclosure of investor information, and investor information may be exchanged with overseas fiscal authorities. Where an investor fails to provide any requested information (regardless of the consequences), the Fund may be obliged, and/or reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption of the investor concerned and/or closure of the investor’s account.

Certain United States Tax Considerations

This summary outlines certain significant U.S. federal income tax principles that are likely to apply to the Fund and the shareholders, given the anticipated nature of the Fund’s investments and activities. Except where specifically addressing considerations applicable to Tax-Exempt Investors or Non-U.S. Investors, each as defined below, this discussion assumes that the shareholder is a U.S. Investor, as defined below, that holds its Shares as capital assets.

This summary does not purport to address all of the U.S. federal income tax consequences that may be applicable to any particular shareholder. In some cases, the activities of a shareholder other than its investment in the Fund may affect the tax consequences to such shareholder of an investment in the Fund. For example, this discussion does not describe tax consequences applicable to shareholders subject to special rules, such as regulated investment companies, real estate investment trusts, insurance companies, foreign governments or entities treated as partnerships for U.S. federal income tax purposes. This discussion also does not describe tax consequences applicable to Authorized Participants (or other shareholders acquiring Shares directly from the Fund). This discussion also does not address the application of the alternative minimum tax or the Medicare contribution tax under Section 1411 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”).

The discussion of U.S. federal income tax matters contained herein is based on existing law as contained in the Code, Treasury regulations, administrative rulings and court decisions as of the date of this Annual Report. No assurance can be given that future legislation, administrative rulings or court decisions will not materially and adversely affect the consequences set forth in this summary, possibly on a retroactive basis. **Each prospective investor is urged to consult its tax adviser concerning the potential tax consequences of an investment in the Fund.**

For purposes of this summary:

- A “U.S. Investor” is a beneficial owner of a Share that is a U.S. Person and that is not generally exempt from U.S. federal income tax.
- A “Non-U.S. Investor” is a beneficial owner of a Share that is not a U.S. Person, is not an entity treated as a partnership for U.S. federal income tax purposes and is not treated as a foreign government for purposes of Section 892 of the Code. The discussion below addressing Non-U.S. Investors does not, however, address the U.S. federal income tax consequences of an investment in a Share by any Non-U.S. Investor (i) whose investment in a Share is “effectively connected” with the conduct by such Non-U.S. Investor of a trade or business in the United States, (ii) who is a former U.S. citizen or former resident of the United States or that is an entity that has expatriated from the United States, (iii) who is an individual and is present in the United States for 183 days or more in any taxable year or (iv) that, because of its particular circumstances, is generally subject to U.S. federal income tax on a net basis.
- A “Tax-Exempt Investor” is a beneficial owner of a Share that is a U.S. Person generally exempt from U.S. federal income tax under Section 501(a) or Section 664(c) of the Code. The discussions below addressing Tax-Exempt Investors do not, however, address the U.S. federal income tax consequences of an investment in the Fund by any Tax-Exempt Investor that is subject to special rules relating to the computation of “unrelated business taxable income,” such as the rules under Section 512(a)(3) of the Code.

Solely for purposes of the foregoing definitions, a “U.S. Person” is (i) an individual who is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the United States, any state therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to U.S. federal income tax regardless of the source thereof.

If the beneficial owner of a Share is an entity that is treated as a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of a partner in that partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective investor that is treated as a partnership for U.S. federal income tax purposes should consult its tax adviser concerning the tax consequences of an investment in the Fund.

Uncertainty Regarding the U.S. Federal Income Tax Treatment of Digital Assets

Due to the new and evolving nature of digital assets and the absence of comprehensive guidance with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets are uncertain. The Manager does not intend to request a ruling from the Internal Revenue Service (the “IRS”) on these issues. Rather, the Manager will cause the Fund to take positions that it believes to be reasonable. There can be no assurance that the IRS will agree with the positions the Fund takes, and it is possible that the IRS will successfully challenge the Fund’s positions.

In 2014, the IRS released a notice (the “Notice”) discussing certain aspects of the treatment of “convertible virtual currency” (that is, digital assets that have an equivalent value in fiat currency or that act as substitutes for fiat currency) for U.S. federal income tax purposes. In the Notice, the IRS stated that, for U.S. federal income tax purposes, such digital assets (i) are “property,” (ii) are not “currency” for purposes of the rules of the Code relating to foreign currency and (iii) may be held as a capital asset. The IRS subsequently has released two revenue rulings (the “Rulings”) and a set of “Frequently Asked Questions” (the “FAQs”) that provide some additional guidance, including guidance to the effect that, under certain circumstances, hard forks of digital assets are taxable events giving rise to ordinary income, guidance with respect to the timing of recognition of staking rewards and guidance with respect to the determination of the tax basis of digital assets. However, the Notice, the Rulings and the FAQs do not address other significant aspects of the U.S. federal income tax treatment of digital assets. For example, there is no guidance directly addressing whether, and in what circumstances, trading in digital assets might give rise to income that is effectively connected with the conduct of a trade or business in the United

States (“effectively connected income”). In addition, although the Notice contemplates that rewards earned from “mining” will constitute taxable income, and one of the Rulings concludes that rewards from staking similarly will constitute current taxable income, there is no guidance directly addressing amounts received in connection with digital asset lending activities, including with respect to whether and when engaging in staking or digital asset lending might rise to the level of a trade or business. It is likely, however, that the IRS would assert that lending digital assets gives rise to current, ordinary income with respect to any compensation received for such lending activities. More generally, there also is no guidance directly addressing the U.S. federal income tax consequences of lending digital assets, and it is possible that a lending transaction could be treated as a taxable disposition of the lent digital assets. Because the treatment of digital assets is uncertain, it is possible that the treatment of ownership of any particular digital asset may be adverse to the Fund. For example, ownership of a digital asset could be treated as ownership in an entity, in which case the consequences of ownership of that digital asset would depend on the type and place of organization of the deemed entity. Moreover, although the FAQs and one of the Rulings address the treatment of hard forks, there continues to be uncertainty with respect to the timing and amount of the income inclusions. While the Rulings and the FAQs do not address most situations in which airdrops occur, it is clear from the reasoning of the Rulings and the FAQs that the IRS generally would treat an airdrop as a taxable event giving rise to ordinary income.

There can be no assurance that the IRS will not alter its position with respect to digital assets in the future or that a court would uphold the treatment set forth in the Notice, the Rulings and the FAQs. It is also unclear what additional guidance on the treatment of digital assets for U.S. federal income tax purposes may be issued in the future. Any such alteration of the current IRS positions or additional guidance could result in adverse tax consequences for investors in the Fund and could have an adverse effect on the value of digital assets. Future developments that may arise with respect to digital assets may increase the uncertainty with respect to the treatment of digital assets for U.S. federal income tax purposes. For example, the Notice addresses only digital assets that are “convertible virtual currency,” and it is conceivable that, as a result of a fork, airdrop or similar occurrence, the Fund could hold certain types of digital assets that are not within the scope of the Notice.

The remainder of this discussion assumes that any digital assets that the Fund may hold are properly treated for U.S. federal income tax purposes as property that may be held as a capital asset and that is not currency for purposes of the rules with respect to foreign currency gain and loss.

U.S. Entity-Level Taxation of the Fund

The Fund has elected to be treated as a corporation for U.S. federal income tax purposes.

The Manager believes that the Fund will not be treated as engaged in a trade or business in the United States and thus will not derive income that is treated as effectively connected income. There can, however, be no complete assurance in this regard. In particular, as discussed above, there is no guidance directly addressing whether, and in what circumstances, trading in digital assets might give rise to effectively connected income. Although the Manager expects to take the position that the Fund is an investor, rather than a trader, in digital assets, and investing in commodities for one’s own account generally does not give rise to effectively connected income, there is some uncertainty regarding the application of these rules to digital assets and the Fund. As discussed above, there also is no guidance directly addressing the U.S. federal income taxation of lending digital assets or with respect to whether and when engaging in staking or digital asset lending might rise to the level of a trade or business. If the Fund were treated as engaged in a trade or business in the United States, it would be subject to U.S. federal income tax, at the rates applicable to U.S. corporations (currently, at the rate of 21%), on its net effectively connected income. Any such income might also be subject to U.S. state and local income taxes. In addition, the Fund would be subject to a 30% U.S. branch profits tax in respect of its “dividend equivalent amount,” as defined in Section 884 of the Code, attributable to its effectively connected income (generally, the after-tax amount of certain effectively connected income that is not treated as reinvested in the trade or business). If the Fund were treated as engaged in a trade or business in the United States during any taxable year, it would be required to file a U.S. federal income tax return for that year, regardless of whether it recognized any effectively connected income. If the Fund did not file U.S. federal income tax returns and were later determined to have engaged in a U.S. trade or business, it would generally not be entitled to offset its effectively connected income and gains against its effectively connected losses and deductions (and, therefore, would be taxable on its gross, rather than net, effectively connected income). If the Fund recognizes any effectively connected income, the imposition of U.S. taxes on such income may have a substantial adverse effect on the return to shareholders.

Provided that it does not constitute effectively connected income, any U.S.-source “fixed or determinable annual or periodical” (“FDAP”) income received, or treated as received, by the Fund would generally be subject to U.S. withholding tax at the rate of 30% (subject to statutory exemptions such as the portfolio interest exemption). Although there is no guidance on point, ordinary income recognized by the Fund as a result of a fork, airdrop or similar occurrence would presumably constitute FDAP income. If, in the future, the Fund engages in Staking or digital asset lending activities, it is also possible that the receipt of Staking Consideration or compensation received in respect of digital assets lending activities will be considered FDAP income. It is unclear, however, whether any such FDAP income would be properly treated as U.S.-source or foreign-source FDAP income. In the absence of guidance, it is possible that a withholding agent will withhold 30% from any assets derived by the Fund as a consequence of a fork, airdrop or similar occurrence, or from Staking or digital asset lending activities.

U.S. Investors in the Fund

The following discussion outlines certain significant U.S. federal income tax consequences of an investment in the Fund by a U.S. Investor. This discussion assumes that a U.S. Investor holds its interest in the Fund as a capital asset. This discussion assumes that each U.S. Investor will acquire all of its Shares on the same date solely for cash.

Although there is no certainty in this regard, the Fund may be a “passive foreign investment company,” as defined in Section 1297 of the Code (a “PFIC”) for U.S. federal income tax purposes. The material consequences of the PFIC rules are set forth below. In addition, under certain circumstances, the Fund may be a “controlled foreign corporation” (a “CFC”) for U.S. federal income tax purposes. If the Fund is a CFC, the CFC rules, rather than the PFIC rules discussed below, will apply to any U.S. Investor that is a 10% U.S. Shareholder, as defined below, of the Fund. A “10% U.S. Shareholder” is a United States person that owns, directly or under applicable constructive ownership rules, at least 10% of the value or voting power of the non-U.S. corporation’s stock. Prospective U.S. Investors should consult their tax advisers to determine if they are or may become a 10% U.S. Shareholder, as the U.S. federal income tax consequences of an investment in the Fund may differ materially from the discussion below if the Fund is a CFC and a U.S. Investor is a 10% U.S. Shareholder of the Fund.

Prospective U.S. Investors should consult their tax advisers concerning the Fund’s potential PFIC status and CFC status, and the tax considerations relevant to an investment in a PFIC or CFC. Prospective U.S. Investors should also read the discussion under the headings “—Information Reporting and Backup Withholding,” “—Information Reporting by Shareholders” and “—FATCA Tax” below.

PFIC Rules

It is not clear whether the Fund is a PFIC for U.S. federal income tax purposes, and the guidance in the Rulings and the FAQs has increased the uncertainty in this regard. However, because it is possible that the Fund is a PFIC, the Fund will provide to each U.S. Investor, and to any other shareholder upon request, PFIC Annual Information Statements that will include the required information and representations to permit such U.S. Investor (or any direct or indirect beneficial owner of an interest in such investor) to make a “qualified electing fund” election (a “QEF Election”) with respect to the Fund. Each U.S. Investor should consult its tax adviser as to whether it should make a QEF Election. Assuming that the Fund is a PFIC, failure to make a QEF Election with respect to an investment in the Fund could result in materially adverse tax consequences to a U.S. Investor, as described below.

For simplicity of presentation, it is assumed for purposes of the following disclosure that the Fund is a PFIC.

Consequences in Absence of QEF Election

If a U.S. Investor does not make a QEF Election with respect to the Fund, any “excess distribution” received by the U.S. Investor from the Fund, and any gain recognized by the U.S. Investor on a sale or other disposition (including, under certain circumstances, a pledge) of Shares, will be treated as having been earned ratably (on a straight-line basis) over the U.S. Investor’s holding period for its Shares. The portion allocated to the taxable year of the “excess distribution,” or to the year of the sale or other disposition, will be treated as ordinary income. The portion allocated to each prior taxable year will be subject to U.S. federal income tax at the highest marginal rate in effect for the type of U.S. Investor (corporate or individual) for such taxable year, and an interest charge for the deemed deferral benefit will be imposed on the resulting tax liability for each prior taxable year.

If a U.S. Investor does not make a QEF Election, distributions by the Fund to the U.S. Investor, other than “excess distributions,” will be taxable as ordinary income (and not as “qualified dividend income”) to the extent such distributions are made out of the Fund’s current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. To the extent that a distribution (other than an “excess distribution”) exceeds the Fund’s current and accumulated earnings and profits, the distribution will be treated, first, as a return of capital that will reduce the U.S. Investor’s tax basis in its Shares and, after such tax basis has been reduced to zero, as gain from a sale or exchange of the U.S. Investor’s Shares, which will be subject to U.S. federal income tax as described above. These rules will apply to any in-kind distribution of a Forked Asset that the Fund makes to a U.S. Investor, with the amount of the distribution equal to the fair market value of such Forked Asset on the date of the distribution.

Consequences Pursuant to QEF Election

A U.S. Investor can mitigate the consequences described above by making a QEF Election with respect to the Fund. A U.S. Investor can make a QEF Election by attaching a properly executed IRS Form 8621 to its U.S. federal income tax return for the first taxable year in which it wishes the election to apply. If a U.S. Investor does not make a QEF Election with respect to the Fund for the first taxable year in which the U.S. Investor holds any Shares, a later QEF Election with respect to the Fund will not apply with respect to the U.S. Investor’s investment in the Fund unless the U.S. Investor elects to recognize gain, if any, as if it sold its Shares on the first day of the first taxable year to which the QEF Election applies. Any gain that a U.S. Investor recognizes as a consequence of such an election will be subject to U.S. federal income tax as described above under “—Consequences in Absence of QEF Election.”

If a U.S. Investor makes a valid QEF Election with respect to its Shares, the U.S. Investor will be required to report on its U.S. federal income tax return, and thus to take into account in determining its U.S. federal income tax liability, its pro rata share of the Fund's ordinary earnings and net capital gain for the taxable year of the Fund ending within or with such U.S. Investor's taxable year, regardless of whether the Fund makes any distributions to the U.S. Investor. A U.S. Investor will include its pro rata share of the Fund's ordinary earnings (which includes net short-term capital gains) as ordinary income, and will include its pro rata share of the Fund's net capital gain (that is, the excess of net long-term capital gain over net short-term capital loss) as long-term capital gain. U.S. Investors will not be entitled to claim deductions for any net losses incurred by the Fund, and the Fund will not be entitled to carry its net losses for any taxable year back or forward in computing its ordinary earnings and net capital gain for other taxable years. In addition, a U.S. Investor will not be entitled to claim a foreign tax credit for any non-U.S. taxes borne by the Fund, but these taxes will reduce the amount of income the U.S. Investor would otherwise be required to include pursuant to the QEF Election. A U.S. Investor's tax basis in its Shares will be increased by the amounts the U.S. Investor includes in income as a consequence of the QEF Election and decreased by the amount of distributions the U.S. Investor receives from the Fund out of earnings that the U.S. Investor previously included in income as a consequence of the QEF Election.

The Manager believes that, in general, gains and losses recognized by the Fund from the sale or other disposition of digital assets will be treated as capital gains or losses pursuant to the Notice. The Fund may sell digital assets for U.S. dollars or other fiat currency in connection with rebalancings, in order to divest itself of Forked Assets or to pay Additional Fund Expenses and in connection with its liquidation. In addition, the Fund's payment of the Manager's Fee or any Additional Fund Expenses through a transfer of digital assets, and any distribution of Forked Assets to the shareholders (or to an agent of the shareholders), will be treated for U.S. federal income tax purposes as a sale of the relevant digital assets for their fair market value on the date of such transfer or distribution, except that solely in the case of a distribution to the shareholders (or their agent), the Fund will not recognize any loss realized by it on such deemed sale. As noted above, the IRS has taken the position in the FAQs and one of the Rulings that, under certain circumstances, a hard fork of a digital asset constitutes a taxable event giving rise to ordinary income, and it is clear from the reasoning of the FAQs and that Ruling that the IRS generally would treat an airdrop as a taxable event giving rise to ordinary income. In addition, any gain or loss the Fund recognizes on a disposition of a fiat currency other than the U.S. dollar will generally be treated as ordinary income or loss. **Accordingly, if a U.S. Investor makes a QEF Election with respect to the Fund, it may be required to include significant amounts of taxable income or gain each taxable year with respect to its investment in the Fund, even if it receives no distributions from the Fund during that taxable year.**

As discussed above, there is uncertainty with respect to many significant aspects of the U.S. federal income tax treatment of digital assets, including the timing and character of income earned as a result of lending activities. If the IRS successfully challenges the Fund's determination of its income, the Fund may be required to issue revised PFIC Annual Information Statements for prior taxable years, and U.S. Investors may be required to amend their tax returns for those years.

Assuming that a U.S. Investor makes a QEF Election with respect to its Shares, a distribution by the Fund to the U.S. Investor will be taxable as ordinary income (and not as "qualified dividend income") to the extent such distributions are made out of the Fund's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, except to the extent that the U.S. Investor can establish that the distributions are made out of earnings that were previously included in income by any U.S. person as a consequence of a QEF Election. The portion of any such distribution that the U.S. Investor can establish as being made out of earnings that were previously included in a U.S. person's income pursuant to a QEF Election will not be subject to U.S. federal income tax. To the extent that a distribution exceeds the Fund's current and accumulated earnings and profits, the distribution will be treated, first, as a return of capital that will reduce the U.S. Investor's tax basis in its Shares and, after such tax basis has been reduced to zero, as gain from a sale or exchange of the U.S. Investor's Shares. These rules will apply to any in-kind distribution of a Forked Asset that the Fund makes to a U.S. Investor, with the amount of the distribution equal to the fair market value of such Forked Asset on the date of the distribution.

Upon a sale or other exchange of Shares, a U.S. Investor will generally recognize gain or loss equal to the difference between the amount realized and the U.S. Investor's tax basis in its Shares. Assuming that the U.S. Investor has made a QEF Election with respect to its Shares, any such gain or loss will constitute capital gain or loss, and will be long-term capital gain or loss if the U.S. Investor's holding period for the Shares was more than one year as of the date of the sale or other exchange.

A U.S. Investor that makes a QEF Election with respect to its Shares may also elect to defer the payment of the taxes in respect of its share of the Fund's undistributed ordinary earnings and net capital gain, subject to the payment of an interest charge on the deferred tax liability. If a U.S. Investor makes this election, the deferred tax liability with respect to the undistributed earnings attributable to its Shares will generally become payable on the due date (determined without regard to extensions) of the U.S. Investor's U.S. federal income tax return for the taxable year in which the U.S. Investor sells or pledges such Shares. If the Fund makes a distribution, however, the deferred tax liability with respect to the U.S. Investor's share of the distributed earnings will become payable on the due date (determined without regard to extensions) of the U.S. Investor's U.S. federal income tax return for the taxable year in which the distribution occurs.

In-Kind Distributions of Forked Assets

If the Fund distributes Forked Assets in kind to the shareholders (or to an agent of the shareholders), the Fund will recognize gain (if any) as if it had sold the Forked Assets for their fair market value on the date of the distribution. As discussed above, any such gain will be reported on the Fund's PFIC Annual Information Statements for the year in which the distribution occurs. For U.S. federal income tax purposes, the shareholders will be treated as receiving a distribution from the Fund in an amount equal to the fair market value of the Forked Assets on the date of the distribution, without regard to whether the distribution is made directly to the shareholders or to an agent on behalf of the shareholders. For the consequences of any such distribution to a U.S. Investor, see "—U.S. Investors in the Fund."

Upon the sale or other disposition of such distributed Forked Assets by the shareholders' agent, a U.S. Investor will recognize gain or loss in an amount equal to the difference between (i) the fair market value of the U.S. Investor's share of such Forked Assets (which, in the case of a sale by such agent, generally will be equal to the U.S. Investor's share of the cash proceeds received by the agent, reduced by the U.S. Investor's share of any selling expenses incurred by the agent on such U.S. Investor's behalf) and (ii) the U.S. Investor's basis in its share of such Forked Assets (which generally will be equal to the fair market value of the U.S. Investor's share of such Forked Assets on the date of the distribution by the Fund). In general, such gain or loss will be short-term capital gain or loss if the sale or other disposition occurs within one year after the Fund's in-kind distribution of the Forked Assets and will be long-term capital gain or loss if the sale or other disposition occurs more than one year after such in-kind distribution. The deductibility of capital losses is subject to significant limitations.

Tax-Exempt Investors in the Fund

In general, Tax-Exempt Investors are subject to U.S. federal income taxation with respect to any unrelated business taxable income ("UBTI") they derive. UBTI generally does not include certain specified types of income, including dividends or gains from the sale, exchange or other disposition of property other than inventory or property held primarily for sale to customers in the ordinary course of a trade or business. However, UBTI includes "unrelated debt-financed income," which is generally defined as any income derived from property in respect of which "acquisition indebtedness" is outstanding, even if the income would otherwise be excluded in computing UBTI.

In general, a Tax-Exempt Investor's income from an investment in the Fund should not be treated as resulting in UBTI, provided that the Tax-Exempt Investor's acquisition of its Shares is not debt-financed. Specifically, a Tax-Exempt Investor's income from the Fund should not be treated as UBTI as a consequence of the Fund's recognition of any income that would be treated as UBTI if derived directly by the Tax-Exempt Investor, including the Fund's share of any income arising from a fork, airdrop or similar occurrence. If a Tax-Exempt Investor's acquisition of any Shares is debt-financed, all or a portion of such Tax-Exempt Investor's income attributable to such Shares will be included in UBTI. The portion of a Tax-Exempt Investor's income attributable to its Shares that is treated as UBTI will be subject to U.S. federal income tax as discussed in "—U.S. Investors in the Fund."

It is possible that the Fund is a PFIC. In addition, under certain circumstances, the Fund may be a CFC. A Tax-Exempt Investor will not be subject to income tax under the PFIC rules, and should not be subject to income tax under the CFC rules, if it is not otherwise taxable under the UBTI provisions with respect to its ownership of its Shares (i.e., because its investment in the Fund is debt-financed).

A charitable remainder trust is not subject to U.S. federal income taxation with respect to UBTI, but instead is subject to a U.S. federal excise tax equal to the entire amount of any UBTI it derives. In general, if the Fund is a PFIC or a CFC, U.S. beneficiaries of any Tax-Exempt Investor that is a charitable remainder trust will be treated for purposes of the PFIC rules and the CFC rules as owning their proportionate shares of such Tax-Exempt Investor's Shares for purposes of the regimes applicable to U.S. investors in PFICs and CFCs. Any such U.S. beneficiary could be subject to materially adverse tax consequences under the PFIC rules or the CFC rules. Upon request, the Fund will provide shareholders with information necessary to permit any such U.S. person to make a QEF Election with respect to the Fund. Any prospective shareholder that is a charitable remainder trust should consult its tax adviser regarding the advisability of an investment in the Fund.

Tax-Exempt Investors that are private foundations, or that are "applicable educational institutions" as defined in Section 4968 of the Code, should consult their tax advisers about the possible excise tax consequences to them of an investment in Shares.

Prospective Tax-Exempt Investors in the Fund should also read the discussion under the headings "—Information Reporting and Backup Withholding," "—Information Reporting by Shareholders" and "—FATCA Tax" below.

Non-U.S. Investors in the Fund

Except as discussed below under "—FATCA Tax," a Non-U.S. Investor will not be subject to U.S. federal income or withholding tax on distributions received in respect of its Shares, on gains recognized on a sale or other disposition of its Shares or the sale of Forked Assets by an agent on its behalf.

It is possible that the Fund is a PFIC. In addition, under certain circumstances, the Fund may be a CFC. In general, if the Fund is a PFIC or a CFC, all or certain U.S. persons sufficiently related by equity ownership to a Non-U.S. Investor that is a corporation,

partnership, trust or estate will be treated as owning their proportionate shares of the Non-U.S. Investor's Shares for purposes of the regimes applicable to U.S. investors in PFICs and CFCs. Treatment of a U.S. person as the owner of an equity interest in a PFIC or CFC could have materially adverse tax consequences for such person. Upon request, the Fund will provide shareholders with information necessary to permit any such U.S. person to make a QEF Election with respect to the Fund.

Prospective Non-U.S. Investors in the Fund should also read the discussion under the headings "—Information Reporting and Backup Withholding" and "—FATCA Tax" below.

Information Reporting and Backup Withholding

Payments of Fund dividends, and of proceeds from sales of Shares, that are made to a U.S. Investor within the United States or through certain U.S.-related financial intermediaries will generally be subject to U.S. information reporting, and may be subject to U.S. backup withholding, unless (i) the U.S. Investor is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Investor provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Investor will be allowed as a credit against the U.S. Investor's U.S. federal income tax liability and may entitle the U.S. Investor to a refund, provided that the required information is timely furnished to the IRS.

In order to reduce or eliminate U.S. information reporting requirements and U.S. backup withholding in respect of distributions made by the Fund and proceeds from on a sale or other disposition of Shares, a Non-U.S. Investor must comply with certain certification requirements (generally, by delivering a properly executed IRS Form W-8BEN or W-8BEN-E to the Fund).

Information Reporting by Shareholders

U.S. Investors may be subject to various information reporting requirements as a consequence of an investment in the Fund. Failure to satisfy these requirements may result in substantial penalties. Certain U.S. federal information reporting requirements are summarized below, but this summary does not purport to provide an exhaustive list of such requirements. Tax-Exempt Investors may also be subject to these and other information reporting requirements as a consequence of an investment in the Fund. Prospective investors are urged to consult their tax advisers concerning the information reporting requirements to which they may be subject as a consequence of an investment in the Fund.

Unless a U.S. Investor who is an individual holds his or her Shares in a financial account maintained by a financial institution, the U.S. Investor will be required to report information relating to his or her ownership of Shares on IRS Form 8938 for each taxable year in which he or she holds interests in "specified foreign financial assets," as defined in Section 6038D of the Code, including Shares, with an aggregate value in excess of an applicable threshold amount. Certain U.S. Investors that are entities may be subject to similar rules.

If the Fund is a PFIC, a U.S. Investor will generally be required to file IRS Form 8621 with respect to the Fund for each year in which it holds its Shares. Additional reporting requirements will apply to any U.S. Investor that owns (actually or constructively) a 10% or greater interest in the Fund.

FATCA Tax

Under certain provisions of the Code and Treasury regulations promulgated thereunder (commonly referred to as "FATCA"), as well as certain intergovernmental agreements between the United States and certain other countries (including the Cayman Islands) together with expected local country implementing legislation, certain payments made in respect of the Shares may be subject to withholding ("FATCA withholding").

The Fund (or a relevant intermediary) may be required to impose FATCA withholding on payments in respect of the Shares to the extent that such payments are "foreign passthru payments," made to non-U.S. financial institutions (including intermediaries) that have not entered into agreements with the IRS pursuant to FATCA or otherwise established an exemption from FATCA, and other shareholders that fail to provide sufficient identifying information to the Fund or any relevant intermediary. The term "*foreign passthru payment*" is not yet defined. It is not clear whether and to what extent payments on the Shares will be considered foreign passthru payments subject to FATCA withholding or how intergovernmental agreements will address foreign passthru payments (including whether withholding on foreign passthru payments will be required under such agreements). Withholding on foreign passthru payments will not apply prior to the date that is two years after the publication of the final regulations defining "*foreign passthru payments*." Shareholders should consult their tax advisers as to how these rules may apply to payments they receive under the Shares.

ERISA AND RELATED CONSIDERATIONS

The following section sets forth certain consequences under ERISA and the Code which a fiduciary of an "employee benefit plan" as defined in and subject to the fiduciary responsibility provisions of ERISA, or of a "plan" as defined in and subject to Section 4975 of the Code, who has investment discretion should consider before deciding to acquire Shares with plan assets in the Fund (such "employee benefit plans" and "plans" being referred to herein as "Plans," and such fiduciaries with investment discretion being referred to herein

as “Plan Fiduciaries”). The following summary is not intended to be complete, but only to address certain questions under ERISA and the Code that are likely to be raised by the Plan Fiduciary’s own counsel.

* * * *

In general, the terms “employee benefit plan” as defined in ERISA and “plan” as defined in Section 4975 of the Code together refer to any plan or account of various types which provides retirement benefits or welfare benefits to an individual or to an employer’s employees and their beneficiaries. Such plans and accounts include, but are not limited to, corporate pension and profit sharing plans, “simplified employee pension plans,” Keogh plans for self-employed individuals (including partners), individual retirement accounts described in Section 408 of the Code and medical benefit plans.

Each Plan Fiduciary must give appropriate consideration to the facts and circumstances that are relevant to an investment in the Fund, including the role an investment in the Fund plays in the Plan’s investment portfolio. Each Plan Fiduciary must be satisfied that investment in the Fund is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Fund, are diversified so as to minimize the risks of large losses and that an investment in the Fund complies with the documents of the Plan and related trust and that an investment in the Fund does not give rise to a transaction prohibited by Section 406 of ERISA or Section 4975 of the Code.

Governmental plans, non-U.S. plans and certain church plans (collectively, “Non-ERISA Arrangements”), while generally not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or Section 4975 of the Code, may be subject to provisions under other U.S. or non-U.S. federal, state, local or other laws or regulations that are similar to such provisions of ERISA or the Code. Fiduciaries of such plans should consider the consequences of an investment in the Fund under any such applicable similar laws or regulations before acquiring any Shares.

EACH PLAN FIDUCIARY OR FIDUCIARY OF A NON-ERISA ARRANGEMENT CONSIDERING ACQUIRING SHARES MUST CONSULT ITS OWN LEGAL AND TAX ADVISERS BEFORE DOING SO.

Restrictions on Investments by Benefit Plan Investors

ERISA and a regulation issued thereunder contain rules for determining when an investment by a Plan in an entity will result in the underlying assets of the entity being deemed assets of the Plan for purposes of ERISA and Section 4975 of the Code (*i.e.*, “plan assets”). Those rules provide that the assets of an entity will not be deemed “plan assets” of a Plan that purchases an interest therein if the investment in the entity by all “benefit plan investors” is not “significant” or certain other exceptions apply. The term “benefit plan investors” includes all Plans (*i.e.*, all “employee benefit plans” as defined in and subject to the fiduciary responsibility provisions of ERISA and all “plans” as defined in and subject to Section 4975 of the Code) and all entities that hold “plan assets” (each, a “Plan Assets Entity”) due to investments made in such entities by already described benefit plan investors. ERISA provides that a Plan Assets Entity is considered to hold plan assets only to the extent of the percentage of the Plan Assets Entity’s equity interests held by benefit plan investors. In addition, all or part of an investment made by an insurance company using assets from its general account may be treated as a benefit plan investor. Investments by benefit plan investors will be deemed not significant if benefit plan investors own, in the aggregate, less than 25% of the total value of each class of equity interests of the entity (determined by not including the investments of persons with discretionary authority or control over the assets of such entity, of any person who provides investment advice for a fee (direct or indirect) with respect to such assets, and “affiliates” (as defined in the regulations issued under ERISA) of such persons; provided, however, that under no circumstances are investments by benefit plan investors excluded from such calculation).

In order to avoid causing assets of the Fund to be “plan assets,” the Manager intends to restrict the aggregate investment by “benefit plan investors” to under 25% of the total value of the Shares of the Fund (not including the investments of the Manager, the distributor, any other person who provides investment advice for a fee (direct or indirect) with respect to the assets of the Fund, any other person who has discretionary authority or control over the assets of the Fund, and any entity (other than a benefit plan investor) that is directly or indirectly through one or more intermediaries controlling, controlled by or under common control with any of such entities (including a partnership or other entity for which the Manager is the general partner, managing member, investment adviser or provides investment advice), and each of the principals, officers, and employees of any of the foregoing entities who has the power to exercise a controlling influence over the management or policies of such entity or the Fund). Furthermore, because the 25% test is ongoing, it not only restricts additional investments by benefit plan investors, but also can cause the Manager to require that existing benefit plan investors redeem from the Fund in the event that other investors redeem their Shares. If rejection of subscriptions or such compulsory redemptions are necessary, as determined by the Manager, to avoid causing the assets of the Fund to be “plan assets,” the Manager will effect such rejections or redemptions in such manner as the Manager, in its sole discretion, determines.

Ineligible Purchasers

In general, Shares may not be purchased with the assets of a Plan if the Manager, the distributor, any placement agent, any of their respective affiliates or any of their respective employees either: (i) has investment discretion with respect to the investment of such Plan assets; (ii) has authority or responsibility to give or regularly gives investment advice with respect to such Plan assets, for a fee, and

pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to such Plan assets and that such advice will be based on the particular investment needs of the Plan; or (iii) is an employer maintaining or contributing to such Plan. A party that is described in clause (i) or (ii) of the preceding sentence is a fiduciary under ERISA and the Code with respect to the Plan, and any such purchase (as described in clause (i), (ii) or (iii)) could result in a “prohibited transaction” under ERISA and the Code.

Except as otherwise set forth, the foregoing statements regarding the consequences under ERISA and the Code of an investment in the Fund are based on the provisions of ERISA and the Code as currently in effect, and the existing administrative and judicial interpretations thereunder. No assurance can be given that administrative, judicial or legislative changes will not occur that may make the foregoing statements incorrect or incomplete.

ACCEPTANCE OF SUBSCRIPTIONS ON BEHALF OF PLANS IS IN NO RESPECT A REPRESENTATION BY THE MANAGER OR ANY OTHER PARTY RELATED TO THE FUND THAT THIS INVESTMENT MEETS THE RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO INVESTMENTS BY ANY PARTICULAR PLAN OR NON-ERISA ARRANGEMENT OR PLANS OR NON-ERISA ARRANGEMENTS GENERALLY, OR THAT THIS INVESTMENT IS APPROPRIATE FOR ANY PARTICULAR PLAN OR NON-ERISA ARRANGEMENT OR PLANS OR NON-ERISA ARRANGEMENTS GENERALLY. THE PERSON WITH INVESTMENT DISCRETION FOR ANY PLAN OR NON-ERISA ARRANGEMENT SHOULD CONSULT WITH ITS OWN COUNSEL AND ADVISERS AS TO THE PROPRIETY OF AN INVESTMENT IN THE FUND, IN LIGHT OF THE CIRCUMSTANCES OF THE PARTICULAR PLAN OR NON-ERISA ARRANGEMENT. NEITHER THIS DISCUSSION NOR ANYTHING IN THIS ANNUAL REPORT IS OR IS INTENDED TO BE INVESTMENT ADVICE DIRECTED AT ANY POTENTIAL PURCHASER THAT IS A PLAN OR NON-ERISA ARRANGEMENT, OR AT SUCH PURCHASERS GENERALLY.

Item 1A. Risk Factors

Summary of Risk Factors

Below is a summary of the principal factors that make an investment in the Shares speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below and should be read in conjunction with the other information included in this Annual Report on Form 10-K, including the Fund's financial statements and related notes thereto, and our other filings with the SEC, before making an investment decision regarding the Shares. See "Glossary of Defined Terms" for the definition of certain capitalized terms used in this Annual Report. All other capitalized terms used, but not defined, herein have the meanings given to them in the LLC Agreement.

- The SEC has taken, and may in the future take, the view that some of the digital assets held by the Fund are securities, which has adversely affected, and could adversely affect the value of such digital assets and the price of the Shares and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Fund;
- Extreme volatility of trading prices that many digital assets, including the Fund Components, have experienced in recent periods and may continue to experience, could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value;
- The medium-to-long term value of the Shares is subject to a number of factors relating to the capabilities and development of blockchain technologies and to the fundamental investment characteristics of digital assets;
- The value of the Shares is dependent on the acceptance of digital assets, which represent a new and rapidly evolving industry;
- Digital assets may have concentrated ownership and large sales or distributions by holders of any one digital asset, or any ability to participate in or otherwise influence any one digital asset's underlying network, could have an adverse effect on the market price of such digital asset;
- Recent developments in the digital asset economy have led to extreme volatility and disruption in digital asset markets, a loss of confidence in participants of the digital asset ecosystem, significant negative publicity surrounding digital assets broadly and market-wide declines in liquidity;
- A temporary or permanent "fork" or a "clone" could adversely affect the value of the Shares;
- The largely unregulated nature and lack of transparency surrounding the operations of Digital Asset Trading Platforms may adversely affect the value of digital assets and, consequently, the value of the Shares;
- The value of the Shares relates directly to the value of the digital assets then held by the Fund, the value of which may be highly volatile and subject to fluctuations;
- The limited history of the Index Prices;
- Because of the holding period under Rule 144, the lack of an ongoing redemption program, and the Fund's ability to halt creations from time to time, there is no arbitrage mechanism to keep the value of the Shares closely linked to the Index Prices (or Digital Asset Reference Rates, prior to July 1, 2025), and the Shares have historically traded at a substantial premium over, or a substantial discount to, the NAV per Share;
- The Shares may trade at a price that is at, above or below the Fund's NAV per Share as a result of the non-current trading hours between OTCQX and the Digital Asset Trading Platform Market;
- Shareholders may suffer a loss on their investment if the Shares trade above or below the Fund's NAV per Share;
- Regulatory changes or actions by the U.S. Congress or any U.S. federal or state agencies may affect the value of the Shares or restrict the use of one or more digital assets, mining or validating activity or the operation of their networks or the Digital Asset Markets in a manner that adversely affects the value of the Shares;
- Regulatory changes or other events in foreign jurisdictions may affect the value of the Shares or restrict the use of one or more digital assets, mining or validating activity or the operation of their networks or the Digital Asset Trading Platform Market in a manner that adversely affects the value of the Shares;
- An Authorized Participant, the Fund or the Manager could be subject to regulation as a money service business or money transmitter, which could result in extraordinary expenses to the Authorized Participant, the Fund or the Manager and also result in decreased liquidity for the Shares;
- Regulatory changes or interpretations could obligate the Fund or the Manager to register and comply with new regulations, resulting in potentially extraordinary, nonrecurring expenses to the Fund;

- The Fund's shareholders having different rights than those of shareholders governed by the laws of U.S. jurisdictions due to the Fund being a Cayman Islands limited liability company;
- The Fund may be required to disclose information, including information relating to investors, to regulators;
- Conflicts of interest may arise among the Manager or its affiliates and the Fund;
- The Manager's services may be discontinued, which could be detrimental to the Fund; and
- If the Custodian resigns or is removed by the Manager, or otherwise, without replacement, it could trigger early termination of the Fund.

The following risks, some of which have occurred and any of which may occur in the future, can have a material adverse effect on our business or financial performance, which in turn can affect the price of the Shares. These are not the only risks we face. There may be other risks we are not currently aware of or that we currently deem not to be material but may become material in the future.

Risk Factors Related to Digital Assets

The trading prices of many digital assets, including the Fund Components, have experienced extreme volatility in recent periods and may continue to do so. Extreme volatility in the future, including declines in the trading prices of digital assets, could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value.

The trading prices of many digital assets, including those held by the Fund, have experienced extreme volatility throughout their existence, including in recent periods, and may continue to do so. For instance, following significant increases throughout the majority of 2020, digital asset prices experienced significant volatility throughout 2021 and 2022. This volatility became extreme in November 2022, when FTX, then a major Digital Asset Trading Platform, halted customer withdrawals. See “—Recent developments in the digital asset economy have led to extreme volatility and disruption in digital asset markets, a loss of confidence in participants of the digital asset ecosystem, significant negative publicity surrounding digital assets broadly and market-wide declines in liquidity.” Digital asset prices have continued to fluctuate widely throughout 2023 and through the date of this Annual Report.

Extreme volatility in the future, including declines in the trading prices of the Fund Components, could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value. Furthermore, negative perception, a lack of stability and standardized regulation in the digital asset economy may reduce confidence in the digital asset economy and may result in greater volatility in the prices of the Fund Components and other digital assets, including a depreciation in value. The Fund is not actively managed and will not take any actions to take advantage, or mitigate the impacts, of volatility in the prices of the Fund Components. For additional information that quantifies the volatility of the Fund Component prices and the value of the Shares, see “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Historical Fund Component Prices.”

Furthermore, changes in U.S. political leadership and economic policies may create uncertainty that materially affects the price of digital assets and the Fund's Shares. For example, on March 6, 2025, President Trump signed an Executive Order to establish a Strategic Bitcoin Reserve and a United States Digital Asset Stockpile. Pursuant to this Executive Order, the Strategic Bitcoin Reserve will be capitalized with Bitcoin owned by the Department of Treasury that was forfeited as part of criminal or civil asset forfeiture proceedings, and the Secretaries of Treasury and Commerce are authorized to develop budget-neutral strategies for acquiring additional bitcoin, provided that those strategies impose no incremental costs on American taxpayers. Conversely, the Digital Asset Stockpile will consist of all digital assets other than Bitcoin owned by the Department of Treasury that were forfeited in criminal or civil asset forfeiture proceedings, but the U.S. government will not acquire additional assets for the U.S. Digital Asset Stockpile beyond those obtained through such proceedings. The anticipation of a U.S. government-funded strategic cryptocurrency reserve had motivated large-scale purchases of certain digital assets in the expectation of the U.S. government acquiring XRP to fund such reserve, and the market price of such digital assets decreased significantly as a result of the ultimate content of the Executive Order. Any similar action or omission by the U.S. federal administration or other government authorities with respect to XRP or other digital assets may negatively and significantly impact the price of digital assets and the Fund's Shares.

Digital assets were only introduced within the past two decades, and the medium-to-long term value of the Shares is subject to a number of factors relating to the capabilities and development of blockchain technologies and to the fundamental investment characteristics of digital assets.

Digital assets were only introduced within the past two decades, and some of the Fund Components were developed even more recently, and the medium-to-long term value of the Shares is subject to a number of factors relating to the capabilities and development of blockchain technologies, such as the recency of their development, their dependence on the internet and other technologies, their dependence on the role played by users, developers and miners, or validators, and the potential for malicious activity. For example, the realization of one or more of the following risks could materially adversely affect the value of the Shares:

- Digital Asset Networks and related protocols are in the early stages of development. Given the recency of the development of Digital Asset Networks and related protocols, digital assets and the underlying Digital Asset Networks and related protocols may not function as intended and parties may be unwilling to use digital assets, which would dampen the growth, if any, of Digital Asset Networks and related protocols.
- The loss of access to a private key required to access a digital asset may be irreversible. If a private key is lost and no backup of the private key is accessible, or if the private key is otherwise compromised, the owner would be unable to access the digital assets held in the Digital Asset Account corresponding to that private key.
- For Fund Components that operate on a PoW consensus model, digital asset mining operations can consume significant amounts of electricity, which may have a negative environmental impact and give rise to public opinion against allowing, or government regulations restricting, the use of electricity for mining operations. Additionally, miners may be forced to cease operations during an electricity shortage or power outage, or otherwise when the cost of electricity used in mining as compared to relevant digital asset prices makes mining that digital asset uneconomical.
- Digital Asset Networks and related protocols are dependent upon the internet. A disruption of the internet or a Digital Asset Network or related protocol, would affect the ability to transfer digital assets, and, consequently, their value.
- The acceptance of software patches or upgrades to a Digital Asset Network by a significant, but not overwhelming, percentage of the users, validators or miners in a Digital Asset Network, as applicable, could result in a “fork” in such Digital Asset Network’s blockchain, resulting in the operation of multiple separate blockchain networks.
- Many digital asset networks face significant scaling challenges and are being upgraded with various features to increase the speed and throughput of digital asset transactions. These attempts to increase the volume of transactions may not be effective.
- Upgrades and other changes to a Digital Asset Network or related protocol may not be successful. For example, the Ethereum network has implemented and is in the process of implementing a series of software upgrades and other changes to its source code, including to material portions of the source code. These upgrades have and will result in new iterations of the Ethereum network. Although some upgrades to the Ethereum network and other Digital Asset Networks and related protocols have been successfully implemented, previously successful upgrades do not guarantee that future upgrades will be successful or be implemented as currently contemplated, and any failure to successfully implement future changes, or implement them as currently intended, could have a material adverse effect on the value of Ether and other current or future Fund Components, as applicable, and therefore have a material adverse effect on the value of the Shares.
- Developers and other users of Digital Asset Networks and related protocols are in the process of developing and making significant decisions that will affect the supply, issuance and rights of such network’s or protocol’s digital assets, and in some cases other protocols that use or rely on that Digital Asset Network. For example, certain DeFi protocols built on Digital Asset Networks depend on a process known as “liquidity mining” to operate. Users who engage in liquidity mining contribute tokens to a DeFi protocol’s digital asset pools, or otherwise interact with the DeFi protocol, and receive tokens in proportion to their transaction activity. Decisions regarding liquidity mining in a DeFi protocol or among DeFi protocols, including decisions regarding liquidity mining reward amounts and distribution decisions, could lead to a decline in the support and price of such digital asset as well as the digital asset native to the underlying Digital Asset Network on which the DeFi protocol operates.
- Moreover, in the past, flaws in the source code for Digital Asset Networks and related protocols have been exposed and exploited, including flaws that disabled some functionality for users, exposed users’ personal information and/or resulted in the theft of users’ digital assets. The cryptography underlying the Digital Asset Networks and related protocols on which the Fund Components exist and rely could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to take a Fund Component, which would adversely affect the value of the Shares. Moreover, functionality of the Digital Asset Network or protocol underlying a Fund Component may be negatively affected by such an exploit such that it is no longer attractive to users, thereby dampening demand for the relevant Fund Component. In addition, any reduction in confidence in the source code or cryptography underlying Digital Asset Networks and related protocols generally could negatively affect the demand for digital assets, including the Fund Components, and therefore adversely affect the value of the Shares.
- The open-source structure of many Digital Asset Networks and related protocols, such as the Ethereum network, means that developers and other contributors are generally not directly compensated for their contributions in maintaining and developing such Digital Asset Networks or protocols. As a result, the developers of and other contributors to a particular Digital Asset Network or protocol may lack a financial incentive to maintain or develop the Digital Asset Network or protocol, or may lack the resources to adequately address emerging issues. Alternatively, some developers may be funded by companies whose interests are at odds with other participants in a particular Digital Asset Network or protocol. If a Digital Asset Network or

protocol does not have attractive policies on supply and issuance of its related digital asset, there may not be sufficient support for such Digital Asset Network or protocol, which could lead to a decline in the support and price of such digital asset.

Moreover, because digital assets have existed for a short period of time and are continuing to be developed, there may be additional risks to Digital Asset Networks and related protocols, and therefore to digital assets that are Fund Components, that are impossible to predict as of the date of this Annual Report.

Digital assets represent a new and rapidly evolving industry, and the value of the Shares depends on the acceptance of digital assets.

The first digital asset, Bitcoin, was launched in 2009. Ether launched in 2015 and, along with Bitcoin, was one of the first cryptographic digital assets to gain global adoption and critical mass. Other Fund Components were developed even more recently. In general, Digital Asset Networks and related protocols represent a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. For example, the realization of one or more of the following risks could materially adversely affect the value of the Shares:

- Only a limited number of digital assets are selectively accepted by retail and commercial outlets, and use of digital assets by consumers remains limited. While the use of some digital assets to purchase goods and services from commercial or service businesses is developing, most digital assets have not yet been accepted in the use of commerce due to their infancy, price volatility, technological issues and/or because they may not be intended to be used for that purpose. Banks and other established financial institutions, whether voluntarily or in response to regulatory feedback, may refuse to process funds for digital asset transactions; process wire transfers to or from Digital Asset Trading Platforms, digital asset related companies or service providers; or maintain accounts for persons or entities transacting in digital assets.
- Similarly, banks may not provide banking services, or may cut off banking services, to businesses that provide digital asset-related services or that accept digital assets as payment, which could dampen liquidity in the market and damage the public perception of digital assets generally or any one digital asset in particular and their or its utility as a payment system, which could decrease the price of digital assets generally or individually.
- The prices of digital assets may be determined on a relatively small number of Digital Asset Trading Platforms by a relatively small number of market participants, many of whom are speculators or those intimately involved with the issuance of such digital assets, such as miners, validators or developers, which could contribute to price volatility that makes retailers less likely to accept digital assets in the future.
- Certain privacy-preserving features have been or are expected to be introduced to a number of Digital Asset Networks and related protocols. If there is a concern that any such privacy-preserving features introduced to the Digital Asset Networks or related protocols of the Fund Components interfere with the performance of anti-money laundering duties and economic sanctions checks, trading platforms or businesses that facilitate transactions in digital assets on these networks may be at an increased risk of criminal or civil lawsuits, or of having banking services cut off if there is a concern that these features interfere with the performance of anti-money laundering duties and economic sanctions checks.
- Users, developers and miners, or validators may switch to or adopt certain Digital Asset Networks or protocols at the expense of their engagement with other Digital Asset Networks and protocols, which may negatively impact those networks and protocols.

Smart contracts are a new technology and ongoing development may magnify initial problems, cause volatility on the networks that use smart contracts and reduce interest in them, which could have an adverse impact on the value of digital assets that rely on smart contracts.

Certain of the Fund Components rely on the use of smart contracts. Smart contracts are computer programs that run on a Digital Asset Network or related protocol that execute automatically when certain conditions are met. Because smart contract functions typically cannot be stopped or reversed, vulnerabilities in or unforeseen consequences of their programming can have damaging effects for the underlying Digital Asset Network or protocol and the value of digital assets that use or interact with such smart contracts. For example, in June 2016, a vulnerability in the smart contracts underlying a protocol that was deployed on the Ethereum network, The DAO, a distributed autonomous organization for venture capital funding, allowed an attack by a hacker to syphon approximately \$60 million worth of Ether from The DAO into a separate account. In the aftermath of the theft, certain developers of and core contributors to the Ethereum network pursued a “hard fork” of the Ethereum network in order to erase any record of the theft. Despite these efforts, the price of Ether dropped approximately 35% in the aftermath of the attack and subsequent hard fork. In addition, in July 2017, a vulnerability in a smart contract for a multi-signature wallet software developed by Parity led to a \$30 million theft of Ether, and in November 2017, a new vulnerability in Parity’s wallet software led to roughly \$160 million worth of Ether being indefinitely frozen in an account. More recently, in 2022, a digital asset trader took advantage of an unintended vulnerability in the smart contracts of a DeFi protocol, Mango Markets, which led to roughly \$110 million in various digital assets being withdrawn from the protocol.

Other smart contracts, such as bridges between separate Digital Asset Networks have also been manipulated, exploited or used in ways that were not intended or envisioned by their creators, such that attackers syphoned over \$3.8 billion worth of digital assets from 219 smart contract exploits in 2022, and \$1.7 billion worth of digital assets from 231 exploits of smart contracts in 2023. Initial problems and continued problems with the development, design and deployment of smart contracts may have an adverse effect on the value of networks built on smart contract platforms or other digital assets that rely on smart contract technology, including digital assets held by the Fund, which could have a negative impact on the value of the Shares.

Layer 2 solutions underlying certain of the Fund Components were only recently conceived and may not function on their underlying, base-layer smart contract platforms as intended which could have an adverse impact on the value of the Fund Components and an investment in the Shares.

So-called “Layer 2” solutions are protocols built on top of an underlying smart contract platform blockchain, and intended to provide scalability to the underlying blockchain by increasing transaction efficiency. For example, Polygon is a smart contract platform protocol built on top of the Ethereum blockchain; it is intended to provide scalability to Ethereum by allowing users to transact on a variety of blockchains deployed on the Ethereum network. Under this model, Ethereum functions as the base layer, or “Layer 1” blockchain. As an example, the Polygon protocol offers developers sidechain, roll-ups and other Layer 2 solutions which can be tailored to an individual developer’s intended use case. Such solutions are intended to improve upon the transaction speed, cost and efficiency of transactions on their respective Layer 1. However, Layer 2 solutions have only been recently developed and may not function as intended.

For example, smart contracts deployed on one Layer 2 solution may not be interoperable with smart contracts deployed on other Layer 2 solutions. In particular, the advent of Layer 2 solutions presents the possibility of fracturing liquidity of DeFi DApps on a smart contract platform’s mainchain by splitting such liquidity among multiple, non-interoperable Layer 2 solutions, which could limit their use case or reduce efficiency. Layer 2 solutions also rely, to various degrees, on the functionality of the underlying Layer 1 blockchain. It is possible that a disruption on the Ethereum blockchain, for example, could have a material adverse effect on the functioning of the Polygon network and the value of the Fund Components and an investment in the shares.

Layer 2 solutions also present the possibility of fracturing liquidity of DeFi protocols that certain Fund Components rely on by splitting such liquidity among multiple, non-interoperable Layer 2 solutions, which could limit the DeFi application’s use case or reduce efficiency. Layer 2 solutions also rely, to various degrees, on the functionality of the underlying Layer 1 blockchain. It is possible that a disruption on the Ethereum blockchain, for example, could have a material adverse effect on the functioning of the Polygon network or the value of current or future Fund Components and an investment in the Shares.

ERC-20 tokens rely on the ERC-20 standard and the Ethereum blockchain to function and any adverse impact on the ERC-20 standard and/or the Ethereum blockchain could have an adverse impact on the value of certain digital assets that may be held by the Fund and the value of the Shares.

Certain recent Fund Components were created using Ethereum Request for Comment 20 (“ERC-20”), a type of smart contract protocol standard on the Ethereum blockchain that allows users to create new digital assets. ERC-20 tokens are distinct from Ethereum because they can have their own unique set of features. However, because ERC-20 tokens are created on the Ethereum blockchain, they rely on the Ethereum blockchain for key functionalities such as storage, transfer and usage. As a result, vulnerabilities or attacks on the ERC-20 standard and/or the Ethereum blockchain more generally can cause vulnerabilities or attacks on ERC-20 tokens. For example, in February 2018, a vulnerability in the transfer of ERC-20 tokens was discovered that led to the loss of certain ERC-20 tokens, such as EOS, QTUM and Golem. In addition, in April 2018, many digital asset trading platforms halted trading of all ERC-20 tokens because of newly discovered vulnerabilities in the ERC-20 standard. Any future similar adverse impacts on the ERC-20 standard and/or the Ethereum blockchain could have an adverse impact on the value of ERC-20 tokens and/or the digital assets held by the Fund, which could in turn have an adverse impact on the value of an investment in the Shares.

Changes in the governance of a Digital Asset Network or protocol may not receive sufficient support from users, miners, or validators, which may negatively affect that Digital Asset Network’s or protocol’s ability to grow and respond to challenges.

The governance of some Digital Asset Networks and protocols, such as the Bitcoin and Ethereum networks, is generally by voluntary consensus and open competition. For such networks and protocols, there may be a lack of consensus or clarity on that network’s or protocol’s governance, which may stymie such network’s or protocol’s utility, adaptability and ability to grow and face challenges.

The foregoing notwithstanding, the underlying software for some Digital Asset Networks and protocols, such as the Bitcoin network, is informally or formally managed or developed by a group of core developers that propose amendments to the relevant network’s or protocol’s source code. Core developers’ roles may evolve over time, generally based on self-determined participation.

Because the governance of these Digital Asset Networks and protocols, including those underlying certain of the Fund Components, is ultimately managed by the voluntary consensus and open competition, even Digital Asset Networks and protocols with

a more centralized development team may be unable to successfully or efficiently implement beneficial updates to the network or protocol's source code because a dispersed group of individuals, rather than a single, centralized actor, may be able to control network governance decisions.

On the other hand, to the extent that a significant majority of users, validators and/or miners do adopt amendments to a Digital Asset Network or protocol, such Digital Asset Network or protocol will be subject to new source code that may adversely affect the value of the digital asset. If a significant majority of users, miners, or validators were to adopt amendments to a Digital Asset Network or protocol, whatever the source, such network will be subject to new protocols that may adversely affect the utility or operations of the Digital Asset Network or protocol, and thus the value of the relevant digital asset.

As a result of the foregoing, it may be difficult to find solutions or marshal sufficient effort to overcome any future problems, especially long-term problems, on Digital Asset Networks.

Some Digital Asset Networks and protocols, including several of the Fund Components' underlying Digital Asset Networks and protocols, are supported by foundations and/or founding teams that may influence the development of the Digital Asset Networks or protocols and could adversely affect the value of the Fund Component.

Many Digital Asset Networks and protocols, including certain of the Fund Components' Digital Asset Networks and protocols, are supported by foundations and/or founding teams. In contrast to Digital Asset Networks and protocols where governance decisions are largely made by a decentralized group of individuals, the development of such Digital Asset Network or protocol may be disproportionately influenced by these foundations and/or founding teams. For example, Solana Labs, Inc. ("Solana Labs") and the Solana Foundation support the Solana project and intend to advance the overall growth and development of the ecosystem. Therefore, Solana Labs and the Solana Foundation will generally be in control of proposing amendments to, and the development of the Solana network's source code. To the extent Solana Labs and/or the Solana Foundation propose any amendments to the Solana network's source code that are adopted by users of the Solana network, the Solana network will be subject to new source code that may adversely affect the value of SOL. In addition to SOL, certain of the other Fund Components also have Foundations and/or founding teams that support the development of the Fund Components' Digital Asset Networks or protocols and may have interests that are different than a shareholder's and the decisions made by such foundations and/or founding teams could have an adverse effect on the value of the Fund Component.

Digital Asset Networks face significant scaling challenges and efforts to increase the volume and speed of transactions may not be successful.

Many Digital Asset Networks face significant scaling challenges due to the fact that public, permissionless blockchains generally face a tradeoff between security and scalability. One means through which Digital Asset Networks that utilize public, permissionless blockchains achieve security is decentralization, meaning that no intermediary is responsible for securing and maintaining these systems. For example, a greater degree of decentralization of a public, permissionless blockchain generally means a given Digital Asset Network is less susceptible to manipulation or capture. In practice, this typically means that every single node on a given Digital Asset Network is responsible for securing the system by processing every transaction and maintaining a copy of the entire state of the network. As a result, a Digital Asset Network that utilizes a public, permissionless blockchain may be limited in the number of transactions it can process by the computing capabilities of each single fully participating node. Many developers are actively researching and testing scalability solutions for public blockchains that do not necessarily result in lower levels of security or decentralization, such as off-chain payment channels and sharding. Off-chain payment channels would allow parties to transact without requiring the full processing power of a blockchain. Sharding can increase the scalability of a database, such as a blockchain, by splitting the data processing responsibility among many nodes, allowing for parallel processing and validating of transactions.

As corresponding increases in throughput lag behind growth in the use of Digital Asset Networks, average transaction fees and settlement times may increase considerably. For example, the Bitcoin network has been, at times, at capacity, which has led to increased transaction fees. Since January 1, 2022, Bitcoin average daily transaction fees have ranged from \$0.38 per transaction on September 8, 2024, to as high as \$124.17 per transaction on April 20, 2024. As of June 30, 2025, Bitcoin average daily transaction fees stood at \$1.36 per Bitcoin transaction. Increased transaction fees and decreased settlement speeds could preclude certain uses for digital assets (e.g., micropayments), and could reduce demand for, and the price of, digital assets, which could adversely impact the value of the Shares.

Moreover, the smart contract platform protocols underlying some of the Fund Components were only recently conceived and the technologies underlying the protocols may not function as intended, which could have an adverse impact on the value of the Fund Components and an investment in the Shares. In particular, Digital Asset Networks designed to utilize smart contracts rely on innovative scaling solutions designed to increase the efficiency of processing and throughput of smart contract transactions. For example, the Solana protocol, first conceived by Anatoly Yakovenko in a 2017 whitepaper, introduced PoH transaction ordering, which is intended to improve upon the more widely used PoS consensus mechanism utilized by many other smart contract-based Digital Asset Networks. PoH is intended to provide a transaction processing speed and capacity advantage over other PoS networks, like the Ethereum network, which rely on sequential production of blocks and can lead to delays caused by validator confirmations.

Like other public, permissionless Digital Asset Networks, PoH-based Digital Asset Networks and similar scaling solutions are new technologies that are not widely used, may not function as intended, and are subject to many of the same, or even more limitations as the Digital Asset Networks and protocols they seek to improve upon. For example, each may require more specialized equipment to operate or interact with and therefore fail to attract a significant number of users. In addition, there may be flaws in the cryptography underlying these scaling solutions including flaws that affect their functionality and make them even more vulnerable to attack than the Digital Asset Networks they seek to improve upon. For example, the Solana network has suffered a significant number of service disruptions. For example, on February 6, 2024, the Solana network experienced a significant disruption, later attributed to a bug in the core software which prevented validators from processing blocks, and was offline for over five hours.

The development of scaling solutions, including certain Digital Asset Networks that underly certain of the Fund Components is ongoing and any further disruption could have a material adverse effect on the value of the relevant Fund Components and an investment in the Shares. There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement or throughput of Digital Asset Network transactions will be effective, or how long these mechanisms will take to become effective, which could adversely impact the value of the Shares.

Digital Asset Networks are developed by a diverse set of contributors and the perception that certain high-profile contributors will no longer contribute to the network could have an adverse effect on the market price of the related digital asset.

Digital Asset Networks and related protocols are often developed by a diverse set of contributors, but are also often developed by identifiable and high-profile contributors. The perception that certain high-profile contributors may no longer contribute to the applicable Digital Asset Network or protocol may have an adverse effect on the market price of any related digital assets. For example, in June 2017, an unfounded rumor circulated that Ethereum protocol developer Vitalik Buterin had died. Following the rumor, the price of Ether decreased approximately 20% before recovering after Buterin himself dispelled the rumor. Some have speculated that the rumor led to the decrease in the price of Ether. In the event a high-profile contributor to a Digital Asset Network or related protocol is perceived as no longer contributing to such Digital Asset Network or protocol due to death, retirement, withdrawal, incapacity, or otherwise, whether or not such perception is valid, it could negatively affect the price of such Fund Component, which could adversely impact the value of the Shares.

Digital assets may have concentrated ownership and large sales or distributions by holders of any one digital asset, or any ability to participate in or otherwise influence any one digital asset's underlying network, could have an adverse effect on the market price of such digital asset.

Many digital assets have concentrated ownership. For example, as of June 30, 2025 the largest 100 Bitcoin wallets held approximately 15% of the Bitcoin in circulation, the largest 100 Ether wallets held approximately 21% of the Ether in circulation, the largest 100 SOL wallets held approximately 29% of the SOL in circulation, the largest 100 XRP wallets held approximately 86% of the XRP in circulation, and the largest 100 ADA wallets held approximately 29% of the ADA in circulation. Moreover, it is possible that other persons or entities control multiple wallets that collectively hold a significant amount of digital assets, even if they individually only hold a small amount, and it is possible that some of these wallets are controlled by the same person or entity. As a result of this concentration of ownership, large sales or distributions by such holders could have an adverse effect on the market price of certain digital assets with highly concentrated ownership.

If the digital asset awards or transaction fees for recording transactions on the Digital Asset Network underlying a Fund Component are not sufficiently high to incentivize miners or validators, or if certain jurisdictions continue to limit or otherwise regulate mining or validating activities, miners and validators may cease expanding processing power or demand high transaction fees, which could negatively impact the value of the Fund Components and the value of the Shares.

If the digital asset awards or the transaction fees for recording transactions on the Digital Asset Network of a Fund Component are not sufficiently high to incentivize miners or validators, as applicable, or if certain jurisdictions continue to limit or otherwise regulate mining or validating activities, miners and validators may cease expending processing power to mine blocks and confirmations of transactions on the digital asset's underlying Digital Asset Network could be slowed. For example, the realization of one or more of the following risks could materially adversely affect the value of the Shares:

- Over the past several years, digital asset mining and validating operations have evolved from individual users mining with computer processors, graphics processing units and first generation application specific integrated circuit machines to “professionalized” mining and validating operations using proprietary hardware or sophisticated machines. If the profit margins of digital asset mining or validating operations are not sufficiently high, including due to an increase in electricity costs or a decrease in transaction fees, digital asset miners and validators are more likely to immediately sell digital assets earned by mining or validating, resulting in an increase in liquid supply of that digital asset, which would generally tend to reduce that digital asset's market price.
- A reduction in the processing power expended by miners, or a reduction in staked digital assets by validators, could increase the likelihood of a malicious actor or botnet obtaining control on a Digital Asset Network. See “—If a malicious actor or

botnet obtains control of more than 50% of the processing power on a Digital Asset Network, or otherwise obtains control over a Digital Asset Network through its influence over core developers or otherwise, such actor or botnet could manipulate the blockchain of such digital asset to adversely affect the value of the Shares or the ability of the Fund to operate.”

- Miners and validators have historically accepted relatively low transaction confirmation fees on most Digital Asset Networks. If miners or validators demand higher transaction fees for recording transactions in a digital asset’s blockchain or a software upgrade automatically charges fees for all transactions on a Digital Asset Network, the cost of using such digital asset may increase and the marketplace may be reluctant to accept such digital asset as a means of payment. Miners or validators may demand higher transaction fees for a variety of reasons, including to compensate for reductions in the reward received for its involvement in producing a block on a Digital Asset Network as a result of the reward distribution policies of such Digital Asset Network or due to any reductions in the rate of creation of new digital assets included in the Digital Asset Network’s protocol.
- Miners and validators could also collude in an anti-competitive manner to reject low transaction fees on a Digital Asset Network and force users to pay higher fees, thus reducing the attractiveness of the Digital Asset Network. Higher transaction fees resulting from collusion or otherwise may adversely affect the attractiveness of a Digital Asset Network, the value of the Fund Component and the value of the Shares.
- To the extent that any miners or validators cease to record transactions that do not include the payment of a transaction fee in mined or validated blocks or do not record a transaction because the transaction fee is too low, such transactions will not be recorded on the Digital Asset Network of a digital asset until a block is mined by a miner, or validated by a validator, who does not require the payment of transaction fees or is willing to accept a lower fee. Any widespread delays in the recording of transactions could result in a loss of confidence in a Digital Asset Network.
- Digital asset mining and validating operations can consume significant amounts of electricity, which may have a negative environmental impact and give rise to public opinion against allowing, or government regulations restricting, the use of electricity for mining and validating operations. Additionally, miners and validators may be forced to cease operations during an electricity shortage or power outage, or when the cost of electricity as compared to mining, validating, or transaction fees makes conducting its operations uneconomical.
- During the course of ordering transactions and validating blocks, validators may be able to prioritize certain transactions or order the transactions in a manner that increases the validator’s profits, an incentive system known as “Maximal Extractable Value” (“MEV”). For example, in Digital Asset Networks that facilitate DeFi protocols in particular, such as the Ethereum network, users may attempt to gain an advantage over other users by increasing the transaction fees offered to validators to process a particular transaction. Certain software solutions, such as Flashbots, have been developed to enable validators to capture MEV produced by these heightened fees. The use of an MEV incentive system may lead to an increase in transaction fees on the Ethereum network, which may diminish use of the Ethereum network. Users or other stakeholders on the Ethereum network could also view the existence of MEV as unfair manipulation of decentralized digital asset networks, and refrain from using DeFi protocols or the Ethereum network generally. In addition, it’s possible regulators or legislators could enact rules which restrict the use of MEV, and law enforcement has and may continue to charge users of who those who exploit MEV incentive systems with crimes, the threat of which could diminish the popularity of the Ethereum network among users and validators. Any of these or other outcomes related to MEV may adversely affect the value of Ether, protocols that use the Ethereum network and their associated digital assets, and the value of the Shares.

If a malicious actor or botnet obtains control of more than certain thresholds of the processing power on a Digital Asset Network, or otherwise obtains control over the Digital Asset Network through its influence over core developers or otherwise, such actor or botnet could manipulate the Blockchain to adversely affect the value of the Shares or the ability of the Fund to operate.

All networked systems are vulnerable to various types of attacks. As with any computer network, the networks underlying the Fund Components could be attacked. For example, Digital Asset Networks are currently vulnerable to attacks where, if a party or group of acting in concert were to gain control of more than certain thresholds of processing power, a malicious actor may be able to gain full control of the network and the ability to manipulate the network. Depending on the nature of the control, this may allow the malicious actor to engage in a wide range of undesirable behaviors, including, but not limited to, temporarily impeding or delaying block confirmation, causing a fork in the blockchain, engaging in double-spending or fraudulent block propagation, or censoring transactions or communications, among other possible negative activities. The consequences of these behaviors may be temporary or permanent depending on the nature of the malicious actor’s control.

For example, in proof-of-work networks, if a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power on a proof-of-work network, it may be able to alter the Blockchain by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could also control, exclude or modify the ordering of transactions. For example, in August 2020, the Ethereum Classic network, a proof-of-work network, was the target of two double-spend attacks by an unknown

actor or actors that gained more than 50% of the processing power of the Ethereum Classic network. The attacks resulted in reorganizations of the Ethereum Classic Blockchain that allowed the attacker or attackers to reverse previously recorded transactions in excess of over \$5.0 million and \$1.0 million. In addition, in May 2019, the Bitcoin Cash network, a proof-of-work network, experienced a >50% attack when two large mining pools reversed a series of transactions in order to stop an unknown miner from taking advantage of a flaw in a recent Bitcoin Cash protocol upgrade. Although this particular attack was arguably benevolent, the fact that such coordinated activity was able to occur may negatively impact perceptions of the Bitcoin Cash network. Although the two attacks described above took place on proof-of-work-based networks, it is possible that a similar attack may occur on other Digital Asset Networks, which could negatively impact the value of a relevant Fund Component and the value of the Shares.

Proof-of-stake networks may also become vulnerable to different types of attacks depending on how much control is concentrated among validators. For example, the Ethereum network is currently vulnerable to several types of attacks, including:

- “>33% attack” where, if a malicious actor, validator, botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) or group of validators acting in concert were to gain control of more than 33% of the total staked Ether on the Ethereum network, a malicious actor could temporarily impede or delay block confirmation or even cause a temporary fork in the blockchain. This is designed to be a temporary risk, as the Ethereum network’s inactivity leak would be expected to eventually penalize the attacker enough for the chain to finalize again (i.e., the honest majority would be expected to reclaim 2/3rd stake as the attacker’s stake is penalized). Moreover, it is not believed that a 33% attack would allow a malicious actor to engage in double-spending or fraudulent block propagation. Even without 33% control, a malicious actor or botnet could create a flood of transactions in order to slow down the Ethereum network.
- “>50% attack” where, if a malicious actor, validator, botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) or group of validators acting in concert were to gain control of more than 50% of the total staked Ether on the Ethereum network, a malicious actor would be able to gain full control of the Ethereum network and the ability to manipulate future transactions on the blockchain, including censoring transactions, double-spending and fraudulent block propagation, potentially for an extended period or even permanently. In theory, the minority non-attackers might reach social consensus to reject blocks proposed by the malicious majority attacker, reducing the attacker’s ability to engage in malicious activity, but there can be no assurance this would happen or that non-attackers would be able to coordinate effectively. Although the malicious actor or botnet would not be able to generate new tokens or transactions using such control, it could “double-spend” its own tokens (i.e., spend the same tokens in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintained control (over 50%). To the extent that such malicious actor or botnet did not yield its control of the validating power on the Ethereum network or the Ethereum community did not reject the fraudulent blocks as malicious, reversing any changes made to the Ethereum Blockchain may not be possible.
- “>66% attack” where, if a malicious actor, validator, botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) or group of validators acting in concert were to gain control of more than 66% of the total staked Ether on the Ethereum network, a malicious actor could permanently and irreversibly manipulate the blockchain, including censorship, double-spending and fraudulent block propagation. The attacker could finalize their preferred chain without any consideration for the votes of other stakers and could also revert finalized blocks.

If groups of coordinating or connected processing power that together have more than any control thresholds applicable to a Digital Asset Network, they could exert authority over the processing of an affected Fund Component transactions. This risk is heightened if the processing power on the network within the jurisdiction of a single governmental authority exceeds those thresholds. If network participants, including the core developers and the administrators of processing power, do not act to ensure greater decentralization of the network, the feasibility of a malicious actor obtaining control of the Digital Asset Network will increase, which may adversely affect the value of the Shares.

A malicious actor may also obtain control over a Digital Asset Network through its influence over core developers by gaining direct control over a core developer or an otherwise influential programmer. The less that a Digital Asset Network ecosystem grows, the greater the possibility that a malicious actor may be able to maliciously influence the Digital Asset Network in this manner. Moreover, it is possible that an individual or group controlling processing power exceeding the requisite thresholds to manipulate the Digital Asset Network are in fact part of the initial or current core developer group, or are otherwise influential members of the Digital Asset Network’s community. To the extent that the initial or current core developer groups also control more the requisite amount of processing power, the risk of this particular group of users causing the Digital Asset Network to adopt updates to the core protocol that this particular group wants to be implemented will be even greater, and should this materialize, it may adversely affect the value of the Shares.

A temporary or permanent “fork” or a “clone” could adversely affect the value of the Shares.

Many Digital Asset Networks operate using open-source protocols, meaning that any user can download the software, modify it and then propose that the users, validators and miners of the digital asset adopt the modification. When a modification is introduced and

a substantial majority of users, validators and miners consent to the modification, the change is implemented and the network remains uninterrupted. However, if less than a substantial majority of users, validators and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “hard fork” of the network, with one group running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the Digital Asset Network and digital asset running in parallel, yet lacking interchangeability. For example, in August 2017, Bitcoin “forked” into Bitcoin and a new digital asset, Bitcoin Cash, as a result of a several-year dispute over how to increase the rate of transactions that the Bitcoin network can process. In September 2022, the Ethereum network transitioned to a PoS model, in an upgrade referred to as the “Merge.” Following the Merge, a hard fork of the Ethereum network occurred, as certain Ethereum miners and network participants planned to maintain the PoW consensus mechanism that was removed as part of the Merge. This version of the network was rebranded as “Ethereum Proof-of-Work”.

Forks may also occur as a Digital Asset Network’s community’s response to a significant security breach. For example, in June 2016, an anonymous hacker exploited a smart contract running on the Ethereum network to syphon approximately \$60 million of Ether held by The DAO, a distributed autonomous organization, into a segregated account. In response to the exploit, most participants in the Ethereum community elected to adopt a “fork” that effectively reversed the exploit. However, a minority of users continued to develop the original blockchain, referred to as “Ethereum Classic” with the digital asset on that blockchain now referred to as ETC. ETC now trades on several Digital Asset Trading Platforms.

A fork may also occur as a result of an unintentional or unanticipated software flaw in the various versions of otherwise compatible software that users run. Such a fork could lead to users, validators, or miners abandoning the digital asset with the flawed software. It is possible, however, that a substantial number of users, validators, or miners could adopt an incompatible version of the digital asset while resisting community-led efforts to merge the two chains. This could result in a permanent fork, as in the case of Ethereum and Ethereum Classic.

In addition, many developers have previously initiated hard forks in the Bitcoin blockchain to launch new digital assets, such as Bitcoin Cash, Bitcoin Gold, Bitcoin Silver and Bitcoin Diamond, as well as the Bitcoin Cash blockchain to launch a new digital asset, Bitcoin Satoshi’s Vision. To the extent such digital assets compete with a Fund Component, such competition could impact demand for such digital asset and could adversely impact the value of the Shares.

Furthermore, a hard fork can lead to new security concerns. For example, when the Ethereum and Ethereum Classic networks split in July 2016, replay attacks, in which transactions from one network were rebroadcast to nefarious effect on the other network, plagued Ethereum trading platforms through at least October 2016. An Ethereum trading platform announced in July 2016 that it had lost 40,000 Ethereum Classic, worth about \$100,000 at that time, as a result of replay attacks. Similar replay attack concerns occurred in connection with the Bitcoin Cash and Bitcoin Satoshi’s Vision networks split in November 2018. Another possible result of a hard fork is an inherent decrease in the level of security due to significant amounts of validating or mining power remaining on one network or migrating instead to the new forked network. After a hard fork, it may become easier for an individual validator or miner, or validating or mining pools’ validating or hashing power to exceed 50% of the validating or processing power of a Digital Asset Network that retained or attracted less validating or mining power, thereby making Digital Asset Networks that rely on PoS, or PoW, more susceptible to attack.

Digital Asset Networks and related protocols may also be cloned. Unlike a fork of a Digital Asset Network, which modifies an existing blockchain and results in two competing Digital Asset Networks, each with the same genesis block, a “clone” is a copy of a protocol’s codebase, but results in an entirely new blockchain and new genesis block. Tokens are created solely from the new “clone” network and, in contrast to forks, holders of tokens of the existing network that was cloned do not receive any tokens of the new network. A “clone” results in a competing network that has characteristics substantially similar to the network it was based on, subject to any changes as determined by the developer(s) that initiated the clone.

A hard fork may adversely affect the price of digital assets at the time of announcement or adoption. For example, the announcement of a hard fork could lead to increased demand for the pre-fork digital asset, in anticipation that ownership of the pre-fork digital asset would entitle holders to a new digital asset following the fork. The increased demand for the pre-fork digital asset may cause the price of the digital asset to rise. After the hard fork, it is possible the aggregate price of the two versions of the digital asset running in parallel would be less than the price of the digital asset immediately prior to the fork. Furthermore, while the Fund would be entitled to both versions of the digital asset running in parallel, the Manager will, as permitted by the terms of the LLC Agreement, determine which version of the digital asset is generally accepted as the network and should therefore be considered the appropriate network for the Fund’s purposes, and there is no guarantee that the Manager will choose the digital asset that is ultimately the most valuable fork. Either of these events could therefore adversely impact the value of the Shares. As an illustrative example of a digital asset hard fork, following the DAO hack in July 2016, holders of Ethereum voted on-chain to reverse the hack, effectively causing a hard fork. For the days following the vote, the price of Ethereum rose from \$11.65 on July 15, 2016 to \$14.66 on July 21, 2016, the day after the first Ethereum Classic block was mined. A clone may also adversely affect the price of a digital asset at the time of announcement or adoption. For example, on November 6, 2016, Rhett Creighton, a Zcash developer, cloned the Zcash network to launch Zclassic, a substantially identical version of the Zcash network that eliminated the Founders’ Reward. For the days following the date the first Zclassic block was mined, the price of ZEC fell from \$504.57 on November 5, 2016 to \$236.01 on November 7, 2016 in the

midst of a broader sell off of ZEC beginning immediately after the Zcash network launch on October 28, 2016. A clone may also adversely affect the price of a digital asset at the time of announcement or adoption.

A future fork in or clone of the Digital Asset Network of a Fund Component could adversely affect the value of the Shares or the ability of the Fund to operate.

Shareholders may not receive the benefits of any forks or airdrops.

In addition to forks, a digital asset may become subject to a similar occurrence known as an “airdrop.” In an airdrop, the promoters of a new digital asset announce to some group of users, such as the group that are holders of another digital asset, that such group will be entitled to claim a certain amount of the new digital asset for free, based on the fact that they are part of that group.

Shareholders may not receive the benefits of any forks, the Fund may not choose, or be able, to participate in an airdrop, and the timing of receiving any benefits from a fork, airdrop or similar event is uncertain. We refer to the right of the Fund to receive any such benefit and any such virtual currency acquired through such right as “Forked Assets.” There are likely to be operational, tax, securities law, regulatory, legal and practical issues that significantly limit, or prevent entirely, shareholders’ ability to realize a benefit, through their Shares in the Fund, from any such Forked Assets. For instance, the Custodian may not agree to provide access to the Forked Assets. In addition, the Manager may determine that there is no safe or practical way to custody the Forked Assets, or that trying to do so may pose an unacceptable risk to the Fund’s holdings in digital assets, or that the costs of taking possession and/or maintaining ownership of the Forked Assets exceed the benefits of owning the Forked Assets. Additionally, laws, regulation or other factors may prevent shareholders from benefitting from the Forked Asset even if there is a safe and practical way to custody and secure the Forked Assets. For example, it may be illegal to sell or otherwise dispose of the Forked Asset, or there may not be a suitable market into which the Forked Asset can be sold (immediately after the fork or airdrop, or ever). The Manager may also determine, in consultation with its legal advisers, that the Forked Asset is, or is likely to be deemed, a security under federal or state securities laws. In such a case, the Manager would irrevocably abandon, as of any date on which the Fund holding such Forked Asset creates Shares, such Forked Asset if holding it would have an adverse effect on the Fund and it would not be practicable to avoid such effect by disposing of the Forked Asset in a manner that would result in shareholders of the Fund receiving more than insignificant value thereof. In making such a determination, the Manager expects to take into account a number of factors, including the various definitions of a “security” under the federal securities laws and federal court decisions interpreting elements of these definitions, such as the U.S. Supreme Court’s decisions in the *Howey* and *Reves* cases, as well as reports, orders, press releases, public statements and speeches by the SEC and its staff providing guidance on when a digital asset may be a security for purposes of the federal securities laws.

The Fund has informed the Custodian that the Fund is irrevocably abandoning, as of any date on which the Fund creates Shares, any Forked Assets to which the Fund would otherwise be entitled as of such date and with respect to which it has not taken any Affirmative Action on or prior to such date. In order to avert abandonment of a Forked Asset, the Fund will send a notice to the Custodian of its intention to retain such Forked Asset. The Manager intends to evaluate each future fork or airdrop on a case-by-case basis in consultation with the Fund’s legal advisers, tax consultants and Custodian. Any inability to recognize the economic benefit of a hard fork or airdrop could adversely affect the value of the Shares. See “Item 1. Business—Forked Assets.”

In the event of a hard fork of the network of a digital asset held by the Fund, the Manager will, if permitted by the terms of the LLC Agreement, use its discretion to determine which network should be considered the appropriate network for the Fund’s purposes, and in doing so may adversely affect the value of the Shares.

In the event of a hard fork of the Digital Asset Network of a Fund Component, the Manager will, as permitted by the terms of the LLC Agreement, use its discretion to determine, in good faith, which Digital Asset Network, among a group of incompatible forks of such Digital Asset Network, is generally accepted as the Digital Asset Network for such digital asset and should therefore be considered the appropriate Digital Asset Network for the Fund’s purposes. The Manager will base its determination on a variety of then relevant factors, including, but not limited to, the Manager’s beliefs regarding expectations of the core developers of such Digital Asset Network, users, services, businesses, validators or miners and other constituencies, as well as the actual continued acceptance of, validating or mining power on, and community engagement with, such Digital Asset Network. There is no guarantee that the Manager will choose the Digital Asset Network or digital asset that is ultimately the most valuable fork, and the Manager’s decision may adversely affect the value of the Shares as a result. The Manager may also disagree with shareholders, security vendors and the Index Provider on what is generally accepted as such Digital Asset Network and digital asset going forward and should therefore be considered the Digital Asset Network and digital asset going forward for the Fund’s purposes, which may also adversely affect the value of the Shares as a result.

Any name change and any associated rebranding initiative by the core developers of a digital asset may not be favorably received by the digital asset community, which could negatively impact the value of such digital asset and the value of the Shares.

From time to time, digital assets may undergo name changes and associated rebranding initiatives. For example, Bitcoin Cash may sometimes be referred to as Bitcoin ABC in an effort to differentiate itself from any Bitcoin Cash hard forks, such as Bitcoin Satoshi’s Vision, and in the third quarter of 2018, the team behind ZEN rebranded and changed the name of ZenCash to “Horizen.” We cannot predict the impact of any name change and any associated rebranding initiative on the relevant digital asset. After a name change

and an associated rebranding initiative, a digital asset may not be able to achieve or maintain brand name recognition or status that is comparable to the recognition and status previously enjoyed by such digital asset. The failure of any name change and any associated rebranding initiative by a digital asset may result in such digital asset not realizing some or all of the anticipated benefits contemplated by the name change and associated rebranding initiative, and could negatively impact the value of the relevant digital asset and the value of the Shares.

If the Digital Asset Networks of the digital assets held by the Fund are used to facilitate illicit activities, businesses that facilitate transactions in the Fund Components could be at increased risk of criminal or civil lawsuits, or of having services cut off, which could negatively affect the price of the relevant Fund Components and the value of the Shares.

Digital Asset Networks have in the past been, and may continue to be, used to facilitate illicit activities. If a Digital Asset Network of a digital asset held by the Fund is used to facilitate illicit activities, businesses that facilitate transactions in such Fund Component could be at increased risk of potential criminal or civil lawsuits, or of having banking or other services cut off, and such Fund Component could be removed from Digital Asset Trading Platforms. Moreover, law enforcement agencies and other market participants have often relied on the transparency of blockchains to facilitate investigations and comply with laws, such as anti-money laundering and economic sanctions laws. If any of the Fund Components contain privacy-enhancing features, law enforcement agencies and other market participants may have less visibility into transaction-level data, which may encourage bad actors to misuse such Fund Component's network for such illicit purposes. Businesses that facilitate transactions in those Fund Components may be at increased risk of potential criminal or civil lawsuits, or of having banking services cut off if there is a concern that these features interfere with the performance of anti-money laundering duties and economic sanctions checks. In August 2019, for example, Coinbase UK delisted another privacy-oriented digital asset, Zcash, and in January 2021 Bittrex delisted Zcash as well as Monero and Dash, two other privacy-focused digital assets. Although neither trading platform disclosed the reasons for such delisting, and both trading platforms subsequently relisted Zcash, it is believed that they were the result of the privacy-enhancing features of the digital assets and there is a risk that digital asset trading platforms could remove any Fund Components containing privacy-enhancing features in the future. Any of the aforementioned occurrences could adversely affect the price of the relevant Fund Component, the attractiveness of the respective Digital Asset Network and an investment in the Shares of the Fund.

When the Fund and the Manager, acting on behalf of the Fund, sell or deliver, as applicable, digital assets, they generally do not transact directly with counterparties other than the Authorized Participant, a Liquidity Provider or other similarly eligible financial institutions that are subject to federal and state licensing requirements and maintain practices and policies designed to comply with AML and KYC regulations. When an Authorized Participant or Liquidity Provider sources digital assets in connection with the creation of the Shares or facilitates transactions in digital assets at the direction of the Fund or the Manager, it directly faces its counterparty and, in all instances, the Authorized Participant or the Liquidity Provider, as applicable, follow policies and procedures designed to ensure that it knows the identity of its counterparty. The Authorized Participant is a registered broker-dealer and therefore subject to AML and countering the financing of terrorism obligations under the Bank Secrecy Act as administered by FinCEN and further overseen by the SEC and FINRA.

In accordance with its regulatory obligations, the Authorized Participant, or the Liquidity Provider, conducts customer due diligence and enhanced due diligence on its counterparties, which enables it to determine each counterparty's AML and other risks and assign an appropriate risk rating.

As part of its counterparty onboarding process, each of the Authorized Participant and the Liquidity Provider uses third-party services to screen prospective counterparties against various watch lists, including the Specially Designated Nationals List of the Treasury Department's Office of Foreign Assets Control ("OFAC") and countries and territories identified as non-cooperative by the Financial Action Task Force. If the Manager, the Fund, the Authorized Participant or the Liquidity Provider were nevertheless to transact with such a sanctioned entity, the Manager, the Fund, the Authorized Participant and the Liquidity Provider would be at increased risk of potential criminal or civil lawsuits.

Risk Factors Related to the Digital Asset Markets

Recent developments in the digital asset economy have led to extreme volatility and disruption in digital asset markets, a loss of confidence in participants of the digital asset ecosystem, significant negative publicity surrounding digital assets broadly and market-wide declines in liquidity.

Since the fourth quarter of 2021 and to date, digital asset prices have experienced significant fluctuations, leading to volatility and disruption in the digital asset markets and financial difficulties for several prominent industry participants, including Digital Asset Trading Platforms, hedge funds and lending platforms. For example, in the first half of 2022, digital asset lenders Celsius Network LLC and Voyager Digital Ltd. and digital asset hedge fund Three Arrows Capital each entered into insolvency proceedings. This resulted in

a loss of confidence in participants in the digital asset ecosystem, negative publicity surrounding digital assets more broadly and market-wide declines in digital asset trading prices and liquidity.

Thereafter, in November 2022, FTX, the third largest Digital Asset Trading Platform by volume at the time, halted customer withdrawals amid rumors of the company's liquidity issues and likely insolvency. Shortly thereafter, FTX's CEO resigned and FTX and several affiliates of FTX filed for bankruptcy. The U.S. Department of Justice subsequently brought criminal charges, including charges of fraud, violations of federal securities laws, money laundering, and campaign finance offenses, against FTX's former CEO and others. In November 2023, FTX's former CEO was convicted of fraud and money laundering. Similar charges related to violations of anti-money laundering laws were brought in November 2023 against Binance and its former CEO. In addition, several other entities in the digital asset industry filed for bankruptcy following FTX's bankruptcy filing, such as BlockFi Inc. and Genesis Global Capital, LLC ("Genesis Capital"), a subsidiary of Genesis Global Holdco, LLC ("Genesis Holdco"). The SEC also brought charges against Genesis Capital and Gemini Trust Company, LLC ("Gemini") in January 2023 for their alleged unregistered offer and sale of securities to retail investors. In October 2023, the New York Attorney General ("NYAG") brought charges against Gemini, Genesis Capital, Genesis Asia Pacific PTE. LTD. ("Genesis Asia Pacific"), Genesis Holdco (together with Genesis Capital and Genesis Asia Pacific, the "Genesis Entities"), Genesis Capital's former CEO, DCG, and DCG's CEO alleging violations of the New York Penal Law, the New York General Business Law and the New York Executive Law. In February 2024, the NYAG amended its complaint to expand the charges against Gemini, the Genesis Entities, Genesis Capital's former CEO, DCG, and DCG's CEO to include harm to additional investors. Also in February 2024, the Genesis Entities entered into a settlement agreement with the NYAG to resolve the NYAG's allegations against the Genesis Entities, which settlement was subsequently approved by the Bankruptcy Court of the Southern District of New York.

Furthermore, Genesis Holdco, together with certain of its subsidiaries, filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in January 2023. While Genesis Holdco is not a service provider to the Fund, it is a wholly owned subsidiary of DCG, and is an affiliate of the Fund and the Manager.

These events have led to significant negative publicity around digital asset market participants including DCG, Genesis and DCG's other affiliated entities. This publicity could negatively impact the reputation of the Manager and have an adverse effect on the trading price and/or the value of the Shares. Moreover, sales of a significant number of Shares of the Fund as a result of these events could have a negative impact on the trading price of the Shares.

These events have also led to a substantial increase in regulatory and enforcement scrutiny of the industry as a whole and of Digital Asset Trading Platforms in particular, including from the Department of Justice, the SEC, the CFTC, the White House and Congress. For example, in June 2023, the SEC brought charges against Binance (the "Binance Complaint") and Coinbase (the "Coinbase Complaint"), alleging that they solicited U.S. investors to buy, sell, and trade "crypto asset securities" through their unregistered trading platforms and operated unregistered securities exchanges, brokerages and clearing agencies. Binance subsequently announced that it would be suspending USD deposits and withdrawals on Binance.US and that it plans to delist its USD trading pairs. In addition, in November 2023, the SEC brought similar charges against Kraken (the "Kraken Complaint"), alleging that it operated as an unregistered securities exchange, brokerage and clearing agency. The Binance Complaint, the Coinbase Complaint and the Kraken Complaint have led, and may in the future lead, to further volatility in digital asset prices. Between February 2025 and May 2025, the SEC entered into court-approved joint stipulations to dismiss each of the Binance Complaint, Coinbase Complaint and the Kraken Complaint. The SEC has terminated its investigation or enforcement action into many other digital asset market participants as well.

Digital asset markets have also been negatively impacted by the failure of entities perceived to be integral to the digital asset ecosystem. For example, in March 2023, state banking regulators placed Silicon Valley Bank and Signature Bank into FDIC receiverships. Also, in March 2023, Silvergate Bank announced plans to wind down and liquidate its operations. Because these banks were perceived to be the banks most open to providing services for the digital asset ecosystem in the United States, their failures may impact the willingness of banks (based on regulatory pressure or otherwise) to provide banking services to digital asset market participants. In addition, because these banks were perceived to be the banks most open to providing services for the digital asset ecosystem, their failure has caused a number of companies that provide digital asset-related services to be unable to find banks that are willing to provide them with such banking services. The inability to access banking services could negatively impact digital asset market participants and therefore the value of digital assets, including the Fund Components, and thus the Shares. In addition, although these events did not have an impact directly on the Fund or the Manager when these bank failures occurred, it is possible that a future closing

of a bank with which the Fund or the Manager has a financial relationship could subject the Fund or the Manager to adverse conditions and pose challenges in finding an alternative suitable bank to provide the Fund or the Manager with bank accounts and banking services.

Events such as these that impact the wider digital asset ecosystem are continuing to develop and change at a rapid pace and it is not possible to predict at this time all of the risks that they may pose to the Manager, the Fund, their affiliates and/or the Fund's third-party service providers, or on the digital asset industry as a whole.

Continued disruption and instability in the digital asset markets as these events develop, including further declines in the trading prices and liquidity of the Fund Components, or the failure of service providers to the Fund, could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value.

Due to the largely unregulated nature and lack of transparency surrounding the operations of Digital Asset Trading Platforms, they may experience fraud, market manipulation, business failures, security failures or operational problems, which may adversely affect the value of digital assets and, consequently, the value of the Shares.

Digital Asset Trading Platforms are relatively new and, in many ways, are not subject to, or may not comply with regulation in relevant jurisdictions in a manner similar to other regulated trading platforms, such as national securities exchanges or designated contract markets. While many prominent Digital Asset Trading Platforms provide the public with significant information regarding their on-chain activities, ownership structure, management teams, corporate practices, cybersecurity practices and regulatory compliance, many other Digital Asset Trading Platforms do not provide this information. Furthermore, while Digital Asset Trading Platforms are and may continue to be subject to federal and state licensing requirements in the United States, Digital Asset Trading Platforms do not currently appear to be subject to regulation in a similar manner as other regulated trading platforms, such as national securities exchanges or designated contract markets. As a result, the marketplace may lose confidence in Digital Asset Trading Platforms, including prominent trading platforms that handle a significant volume of digital asset trading.

Many Digital Asset Trading Platforms, both in the United States and abroad, are unlicensed, not subject to, or not in compliance with regulation in relevant jurisdictions, or operate without extensive supervision by governmental authorities. In particular, those located outside the United States may be subject to significantly less stringent regulatory and compliance requirements in their local jurisdictions and may take the position that they are not subject to laws and regulations that would apply to a national securities exchange or designated contract market in the United States, or may, as a practical matter, be beyond the ambit of U.S. regulators. As a result, trading activity on or reported by these Digital Asset Trading Platforms is generally significantly less regulated than trading activity on or reported by regulated U.S. securities and commodities markets, and may reflect behavior that would be prohibited in regulated U.S. trading venues. For example, in 2022 one report claimed that trading volumes on Digital Asset Trading Platforms were inflated by over 70% due to false or non-economic trades, with specific focus on unlicensed trading platforms located outside of the United States. Such reports may indicate that the Digital Asset Trading Platform Market is significantly smaller than expected and that the U.S. makes up a significantly larger percentage of the Digital Asset Trading Platform Market than is commonly understood, or that a much larger portion of digital asset market activity takes place on DeFi platforms than is commonly understood. Nonetheless, any actual or perceived false trading in the Digital Asset Trading Platform Market, and any other fraudulent or manipulative acts and practices, could adversely affect the value of Fund Components and/or negatively affect the market perception of the Fund Components.

The SEC has also identified possible sources of fraud and manipulation in the Digital Asset Markets generally, including, among others (1) "wash-trading"; (2) persons with a dominant position in digital assets manipulating digital asset pricing; (3) hacking of the Digital Asset Networks and trading platforms; (4) malicious control of the Digital Asset Networks; (5) trading based on material, non-public information (for example, plans of market participants to significantly increase or decrease their holdings in digital assets, new sources of demand for digital assets) or based on the dissemination of false and misleading information; (6) manipulative activity involving purported "stablecoins," including Tether; and (7) fraud and manipulation at Digital Asset Markets. The use or presence of such acts and practices in the Digital Asset Markets could, for example, falsely inflate the volume of digital assets present in the Digital Asset Markets or cause distortions in the price of digital assets, among other things that could adversely affect the Fund or cause losses to shareholders. Moreover, tools to detect and deter fraudulent or manipulative trading activities, such as market manipulation, front-running of trades, and wash-trading, may not be available to or employed by Digital Asset Markets, or may not exist at all. Many Digital Asset Markets also lack certain safeguards put in place by exchanges for more traditional assets to enhance the stability of trading on the exchanges and prevent "flash crashes," such as limit-down circuit breakers. As a result, the prices of digital assets on Digital Asset Markets may be subject to larger and/or more frequent sudden declines than assets traded on more traditional exchanges.

In addition, over the past several years, some Digital Asset Trading Platforms have been closed, been subject to criminal and civil litigation and have entered into bankruptcy proceedings due to fraud and manipulative activity, business failure and/or security breaches. In many of these instances, the customers of such Digital Asset Trading Platforms were not compensated or made whole for the partial or complete losses of their account balances in such Digital Asset Trading Platforms. In some instances, customers are made whole only in dollar terms as of the Digital Asset Trading Platform's date of failure, rather than on a digital asset basis, meaning customers may still lose out on any price increase in digital assets.

While smaller Digital Asset Trading Platforms are less likely to have the infrastructure and capitalization that make larger Digital Asset Trading Platforms more stable, larger Digital Asset Trading Platforms are more likely to be appealing targets for hackers and malware. For example, in February 2025, hackers reportedly compromised a transaction from Bybit’s multisignature cold wallets, enabling the hackers to steal over \$1.5 billion of Ether from Bybit. Shortcomings or ultimate failures of larger Digital Asset Trading Platforms are more likely to have contagion effects on the digital asset ecosystem, and therefore may also be more likely to be targets of regulatory enforcement action. For example, in November 2022, FTX, another of the world’s largest Digital Asset Trading Platforms, filed for bankruptcy protection and subsequently halted customer withdrawals as well as trading on its FTX.US platform. Fraud, security failures and operational problems all played a role in FTX’s issues and downfall. Moreover, Digital Asset Trading Platforms have been a subject of enhanced regulatory and enforcement scrutiny, and Digital Asset Markets have experienced continued instability, following the failure of FTX. In particular, in June 2023, the SEC brought the Binance Complaint and Coinbase Complaint, alleging that Binance and Coinbase operated unregistered securities exchanges, brokerages and clearing agencies. In addition, in November 2023, the SEC brought the Kraken Complaint, alleging that Kraken operated as an unregistered securities exchange, brokerage and clearing agency. Between February 2025 and May 2025, the SEC entered into court-approved joint stipulations to dismiss each of the Binance Complaint, Coinbase Complaint and the Kraken Complaint. The SEC has terminated its investigation or enforcement action into many other digital asset market participants as well.

Exploits have also occurred on other smart contract platforms, including on some of the networks underlying the Fund Components. For example, in February 2022, a vulnerability in a smart contract for Wormhole, a bridge between the Ethereum and Solana networks, led to a theft of \$320 million worth of Ether. The attack focused on the smart contract function that validated or approved the creation of new wrapped Ethereum on the Solana network, allowing the attacker to create new wrapped Ethereum without locking Ethereum in a smart contract backing it. In addition, in August 2022, over 8,000 internet-connected “hot” Solana wallets were exploited, with millions of dollars’ worth of various digital assets stolen.

Negative perception, a lack of stability and standardized regulation in the Digital Asset Markets and/or the closure or temporary shutdown of Digital Asset Trading Platforms due to fraud, business failure, security breaches or government mandated regulation, and associated losses by customers may reduce confidence in Digital Asset Networks and result in greater volatility in the prices of digital assets. Furthermore, the closure or temporary shutdown of a Digital Asset Trading Platform used in calculating any of the Index Prices may result in a loss of confidence in the Fund’s ability to determine its NAV on a daily basis. These potential consequences of such a Digital Asset Trading Platform’s failure could adversely affect the value of the Shares.

The value of the Shares relates directly to the value of the digital assets then held by the Fund, the value of which may be highly volatile and subject to fluctuations due to a number of factors.

The value of the Shares relates directly to the value of the digital assets then held by the Fund and fluctuations in the price of any of such digital assets could adversely affect the value of the Shares. The market price of a digital asset held by the Fund may be highly volatile, and subject to a number of factors, including:

- an increase in the global supply of such digital asset that is publicly available for trading;
- manipulative trading activity on Digital Asset Trading Platforms, which, in many cases, are largely unregulated;
- the adoption of such digital asset as a medium of exchange, store of value or other consumptive asset and the maintenance and development of the open-source software protocol of the applicable Digital Asset Network;
- forks in the applicable Digital Asset Network;
- investors’ expectations with respect to interest rates, the rates of inflation of fiat currencies or such digital asset, and digital asset exchange rates;
- consumer preferences and perceptions of such digital asset specifically and digital assets generally;
- fiat currency withdrawal and deposit policies on Digital Asset Trading Platforms;
- the liquidity of Digital Asset Markets and any increase or decrease in trading volume on Digital Asset Markets;
- investment and trading activities of large investors that invest directly or indirectly in such digital asset;
- a “short squeeze” resulting from speculation on the price of digital assets, if aggregate short exposure exceeds the number of Shares available for purchase;
- an active derivatives market for such digital asset or for digital assets generally;
- a determination that such digital asset is a security or changes in such digital asset’s status under the federal securities laws;

- monetary policies of governments, trade restrictions, currency devaluations and revaluations and regulatory measures or enforcement actions, if any, that restrict the use of such digital asset as a form of payment or the purchase of such digital asset in the Digital Asset Markets;
- global or regional political, economic or financial conditions, events and situations, such as the novel coronavirus outbreak;
- fees associated with processing a transaction of such digital asset and the speed at which such transactions are settled;
- interruptions in service from or closures or failures of major Digital Asset Trading Platforms;
- decreased confidence in Digital Asset Trading Platforms due to the largely unregulated nature and lack of transparency surrounding the operations of Digital Asset Trading Platforms;
- increased competition from other forms of digital assets or payment services; and
- the Fund's own acquisitions or dispositions of such digital asset, since there is no limit on the amount of tokens of any particular digital asset held by the Fund that it may acquire.

In addition, there is no assurance that any particular digital asset held by the Fund will maintain its value in the long or intermediate term. In the event that the price of any particular digital asset held by the Fund declines, the Manager expects the value of the Shares to decline in proportion to such decline and to the proportionate share of the Fund assets represented by such digital asset.

The value of a digital asset as represented by the applicable Index Price or by the principal market for such digital asset may also be subject to momentum pricing due to speculation regarding future appreciation in value, leading to greater volatility that could adversely affect the value of the Shares. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for future appreciation in value, if any. The Manager believes that momentum pricing of many digital assets has resulted, and may continue to result, in speculation regarding future appreciation in the value of the digital assets held by the Fund, inflating and making the applicable Index Price more volatile. As a result, any particular digital asset held by the Fund may be more likely to fluctuate in value due to changing investor confidence, which could impact future appreciation or depreciation in the applicable Index Price and could adversely affect the value of the Shares.

Digital Asset Trading Platforms may be exposed to front-running.

Digital Asset Trading Platforms may be susceptible to “front-running,” which refers to the process when someone uses technology or market advantage to get prior knowledge of upcoming transactions. Front-running is a frequent activity on centralized as well as decentralized exchanges. By using bots functioning on a millisecond-scale timeframe, bad actors are able to take advantage of the forthcoming price movement and make economic gains at the cost of those who had introduced these transactions. The objective of a front runner is to buy tokens at a low price and later sell them at a higher price while simultaneously exiting the position. Certain Digital Asset Networks and related protocols permit or enable the use of products or services that make earning the MEV more likely, which may include allowing miners, validators, or others as applicable, to front-run other users of the Digital Asset Network or related protocol. To the extent that front-running occurs, it may result in investor frustrations and concerns as to the price integrity of Digital Asset Trading Platforms and digital assets more generally.

Digital Asset Trading Platforms may be exposed to wash-trading.

Digital Asset Trading Platforms may be susceptible to wash-trading. Wash-trading occurs when offsetting trades are entered into for other than bona fide reasons, such as the desire to inflate reported trading volumes. Wash-trading may be motivated by non-economic reasons, such as a desire for increased visibility on popular websites that monitor markets for digital assets so as to improve an exchange's attractiveness to investors who look for maximum liquidity, or it may be motivated by the ability to attract listing fees from token issuers who seek the most liquid and high-volume exchanges on which to list their tokens. Results of wash-trading may include unexpected obstacles to trade and erroneous investment decisions based on false information.

Even in the United States, there have been allegations of wash-trading even on regulated venues. Any actual or perceived false trading on Digital Asset Trading Platforms, and any other fraudulent or manipulative acts and practices, could adversely affect the value of the Fund Components and/or negatively affect the market perception of digital assets.

To the extent that wash-trading either occurs or appears to occur in Digital Asset Trading Platforms, investors may develop negative perceptions about digital assets and the digital assets industry more broadly, which could adversely impact the price of a digital asset and, therefore, the price of the Shares. Wash-trading also may place more legitimate Digital Asset Trading Platforms at a relative competitive disadvantage.

Index Prices have a limited history and a failure of an Index Price could adversely affect the value of the Shares.

Each Index Price has a limited history and is an average reference rate calculated using volume-weighted trading price data from various Digital Asset Trading Platforms chosen by the Index Provider. The Digital Asset Trading Platforms chosen by the Index Provider

have also changed over time. For more information on the inclusion criteria for Digital Asset Trading Platforms included in such Index Prices, see “Item 1. Business—Overview of the Digital Asset Industry and Market—Fund Component Value—The Index Prices.” Although each Index Price is designed to accurately capture the market price of the digital asset it tracks, third parties may be able to purchase and sell such digital assets on public or private markets not included among the Constituent Trading Platforms of such Index Price, and such transactions may take place at prices materially higher or lower than the Index Price. Moreover, there may be variances in the prices of digital assets on the various Digital Asset Trading Platforms, including as a result of differences in fee structures or administrative procedures on different Digital Asset Trading Platforms, in the past.

For example, based on data provided by the Index Provider, on any given day during the twelve months ended June 30, 2025, the maximum differential between the 4:00 p.m., New York time, spot price of Bitcoin on any single Digital Asset Trading Platform included in the Index Price was 0.59% and the average of the maximum differentials of the 4:00 p.m., New York time, spot price of each Digital Asset Trading Platform included in the Index Price was 0.23%. During this same period, the average differential between the 4:00 p.m., New York time, spot prices of all the Digital Asset Trading Platforms included in the Index Price was 0.003%. Further, on any given day during the twelve months ended June 30, 2025, the maximum differential between the 4:00 p.m., New York time, spot price of Ether on any single Digital Asset Trading Platform included in the Index Price was 2.30% and the average of the maximum differentials of the 4:00 p.m., New York time, spot price of each Digital Asset Trading Platform included in the Index Price was 0.42%. During this same period, the average differential between the 4:00 p.m., New York time, spot prices of all the Digital Asset Trading Platforms included in the Index Price was 0.005%. All Digital Asset Trading Platforms that were included in the relevant Index Price throughout the period were considered in this analysis. To the extent such prices differ materially from the Index Prices, investors may lose confidence in the Shares’ ability to track the market price of such digital asset, which could adversely affect the value of the Fund.

The Index Price used to calculate the value of a Fund Component may be volatile, and purchasing activity in the Digital Asset Markets associated with Basket creations or selling activity following Basket redemptions, if permitted, may affect the relevant Index Price and Share trading prices, adversely affecting the value of the Shares.

The prices of digital assets on public Digital Asset Trading Platforms have a very limited history, and during this history, digital asset prices on the Digital Asset Markets more generally, and on Digital Asset Trading Platforms individually, have been volatile and subject to influence by many factors, including operational interruptions. While each Index Price is designed to limit exposure to the interruption of individual Digital Asset Trading Platforms, each Index Price, and the price of digital assets generally, remains subject to volatility experienced by Digital Asset Trading Platforms, and such volatility can adversely affect the value of the Shares.

Furthermore, because the number of Digital Asset Trading Platforms is limited, each Index Price will necessarily be calculated by reference to a limited number of Digital Asset Trading Platforms. If a Digital Asset Trading Platform were subjected to regulatory, volatility or other pricing issues, the Index Provider would have limited ability to remove such Digital Asset Trading Platform from the group of trading venues used by it to calculate the relevant Index Price, which could skew the price of the digital asset as represented by such Index Price. Trading on a limited number of Digital Asset Trading Platforms may result in less favorable prices and decreased liquidity of one or more digital assets and, therefore, could have an adverse effect on the value of the Shares.

Purchasing activity associated with acquiring digital assets required for the creation of Baskets may increase the market price of digital assets on the Digital Asset Markets, which will result in higher prices for the Shares. Increases in the market price of digital assets may also occur as a result of the purchasing activity of other market participants. Other market participants may attempt to benefit from an increase in the market price of any particular digital asset that may result from increased purchasing activity of such digital asset connected with the issuance of Baskets. Consequently, the market price of any particular digital asset may decline immediately after Baskets are created. Decreases in the market price of digital assets may also occur as a result of sales in Secondary Markets by other market participants. If any of the Index Prices decline, the value of the Shares will generally also decline.

Competition from the emergence or growth of other methods of investing in digital assets could have a negative impact on the price of the Fund Components and adversely affect the value of the Shares.

Investors may invest in digital assets through means other than an investment in the Shares, including through direct investments in digital assets and other potential financial vehicles, possibly including securities backed by or linked to one or more digital assets and digital asset financial vehicles similar to the Fund. Market and financial conditions, and other conditions beyond the Manager’s control, may make it more attractive to invest in other financial vehicles or to invest in such digital assets directly, which could limit the market for, and reduce the liquidity of, the Shares. In addition, to the extent digital asset financial vehicles other than the Fund tracking the price of one or more digital assets are formed and represent a significant proportion of the demand for any particular digital asset, large purchases or redemptions of the securities of these digital asset financial vehicles, or private funds holding such digital asset, could negatively affect any of the Index Prices, the NAV, the value of the Shares, the Principal Market NAV and the Principal Market NAV per Share. Moreover, any reduced demand for Shares of the Fund may cause the Shares of the Fund to trade at a discount to the NAV per Share.

The SEC may approve applications under Rule 19b-4 of the Exchange Act to list competing digital assets as exchange-traded products, which could reduce demand for, and the price of, the Fund Components and adversely impact the value of the Shares.

To date, the SEC has only approved applications under Rule 19b-4 of the Exchange Act to list spot digital asset exchange-traded products which hold Bitcoin and Ether. However, applications for competing digital assets have been filed and are currently pending, and there can be no guarantee the SEC will not one day approve any such application. If applications to list spot digital asset exchange-traded products are approved, to the extent such competing digital asset exchange-traded products come to represent a significant proportion of the demand for digital assets generally, demand for, and the price of, the Fund Components could be reduced. Such reduced demand could in turn negatively affect the Index Price, the NAV, the NAV per Share, the value of the Shares, the Principal Market NAV and the Principal Market NAV per Share. Accordingly, there can be no assurance that the Fund will be able to maintain its scale and achieve its intended competitive positioning relative to competitors, which could adversely affect the performance of the Fund and the value of the Shares.

Prices of the Fund Components may be affected due to stablecoins (including Tether and USDC), the activities of stablecoin issuers and their regulatory treatment.

While no stablecoin is an Index Component, and therefore the Fund does not invest in stablecoins, the Fund may nonetheless be exposed to these and other risks that stablecoins pose for the market for digital assets. Stablecoins are digital assets designed to have a stable value over time as compared to typically volatile digital assets, and are typically marketed as being pegged to the value of a reference asset, normally a fiat currency such as the U.S. dollar. Although the prices of stablecoins are intended to be stable compared to their reference asset, in many cases their prices fluctuate, sometimes significantly. This volatility has in the past impacted the prices of certain digital assets, and has at times caused certain stablecoins to lose their “peg” to the underlying fiat currency. Stablecoins are a relatively new phenomenon, and it is impossible to know all of the risks that they could pose to participants in the digital asset markets. In addition, some have argued that some stablecoins, particularly Tether, are improperly issued without sufficient backing in a way that could cause artificial rather than genuine demand for digital assets, raising their prices. Regulators have also charged stablecoin issuers with violations of law or otherwise required certain stablecoin issuers to cease certain operations. For example, on February 17, 2021, the New York Attorney General entered into an agreement with Tether’s operators, requiring them to cease any further trading activity with New York persons and pay \$18.5 million in penalties for false and misleading statements made regarding the assets backing Tether. On October 15, 2021, the CFTC announced a settlement with Tether’s operators in which they agreed to pay \$42.5 million in fines to settle charges that, among others, Tether’s claims that it maintained sufficient U.S. dollar reserves to back every Tether stablecoin in circulation with the “equivalent amount of corresponding fiat currency” held by Tether were untrue.

USDC is a reserve-backed stablecoin issued by Circle Internet Financial that is commonly used as a method of payment in digital asset markets, including the market for the Fund Components. The issuer of USDC uses the Circle Reserve Fund to hold cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury, and repurchase agreements secured by such obligations or cash, which serve as reserves backing USDC stablecoins. While USDC is designed to maintain a stable value at 1 U.S. dollar at all times, on March 10, 2023, the value of USDC fell below \$1.00 (and remained below for multiple days) after Circle Internet Financial disclosed that \$3.3 billion of the USDC reserves were held at Silicon Valley Bank, which had entered FDIC receivership earlier that day. Popular stablecoins are reliant on the U.S. banking system and U.S. treasuries, and the failure of either to function normally could impede the function of stablecoins or lead to outsized redemption requests, and therefore could adversely affect the value of the Shares.

Given the role that stablecoins play in global digital asset markets, their fundamental liquidity can have a dramatic impact on the broader digital asset market, including the market for the Fund Components. Because a large portion of the digital asset market still depends on stablecoins such as Tether and USDC, there is a risk that a disorderly de-pegging or a run on Tether or USDC could lead to dramatic market volatility in, and/or materially and adversely affect the prices of, digital assets more broadly.

Volatility in stablecoins, operational issues with stablecoins (for example, technical issues that prevent settlement), concerns about the sufficiency of any reserves that support stablecoins, or regulatory concerns about stablecoin issuers or intermediaries, such as Bitcoin spot markets, that support stablecoins, could impact individuals’ willingness to trade on trading venues that rely on stablecoins and could impact the price of the Fund Components, and in turn, an investment in the Shares.

Failure of funds that hold digital assets or that have exposure to digital assets through derivatives to receive SEC approval to list their shares on exchanges could adversely affect the value of the Shares.

There have been a growing number of attempts to list on national securities exchanges the shares of funds that hold digital assets or that have exposures to digital assets through derivatives. These investment vehicles attempt to provide institutional and retail investors exposure to markets for digital assets and related products. Until recently, the SEC had repeatedly denied such requests. In January 2018, the SEC’s Division of Investment Management outlined several questions that sponsors would be expected to address before the SEC will consider granting approval for funds holding “substantial amounts” of cryptocurrencies or “cryptocurrency-related products.” The questions, which focus on specific requirements of the Investment Company Act of 1940 (the “Investment Company Act”), generally fall into one of five key areas: valuation, liquidity, custody, arbitrage and potential manipulation. The SEC has not explicitly

stated whether each of the questions set forth would also need to be addressed by entities with similar products and investment strategies that instead pursue registered offerings under the Securities Act, although such entities would need to comply with the registration and prospectus disclosure requirements of the Securities Act. After several years of the SEC denying requests to list shares of various digital asset funds holding Bitcoin on national securities exchanges, including the request to list the shares of Grayscale Bitcoin Trust ETF on NYSE Arca in June 2022, the Manager petitioned the United States Court of Appeals for the District of Columbia Circuit for review of the SEC's final order denying approval to list shares of Grayscale Bitcoin Trust ETF on NYSE Arca as an exchange-traded product. In August 2023, the D.C. Circuit Court of Appeals granted the Manager's petition and vacated the SEC's order as arbitrary and capricious. The SEC did not seek panel rehearing or rehearing en banc. In October 2023, the D.C. Circuit Court of Appeals remanded the matter to the SEC. Ultimately, on January 10, 2024, the SEC approved NYSE Arca's 19b-4 application to list the shares of the Grayscale Bitcoin Trust ETF on NYSE Arca as an exchange-traded product, as well as requests to list shares of various other digital asset funds holding Bitcoin on national securities exchanges. Subsequently, the SEC approved NYSE Arca's similar 19b-4 applications to list the shares of Grayscale Ethereum Trust ETF and Grayscale Ethereum Mini Trust ETF, as well as requests to list the shares of various other investment vehicles that hold Ether on national securities exchanges.

On October 15, 2024, NYSE Arca filed an application with the SEC pursuant to Rule 19b-4 under the Exchange Act to list the Shares of the Fund on NYSE Arca. On July 1, 2025 the SEC granted approval of the NYSE Arca 19b-4 application, but shortly after approval, the SEC notified NYSE Arca that the SEC intended to review the application further, and the approval was stayed. Therefore, as of the date of this filing, the NYSE Arca 19b-4 application has not been approved by the SEC and the Fund has not obtained relief from the SEC under Regulation M, and the Fund makes no representation as to when or if such approval and relief will be obtained. Even though NYSE Arca's requests with respect to the Grayscale Trusts holding Bitcoin and Ether were approved, there is no guarantee that a similar application to list Shares of the Fund on NYSE Arca, or another national securities exchange, would be approved. In particular, Bitcoin is the only digital asset that the SEC has publicly indicated it does not currently view as a security, although the SEC, by action through delegated authority approving exchange rule filings to list shares of trusts holding Ether as commodity-based exchange-traded products, has implicitly taken the view that Ether is not a security. The Manager believes that the SEC is unlikely to approve a request to list the shares of a spot exchange-traded product that holds a digital asset that the SEC believes is a security. Moreover, even if the SEC took the view that a digital asset was not a security, based on prior spot exchange-traded product disapprovals, the existence of a CFTC-regulated futures market for the relevant digital asset would be central to the SEC's approval of any request to list the shares of a spot exchange-traded product holding such digital asset. As of the date hereof, there are only CFTC-regulated futures markets for Bitcoin, Ether, Litecoin, Bitcoin Cash, Dogecoin, Polkadot, Avalanche, Chainlink, Stellar, Solana, Hedera, Cardano and XRP. As such, there exist significant barriers to obtaining regulatory approval to list the shares of other digital asset investment vehicles, including the Shares of the Fund. Investors should not assume that recent approvals of spot Bitcoin and spot Ether exchange-traded products will subsequently lead to approval of spot exchange-traded products holding other digital assets, such as the Fund. Accordingly, there is no guarantee that the Manager will be successful in listing the Shares of the Fund on NYSE Arca.

The exchange listing of shares of digital asset funds would create more opportunities for institutional and retail investors to invest in the Digital Asset Market. If exchange-listing requests beyond those for funds holding Bitcoin or Ether continue to be denied by the SEC, increased investment interest by institutional or retail investors could fail to materialize, which could reduce the demand for digital assets generally and therefore adversely affect the value of the Shares.

Risk Factors Related to the Fund and the Shares

The Fund is not permitted to engage in Staking, which could negatively affect the value of the Shares.

At this time, none of the Fund, the Manager, the Custodian, nor any other person associated with the Fund may, directly or indirectly, engage in Staking of the Fund's digital assets on behalf of the Fund, meaning no action will be taken pursuant to which any portion of the Fund's digital assets becomes used in proof-of-stake validation or is used to earn additional digital assets or generate income or other earnings, and there can be no assurance that the Fund, the Manager, the Custodian or any other person associated with the Fund will ever be permitted to engage in Staking of the Fund's digital assets or such income generating activity in the future.

To the extent (i) the Fund were to amend its LLC Agreement to permit Staking of the Fund's digital assets and (ii) NYSE Arca were to seek and obtain a rule change permitting the listing of a spot digital asset investment vehicle engaged in Staking, in the future the Fund may seek to establish a program to use digital assets held by the Fund in applicable Digital Asset Networks' proof-of-stake validation mechanisms to receive rewards comprising additional Fund Components in respect of a portion of its digital asset holdings. However, as long as such conditions and requirements have not been satisfied, the Fund will not use digital assets held by the Fund in any Digital Asset Network's proof-of-stake validation mechanism to receive rewards comprising additional digital assets in respect of its digital asset holdings. The current inability of the Fund to use its digital assets in Staking and receive such rewards could place the

Shares at a comparative disadvantage relative to an investment in digital assets directly or through a vehicle that is not subject to such a prohibition, which could negatively affect the value of the Shares.

The Fund is an “emerging growth company” and the reduced disclosure requirements applicable to emerging growth companies may make the Shares less attractive to investors.

The Fund is an “emerging growth company,” as defined in the JOBS Act, and intends to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and exemptions from the requirement of shareholder approval of any golden parachute payments not previously approved. The Fund intends to take advantage of these reporting exemptions until it is no longer an emerging growth company. The Manager and the Fund cannot predict if investors will find the Shares less attractive because the Fund will rely on these exemptions. The Fund will remain an emerging growth company for up to five years after its initial public offering, although it will lose that status sooner if the Fund has more than \$1.235 billion of revenues in a fiscal year, has more than \$700 million in market value of Shares held by non-affiliates as of any June 30 or issues more than \$1.0 billion of non-convertible debt over a rolling three-year period. If some investors find the Shares less attractive as a result, there may be a less active trading market for the Shares and the price of the Shares may be more volatile.

The Fund seeks to replicate the performance of the Index as closely as possible. However, the Fund may not achieve perfect correlation with the Index due to various factors.

While the Fund seeks to replicate the performance of the Index as closely as possible, the Fund may not achieve perfect correlation with the Index due to various factors. For example, the Manager may decide, in its sole discretion, to include or exclude a digital asset if the Manager determines that such digital asset is or is not suitable for inclusion in the Fund’s portfolio, irrespective of such digital asset’s inclusion in the CD5. In addition, the Manager may exclude a digital asset or rebalance the Fund Weighting of an existing Fund Component to the extent its inclusion as a Fund Component or projected Fund Weighting would exceed a threshold that could, in the Manager’s sole discretion, require the Fund to register as an investment company under the Investment Company Act or require the Manager to register as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended. See “Part I—Item 1. Business—Fund Construction Criteria” in this Annual Report.

The Fund relies on third-party service providers to perform certain functions essential to the affairs of the Fund and the replacement of such service providers could pose a challenge to the safekeeping of the Fund’s digital assets and to the operations of the Fund.

The Fund relies on the Custodian, the Authorized Participants and other third-party service providers to perform certain functions essential to managing the affairs of the Fund. In addition, the Authorized Participant may rely on one or more Liquidity Providers to source the Fund Components in connection with the creation of Shares. Any disruptions to such service provider’s business operations, resulting from business failures, financial instability, security failures, government mandated regulation or operational problems could have an adverse impact on the Fund’s ability to access critical services and be disruptive to the operations of the Fund and require the Manager to replace such service provider. Moreover, the Manager could decide to replace a service provider to the Fund, or a Liquidity Provider could be replaced for other reasons.

If the Manager decides, or is required, to replace Coinbase Custody Trust Company, LLC as the custodian of the Fund’s digital assets, transferring maintenance responsibilities of the Digital Asset Account to another party will likely be complex and could subject the Fund’s digital assets to the risk of loss during the transfer, which could have a negative impact on the performance of the Shares or result in loss of the Fund’s assets.

Moreover, the legal rights of customers with respect to digital assets held on their behalf by a third-party custodian, such as the Custodian, in insolvency proceedings are currently uncertain. The Custodian Agreement contains an agreement by the parties to treat the digital assets credited to the Fund’s Digital Asset Account as financial assets under Article 8 of the New York Uniform Commercial Code (“Article 8”), in addition to stating that the Custodian will serve as fiduciary and custodian on the Fund’s behalf. The Custodian’s parent, Coinbase Global Inc., has stated in its public securities filings that in light of the inclusion in its custody agreements of provisions relating to Article 8 it believes that a court would not treat custodied digital assets as part of its general estate in the event the Custodian were to experience insolvency. However, due to the novelty of digital asset custodial arrangements courts have not yet considered this type of treatment for custodied digital assets and it is not possible to predict with certainty how they would rule in such a scenario. If the Custodian became subject to insolvency proceedings and a court were to rule that the custodied digital assets were part of the Custodian’s general estate and not the property of the Fund, then the Fund would be treated as a general unsecured creditor in the Custodian’s insolvency proceedings and the Fund could be subject to the loss of all or a significant portion of its assets.

To the extent that Manager is not able to find a suitable party willing to serve as the custodian, the Manager may be required to terminate the Fund and liquidate the Fund’s digital assets. In addition, to the extent that the Manager finds a suitable party and must enter into a modified Custodian Agreement that is less favorable for the Fund or Manager and/or transfer the Fund’s assets in a relatively short time period, the safekeeping of the Fund’s digital assets may be adversely affected, which may in turn adversely affect value of

the Shares. Likewise, if the Manager and/or the Authorized Participant is required to replace any other service provider, they may not be able to find a party willing to serve in such capacity in a timely manner or at all. If the Manager decides, or is required, to replace the Authorized Participant and/or if a Liquidity Provider is replaced or required to be replaced, this could negatively impact the Fund's ability to create new Shares, which would impact the Shares' liquidity and could have a negative impact on the value of the Shares.

Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Fund's ability to halt creations from time to time, there is no arbitrage mechanism to keep the value of the Shares closely linked to the Index Prices (or Digital Asset Reference Rates, prior to July 1, 2025) and the Shares have historically traded at a substantial premium over, or a substantial discount to, the NAV per Share.

Shares purchased in the private placement are subject to a holding period under Rule 144. Pursuant to Rule 144, the minimum holding period for Shares purchased in the private placement is six months. In addition, the Fund does not currently operate an ongoing redemption program and may halt creations from time to time. As a result, the Fund cannot rely on arbitrage opportunities resulting from differences between the value of the Shares and the price of the Fund Component to keep the value of the Shares closely linked to the relevant Index Prices (or Digital Asset Reference Rates, prior to July 1, 2025). As a result, the value of the Shares of the Fund may not approximate the value of the Fund's NAV per Share or meet the Fund's investment objective, and the Shares may trade at a substantial premium over, or substantial discount to, the value of the Fund's NAV per Share. For example, in the past, the price of the Shares as quoted on OTCQX varied significantly from the NAV per Share due to these factors, among others, and has historically traded at a substantial premium over, or a substantial discount to, the NAV per Share.

The Shares may trade at a price that is at, above or below the Fund's NAV per Share as a result of the non-current trading hours between OTCQX and the Digital Asset Trading Platform Market.

The Fund's NAV per Share will fluctuate with changes in the market value of the Fund Components, and the Manager expects the trading price of the Shares to fluctuate in accordance with changes in the Fund's NAV per Share, as well as market supply and demand. However, the Shares may trade on OTCQX at, above or below the Fund's NAV per Share for a variety of reasons. For example, OTCQX is open for trading in the Shares for a limited period each day, but the Digital Asset Trading Platform Market is a 24-hour marketplace. During periods when OTCQX is closed but Digital Asset Trading Platforms are open, significant changes in the price of the Fund Components on the Digital Asset Trading Platform Market could result in a difference in performance between the value of the Fund Components as measured by the Index Prices and the most recent NAV per Share or closing trading price. For example, if the price of the Fund Components on the Digital Asset Trading Platform Market, and the value of the Fund Components as measured by the Index Prices, moves significantly in a negative direction after the close of OTCQX, the trading price of the Shares may "gap" down to the full extent of such negative price shift when OTCQX reopens. If the price of the Fund Components on the Digital Asset Trading Platform Market drops significantly during hours OTCQX is closed, shareholders may not be able to sell their Shares until after the "gap" down has been fully realized, resulting in an inability to mitigate losses in a rapidly negative market. Even during periods when OTCQX is open, large Digital Asset Trading Platforms (or a substantial number of smaller Digital Asset Trading Platforms) may be lightly traded or closed for any number of reasons, which could increase trading spreads and widen any premium or discount on the Shares.

Shareholders may suffer a loss on their investment if the Shares trade above or below the Fund's NAV per Share.

Historically, the Shares have traded at both premiums and discounts to the NAV per Share, which at times have been substantial. If the Shares trade at a premium, investors who purchase Shares on OTCQX will pay more for their Shares than investors who purchase Shares directly from Authorized Participants. In contrast, if the Shares trade on OTCQX at a discount, investors who purchase Shares directly from Authorized Participants will pay more for their Shares than investors who purchase Shares on OTCQX. The premium or discount at which the Shares have traded has fluctuated over time.

For example, from July 1, 2022 to June 30, 2025, the Shares quoted on OTCQX traded at a discount to the value of the Fund's NAV per Share based on the DLCS Methodology (changed to the CD5 Methodology effective June 5, 2025). From July 1, 2022 to June 30, 2025, the maximum discount of the closing price of the Shares quoted on OTCQX below the value of the Fund's NAV per Share was 63% based on the DLCS Methodology (changed to the CD5 Methodology effective June 5, 2025) and the average discount was 35% based on the DLCS Methodology (changed to the CD5 Methodology effective June 5, 2025). As of June 30, 2025, the last business day of the period, the Fund's Shares were quoted on OTCQX at a discount of 2% to the Fund's NAV per Share based on the DLCS Methodology. The closing price of the Shares, as quoted on OTCQX at 4:00 p.m., New York time, on each business day between July 1, 2022 to June 30, 2025, has been quoted at a discount on 751 days.

From July 1, 2025 to September 2, 2025, the Shares quoted on OTCQX traded at both discounts and premiums to the value of the Fund's NAV per Share based on the CD5 Methodology. From July 1, 2025 to September 2, 2025, the maximum premium of the closing price of the Shares quoted on OTCQX over the value of the Fund's NAV per Share was less than 1% based on the CD5 Methodology, the average premium was less than 1%, the maximum discount of the closing price of the Shares quoted on OTCQX below the value of

the Fund's NAV per Share was 10% based on the CD5 Methodology, and the average discount was 6%. As of September 2, 2025, the Fund's Shares were quoted on OTCQX at a discount of 8% to the Fund's NAV per Share based on the CD5 Methodology.

As a result, shareholders who purchase Shares on OTCQX may suffer a loss on their investment if they sell their Shares at a time when the premium has decreased from the premium at which they purchased the Shares even if the Fund's NAV per Share remains the same. Likewise, shareholders that purchase Shares directly from the Fund may suffer a loss on their investment if they sell their Shares at a time when the Shares are trading at a discount on OTCQX. Furthermore, shareholders may suffer a loss on their investment even if the Fund's NAV per Share increases because the decrease in any premium or increase in any discount may offset any increase in the Fund's NAV per Share.

A substantial majority of the Fund Components is concentrated in two digital assets, Bitcoin and Ether, and any loss in value of Bitcoin or Ether could have an adverse effect on the value of the Shares and shareholders may suffer a loss on their investment.

While an investment in the Shares is not a direct investment in the Fund Components, the net asset value of the Fund relates primarily to the value of the Fund Components, and fluctuations in the price of such Fund Components could materially and adversely affect the value of the Shares. A substantial majority of the Fund Components are concentrated in Bitcoin and Ether, which represented approximately 79.83% and 11.33%, respectively, of the Fund's net asset value as of June 30, 2025, and as a result, the underlying value of the Shares depends disproportionately on the value of Bitcoin and Ether. Any future decline in the value of these digital assets would be expected to have a greater effect on the value of the Shares than any other of the Fund Components. The value of digital assets are extremely volatile, and both Bitcoin and Ether have in the past experienced significant declines in value.

For example, Bitcoin is currently the largest digital asset based on market capitalization and the most widely recognized digital asset. As a result, significant media attention is focused on the shifts in investor confidence in Bitcoin, the pervasiveness of its adoption, perceptions of its utility, and fluctuations in its market price. As the "first-to-market" digital asset, Bitcoin's value may be closely associated with public and market perceptions of digital assets generally and could increase or decrease in value dramatically as a result of developments with other digital assets. The value of Bitcoin has been, and will continue to be, subject to the extremely volatile periods as the marketplace around, and investor confidence in, digital assets continues to develop.

Further, the Ethereum blockchain is subject to various technological risks. The Merge, as well as other future developments to the Ethereum protocol, are highly experimental, and as a result, could lead to failures in implementation or in the code itself. Technological risks associated with updating the Ethereum blockchain may cause the value of Ethereum to decline and adversely affect the value of the Shares.

New digital assets are likely to continue to compete with Bitcoin and Ether by targeting particular variations and enhancements of blockchain technology. As other digital assets seek to exploit particular competitive advantages—like enabling enhanced confidentiality and privacy, increased efficiency and utility, lower transaction fees or faster validation rates as compared to Bitcoin or Ether—and as broad-based user adoption of digital assets continues, Bitcoin and Ether may decline in value. For example, public attention has focused on the substantial amount of electricity consumed in Bitcoin mining and the associated "carbon footprint" of Bitcoin mining activities. To the extent concern over the environmental impact of such activities continues to increase, Bitcoin could come to be seen as a less desirable digital asset to hold than available alternatives, adversely affecting its trading prices. As a result, the aggregate value of the Fund Components, and consequently the Shares, may decrease.

The value of the Shares and the value of the shareholders' investments would also be disproportionately impacted if the SEC a state securities regulator, or a court were to determine that either Bitcoin or Ether is a security. See "—The SEC has taken, and may in the future take, the view that some of the digital assets held by the Fund are securities, which has adversely affected, and could adversely affect the value of such digital assets and the price of the Shares and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Fund."

The amount of Fund Components represented by each Share will decline over time as the Fund pays the Manager's Fee and Additional Fund Expenses, and as a result, the value of the Shares may decrease over time.

The Manager's Fee accrues daily in U.S. dollars at an annual rate based on the NAV Fee Basis Amount, which is based on the NAV of the Fund, and is paid to the Manager in Fund Components. See "Item 1. Business—Activities of the Fund—Dispositions of Fund Components and Forked Assets" and "Item 1. Business—Activities of the Fund—Hypothetical Expense Example." As a result, the amount of Fund Components represented by each Share declines as the Fund pays the Manager's Fee (or sells Fund Components in order to raise cash to pay any Additional Fund Expenses), which may cause the Shares to decrease in value over time or dampen any increase in value.

The value of the Shares may be influenced by a variety of factors unrelated to the value of the digital assets held by the Fund.

The value of the Shares may be influenced by a variety of factors unrelated to the price of the digital assets held by the Fund and the Digital Asset Trading Platforms included in the Index Prices that may have an adverse effect on the value of the Shares. These factors include the following factors:

- Unanticipated problems or issues with respect to the mechanics of the Fund’s operations and the trading of the Shares may arise, in particular due to the fact that the mechanisms and procedures governing the creation and offering of the Shares and storage of digital assets have been developed specifically for this product;
- The Fund could experience difficulties in operating and maintaining its technical infrastructure, including in connection with expansions or updates to such infrastructure, which are likely to be complex and could lead to unanticipated delays, unforeseen expenses and security vulnerabilities;
- The Fund could experience unforeseen issues relating to the performance and effectiveness of the security procedures used to protect its Digital Asset Accounts, or the security procedures may not protect against all errors, software flaws or other vulnerabilities in the Fund’s technical infrastructure, which could result in theft, loss or damage of its assets; or
- Service providers may decide to terminate their relationships with the Fund due to concerns that the introduction of privacy enhancing features to any particular Digital Asset Network may increase the potential for such digital asset to be used to facilitate crime, exposing such service providers to potential reputational harm.

Any of these factors could affect the value of the Shares, either directly or indirectly through their effect on the Fund’s assets.

Shareholders do not have the protections associated with ownership of shares in an investment company registered under the Investment Company Act or the protections afforded by the CEA.

The Investment Company Act is designed to protect investors by preventing insiders from managing investment companies to their benefit and to the detriment of public investors, such as: the issuance of securities having inequitable or discriminatory provisions; the management of investment companies by irresponsible persons; the use of unsound or misleading methods of computing earnings and asset value; changes in the character of investment companies without the consent of investors; and investment companies from engaging in excessive leveraging. To accomplish these ends, the Investment Company Act requires the safekeeping and proper valuation of fund assets, restricts greatly transactions with affiliates, limits leveraging, and imposes governance requirements as a check on fund management.

The Fund is not a registered investment company under the Investment Company Act, and the Manager believes that the Fund is not required to register under such act. Consequently, shareholders do not have the regulatory protections provided to investors in investment companies.

The Fund will not hold or trade in commodity interests regulated by the CEA, as administered by the CFTC. Furthermore, the Manager believes that the Fund is not a commodity pool for purposes of the CEA, and that the Manager is not subject to regulation by the CFTC as a commodity pool operator or a commodity trading adviser in connection with the operation of the Fund. Consequently, shareholders will not have the regulatory protections provided to investors in CEA-regulated instruments or commodity pools.

The restrictions on transfer and redemption may result in losses on the value of the Shares.

Shares purchased in the private placement may not be resold except in transactions exempt from registration under the Securities Act and state securities laws, and any such transaction must be approved in advance by the Manager. In determining whether to grant approval, the Manager will specifically look at whether the conditions of Rule 144 under the Securities Act and any other applicable laws have been met. Any attempt to sell Shares without the approval of the Manager in its sole discretion will be void ab initio. See “Item 1. Business—Description of the Shares—Transfer Restrictions” for more information.

At this time, the Manager is not accepting redemption requests from shareholders. Absent the institution of such redemption program, the Shares may trade at a discount in the future, and may do so indefinitely. Therefore, unless the Fund is permitted to, and does, establish a Share redemption program, shareholders will be unable to (or could be significantly impeded in attempting to) sell or otherwise liquidate investments in the Shares, which could have a material adverse impact on demand for the Shares and their value.

Affiliates of the Fund previously entered into a settlement agreement with the SEC concerning the operation of one such affiliate’s former redemption programs.

On April 1, 2014, Grayscale Bitcoin Trust ETF, an affiliate of the Fund, launched a program pursuant to which its shareholders could request redemptions from Genesis, an affiliate of the Fund and the sole Authorized Participant of Grayscale Bitcoin Trust ETF at that time. On September 23, 2014, Genesis received a letter from the staff of the SEC’s Office of Compliance Inspections and Examinations summarizing the staff’s findings from an onsite review of Genesis’s broker-dealer activities conducted in June 2014. In its exit report, the staff stated that it had concluded that Grayscale Bitcoin Trust ETF’s redemption program, in which its shareholders were permitted to request the redemption of their shares through Genesis, appeared to violate Regulation M under the Exchange Act because such redemptions of shares took place at the same time Grayscale Bitcoin Trust ETF was in the process of creating shares. On July 11, 2016, Genesis and Grayscale Bitcoin Trust ETF entered into a settlement agreement with the SEC whereby they agreed to a

cease-and-desist order against future violations of Rules 101 and 102 of Regulation M under the Exchange Act. Genesis also agreed to pay disgorgement of \$51,650.11 in redemption fees it collected, plus prejudgment interest of \$2,105.68, for a total of \$53,755.79.

There is no guarantee that an active trading market for the Shares will continue to develop.

The Shares are qualified for public trading on OTCQX and an active trading market for the Shares has developed. However, there can be no assurance that such trading market will be maintained or continue to develop. In addition, OTCQX can halt the trading of the Shares for a variety of reasons. To the extent that OTCQX halts trading in the Shares, whether on a temporary or permanent basis, investors may not be able to buy or sell Shares, which could adversely affect the value of the Shares. If an active trading market for the Shares does not continue to exist, the market prices and liquidity of the Shares may be adversely affected.

The Manager also intends to seek to list the Shares on NYSE Arca sometime in the future. NYSE Arca must receive approval from the SEC in order to list the Shares. Although the SEC has approved several futures-based Bitcoin and Ether ETFs since October 2021, it has not approved any requests to list the shares of digital asset funds like the Fund to date. The requests to list the shares of digital asset funds submitted by CBOE and the NYSE Arca in 2019 were withdrawn or received disapprovals. Subsequently, NYSE Arca and CBOE filed several new requests to list shares of various digital asset funds in 2021. Several of those requests were denied by the SEC in 2021 and 2022, including a second request by NYSE Arca to list the shares of Grayscale Bitcoin Trust ETF, which was denied in June 2022. In June 2023, NYSE Arca, CBOE and The Nasdaq Stock Market again submitted several new requests to list shares of various digital asset funds. The Manager petitioned the United States Court of Appeals for the District of Columbia Circuit for review of the SEC's final order denying approval to list shares of Grayscale Bitcoin Trust ETF on NYSE Arca as an exchange-traded product. On August 29, 2023, the D.C. Circuit Court of Appeals granted the Manager's petition and vacated the SEC's order as arbitrary and capricious. The SEC did not seek panel rehearing or rehearing en banc. On October 23, 2023, the D.C. Circuit Court of Appeals remanded the matter to the SEC. Ultimately, on January 10, 2024, the SEC approved NYSE Arca's 19b-4 application to list the shares of the Grayscale Bitcoin Trust ETF on NYSE Arca as an exchange-traded product, along with 19b-4 applications related to the listing of 10 other Bitcoin exchange-traded products on various exchanges. Shares of the Grayscale Bitcoin Trust ETF began trading on NYSE Arca on January 11, 2024. Subsequently, the SEC approved NYSE Arca's similar 19b-4 applications to list the shares of Grayscale Ethereum Trust ETF and Grayscale Ethereum Mini Trust ETF, investment vehicles that hold Ether.

Even though NYSE Arca's request with respect to the Grayscale Trusts holding Bitcoin and Ether were approved, there is no guarantee that a similar application to list Shares of the Fund on NYSE Arca, or another national securities exchange, will also be approved. In particular, Bitcoin is the only digital asset that the SEC has publicly indicated it does not currently view as a security, although the SEC, by action through delegated authority approving exchange rule filings to list shares of trusts holding Ether as commodity-based exchange-traded products, has implicitly taken the view that Ether is not a security. The Manager believes the SEC is unlikely to approve a request to list the shares of a spot exchange-traded product that holds a digital asset that the SEC believes is a security. Moreover, even if the SEC took the view that a digital asset was not a security, based on prior spot exchange-traded product disapprovals, the existence of a CFTC-regulated futures market for the relevant digital asset would be central to the SEC's approval of any request to list the shares of a spot exchange-traded product holding such digital asset. As of the date hereof, there are only CFTC-regulated futures markets for Bitcoin, Ether, Litecoin, Bitcoin Cash and Dogecoin. As such, there exist significant barriers to obtaining regulatory approval for any request to list the shares of other digital asset investment vehicles, including the Shares of the Fund. Investors should not assume that recent approvals of spot Bitcoin and spot Ether exchange-traded products will subsequently lead to approval of spot exchange-traded products holding other digital assets, such as the Fund. Accordingly, there is no guarantee that the Manager will be successful in listing the Shares on NYSE Arca.

As the Manager and its management have limited history of operating investment vehicles like the Fund, their experience may be inadequate or unsuitable to manage the Fund.

The past performances of the Manager's management in other investment vehicles, including their experiences in the digital asset and venture capital industries, are no indication of their ability to manage an investment vehicle such as the Fund. If the experience of the Manager and its management is inadequate or unsuitable to manage an investment vehicle such as the Fund, the operations of the Fund may be adversely affected.

Furthermore, the Manager is currently engaged in the management of other investment vehicles which could divert their attention and resources. If the Manager were to experience difficulties in the management of such other investment vehicles that damaged the Manager or its reputation, it could have an adverse impact on the Manager's ability to continue to serve as Manager for the Fund.

The Fund tracks the CD5, which may lead the Fund's portfolio to be underrepresented with respect to digital assets that are increasing in value and/or overrepresented with respect to digital assets that are declining in value.

Although the Fund will generally hold the Fund Components in proportion to their market capitalization, the Fund will not invest in digital assets that do not meet the CD5 Methodology. In addition, the Manager may exclude a digital asset from the Fund's portfolio even if it meets the CD5 Methodology because, among other reasons, (i) none or few of the Authorized Participants or service providers has the ability to trade or otherwise support the digital asset; (ii) use or trading of the digital asset raises or potentially raises significant

governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, such as the U.S. federal securities or commodities laws or similar laws in other significant jurisdictions; (iii) the underlying code contains, or may contain, significant flaws or vulnerabilities; (iv) there is limited or no reliable information regarding, or concerns over the intentions of, the core developers of the digital asset; or (v) for any other reason, in each case as determined by the Manager in its sole discretion. As a result, the Fund's portfolio may be underrepresented with respect to digital assets that are increasing in value and/or overrepresented with respect to digital assets that are declining in value. Should this be the case, the Fund may underperform relative to other investment options that do invest in such digital assets and do not follow similar investment policies.

Moreover, the CD5, and therefore the Fund, is reviewed for rebalancing during a period that occurs on a quarterly basis and in accordance with specific criteria set forth under "—Rebalancing." Because the Fund will not actively manage the portfolio in between Fund Rebalancing Periods, the Fund may hold digital assets during periods in which their prices are flat or declining and may not be holding digital assets during periods in which such prices are rising if such price activity occurs between Fund Rebalancing Periods. For example, if any of the Fund Components are declining in value, the Fund will not sell such Fund Components except during Fund Rebalancing Periods in accordance with its investment policies or, if redemptions are then permitted, in order to meet redemptions. Any decrease in value of the Fund Components will result in a decrease in the Fund's net asset value which will negatively impact the value of the Shares. The Fund will not sell the Fund Components to attempt to avoid losses.

Moreover, there may be costs associated with a rebalancing of the Fund's portfolio, including transaction costs associated with the sale or purchase of digital assets and any tax on gains recognized by the Fund upon sales of digital assets, which could impact the Fund's performance.

Security threats to the Digital Asset Accounts could result in the halting of Fund operations and a loss of Fund assets or damage to the reputation of the Fund, each of which could result in a reduction in the value of the Shares.

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in relation to digital assets. The Manager believes that the digital assets held in the Fund's Digital Asset Accounts will be an appealing target to hackers or malware distributors seeking to destroy, damage or steal the Fund's digital assets and will only become more appealing as the Fund's assets grow. To the extent that the Fund, the Manager, or the Custodian is unable to identify and mitigate or stop new security threats or otherwise adapt to technological changes in the digital asset industry, the Fund's digital assets may be subject to theft, loss, destruction or other attack.

The Manager believes that the security procedures in place for the Fund, including but not limited to, offline storage, or "cold storage," multiple encrypted private key "shards", usernames, passwords and 2-step verification, are reasonably designed to safeguard the Fund's digital assets. Nevertheless, the security procedures cannot guarantee the prevention of any loss due to a security breach, software defect or act of God that may be borne by the Fund.

The security procedures and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of the Manager, the Custodian, or otherwise, and, as a result, an unauthorized party may obtain access to a Digital Asset Account, the relevant private keys (and therefore digital assets) or other data of the Fund. Additionally, outside parties may attempt to fraudulently induce employees of the Manager or the Custodian to disclose sensitive information in order to gain access to the Fund's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Manager and the Custodian may be unable to anticipate these techniques or implement adequate preventative measures.

An actual or perceived breach of a Digital Asset Account could harm the Fund's operations, result in loss of the Fund's assets, damage the Fund's reputation and negatively affect the market perception of the effectiveness of the Fund, all of which could in turn reduce demand for the Shares, resulting in a reduction in the value of the Shares. The Fund may also cease operations, the occurrence of which could similarly result in a reduction in the value of the Shares.

Transactions in digital assets are irrevocable and stolen or incorrectly transferred digital assets may be irretrievable. As a result, any incorrectly executed digital asset transactions could adversely affect the value of the Shares.

Digital asset transactions are typically not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to a blockchain, an incorrect transfer or theft of the applicable digital asset generally will not be reversible and the Fund may not be capable of seeking compensation for any such transfer or theft. Although the Fund's transfers of digital assets will regularly be made to or from the Digital Asset Accounts, it is possible that, through computer or human error, or through theft or criminal action, the Fund's digital assets could be transferred from the Fund's Digital Asset Accounts in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

Such events have occurred in connection with digital assets in the past. To the extent that the Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Fund's digital assets through error or theft, the Fund will be unable to revert or otherwise recover incorrectly transferred digital assets. The Fund will also be unable to

convert or recover its digital assets transferred to uncontrolled accounts. To the extent that the Fund is unable to seek redress for such error or theft, such loss could adversely affect the value of the Shares.

The lack of full insurance and shareholders' limited rights of legal recourse against the Fund, Manager, Transfer Agent and Custodian expose the Fund and its shareholders to the risk of loss of the Fund's digital assets for which no person or entity is liable.

The Fund is not a banking institution or otherwise a member of the Federal Deposit Insurance Corporation ("FDIC") or Securities Investor Protection Corporation ("SIPC") and, therefore, deposits held with or assets held by the Fund are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. In addition, neither the Fund nor the Manager insures the Fund's digital assets.

While the Custodian is required under the Custodian Agreement to maintain insurance coverage that is commercially reasonable for the custodial services it provides, and the Custodian has advised the Manager that they maintain insurance at commercially reasonable amounts for the digital assets custodied on behalf of clients, including the Fund's digital assets, shareholders cannot be assured that the Custodian will maintain adequate insurance or that such coverage will cover losses with respect to the Fund's digital assets. Moreover, while the Custodian maintains certain capital reserve requirements depending on the assets under custody and to the extent required by applicable law, and such capital reserves may provide additional means to cover client asset losses, the Manager does not know the amount of such capital reserves, and neither the Fund nor the Manager have access to such information. The Fund cannot be assured that the Custodian will maintain capital reserves sufficient to cover losses with respect to the Fund's digital assets. Furthermore, Coinbase has represented in securities filings that the total value of crypto assets in its possession and control is significantly greater than the total value of insurance coverage that would compensate Coinbase in the event of theft or other loss of funds.

Furthermore, under the Custodian Agreement, the Custodian's liability with respect to the Fund will never exceed the value of the digital assets on deposit in the Fund's Digital Asset Accounts at the time of, and directly relating to, the events giving rise to the liability occurred, as determined in accordance with the Custodian Agreement. In addition, for as long as a cold storage address for the Fund's Digital Asset Account holds digital assets with a value in excess of the Cold Storage Threshold for a period of five consecutive business days or more without being reduced to the Cold Storage Threshold or lower, the Custodian's maximum liability for such cold storage address shall be limited to the Cold Storage Threshold. The Manager monitors the value of digital assets deposited in cold storage addresses for whether the Cold Storage Threshold has been met by determining the U.S. dollar value of digital assets deposited in each cold storage address on business days. Although the Cold Storage Threshold has never been met for a given cold storage address, to the extent it is met and not reduced within five business days, each Fund would not have a claim against the Custodian with respect to the digital assets held in such address to the extent the value exceeds the Cold Storage Threshold.

The Custodian is not liable for any lost profits or any special, incidental, indirect, intangible, or consequential damages, whether based in contract, tort, negligence, strict liability or otherwise, and whether or not the Custodian has been advised of such losses or the Custodian knew or should have known of the possibility of such damages. Notwithstanding the foregoing, the Custodian is liable to the Manager and the Fund for the loss of any digital assets to the extent that the Custodian directly caused such loss through a breach of the Custodian Agreement, even if the Custodian meets its duty of exercising best efforts, and the Custodian is required to return to the Fund a quantity equal to the quantity of any such lost digital assets.

The shareholders' recourse against the Manager and the Fund's other service providers for the services they provide to the Fund, including those relating to the provision of instructions relating to the movement of digital assets, is limited. Consequently, a loss may be suffered with respect to the Fund's digital assets that is not covered by insurance and for which no person is liable in damages. As a result, the recourse of the Fund or the shareholders, under New York law, is limited.

The Fund may be required, or the Manager may deem it appropriate, to wind up, liquidate and dissolve at a time that is disadvantageous to shareholders.

If the Fund is required to wind up, liquidate and dissolve, or the Manager determines in accordance with the terms of the LLC Agreement that it is appropriate to wind up, liquidate and dissolve the Fund, such liquidation and dissolution could occur at a time that is disadvantageous to shareholders, such as when the Actual Exchange Rate of any of the digital assets of the Fund, including a digital asset with a significant Weighting, is lower than the applicable Index Price was at the time when shareholders purchased their Shares. In such a case, the proceeds of the sale of any of the Fund's digital assets will be less than they would have been had the Actual Exchange Rate for the applicable digital asset been higher at the time of sale. See "Item 1. Business—Description of the LLC Agreement—Termination of the Fund" for more information about the dissolution of the Fund, including when the dissolution of the Fund may be triggered by events outside the direct control of the Manager or the shareholders.

The LLC Agreement includes provisions that limit shareholders' voting rights and restrict shareholders' right to bring a derivative action.

Under the LLC Agreement, shareholders have limited voting rights, and the Fund will not have regular shareholder meetings. Shareholders take no part in the management or control of the Fund. Accordingly, shareholders do not have the right to authorize actions,

appoint service providers or take other actions as may be taken by shareholders of other funds or companies where shares carry such rights. The shareholders' limited voting rights give almost all control under the LLC Agreement to the Manager. The Manager may take actions in the operation of the Fund that may be adverse to the interests of shareholders and may adversely affect the value of the Shares.

Moreover, pursuant to the terms of the LLC Agreement, shareholders' right to bring a derivative action (i.e., to initiate a lawsuit in the name of the Fund in order to assert a claim belonging to the Fund against a fiduciary of the Fund or against a third-party when the Fund's management has refused to do so) is restricted. The LLC Agreement provides that in addition to any other requirements of applicable law, no shareholder will have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Fund unless two or more shareholders who (i) are not "Affiliates" (as defined in the LLC Agreement and below) of one another and (ii) collectively hold at least 10.0% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding. This provision applies to any derivative actions brought in the name of the Fund other than claims under the federal securities laws and the rules and regulations thereunder.

While there have been no Cayman Islands judicial cases that consider the enforceability of derivative action claims in the context of Cayman Islands limited liability companies, there are likely to be certain public policy limitations on the enforceability of a provision such as Section 6.4 of the LLC Agreement to the extent that a court were to determine that the language is intended to preclude a member from bringing a claim against a manager who had acted fraudulently or in willful default of its obligations—its minimum standard of care obligations. The LLC Act does not contain an express statutory right for a member to bring a derivative action although the LLC Act contemplates that a member may bring proceedings on behalf of a limited liability company in a representative capacity against members or managers. The common law principles regarding derivative actions that apply to companies incorporated under the LLC Act would also be informative. Generally, a derivative action may only be brought in respect of claims that involve a "fraud on the minority" or serious wrongdoing causing harm to a company. For these reasons, there may be limitations on the enforceability of the derivative action provisions in the LLC Agreement.

Nonetheless, due to this additional requirement, a shareholder attempting to bring or maintain a derivative action in the name of the Fund will be required to locate other shareholders with which it is not affiliated and that have sufficient Shares to meet the 10.0% threshold based on the number of Shares outstanding on the date the claim is brought and thereafter throughout the duration of the action, suit or proceeding. This may be difficult and may result in increased costs to a shareholder attempting to seek redress in the name of the Fund in court. Moreover, if shareholders bringing a derivative action, suit or proceeding pursuant to this provision of the LLC Agreement do not hold 10.0% of the outstanding Shares on the date such an action, suit or proceeding is brought, or such shareholders are unable to maintain Share ownership meeting the 10.0% threshold throughout the duration of the action, suit or proceeding, such shareholders' derivative action may be subject to dismissal. As a result, the LLC Agreement limits the likelihood that a shareholder will be able to successfully assert a derivative action in the name of the Fund, even if such shareholder believes that he or she has a valid derivative action, suit or other proceeding to bring on behalf of the Fund. See "Item 1. Business—Description of the LLC Agreement—The Manager—Fiduciary and Regulatory Duties of the Manager" for more detail.

The Manager is solely responsible for determining the value of the NAV and NAV per Share and any errors, discontinuance or changes in such valuation calculations may have an adverse effect on the value of the Shares.

The Manager will determine the Fund's NAV and NAV per Share on a daily basis as soon as practicable after 4:00 p.m., New York time, on each business day. The Manager's determination is made utilizing data from the operations of the Fund and the Index Prices, calculated at 4:00 p.m., New York time, on such day. If the Manager determines in good faith that an Index Price does not reflect an accurate price for a Fund Component, then the Manager will employ an alternative method to determine such Index Price under the cascading set of rules set forth in "Item 1. Business—Overview of the Digital Asset Industry and Market—Fund Component Value—The Index Prices—Determination of the Index Prices When the Index Prices are Unavailable." In the context of applying such rules, the Manager may determine in good faith that the alternative method applied does not reflect an accurate price for the relevant Fund Component and apply the next alternative method under the cascading set of rules. If the Manager determines after employing all of the alternative methods that an Index Price does not reflect an accurate price for a Fund Component, the Manager will use its best judgment to determine a good faith estimate of the Index Price. There are no predefined criteria to make a good faith assessment in these scenarios and such decisions will be made by the Manager in its sole discretion. The Manager may calculate such Index Price in a manner that ultimately reflects an inaccurate price for such Fund Component. To the extent that the NAV, NAV per Share or the Index Prices are incorrectly calculated, the Manager may not be liable for any error and such misreporting of valuation data could adversely affect the value of the Shares and investors could suffer a substantial loss on their investment in the Fund.

Moreover, the terms of the LLC Agreement do not prohibit the Manager from changing the Index Price used to calculate the NAV and NAV per Share of the Fund or from changing the fund construction criteria pursuant to which the Fund Components are determined. Any such change in the Index Price of a Fund Component or in the fund construction criteria could affect the value of the Shares and investors could suffer a substantial loss on their investment in the Fund.

Extraordinary expenses resulting from unanticipated events may become payable by the Fund, adversely affecting the value of the Shares.

In consideration for the Manager's Fee, the Manager has contractually assumed all ordinary-course operational and periodic expenses of the Fund. Extraordinary expenses incurred by the Fund, such as taxes and governmental charges; expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets); or extraordinary legal fees and expenses are not assumed by the Manager and are borne by the Fund. See "Item 1. Business—Activities of the Fund—Fund Expenses." In order to pay expenses not assumed by the Manager, the Manager will cause the Fund to either (i) sell its digital assets and/or Forked Assets or (ii) deliver its digital assets and/or Forked Assets in kind to the Manager to pay such Fund expenses not assumed by the Manager on an as-needed basis. Accordingly, the Fund may be required to sell or otherwise dispose of digital assets or Forked Assets at a time when the trading prices for those assets are depressed.

The sale or other disposition of assets of the Fund in order to pay extraordinary expenses could have a negative impact on the value of the Shares for several reasons. These include the following factors:

- The Fund is not actively managed and no attempt will be made to protect against or to take advantage of fluctuations in the prices of the Fund Components or Forked Assets held by the Fund. Consequently, if the Fund incurs expenses in U.S. dollars, the Fund Components or Forked Assets may be sold at a time when the values of the disposed assets are low, resulting in a negative impact on the value of the Shares.
- Because the Fund does not generate any income, every time that the Fund pays expenses, it will deliver the Fund Components or Forked Assets to the Manager or sell the Fund Components or Forked Assets. Any sales of the Fund's assets in connection with the payment of expenses will decrease the amount of the Fund's assets represented by each Share each time its assets are sold or transferred to the Manager.

The value of the Shares will be adversely affected if the Fund is required to indemnify the Manager, the Transfer Agent or the Custodian under the Fund Documents.

Under the Fund Documents, each of the Manager, the Transfer Agent and the Custodian has a right to be indemnified by the Fund for certain liabilities or expenses that it incurs without gross negligence, bad faith or willful misconduct on its part. Therefore, the Manager, Transfer Agent or the Custodian may require that the assets of the Fund be sold in order to cover losses or liability suffered by it. Any sale of that kind would reduce the NAV of the Fund and the value of the Shares.

Intellectual property rights claims may adversely affect the Fund and the value of the Shares.

The Manager is not aware of any intellectual property rights claims that may prevent the Fund from operating and holding any digital assets. However, third parties may assert intellectual property rights claims relating to the operation of the Fund and the mechanics instituted for the investment in, holding of and transfer of digital assets. Regardless of the merit of an intellectual property or other legal action, any legal expenses to defend, or payments to settle, such claims would be extraordinary expenses that would be borne by the Fund in most cases through the sale or transfer of its digital assets. Additionally, a meritorious intellectual property rights claim could prevent the Fund from operating and force the Manager to terminate the Fund and liquidate its digital assets. As a result, an intellectual property rights claim against the Fund could adversely affect the value of the Shares.

Pandemics, epidemics and other natural and man-made disasters could negatively impact the value of the Fund's holdings and/or significantly disrupt its affairs.

Pandemics, epidemics and other natural and man-made disasters could negatively impact demand for digital assets, and disrupt the operations of many businesses, including the businesses of the Fund's service providers. For example, the COVID-19 pandemic had serious adverse effects on the economies and financial markets of many countries, resulting in increased volatility and uncertainty in economies and financial markets of many countries and in the Digital Asset Markets. Moreover, governmental authorities and regulators throughout the world have in the past responded to major economic disruptions, including as a result of the COVID-19 pandemic, with a variety of fiscal and monetary policy changes, such as quantitative easing, new monetary programs and lower interest rates. An unexpected or quick reversal of any such policies, or the ineffectiveness of such policies, could increase volatility in economies and financial market generally, and could specifically increase volatility in the Digital Asset Markets, which could adversely affect the value of the digital assets held by the Fund and the value of the Shares.

In addition, pandemics, epidemics and other natural and man-made disasters could disrupt the operations of many businesses. For example, in response to the COVID-19 pandemic, many governments imposed travel restrictions and prolonged, closed international borders and enhanced health screenings at ports of entry and elsewhere, which disrupted businesses around the world. While the Manager and the Fund were not materially impacted by these events, any disruptions to the Manager's, the Fund's or the Fund's service providers' business operations resulting from business restrictions, quarantines or restrictions on the ability of personnel to perform their jobs as a

result of any future pandemic, epidemic or other disaster could have an adverse impact on the Fund's ability to access critical services and could be disruptive to the affairs of the Fund.

Risk Factors Related to the Regulation of Digital Assets, the Fund and the Shares

The SEC has taken, and may in the future take, the view that some of the digital assets held by the Fund are securities, which has adversely affected, and could adversely affect the value of such digital assets and the price of the Shares and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Fund.

The SEC, at least under the prior administration, has stated that certain digital assets may be considered "securities" under the federal securities laws. The test for determining whether a particular digital asset is a "security" is complex and difficult to apply, and the outcome is difficult to predict. A number of SEC and SEC staff actions with respect to a variety of digital assets demonstrate this difficulty. For example, public, though non-binding, statements by senior officials at the SEC have indicated that the SEC did not consider Bitcoin or Ether to be securities, and does not currently consider Bitcoin to be a security. In addition, the SEC, by action through delegated authority approving the exchange rule filings to list shares of trusts holding Ether as commodity-based ETPs, appears to have implicitly taken the view that Ether is not a security. The SEC staff has also provided informal assurances via no-action letter to a handful of promoters that their digital assets are not securities. Moreover, the SEC's Division of Corporation Finance has published statements that it does not consider, under certain circumstances, "meme coins" or some stablecoins to be securities. However, such statements may be withdrawn at any time without notice and comment by the Division of Corporation Finance at the SEC or the SEC itself. In addition, the SEC under former SEC Chair Gensler's leadership brought enforcement actions against the issuers and promoters of several other digital assets on the basis that the digital assets in question are securities. More recently, the SEC under former SEC Chair Gensler's leadership brought enforcement actions against Digital Asset Trading Platforms for allegedly operating unregistered securities exchanges on the basis that certain of the digital assets traded on their platforms are securities.

Whether a digital asset is a security under the federal securities laws depends on whether it is included in the lists of instruments making up the definition of "security" in the Securities Act, the Exchange Act and the Investment Company Act. Digital assets as such do not appear in any of these lists, although each list includes the terms "investment contract" and "note," and the SEC has typically analyzed whether a particular digital asset is a security by reference to whether it meets the tests developed by the federal courts interpreting these terms, known as the *Howey* and *Reves* tests, respectively. For many digital assets, whether or not the *Howey* or *Reves* tests are met is difficult to resolve definitively, and substantial legal arguments can often be made both in favor of and against a particular digital asset qualifying as a security under one or both of the *Howey* and *Reves* tests. Adding to the complexity, the SEC staff has indicated that the security status of a particular digital asset can change over time as the relevant facts evolve, though recent arguments advanced in ongoing litigation may suggest that the SEC no longer believes the status of a digital asset can change over time.

These developments demonstrate the difficulty in applying the federal securities laws to digital assets generally. In January 2025, the SEC launched a crypto task force dedicated to developing a comprehensive and clear regulatory framework for digital assets led by Commissioner Hester Peirce. Subsequently, Commissioner Peirce announced a list of specific priorities to further that initiative, which included pursuing final rules related to a digital asset's security status, a revised path to registered offerings and listings for digital assets-based investment vehicles, and clarity regarding digital asset custody, lending, and staking. On July 31, 2025, Chairman Atkins announced "Project Crypto," a Commission-wide initiative to modernize securities rules for digital assets, reshore innovation in the United States, and implement the recommendations of the working group report. Chairman Atkins had directed the SEC's policy divisions to work with the Crypto Task Force to draft "clear and simple rules of the road for crypto asset distributions, custody, and trading," and the Commission and SEC staff will also consider using interpretive, exemptive, and other authorities with respect to digital asset markets. However, the efforts of the crypto task force and Project Crypto have only just begun, and how or whether the SEC regulates digital asset activity in the future remains to be seen.

As part of determining whether a Fund Component is a security for purposes of the federal securities laws, the Manager takes into account a number of factors, including the various definitions of "security" under the federal securities laws and federal court decisions interpreting elements of these definitions, such as the U.S. Supreme Court's decisions in the *Howey* and *Reves* cases and their progeny, as well as reports, orders, press releases, public statements and speeches by the SEC, its commissioners and its staff providing guidance on when a digital asset may be a security for purposes of the federal securities laws. Finally, the Manager discusses the security status of each Fund Component with external counsel and typically receives a memorandum regarding the status of each Fund Component under the federal securities laws from them. Through this process the Manager believes that it is applying the proper legal standards in determining that the Fund Components are not securities in light of the uncertainties inherent in the *Howey* and *Reves* tests.

Further, in June 2023, the SEC asserted in the Binance Complaint that each of SOL and ADA is a "crypto asset security" that was "offered and sold as an investment contract." In June 2023, the SEC asserted in the Coinbase Complaint, that SOL is a "crypto asset security." Further, in November 2023, the SEC asserted in the Kraken Complaint that SOL is a "crypto asset security" that was "offered and sold as an investment contract." In its complaints, the SEC asserted that SOL, ADA, MATIC, FIL, ATOM, SAND, MANA, ALGO, AXS, COTI, CHZ, FLOW, ICP, NEAR, VGX, DASH and NEXO are all securities under the federal laws. Following the filing of the Coinbase Complaint, Binance Complaint, and the Kraken Complaint, the Manager discussed the security status of SOL with external

counsel and continues to believe that SOL is not a security. In addition, in 2020 the SEC filed a complaint against the issuer of XRP, Ripple Labs, Inc., and two of its executives, alleging that they raised more than \$1.3 billion through XRP sales that should have been registered under the federal securities laws, but were not. Subsequently, in July 2023, the District Court for the Southern District of New York held that while XRP is not a “security”, certain sales of XRP to certain buyers (but not other types of sales to other buyers) amounted to “investment contracts” under the *Howey* test. Following the filing of the court order, the Manager discussed the security status of XRP with external counsel and continues to believe that XRP is not a security. The District Court entered a final judgment in the case on August 7, 2024 and the parties each dismissed their appeals to the Second Circuit on August 7, 2025.

However, in light of these developments, and the uncertainties and fact-based nature of the analysis as to whether SOL, ADA and XRP is a “security” under the federal securities laws, the Manager acknowledges that the SEC, at least under former Chair Gensler’s leadership, has taken the position that SOL, ADA and XRP are each a security and the Manager’s conclusion otherwise does not preclude legal or regulatory action based on the presence of a security.

As is the case with SOL, ADA and XRP, analyses from counsel typically review the often-complex facts surrounding a particular digital asset’s underlying technology, creation, use case and usage development, distribution and secondary-market trading characteristics as well as contributions of and marketing or promotional efforts by the individuals or organizations who appear to be involved in these activities, among other relevant facts, usually drawing on publicly available information. This information, usually found on the internet, often includes both information that originated with or is attributed to such individuals or organizations, as well as information from third-party sources and databases that may or may not have a connection to such individuals or organizations, and the availability and nature of such information can change over time. The Manager and counsel often have no independent means of verifying the accuracy or completeness of such information, and therefore of necessity usually must assume that such information is materially accurate and complete for purposes of the *Howey* and *Reves* analyses. After having gathered this information, counsel typically analyzes it in light of the *Howey* and *Reves* tests, in order to inform a judgment as to whether or not a federal court would conclude that the digital asset, or transactions in the digital asset, in question is or is not a security, or are or are not securities transactions, respectively, for purposes of the federal securities laws. Often, certain factors appear to support a conclusion that the digital asset in question, or transactions in the digital asset, is a security, or are or are not securities transactions, respectively, while other factors appear to support the opposite conclusion, and in such a case counsel endeavors to weigh the importance and relevance of the competing factors. This analytical process is further complicated by the fact that, at present, federal judicial case law applying the relevant tests to digital assets is limited and in some situations inconsistent, with no federal appellate court having considered the question on the merits, as well as the fact that because each digital asset presents its own unique set of relevant facts, it is not always possible to directly analogize the analysis of one digital asset to another. Because of this factual complexity and the current lack of a well-developed body of federal case law applying the relevant tests to a variety of different fact patterns, the Manager has not in the past received, and currently does not expect that it would be able to receive, “opinions” of counsel stating that a particular digital asset, or transactions in the digital asset, is or is not a security, or are or are not securities transactions, respectively, for federal securities law purposes. The Manager understands that as a matter of practice, counsel is generally able to render a legal “opinion” only when the relevant facts are substantially ascertainable and the applicable law is both well-developed and settled. As a result, given the relative novelty of digital assets, the challenges inherent in fact-gathering for particular digital assets, and the fact that federal courts have only recently been tasked with adjudicating the applicability of federal securities law to digital assets, the Manager understands that at present counsel is generally not in a position to render a legal “opinion” on the securities-law status of a specific Fund Component or any other particular digital asset.

As such, notwithstanding the Manager’s receipt of a memorandum regarding the status of SOL, ADA and XRP under the federal securities laws from external counsel and the Manager’s view that SOL, ADA and XRP are not securities, the SEC under former SEC Chair Gensler’s leadership has taken and a federal court may in the future take a different view as to the security status of SOL, ADA or XRP. If the Manager determines that a Fund Component is a security under the federal securities laws, whether that determination is initially made by the Manager itself, or because a federal court upholds an allegation that such Fund Component is a security, the Manager does not intend to permit the Fund to hold that Fund Component in a way that would violate the federal securities laws. Because the legal tests for determining whether a digital asset is or is not a security, or whether transactions in the digital asset are or are not securities transactions, respectively, often leave room for interpretation, for so long as the Manager believes there to be good faith grounds to conclude that each of the Fund Components is not a security, the Manager does not intend to dissolve the Fund on the basis that any of the Fund Components could at some future point be finally determined to be a security.

Any enforcement action by the SEC or a state securities regulator asserting that a Fund Component is a security, or transactions in Fund Components are securities transactions, respectively, or a court decision to that effect, would be expected to have an immediate material adverse impact on the trading value of that Fund Component, as well as the Shares. This is because the business models behind most digital assets are incompatible with regulations applying to transactions in securities. If a digital asset or transactions in that digital asset are determined to be a security or securities, respectively, it is likely to become difficult or impossible for the digital asset to be traded, cleared or custodied in the United States through the same channels used by non-security digital assets, which in addition to materially and adversely affecting the trading value of the digital asset is likely to significantly impact its liquidity and market participants’ ability to convert the digital asset into U.S. dollars. Any assertion that a digital asset is a security or transactions in that digital asset are securities transactions by the SEC or another regulatory authority may have similar effects. For example, in the weeks following the SEC’s complaint against XRP’s issuer, XRP’s market capitalization fell to less than \$10 billion, which was less than half

of its market capitalization in the days prior to the complaint, and certain significant market participants, including the Fund's authorized participant at the time, announced they would no longer support XRP, among other measures, including the delisting of XRP from major digital asset trading platforms. Following these developments, the Manager removed XRP from the Fund's portfolio.

Subsequently, in July 2023, the District Court for the Southern District of New York held that while XRP is not a "security" certain sales of XRP to certain buyers (but not other types of sales to other buyers) amounted to "investment contracts" under the Howey test. The District Court entered a final judgment in the case on August 7, 2024 and the parties each dismissed their appeals to the Second Circuit on August 7, 2025.

Likewise, in the days following the announcement of SEC enforcement actions against certain digital asset issuers and trading platforms, the prices of various digital assets declined significantly and may continue to decline if or as such cases advance through the federal court system.

Furthermore, the decisions in cases involving digital assets have resulted in seemingly inconsistent views of different district court judges, including one that explicitly disagreed with the analysis underlying the decision regarding XRP, which underscore the continuing uncertainty around which digital assets or transactions in digital assets are securities and what the correct analysis is to determine each digital asset's status. For example, the conflicting district court opinions and analyses demonstrate that factors such as how long a digital asset has been in existence, how widely held it is, how large its market capitalization is, the manner in which it is offered, sold or promoted, and whether it has actual use in commercial transactions, ultimately may have limited or no bearing on whether the SEC, a state securities regulator or any particular court will find it to be a security.

In September 2024, the SEC filed a settled enforcement action against Mango Labs, LLC, Mango DAO, and Blockworks Foundation (the "Mango Enforcement Action"), and in October 2024, the SEC filed an enforcement action against Cumberland DRW, LLC (the "Cumberland Enforcement Action"), in both instances describing a number of digital assets, including XRP, as examples of "crypto assets that are offered and sold as securities." In March 2025, the SEC and Cumberland DRW, LLC filed a joint request to dismiss the Cumberland Enforcement Action, which was approved by the SEC's Commissioners, and the action was dismissed.

Despite the allegations in the Mango Enforcement Action, the Manager has discussed the security status of XRP with external counsel and continues to believe that XRP is not a security. However, in light of these developments and the uncertainties and fact-based nature of the analysis as to whether certain of such digital assets are "securities" under the federal securities laws, the Manager acknowledges that the SEC has taken the position that XRP is a security. Nonetheless, the outcomes of such complaints and the consequent litigation is unknown and unknowable as of the date hereof and the price of these digital assets may decline if or as these cases advance through the federal court system.

In addition, if a significant portion of the Fund Components are determined to be securities, the Fund could be considered an unregistered "investment company" under the Investment Company Act, which could necessitate the Fund's liquidation. In this case, the Fund and the Manager may be deemed to have participated in an illegal offering of investment company securities and there is no guarantee that the Manager will be able to register the Fund under the Investment Company Act at such time or take such other actions as may be necessary to ensure the Fund's activities comply with applicable law, which could force the Manager to liquidate the Fund.

Moreover, whether or not the Manager or the Fund were subject to additional regulatory requirements as a result of any determination that the Fund's assets include securities, the Manager may nevertheless decide to terminate the Fund, in order, if possible, to liquidate the Fund's assets while a liquid market still exists. For example, in response to the SEC's action against the issuer of XRP, certain significant market participants announced they would no longer support XRP and announced measures, including the delisting of XRP from major digital asset trading platforms, resulting in the Manager's conclusion that it was likely to be increasingly difficult for U.S. investors, including Grayscale XRP Trust (XRP), an affiliate of the Fund, to convert XRP into U.S. dollars. The Manager subsequently dissolved Grayscale XRP Trust (XRP) and liquidated its assets. Similarly, following the SEC's complaints against Binance and Coinbase in June 2023, the trading platform Robinhood and crypto service providers Revolut and Bakkt each announced that they would cease support for SOL. Furthermore, if a federal court upholds an allegation that SOL, ADA or XRP is a security, the Fund itself may be terminated and, if practical, its assets liquidated.

Regulatory changes or actions by the U.S. Congress or any U.S. federal or state agencies may affect the value of the Shares or restrict the use of one or more digital assets, validating or mining activity or the operation of their networks or the Digital Asset Markets in a manner that adversely affects the value of the Shares.

As digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies (including FinCEN, OFAC, SEC, CFTC, FINRA, the Consumer Financial Protection Bureau, the Department of Justice, the Department of Homeland Security, the Federal Bureau of Investigation, the IRS, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve and state financial institution and securities regulators) have been examining the operations of Digital Asset Networks, digital asset users and the Digital Asset Markets, with particular focus on the extent to which digital assets can be used to launder the proceeds of illegal activities, evade sanctions, or fund criminal or terrorist enterprises and the safety and soundness of trading platforms and other service providers that hold or custody digital assets for users. Many of these state and federal agencies have issued consumer advisories regarding the risks posed by digital assets to investors. Ongoing and future regulatory actions

with respect to digital assets generally or a Fund Component in particular may alter, perhaps to a materially adverse extent, the nature of an investment in the Shares or the ability of the Fund to continue to operate.

On January 23, 2025, President Trump issued an executive order titled “Strengthening American Leadership in Digital Financial Technology” aimed at supporting “the responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy.” The Executive Order also established an interagency working group that is tasked with “proposing a Federal regulatory framework governing the issuance and operation of digital assets” in the United States. Pursuant to this Executive Order, the working group released a report in July 2025 outlining the administration's recommendations to Congress and various agencies reflecting the administrations “pro-innovation mindset toward digital assets and blockchain technologies.” In particular, the report recommends that Congress enact legislation regarding self custody of digital assets, clarifying the applicability of Bank Secrecy Act obligations with respect to digital asset service providers, granting the CFTC authority to regulate spot markets in non-security digital assets, prohibiting the adoption of a CBDC, and clarifying tax laws as relevant to digital assets. In addition, the report recommends that agencies reevaluate existing guidance on digital asset activities, use existing authorities to enable the trading of digital assets at the federal level, embrace DeFi, launch or relaunch crypto innovation efforts, and promote U.S. private sector leadership in the responsible development of cross-border payments and financial markets technologies, among others.

There have also been several bills introduced in Congress that propose to establish additional regulation and oversight of the digital asset markets. For example, the CLARITY Act was passed by the House of Representatives in July 2025, which would, if enacted, regulate digital asset markets and digital asset trading platforms in the United States. In addition, also in July 2025, the Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025 (the “GENIUS Act”) became the first federal law specifically regulating the issuance, custody and other stablecoin-related matters in the United States. It is difficult to predict whether, or when, the CLARITY Act or another bill that would regulate digital asset markets and digital asset trading platforms may become law or what any such bill may entail. It is difficult to predict whether, or when, any of these developments will lead to Congress granting additional authorities to the SEC or other regulators, what the nature of such additional authorities might be, how additional legislation and/or regulatory oversight might impact the ability of Digital Asset Markets to function or how any new regulations or changes to existing regulations might impact the value of digital assets generally and those held by the Fund specifically. The consequences of increased federal regulation of digital assets and digital asset activities could have a material adverse effect on the Fund and the Shares.

Law enforcement agencies have often relied on the transparency of blockchains to facilitate investigations. However, certain privacy-enhancing features have been, or are expected to be, introduced to a number of Digital Asset Networks, and these features may provide law enforcement agencies with less visibility into transaction-level data. Europol, the European Union’s law enforcement agency, released a report in October 2017 noting the increased use of privacy-enhancing digital assets like Zcash and Monero in criminal activity on the internet. In August 2022, OFAC banned all transactions by U.S. persons or in the United States involving Tornado Cash, a digital asset protocol designed to obfuscate blockchain transactions, by adding Tornado Cash and certain Ethereum wallet addresses associated with the protocol to its Specially Designated Nationals and Blocked Persons List. A large portion of validators globally, as well as notable industry participants such as Centre, the issuer of the USDC stablecoin, have reportedly complied with the sanctions and blacklisted the sanctioned addresses from interacting with their networks. In October 2023, FinCEN issued a notice of proposed rulemaking that identified convertible virtual currency (CVC) mixing as a class of transactions of primary money laundering concern and proposed requiring covered financial institutions to implement certain recordkeeping and reporting requirements on transactions that covered financial institutions know, suspect, or have reason to suspect involve CVC mixing within or involving jurisdictions outside the United States. In April 2024, the DOJ arrested and charged the developers of the Samourai Wallet mixing service with conspiracy to commit money laundering and conspiracy to operate an unlicensed money transmitting business. In May 2024, a co-founder of Tornado Cash was sentenced to more than five years imprisonment in the Netherlands for developing Tornado Cash on the basis that he had helped launder more than \$2 billion worth of digital assets through Tornado Cash. In August 2025, a co-founder of Tornado Cash was convicted of conspiracy to operate an unlicensed money transmitting business, but a mistrial was declared with respect to charges of conspiracy to commit money laundering and conspiracy to violate U.S. sanctions. Future additional regulatory action with respect to privacy-enhancing digital assets is possible.

DeFi protocols and digital assets used in DeFi protocols, which operate on smart contract platforms, pose heightened regulatory concerns even beyond those that face Digital Asset Networks and digital assets generally.

One of the most prominent use-cases of Digital Asset Networks is the operation of DeFi protocols. Certain Fund Components are the digital asset that relate to particular DeFi protocols, and other Fund Components are the native digital assets of Digital Asset Networks on which DeFi protocols are deployed and therefore the value of such Fund Components relies in part on the functionality and use of such DeFi protocols. The U.S. financial system is extensively regulated at both the federal and state level with a particular focus on intermediaries such as banks, broker-dealers, futures commission merchants, investment funds, investment advisers, financial asset exchanges, trading platforms, clearinghouses and custodians. U.S. laws and regulations impose specific obligations on financial services intermediaries both for the protection of their customers and for the protection of the U.S. financial system as a whole. These include, among others, capital requirements, activities restrictions, reporting and disclosure requirements and obligations to monitor the activities of their customers and to ensure that the intermediaries’ activities and the activities of their customers are conducted in accordance with applicable laws and regulations. Non-U.S. laws and regulatory requirements may impose similar obligations. By

seeking to eliminate or substantially limit the role of traditional financial services intermediaries in lending, brokering, advisory, trading, clearing, custodying and other financial services activities, DeFi protocols pose numerous challenges to the longstanding oversight framework developed under U.S. law and used by U.S. and other regulators. For example, one former commissioner of the CFTC has publicly stated that he believes certain DeFi protocols and activities operating without regulatory licensing likely violate the Commodity Exchange Act. Further, most DeFi activities rely on users maintaining “self-hosted” wallets, and DeFi protocols generally do not engage in anti-money laundering (“AML”) and know-your-customer (“KYC”) or other customer identification and due diligence processes, each of which have raised concerns for regulators, including the U.S. Department of the Treasury, and international standard-setting bodies such as the Financial Action Task Force.

Legislative bodies and regulators may be required to adapt their regulatory models to accommodate decentralized financial activities, or take novel steps to supervise, limit or even prohibit decentralized financial activities. It is not possible to predict how or when these challenges will be resolved or what the impact on specific DeFi protocols will be, and it is likely that the DeFi industry will face a prolonged period of regulatory uncertainty. It is possible that some DeFi protocols, including those using digital assets that are currently, or may in the future be, Fund Components, will be subjected to costly and burdensome compliance regimes or even prohibited outright.

In addition, traditional financial services intermediaries bear significant and ongoing costs to comply with financial services regulation, and individually or through trade associations may actively oppose legislative or regulatory efforts to accommodate DeFi activities that compete with their core service offerings. Traditional financial services intermediaries may instead actively encourage policymakers and regulatory authorities to take actions that impede the development and use of DeFi protocols. DeFi protocols that significantly improve on traditional financial services offerings by making transactions more efficient and inexpensive, including those using digital assets that make up certain of the Fund Components, can be expected to draw the most attention and potential opposition from traditional financial services intermediaries, the associations that represent them, and their legislative allies. Traditional financial services intermediaries may also attempt to compete with DeFi protocols by copying the underlying technology of smart contract-based transactions, and utilizing the significant financial resources they possess.

Any action taken by federal, state or international policymakers or regulators to address risks and perceived risks to the public or to the U.S. and other countries’ financial systems from decentralized financial activities, or the threat of such action, could have a material adverse impact on one or more DeFi protocols, smart contract platforms and/or the Fund Components and therefore materially and adversely impact the Fund and the value of the Shares.

Changes in SEC policy could adversely impact the value of the Shares.

The effect of any future regulatory change on the Fund or the Fund Components is impossible to predict, but such change could be substantial and adverse to the Fund and the value of the Shares. In particular, with the exception of funds that hold Bitcoin and Ether, the SEC has not yet approved the listing on a national securities exchange of any non-futures based digital-asset focused exchange-traded fund (“ETF”). If the SEC were to approve any such ETF in the future but not allow the Fund to become an ETF, such an ETF may be perceived to be a superior investment product offering exposure to digital assets compared to the Fund because the value of the shares issued by such an ETF would be expected to more closely track the ETF’s net asset value than do Shares of the Fund, and investors may therefore favor investments in such ETFs over investments in the Fund. Any weakening in demand for the Shares compared to digital asset ETF shares could cause the value of the Shares to decline.

Competing industries may have more influence with policymakers than the digital asset industry, which could lead to the adoption of laws and regulations that are harmful to the digital asset industry.

The digital asset industry is relatively new, although its influence over public policy is increasing, and it may not have the same access to policymakers and lobbying organizations in many jurisdictions compared to industries with which digital assets may be seen to compete, such as banking, payments and consumer finance. Competitors from other, more established industries may have greater access to and influence with governmental officials and regulators and may be successful in persuading these policymakers that digital assets require heightened levels of regulation compared to the regulation of traditional financial services. As a result, new laws and regulations may be proposed and adopted in the United States and elsewhere, or existing laws and regulations may be interpreted in new ways, that disfavor or impose compliance burdens on the digital asset industry or digital asset platforms, which could adversely impact the digital assets making up the Fund Components and therefore the value of the Shares.

Regulatory changes or other events in foreign jurisdictions may affect the value of the Shares or restrict the use of one or more digital assets, validating or mining activity or the operation of their networks or the Digital Asset Trading Platform Market in a manner that adversely affects the value of the Shares.

Various foreign jurisdictions have, and may continue to adopt laws, regulations or directives that affect a Digital Asset Network, the Digital Asset Markets, and their users, particularly Digital Asset Trading Platforms and service providers that fall within such jurisdictions’ regulatory scope. For example, if foreign jurisdictions in addition to China were to ban or otherwise restrict validating or mining activity, including by regulating or limiting manufacturers’ ability to produce or sell semiconductors or hard drives in connection

with validating or mining, it would have a material adverse effect on Digital Asset Networks, the Digital Asset Market, and as a result, impact the value of the Shares.

A number of foreign jurisdictions have recently taken regulatory action aimed at digital asset activities. China has made transacting in cryptocurrencies illegal for Chinese citizens in mainland China, and additional restrictions may follow. Both China and South Korea have banned initial coin offerings entirely and regulators in other jurisdictions, including Canada, Singapore and Hong Kong, have opined that initial coin offerings may constitute securities offerings subject to local securities regulations. The United Kingdom's Financial Conduct Authority published final rules in October 2020 banning the sale of derivatives and exchange-traded notes that reference certain types of digital assets, contending that they are "ill-suited" to retail investors citing extreme volatility, valuation challenges and association with financial crime. A new law, the Financial Services and Markets Act 2023 ("FSMA"), received royal assent in June 2023. The FSMA brings digital asset activities within the scope of existing laws governing financial institutions, markets and assets. In addition, the Parliament of the European Union approved the text of the Markets in Crypto-Assets Regulation ("MiCA") in April 2023, establishing a regulatory framework for digital asset services across the European Union. Certain parts of MiCA became effective as of June 2024 and the remainder applied as of December 2024. MiCA is intended to serve as a comprehensive regulation of digital asset markets and imposes various obligations on digital asset issuers and service providers. The main aims of MiCA are industry regulation, consumer protection, prevention of market abuse and upholding the integrity of digital asset markets. See "Item 1. Business—Government Oversight."

Foreign laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of one or more digital assets by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the digital asset economy in the European Union, China, Japan, Russia and the United States and globally, or otherwise negatively affect the value of digital assets held by the Fund. Moreover, other events, such as the interruption in telecommunications or internet services, cyber-related terrorist acts, civil disturbances, war or other catastrophes, could also negatively affect the digital asset economy in one or more jurisdictions. For example, Russia's invasion of Ukraine on February 24, 2022 led to volatility in digital asset prices, with an initial steep decline followed by a sharp rebound in prices. The effect of any future regulatory change or other events on the Fund or the Fund Components is impossible to predict, and such change could be substantial and adverse to the Fund and the value of the Shares.

If regulators or public utilities take actions that restrict or otherwise impact mining activities, there may be a significant decline in such activities, which could adversely affect Digital Asset Networks and the value of the Shares.

Concerns have been raised about the electricity required to secure and maintain Digital Asset Networks. For example, as of June 30, 2025, over 843 million tera hashes are performed every second in connection with mining on the Bitcoin network. Although measuring the electricity consumed by this process is difficult because these operations are performed by various machines with varying levels of efficiency, the process consumes a significant amount of energy. The operations of other Digital Asset Networks may also consume significant amounts of energy. Further, in addition to the direct energy costs of performing calculations on any given Digital Asset Network, there are indirect costs that impact a network's total energy consumption, including the costs of cooling the machines that perform these calculations.

Driven by concerns around energy consumption and the impact on public utility companies, various states and cities have implemented, or are considering implementing, moratoriums on mining activity in their jurisdictions. For example, in November 2022, New York imposed a two-year moratorium on new PoW mining permits at fossil fuel plants in the state. A significant reduction in mining activity as a result of such actions could adversely affect the security of a Digital Asset Network by making it easier for a malicious actor or botnet to manipulate the relevant blockchain. See "—If a malicious actor or botnet obtains control of more than 50% of the processing power on a Digital Asset Network, or otherwise obtains control over a Digital Asset Network through its influence over core developers or otherwise, such actor or botnet could manipulate the relevant blockchain to adversely affect the value of the Shares or the ability of the Fund to operate." If regulators or public utilities take action that restricts or otherwise impacts mining activities, such actions could result in decreased security of a Digital Asset Network and consequently adversely impact the value of the Shares.

If regulators subject an Authorized Participant, the Fund or the Manager to regulation as a money service business or money transmitter, this could result in extraordinary expenses to the Authorized Participant, the Fund or the Manager and also result in decreased liquidity for the Shares.

To the extent that the activities of any Authorized Participant, the Fund or the Manager cause it to be deemed a "money services business" under the regulations promulgated by FinCEN, such Authorized Participant, the Fund or the Manager may be required to comply with FinCEN regulations, including those that would mandate the Authorized Participant, the Fund or the Manager to implement anti-money laundering programs, make certain reports to FinCEN and maintain certain records. Similarly, the activities of an Authorized Participant, the Fund or the Manager may require it to be licensed as a money transmitter or as a digital asset business, such as under the New York State Department of Financial Services' ("NYDFS") BitLicense regulations or California's Digital Financial Assets Law, once effective.

Such additional regulatory obligations may cause the Authorized Participant, the Fund or the Manager to incur extraordinary expenses. If the Authorized Participant, the Fund or the Manager decided to seek the required licenses, there is no guarantee that they will timely receive them. An Authorized Participant may instead decide to terminate its role as Authorized Participant of the Fund, or the Manager may decide to discontinue and wind up the Fund. An Authorized Participant's decision to cease acting as such may decrease the liquidity of the Shares, which could adversely affect the value of the Shares, and termination of the Fund in response to the changed regulatory circumstances may be at a time that is disadvantageous to the shareholders.

Additionally, to the extent an Authorized Participant, the Fund or the Manager is found to have operated without appropriate state or federal licenses or registration, it may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which would harm the reputation of the Fund or the Manager and decrease the liquidity and have a material adverse effect on the price of the Shares.

Regulatory changes or interpretations could obligate the Fund or the Manager to register and comply with new regulations, resulting in potentially extraordinary, nonrecurring expenses to the Fund.

Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may impact the manner in which digital assets are treated. In particular, a digital asset may be classified by the CFTC as a "commodity interest" under the CEA or may be classified by the SEC as a "security" under U.S. federal securities laws. The Manager and the Fund cannot be certain as to how future regulatory developments will impact the treatment of one or more digital assets under the law. In the face of such developments, the required registrations and compliance steps may result in extraordinary, nonrecurring expenses to the Fund. If the Manager decides to terminate the Fund in response to the changed regulatory circumstances, the Fund may be dissolved or liquidated at a time that is disadvantageous to shareholders.

To the extent that any Fund Components are deemed to fall within the definition of a "commodity interest" under the CEA, the Fund and the Manager may be subject to additional regulation under the CEA and CFTC regulations. The Manager may be required to register as a commodity pool operator or commodity trading adviser with the CFTC and become a member of the National Futures Association and may be subject to additional regulatory requirements with respect to the Fund, including disclosure and reporting requirements. These additional requirements may result in extraordinary, recurring and/or nonrecurring expenses of the Fund, thereby materially and adversely impacting the Shares. If the Manager determines not to comply with such additional regulatory and registration requirements, the Manager will terminate the Fund. Any such termination could result in the liquidation of the Fund's digital assets at a time that is disadvantageous to shareholders.

To the extent that any Fund Components are determined to be a security under U.S. federal securities laws, the Fund and the Manager may be subject to additional requirements under the Investment Company Act and the Manager may be required to register as an investment adviser under the Investment Advisers Act. Such additional registration may result in extraordinary, recurring and/or non-recurring expenses of the Fund, thereby materially and adversely impacting the Shares. If the Manager determines not to comply with such additional regulatory and registration requirements, the Manager will terminate the Fund. Any such termination could result in the liquidation of the Fund's digital assets at a time that is disadvantageous to shareholders.

The Fund may be a "passive foreign investment company" for U.S. federal income tax purposes.

Although there is no certainty in this regard, the Fund may be a "passive foreign investment company" (a "PFIC") for U.S. federal income tax purposes. An investment in an equity interest in a PFIC may have materially adverse U.S. federal income tax consequences for a U.S. Investor, as defined above in "Certain Cayman Islands and U.S. Federal Income Tax Considerations—Certain United States Tax Considerations." Very generally, if the Fund is a PFIC and a U.S. Investor does not make a "qualified electing fund" election (a "QEF Election") with respect to the Fund, any gain recognized by the U.S. Investor in respect of its Shares will be subject to U.S. federal income tax at the rates applicable to ordinary income (using the highest rates in effect throughout the U.S. Investor's holding period for its Shares, with the gain being treated as earned ratably over such holding period) and the U.S. Investor's resulting tax liability will be subject to an interest charge.

Assuming that the Fund is a PFIC, a U.S. Investor can mitigate these consequences by making a QEF Election with respect to the Fund. In that case, the U.S. Investor will be required to include in income each year its share of the Fund's ordinary earnings (as ordinary income) and net capital gain (as long-term capital gain), regardless of whether the Fund makes any distributions. The Fund intends to provide PFIC Annual Information Statements to U.S. Investors to allow them to make QEF Elections with respect to the Fund. Each U.S. Investor should consult its tax adviser as to whether it should make a QEF Election.

If the Fund is a PFIC and a U.S. Investor does not make a QEF Election with respect to the Fund for the first taxable year in which the U.S. Investor holds Shares, the U.S. Investor will generally not be able to mitigate the consequences of the PFIC regime by making a later QEF Election with respect to the Fund unless the U.S. Investor elects to recognize gain, if any, as if it sold its Shares on the first day of the first taxable year to which the QEF Election applies. Any gain that a U.S. Investor recognizes as a consequence of such an election will be subject to U.S. federal income tax under the rules applicable to an investment in a PFIC for which the shareholder has not made a QEF Election.

The treatment of digital assets for U.S. federal income tax purposes is uncertain.

Due to the new and evolving nature of digital assets and the absence of comprehensive guidance with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets are uncertain.

In 2014, the Internal Revenue Service (“IRS”) released a notice (the “Notice”) discussing certain aspects of the treatment of “convertible virtual currency” (that is, digital assets that have an equivalent value in fiat currency or that act as substitutes for fiat currency) for U.S. federal income tax purposes and, in particular, stating that such digital assets (i) are “property,” (ii) are not “currency” for purposes of the rules relating to foreign currency gain or loss and (iii) may be held as a capital asset. The IRS subsequently has released two revenue rulings (the “Rulings”) and a set of “Frequently Asked Questions” (the “FAQs”) that provide some additional guidance, including guidance to the effect that, under certain circumstances, hard forks of digital assets are taxable events giving rise to ordinary income and guidance with respect to the determination of the tax basis of digital assets. However, the Notice, the Rulings and the FAQs do not address other significant aspects of the U.S. federal income tax treatment of digital assets. For example, there currently is no guidance directly addressing whether or in what circumstances trading by a non-U.S. person in digital assets, or engaging in certain activities to generate yield on digital assets, could give rise to income that is effectively connected with a trade or business in the United States. In addition, although the Notice contemplates that rewards earned from “mining” will constitute taxable income to the miner, there is no guidance directly addressing amounts received in connection with digital asset lending activities, including with respect to whether and when engaging in it might rise to the level of a trade or business. It is likely, however, that the IRS would assert that lending digital assets gives rise to current, ordinary income. It is possible that a lending transaction could be treated as a taxable disposition of the lent digital assets. Because the treatment of digital assets is uncertain, it is possible that the treatment of owning or transacting in any particular digital asset may be adverse to the Fund. For example, ownership of a digital asset could be treated as ownership in an entity, in which case the consequences of ownership of that digital asset would depend on the type and place of organization of the deemed entity. Moreover, although the Rulings and the FAQs address the treatment of hard forks, there continues to be uncertainty with respect to the timing and amount of the income inclusions.

There can be no assurance that the IRS will not alter its position with respect to digital assets in the future or that a court would uphold the treatment set forth in the Notice, the Rulings and the FAQs. It is also unclear what additional guidance on the treatment of digital assets for U.S. federal income tax purposes may be issued in the future. Any such alteration of the current IRS positions or additional guidance could result in adverse tax consequences for shareholders and could have an adverse effect on the value of digital assets held in the Fund. Future developments that may arise with respect to digital assets may increase the uncertainty with respect to the treatment of digital assets for U.S. federal income tax purposes. For example, the Notice addresses only digital assets that are “convertible virtual currency,” and it is conceivable that, as a result of a fork, airdrop or similar occurrence, the Fund could hold certain types of digital assets that are not within the scope of the Notice.

Prospective investors are urged to consult their tax advisers regarding the tax consequences of an investment in the Fund and in digital assets in general.

Future developments regarding the treatment of digital assets for U.S. federal income tax purposes could adversely affect the value of the Shares.

As discussed above, many significant aspects of the U.S. federal income tax treatment of digital assets, such as digital assets held in the Fund, are uncertain, and it is unclear what guidance on the treatment of digital assets for U.S. federal income tax purposes may be issued in the future. It is possible that any such guidance would have an adverse effect on the prices of digital assets, including on the price in the Digital Asset Markets of digital assets held in the Fund, and therefore may have an adverse effect on the value of the Shares of the Fund.

Because of the evolving nature of digital assets, it is not possible to predict potential future developments that may arise with respect to digital assets, including forks, airdrops and similar occurrences, or staking or digital asset lending activities. Such developments may increase the uncertainty with respect to the treatment of digital assets for U.S. federal income tax purposes.

Future developments in the treatment of digital assets for tax purposes other than U.S. federal income tax purposes could adversely affect the value of the Shares.

The taxing authorities of certain states, including New York, (i) have announced that they will follow the Notice with respect to the treatment of digital assets for state income tax purposes and/or (ii) have issued guidance exempting the purchase and/or sale of digital assets for fiat currency from state sales tax. However, it is unclear what further guidance on the treatment of digital assets for state tax purposes may be issued in the future.

The treatment of digital assets for tax purposes by non-U.S. jurisdictions may differ from the treatment of digital assets for U.S. federal, state or local tax purposes. It is possible, for example, that a non-U.S. jurisdiction would impose sales tax or value-added tax on purchases and sales of digital assets for fiat currency. If a foreign jurisdiction with a significant share of the market of digital assets users imposes onerous tax burdens on digital asset users, or imposes sales or value-added tax on purchases and sales of digital assets for fiat currency, such actions could result in decreased demand for digital assets held by the Fund in such jurisdiction.

Any future guidance on the treatment of digital assets for state, local or non-U.S. tax purposes could increase the expenses of the Fund and could have an adverse effect on the prices of digital assets, including on the price of digital assets in the Digital Asset Markets. As a result, any such future guidance could have an adverse effect on the value of the Shares.

It is possible that the Fund could be subject to U.S. federal income tax with respect to income generated in connection with certain of its activities.

As discussed above in “—The treatment of digital assets for U.S. federal income tax purposes is uncertain,” the U.S. federal income tax treatment of transactions in digital assets is unclear in many respects. In particular, there currently is no guidance directly addressing whether or in what circumstances trading by a non-U.S. person, such as the Fund, in digital assets, or engaging in certain activities to generate yield on digital assets, could give rise to income that is effectively connected with a trade or business in the United States. In general, if a non-U.S. person earns income that is, or is treated as, effectively connected with the conduct of a trade or business in the United States (“effectively connected income”), the non-U.S. person will be subject to U.S. federal income tax on a net income basis. Income or gain from investing, and income or gain from trading in commodities for one’s own account if certain circumstances apply, generally does not constitute effectively connected income. However, the application of these rules to digital assets and the Fund are uncertain. In addition, if, in the future, the Fund engages in Staking or digital asset lending activities (or certain other methods of generating return on Fund Components held by the Fund), and those activities constitute the conduct of a trade or business in the United States, the Fund could earn effectively connected income. If the Fund derives effectively connected income, it would be subject to U.S. federal income tax at rates applicable to U.S. resident corporations on its effectively connected income, which in certain circumstances could include income or gains recognized by the Fund on the sale of tokens of the applicable Fund Component. In such case, the Fund potentially would also be subject to an additional U.S. branch profits tax (at a 30% rate) with respect to the Fund’s effectively connected earnings and profits. If the Fund recognizes any effectively connected income, the imposition of U.S. taxes on such income may have a substantial adverse effect on the return to shareholders.

The Fund may be subject to U.S. federal withholding tax on income derived from forks, airdrops and similar occurrences or from Staking or digital asset lending activities.

The Rulings and the FAQs do not address whether income recognized by a non-U.S. person, such as the Fund, as a result of a fork, airdrop or similar occurrence, or from staking or digital asset lending activities, could be subject to the 30% withholding tax imposed on U.S.-source “fixed or determinable annual or periodical” income. In the absence of guidance, if, in the future, the Fund engages in Staking or digital asset lending activities, it is possible that a withholding agent will withhold 30% from any assets derived by the Fund from such activities. In addition, it is possible that a withholding agent would similarly withhold 30% from any assets derived by the Fund as a consequence of a fork, airdrop or similar occurrence.

Risk Factors Related to the Cayman Islands

The Fund is a Cayman Islands limited liability company. The rights of the Fund’s shareholders may be different from the rights of shareholders governed by the laws of U.S. jurisdictions.

The Fund is a Cayman Islands limited liability company. Its corporate affairs are governed by the LLC Agreement and by the laws of the Cayman Islands. The rights of shareholders and the responsibilities of the Manager may be different from the rights of members or shareholders and responsibilities of management in companies (including limited liability companies) governed by the laws of U.S. jurisdictions. The LLC Act states that, subject to any express provisions of an LLC agreement to the contrary, a manager of a Cayman Islands limited liability company shall not owe any duty (fiduciary or otherwise) to the limited liability company or any member or other person in respect of the limited liability company other than a duty to act in good faith in respect of the rights, authorities or obligations which are exercised or performed or to which such manager is subject in connection with the management of the limited liability company provided that such duty of good faith may be expanded or restricted by the express provisions of an LLC agreement. See “Item 1. Business—Description of the LLC Agreement.”

Mail sent to the Fund at its registered office may be delayed in reaching the Manager.

Mail addressed to the Fund and received at its registered office shall be forwarded unopened to the forwarding address supplied by the Manager. None of the Fund, the Manager or any of its investors, managers, officers, advisers or service providers (including the organization that provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. Moreover, the investors or managers (as applicable) will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed to the Fund).

The Fund may be required to disclose information, including information relating to investors, to regulators.

The Fund, the Manager or any of its shareholders, managers or agents (as applicable) domiciled in the Cayman Islands may be compelled to provide information, including, but not limited to, information relating to investors, and where applicable the investor’s

beneficial owners and controllers, subject to a request for information made by a regulatory or governmental authority or agency under applicable law, such as by the Authority, either for itself or for a recognized overseas regulatory authority, under the Monetary Authority Act (As Revised), or by the Tax Information Authority, under the Tax Information Authority Act (As Revised) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Fund, the Manager or any of its shareholders, managers or agents (as applicable), may be prohibited from disclosing that the request has been made.

The Fund is a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than that under U.S. law, the Fund's shareholders may have less protection for their shareholder rights than they would under U.S. law.

The Fund is a Cayman Islands limited liability company. The Fund's corporate affairs are governed by the LLC Agreement and the Fund is governed by the LLC Act and the common law of the Cayman Islands. The rights of shareholders to take legal action against the Fund, actions by minority shareholders and the responsibilities of the Manager under Cayman Islands law are to a large extent governed by the LLC Act and, otherwise, the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of shareholders and the responsibilities of the Manager under Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States, such as the State of Delaware where many United States-based limited liability companies are organized. Members of a Cayman Islands limited liability company may not have standing to initiate a shareholder derivative action in U.S. federal courts.

Under the Cayman Islands Data Protection Act, the Fund shall act as a data controller in respect of personal data and its affiliates and/or delegates, such as the Manager and others, may act as data processors (or data controllers in their own right in some circumstances).

The Cayman Islands Data Protection Act (As Revised) (the "DPA") applies legal requirements to the Fund based on internationally accepted principles of data privacy.

The Fund has prepared a document outlining the Fund's data protection obligations and the data protection rights of investors (and individuals connected with investors) under the DPA (the "Fund Privacy Notice"). The Fund Privacy Notice is contained within the subscription agreement.

Prospective investors should note that, by virtue of making investments in the Fund and the associated interactions with the Fund and its affiliates and/or delegates (including completing the subscription agreement, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the Fund with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Fund and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Fund shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Manager and others, may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that they have read in detail and understood the Fund Privacy Notice and that the Fund Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Fund. The subscription agreement contains relevant representations and warranties.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Fund could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

The Fund is registered and regulated as a private fund under the Private Funds Act and the Authority has supervisory and enforcement powers to ensure the Fund's compliance with the Private Funds Act.

The Fund is registered and regulated as a private fund under the Private Funds Act. The Authority has supervisory and enforcement powers to ensure the Fund's compliance with the Private Funds Act. The Authority may take certain actions if it is satisfied that a regulated private fund is or is likely to become unable to meet its obligations as they fall due, or is carrying on business fraudulently or otherwise in a manner detrimental to the public interest or to the interests of its investors or creditors, or is carrying on or is attempting to carry on business or is winding up of its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include, inter alia, the power to require the substitution of the Manager, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

We are subject to the Economic Substance Regime in the Cayman Islands.

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (As Revised) (the “Economic Substance Act”). The Economic Substance Act is supplemented by the issuance of related Guidance on Economic Substance for Geographically Mobile Activities, version 3.2 of which was issued in July 2022. We are not currently subject to the Economic Substance Act, however once we de-register as a private fund with the Authority, we will become subject to the Economic Substance Act. Given our business activities and operations may change from time to time, it is difficult to predict if we will continue to be subject to the Economic Substance Act and the impact that the Economic Substance Act could have on us and our subsidiaries. For example, compliance with any applicable obligations may create significant additional costs that may be borne by us or otherwise affect our management and operation. We will continue to consider the implications of the Economic Substance Act on our business activities and operations and reserve the right to adopt such arrangements as we deem necessary or desirable to comply with any applicable requirements.

Risk Factors Related to Potential Conflicts of Interest

Potential conflicts of interest may arise among the Manager or its affiliates and the Fund. The Manager and its affiliates have no fiduciary duties to the Fund and its shareholders other than as provided in the LLC Agreement, which may permit them to favor their own interests to the detriment of the Fund and its shareholders.

The Manager will manage the affairs of the Fund. Conflicts of interest may arise among the Manager and its affiliates, including the Authorized Participant, on the one hand, and the Fund and its shareholders, on the other hand. As a result of these conflicts, the Manager may favor its own interests and the interests of its affiliates over the Fund and its shareholders. These potential conflicts include, among others, the following:

- The Manager has duties (including fiduciary duties), and is allowed to take into account the interests of parties other than, the Fund and its shareholders in resolving conflicts of interest as the Manager deems appropriate or necessary;
- The Fund has agreed to indemnify the Manager and its affiliates pursuant to the LLC Agreement;
- The Manager is responsible for allocating its own limited resources among different clients and potential future business ventures, to each of which it owes fiduciary duties;
- The Manager and its staff also service affiliates of the Manager, including several other digital asset investment vehicles, and their respective clients and cannot devote all of its, or their, respective time or resources to the management of the affairs of the Fund;
- The Manager, its affiliates and their respective officers and employees are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with the Fund;
- Affiliates of the Manager have substantial direct investments in digital assets that they are permitted to manage taking into account their own interests without regard to the interests of the Fund or its shareholders, and any increases, decreases or other changes in such investments could affect any of the Index Prices and, in turn, the value of the Shares;
- There is an absence of arm’s-length negotiation with respect to certain terms of the Fund, and, where applicable, there has been no independent due diligence conducted with respect to the Fund;
- The Manager’s indirect parent company, DCG, and certain of its subsidiaries, hold 6.50% of the Shares representing ownership in the Fund, as of September 2, 2025. On March 2, 2022, the Board of Directors of the Manager (the “Board”) approved the purchase by DCG, the indirect parent company of the Manager, of up to an aggregate total of \$200 million worth of Shares of the Fund and shares of any of the following five investment products the Manager also acts as the sponsor and manager of, including Grayscale Bitcoin Trust ETF (NYSE Arca: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Ethereum Trust ETF (NYSE Arca: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), and Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM). As of the date of this Annual Report, DCG has not purchased any Shares of the Fund under this authorization. However, in the event DCG chooses to purchase Shares of the Fund, such purchase would further increase DCG’s ownership interest in the Fund which, could ultimately result in DCG holding a majority of the Shares representing ownership in the Fund, and it’s interests as a shareholder may conflict with the interests of the Fund’s other shareholders;
- Several employees of the Manager and the Manager’s indirect parent company, DCG, are FINRA-registered representatives who historically maintained their licenses through Genesis and currently maintain their licenses through Grayscale Securities;
- DCG is (i) the sole equity holder and indirect parent company of the Manager; (ii) the indirect parent company of Grayscale Securities, the only acting Authorized Participant as of the date of this Annual Report; and (iii) a minority interest holder in

Kraken, one of the Digital Asset Trading Platforms included in the Index Price for certain of the digital assets held by the Fund, representing less than 1.0% of its equity;

- DCG has investments in a large number of digital assets and companies involved in the digital asset ecosystem, including digital assets that may be held by the Fund, companies that act as stewards of digital assets that may be held by the Fund, and trading platforms and custodians. DCG's positions on changes that should be adopted in various Digital Asset Networks could be adverse to positions that would benefit the Fund or its shareholders. Additionally, before or after a hard fork on the network of a digital asset held by the Fund, DCG's position regarding which fork among a group of incompatible forks of such network should be considered the "true" network could be adverse to positions that would most benefit the Fund;
- DCG has been vocal in the past about its support for digital assets other than those held by the Fund. Any investments in, or public positions taken on, digital assets other than those held by the Fund by DCG could have an adverse impact on the price of the digital assets held by the Fund;
- The Manager decides whether to retain separate counsel, accountants or others to perform services for the Fund;
- The Manager and Grayscale Securities, which acts as Authorized Participant and distributor and marketer for the Shares, are affiliated parties that share a common indirect parent company, DCG;
- While the Index Provider does not currently utilize data from over-the-counter markets or derivatives platforms in its calculation of any of the Index Prices, it may decide to include pricing from such markets or platforms in the future;
- The Manager may appoint an agent to act on behalf of the shareholders, including in connection with the distribution of any Forked Assets, and such agent may be the Manager or an affiliate of the Manager; and
- The Manager has in the past, and may again select an Index Provider that is an affiliate of the Manager and the Fund.

By purchasing the Shares, shareholders agree and consent to the provisions set forth in the LLC Agreement. See "Item 1. Business—Description of the LLC Agreement."

For a further discussion of the conflicts of interest, see "Conflicts of Interest."

Because the Manager and the Fund's sole Authorized Participant are affiliated with each other, the Fund's Baskets will not be exchanged for Fund Components in arm's-length transactions.

The Manager is an affiliate of Grayscale Securities, LLC, a registered broker dealer currently acting as the sole Authorized Participant, distributor and marketer for the Shares. The Fund issues Creation Baskets in exchange for deposits of Fund Components. See "Item 1. Business—Description of Creation of Shares." As the sole Authorized Participant, Grayscale Securities is currently the only entity that may place orders to create Creation Baskets. As a result, the issuance of Creation Baskets does not occur on an arm's-length basis.

While additional Authorized Participants may be added at any time, subject to the discretion of the Manager, the Manager may be disincentivized from replacing affiliated service providers due to its affiliated status. In connection with this conflict of interest, shareholders should understand that affiliated service providers will receive fees for providing services to the Fund. Clients of the affiliated service providers may pay commissions at negotiated rates that are greater or less than the rate paid by the Fund. The Manager may have an incentive to resolve questions between Grayscale Securities, on the one hand, and the Fund and shareholders, on the other hand, in favor of Grayscale Securities (including, but not limited to, questions as to the calculation of the Basket Amount).

DCG is a minority interest holder in Kraken, which operates one of the Digital Asset Trading Platforms included in the Index Price for certain of the digital assets held by the Fund.

DCG, the sole equity holder and indirect parent company of the Manager, holds a minority interest of less than 1.0% in Kraken. The Fund values its digital assets by reference to the Index Price for each Fund Component. The Index Price is the price in U.S. dollars of a Fund Component as determined by reference to an Indicative Price or Index Price provided by CoinDesk Indices, Inc. as of 4:00 p.m., New York time, on each business day. Each Indicative Price and Index Price is derived from data collected from Digital Asset Trading Platforms that are reflected in an index developed by CoinDesk Indices, Inc. Kraken is one of such Digital Asset Trading Platforms.

Although DCG does not exercise control over Kraken, it is possible that investors could have concerns that DCG could influence market data provided by this Digital Asset Trading Platform in a way that benefits DCG, for example by artificially inflating the values of Fund Components in order to increase the Manager's fees. This could make the Fund's Shares less attractive to investors than the shares of similar vehicles that do not present these concerns, adversely affect investor sentiment about the Fund and negatively affect Share trading prices.

Shareholders cannot be assured of the Manager’s continued services, the discontinuance of which may be detrimental to the Fund.

Shareholders cannot be assured that the Manager will be willing or able to continue to serve as manager to the Fund for any length of time. If the Manager discontinues its activities on behalf of the Fund and a substitute manager is not appointed, the Fund will terminate and liquidate the Fund’s digital assets.

Appointment of a substitute manager will not guarantee the Fund’s continued operation, successful or otherwise. Because a substitute manager may have no experience managing a digital asset financial vehicle, a substitute manager may not have the experience, knowledge or expertise required to ensure that the Fund will operate successfully or continue to operate at all. Therefore, the appointment of a substitute manager may not necessarily be beneficial to the Fund or the value of the Shares and the Fund may terminate. See “Conflicts of Interest—The Manager.”

Although the Custodian is a fiduciary with respect to the Fund’s assets, if the Custodian resigns or is removed by the Manager or otherwise, without replacement, it would trigger early termination of the Fund.

The Custodian is a fiduciary under § 100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act, and is licensed to custody the Fund’s digital assets in trust on the Fund’s behalf. However, the SEC has recently released proposed amendments to rule 206(4)-2 that, if enacted as proposed, would amend the definition of a “qualified custodian” under Rule 206(4)-2(d)(6). Executive officers of the Custodian’s parent company have made public statements indicating that the Custodian will remain a qualified custodian under the proposed SEC rule, if enacted as currently proposed. However, there can be no assurance that the Custodian would continue to qualify as a “qualified custodian” under a final rule.

Furthermore, during the initial term, the Custodian may terminate the Custodian Agreement for Cause (as defined in “Description of the Custodian Agreement—Termination”) at any time, and after the initial term, the Custodian can terminate the Agreement for any reason upon the notice period provided under the Custodian Agreement. If the Custodian resigns or is removed by the Manager or otherwise, without replacement, the Fund will dissolve in accordance with the terms of the LLC Agreement.

Shareholders may be adversely affected by the lack of independent advisers representing investors in the Fund.

The Manager has consulted with counsel, accountants and other advisers regarding the formation and operation of the Fund. No counsel was appointed to represent investors in connection with the formation of the Fund or the establishment of the terms of the LLC Agreement and the Shares. Moreover, no counsel has been appointed to represent an investor in connection with the offering of the Shares. Accordingly, an investor should consult his, her, or its own legal, tax and financial advisers regarding the desirability of the value of the Shares. Lack of such consultation may lead to an undesirable investment decision with respect to investment in the Shares.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

To prevent, detect and respond to information security threats, the Manager maintains a cyber risk management program. The program is supervised by an in-house dedicated Chief Information Security Officer (“CISO”) with over 15 years of experience in financial services risk management, whose team is responsible for leading enterprise-wide cybersecurity strategy, policy, standards, architecture, and processes. The Enterprise Risk Committee (“ERC”), which includes members of management of the Manager, receives regular reports from the CISO on, among other things, the Manager’s cyber risks and threats, the status of projects to strengthen the Manager’s information security systems, assessments of the Manager’s security program and the emerging threat landscape.

The CISO updates the ERC and the Board quarterly. These regular reports include the Manager’s performance preparing for, preventing, detecting, responding to, and recovering from, cyber incidents. The CISO also promptly informs and updates the ERC and the Board of the Manager about any information security incidents that may pose a material risk to the Manager. The Manager contracts an independent third party to conduct a full cyber risk assessment annually, and the results of those assessments are reported to the ERC and the Board. Material outcomes from any penetration testing, vulnerability scanning, and business continuity or disaster recovery testing are additionally reported to the ERC and Board.

The Manager’s Security Awareness Program includes training that reinforces the Manager’s Information Security policies, standards, and practices, and the expectation that employees will comply with these policies. The Security Awareness Program engages personnel through training on how to identify potential cybersecurity risks and protect the Manager’s resources and information. This training is mandatory for all employees upon onboarding at the firm and again annually, and it is supplemented by firmwide training and testing initiatives, including periodic phishing tests.

The Manager administers a Third-Party Risk Management Program at the firm to identify, assess and oversee the risk associated with service providers and third parties involved in the supply chain. Third parties are risk-rated and must adhere to additional security diligence requirements administered with oversight from the CISO according to risk, including cybersecurity diligence questionnaires,

evidence validation, SOC report reviews, and/or on-site assessments. Material changes to the program, new, or worsening security risks associated with third parties are reported to the ERC at least quarterly.

Cybersecurity Breaches:

There have not been any breaches at the Manager or the Fund during the year ended June 30, 2025. However, even though we take steps to employ reasonable cybersecurity efforts, not every cybersecurity incident can be prevented or detected. Therefore, while we believe there are currently no risks from any potential cybersecurity threat or cybersecurity incident that are reasonably likely to have a material effect on our results of operations or financial condition, the likelihood or severity of such risks are difficult to predict.

Item 2. Properties

None.

Item 3. Legal Proceedings

The Manager or former Co-Manager of the Fund until May 3, 2025, as applicable, was a party to certain legal proceedings during the period covered by this report. Although the Fund is not a party to these proceedings, the Fund may in the future be subject to legal proceedings or disputes.

On January 30, 2023, Osprey Funds, LLC (“Osprey”) filed a suit in Connecticut Superior Court against the Manager alleging that statements the Manager made in its advertising and promotion of Grayscale Bitcoin Trust ETF violated the Connecticut Unfair Trade Practices Act (“CUTPA”), and seeking statutory damages and injunctive relief. On April 17, 2023, the Manager filed a motion to dismiss the complaint and, following briefing, a hearing on the motion to dismiss was held on June 26, 2023. On October 23, 2023, the Court denied the Manager’s motion to dismiss. On November 6, 2023, the Manager filed a motion for reargument of the Court’s order denying the Manager’s motion to dismiss. On November 16, 2023, Osprey filed an opposition to the Manager’s motion for reargument, and on November 30, 2023, the Manager filed a reply in further support of its motion for reargument. On March 11, 2024, the Court denied the Manager’s motion for reargument. On March 25, 2024, the Manager filed an application for interlocutory appeal. On March 28, 2024, Osprey filed an opposition to the Manager’s application for interlocutory appeal. On April 1, 2024, the Court denied the Manager’s application for interlocutory appeal. On April 10, 2024, Osprey filed a motion to amend the complaint. The amended complaint went into effect on April 25, 2024. A scheduling order was entered by the Court with trial scheduled to begin on July 15, 2025. On July 31, 2024, the Manager filed a motion to strike the amended complaint. On August 30, 2024, Osprey filed an opposition to the Manager’s motion to strike the amended complaint. On October 11, 2024, the Court denied the Manager’s motion to strike. On November 22, 2024, the Manager filed a motion for summary judgment on the grounds that CUTPA does not apply to practices undertaken in connection with the purchase and sale of securities, and the Court granted the Manager’s motion for summary judgment on February 7, 2025. On February 10, 2025, Osprey filed a motion for reargument, and the Court denied Osprey’s motion for reargument on March 19, 2025. On March 31, 2025, Osprey filed a notice of appeal of the summary judgment decision and the Court’s denial of the motion for reargument to the Connecticut Appellate Court. On May 12, 2025, Osprey withdrew the action and the appeal.

On May 19, 2025, Genesis Global Capital, LLC (“Genesis Capital”) and Genesis Asia Pacific Pte. Ltd. (“Genesis Asia”) filed a complaint in the United States Bankruptcy Court for the Southern District of New York (“SDNY Bankruptcy Court”) against Digital Currency Group, Inc. (“DCG”) and certain of its affiliates including GSO alleging that Genesis Capital made certain preferential transfers to GSI, the predecessor in interest to GSO prior to the Merger, during the preference period prior to Genesis Capital’s filing of a bankruptcy petition in SDNY Bankruptcy Court while GSI was allegedly an insider to Genesis Capital pursuant to 11 U.S.C. § 101(31). Genesis Capital seeks to avoid the alleged preferential transfers pursuant to 11 U.S.C. § 547(b), as well as recovery of property and disallowance of claims. GSO believes this lawsuit is without merit and intends to vigorously defend against it.

As of the date of this Annual Report, the Manager does not expect the foregoing proceedings to have a material adverse effect on the Fund’s business, financial condition or results of operations.

The Manager and/or the Fund may be subject to additional legal proceedings and disputes in the future.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Prior to October 3, 2022, Shares were distributed by Genesis, acting as the sole Authorized Participant, through sales in private placement transactions exempt from the registration requirements of the Securities Act pursuant to Rule 506(c) thereunder. Since October 3, 2022, Grayscale Securities has been the only acting Authorized Participant of the Fund, and Liquidity Provider(s) have been engaged to source digital assets in connection with the creation of Shares. The Shares are quoted on OTCQX under the ticker symbol “GDLC.” Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Holders of Record

As of June 30, 2025, there were approximately 15 holders of record. This includes Cede & Co. as nominee for DTC for the Shares traded on OTCQX, but not its direct participants. Therefore, this number does not include the individual holders who have bought Shares on OTCQX or transferred their eligible Shares to their brokerage accounts. Because most of the Fund’s Shares are held by brokers and other institutions on behalf of shareholders, we are unable to estimate the total number of shareholders represented by these record holders.

Recent Sales of Unregistered Shares

As of June 30, 2025, the Registrant has distributed 15,867,400 Shares at varying prices determined by reference to the NAV per Share to selected “accredited investors,” within the meaning of Rule 501 of Regulation D under the Securities Act. The Shares were sold in connection with an ongoing offering pursuant to Rule 506(c) of Regulation D under the Securities Act. Genesis acted as the Authorized Participant with respect to these distributions. In exchange for these sales, the Fund received an aggregate of 7,689.69425900 Bitcoin, 44,513.19192539 Ether, 20,953.27038208 ADA, 25,185.31952582 LTC, 563.90271373 LINK, 7,736.78000000 BCH and 17,294,820.68582300 XRP. Effective January 4, 2021, the Fund removed XRP from the Fund’s portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. Effective April 2, 2021, the Manager adjusted the Fund’s portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase Chainlink (LINK) in accordance with the Fund’s construction criteria. Effective July 1, 2021, the Manager adjusted the Fund’s portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase Cardano (ADA) in accordance with the Fund’s construction criteria. Effective October 1, 2021, the Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase Solana (SOL) and Uniswap (UNI) in accordance with the Fund’s construction criteria. Effective April 5, 2022, the Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase Avalanche (AVAX) and Polkadot (DOT) in accordance with the Target Coverage Ratio Methodology. Effective July 1, 2022, the Manager adopted the DLCS Methodology and between July 5, 2022 and July 7, 2022 adjusted the Fund’s portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings in accordance with the DLCS Methodology. Effective October 5, 2022, the Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase Polygon (MATIC) in accordance with the DLCS Methodology. Effective January 5, 2023, the Manager adjusted the Fund’s portfolio by removing and selling Avalanche (AVAX) from the Fund’s portfolio and using the cash proceeds to purchase the existing Fund Components in proportion to their respective weightings in accordance with the DLCS Methodology. Effective January 4, 2024, the Manager adjusted the Fund’s portfolio by removing and selling Polygon (MATIC) from the Fund’s portfolio and using the cash proceeds to purchase Avalanche (AVAX) and XRP in accordance with the DLCS Methodology. Effective April 3, 2024, the Manager adjusted the Fund’s portfolio by removing and selling Cardano (ADA) from the Fund’s portfolio and using the cash proceeds to purchase the existing Fund Components in proportion to their respective weightings in accordance with the DLCS Methodology. Effective January 4, 2025, the Manager adjusted the Fund’s portfolio by removing and selling Avalanche (AVAX) from the Fund’s portfolio and using the cash proceeds to purchase Cardano (ADA) and the existing Fund Components in proportion to their respective weightings in accordance with the DLCS Methodology. Effective June 5, 2025, the Manager adopted the CD5 Methodology. See “Item 1. Business—Investment Objective” and “Item 15. Financial Statements and Exhibits—Note 12. Subsequent Events.”

Because Shares have been, and continue to be, created and issued on a periodic basis, a “distribution,” as such term is used in the Securities Act, may be occurring from time to time. As a result, the Authorized Participant facilitating the creation of Shares and acting as a distributor and marketer, during any such period, may be deemed an “underwriter” under Section 2(a)(11) of the Securities Act. No underwriting discounts or commissions were paid to the Authorized Participant with respect to such sales.

Purchases of Equity Securities

Purchases of equity securities by the issuer and affiliated purchasers —The table below sets forth information regarding open market purchases of Shares of Grayscale Digital Large Cap Fund LLC (OTCQX: GDLC) by Digital Currency Group, Inc. (“DCG”), the indirect parent company of the Manager, on a monthly basis during the three months ended June 30, 2025:

Period	(a) Total Number of Shares of GDLC Purchased	(b) Average Price Paid per Share of GDLC	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs⁽¹⁾	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs⁽¹⁾ (in millions)
April 1, 2025 - April 30, 2025	-	\$ -	-	\$ 200.0
May 1, 2025 - May 31, 2025	-	-	-	200.0
June 1, 2025 - June 30, 2025	-	-	-	200.0
Total	-	\$ -	-	\$ 200.0

- (1) On March 2, 2022, the Board approved the purchase by DCG, the indirect parent company of the Manager, of up to an aggregate total of \$200 million worth of Shares of the Fund and shares of any of the following five investment products the Manager also acts as the sponsor and manager of, including Grayscale Bitcoin Trust ETF (NYSE Arca: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Ethereum Trust ETF (NYSE Arca: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), and Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM). Subsequently, DCG authorized such purchase. The Share purchase authorization does not obligate DCG to acquire any specific number of Shares in any period, and may be expanded, extended, modified, or discontinued at any time. From March 2, 2022 through September 2, 2025, DCG had not purchased any Shares of the Fund under this authorization.

Item 6. [Reserved]

Item 7. **Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to, our audited financial statements and related notes included elsewhere in this Annual Report, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The following discussion may contain forward-looking statements based on assumptions we believe to be reasonable. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Annual Report, particularly in "Item 1A. Risk Factors" and "Forward-Looking Statements."

Fund Overview

The Fund is a passive entity that is managed and administered by the Manager and does not have any officers, directors or employees. As of June 30, 2025, the Fund holds Fund Components and, from time to time on a periodic basis, issues Creation Baskets in exchange for deposits of Fund Components. As a passive investment vehicle, the Fund's investment objective is for the value of the Shares to reflect the value of the Fund Components, determined by reference to their respective Digital Asset Reference Rates and weightings within the Fund, less the Fund's expenses and other liabilities. While an investment in the Shares is not a direct investment in the Fund Components, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to the digital assets held by the Fund. The Fund will not utilize leverage, derivatives or any similar arrangements in seeking to meet its investment objective.

As of June 30, 2025, the Fund has not met its investment objective and the Shares quoted on OTCQX have not reflected the value of the digital assets held by the Fund, less the Fund's expenses and other liabilities, but instead have traded at both premiums and discounts to such value, which at times have been substantial. The Fund is not managed like a business corporation or an active investment vehicle. As of June 30, 2025, 2024, and 2023, the Fund had unlimited Shares authorized and 15,867,400 Shares issued and outstanding.

	As of June 30,		
	2025	2024	2023
Number of Shares authorized	Unlimited	Unlimited	Unlimited
Number of Shares outstanding	15,867,400	15,867,400	15,867,400
Number of Shares freely tradable ⁽¹⁾	14,813,892	14,813,892	14,657,353
Number of beneficial holders owning at least 100 Shares ⁽²⁾	15	18	20
Number of holders of record ⁽²⁾	15	18	20

(1) Includes the total number of Shares that are not restricted securities as such term is defined under Rule 144.

(2) Includes Cede & Co. as nominee for DTC for the Shares traded on OTCQX, but not its direct participants. Therefore, this number does not include the individual holders who have bought/sold Shares on OTCQX or transferred their eligible Shares to their brokerage accounts.

Effective June 5, 2025, the Fund Components consist of the digital assets that make up the CoinDesk 5 Index (the "CD5" or the "Index"). For the period from July 1, 2024 until June 5, 2025, and the years ended June 30, 2024 and 2023, the Fund determined which Fund Components to hold pursuant to the DLCS Methodology. Prior to the adoption of the DLCS Methodology, the Digital Asset Reference Rates used to value the Fund Components were Index Prices or, in the case of AVAX and DOT, an Old Indicative Price. In connection with the adoption of the DLCS Methodology, the Manager changed the Digital Asset Reference Rates used to value the Fund Components and as of the date of this Annual Report, each of the Digital Asset Reference Rates are Indicative Prices. See "Item 1. Business—Investment Objective" and "Item 1. Business—Valuation of Digital Assets and Determination of NAV" for additional information.

Any references to the Digital Asset Reference Rates subsequent to July 1, 2025 are to the Index Prices in effect following the adoption of the CD5 Methodology. Any references to the Digital Asset Reference Rates from July 1, 2022 to June 30, 2025 are to the Digital Asset Reference Rates in effect following the adoption of the DLCS Methodology. Any references in this section to the Digital Reference Rates prior to July 1, 2022 are to the Digital Asset Reference Rates in effect prior to the adoption of the DLCS Methodology. All references to the NAV and NAV per Share of the Fund for periods subsequent to July 1, 2025 in this Annual Report have been calculated based on the digital assets held by the Fund pursuant to the CD5 Methodology and the corresponding rebalancing of the Fund on July 31, 2025. All references to the NAV and NAV per Share of the Fund for periods from July 1, 2022 to June 30, 2025 in this Annual Report have been calculated based on the digital assets held by the Fund pursuant to the DLCS Methodology and the corresponding rebalancing of the Fund on July 5, 2022. All references to the NAV and NAV per Share of the Fund for periods prior to July 1, 2022 have been calculated based on the digital assets held by the Fund pursuant to the Target Coverage Ratio Methodology prior to the adoption of the DLCS Methodology and the corresponding rebalancing of the Fund on July 5, 2022.

Critical Accounting Policies and Estimates

Investment Transactions and Revenue Recognition

The Fund considers investment transactions to be the receipt of Fund Components by the Fund in connection with Share creations and the delivery of Fund Components by the Fund in connection with Share redemptions or for payment of expenses in Fund Components. As of June 30, 2025, the Fund was not accepting redemption requests. The Fund records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Manager's Fee in the Fund Components.

Principal Market and Fair Value Determination

To determine which market is the Fund's principal market for each Fund Component (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Fund's net asset value in accordance with U.S. GAAP ("Principal Market NAV"), the Fund follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820-10, *Fair Value Measurement*, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for each Fund Component in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Fund to assume that each Fund Component is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Fund only receives Fund Components in connection with a creation order from the Authorized Participant (or a Liquidity Provider) and does not itself transact on any Digital Asset Markets. Therefore, the Fund looks to market-based volume and level of activity for Digital Asset Markets. The Authorized Participant(s), or a Liquidity Provider, may transact in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets (referred to as "Trading Platform Markets" in this Annual Report), each as defined in the FASB ASC Master Glossary (collectively, "Digital Asset Markets").

In determining which of the eligible Digital Asset Markets is the Fund's principal market for each Fund Component, the Fund reviews these criteria in the following order:

- First, the Fund reviews a list of each Digital Asset Market that maintain practices and policies designed to comply with anti-money laundering ("AML") and know-your-customer ("KYC") regulations, and non-Digital Asset Trading Platform Markets that the Fund reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.
- Second, the Fund sorts these Digital Asset Markets from high to low by market-based volume and level of activity of each Fund Component traded on each Digital Asset Market in the trailing twelve months.
- Third, the Fund then reviews pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.
- Fourth, the Fund then selects a Digital Asset Market as its principal market for such Fund Component based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund, Trading Platform Markets have the greatest volume and level of activity for the Fund Components. The Fund therefore looks to accessible Trading Platform Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the aforementioned analysis, a Trading Platform Market has been selected as the Fund's principal market for each Fund Component.

The Fund determines its principal market for each Fund Component (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund's determination of its principal market for each Fund Component.

The cost basis of each Fund Component received in connection with a creation order is recorded by the Fund at the fair value of such Fund Component at 4:00 p.m., New York time, on the creation date for financial reporting purposes. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

Investment Company Considerations

The Fund is an investment company for U.S. GAAP purposes and follows accounting and reporting guidance in accordance with the FASB ASC Topic 946, *Financial Services—Investment Companies*. The Fund uses fair value as its method of accounting for digital assets in accordance with its classification as an investment company for accounting purposes. The Fund is not a registered investment company under the Investment Company Act of 1940. U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

Review of Financial Results

Financial Highlights for the Years Ended June 30, 2025, 2024, and 2023

(All amounts in the following table and the subsequent paragraphs, except Share, per Share amounts, and each Fund Component and price of each Fund Component, are in thousands)

	For the Years Ended June 30,		
	2025	2024	2023
Net realized and unrealized gain on investments in digital assets	\$ 266,399	\$ 264,196	\$ 104,153
Net increase in net assets resulting from operations	\$ 250,266	\$ 254,324	\$ 98,780
Net assets ⁽¹⁾	\$ 777,222	\$ 526,956	\$ 272,632

- (1) Net assets in the above table and subsequent paragraphs are calculated in accordance with U.S. GAAP based on the Digital Asset Market price of each Fund Component on the Digital Asset Trading Platforms that the Fund considered each Fund Component's principal market, as of 4:00 p.m., New York time, on the valuation date.

Net realized and unrealized gain on investments in digital assets for the year ended June 30, 2025 was \$266,399, which includes a realized gain of \$12,995 on the transfer of digital assets to pay the Manager's Fee, a realized gain of \$9,271 as a result of the quarterly rebalance of digital assets, and net change in unrealized appreciation on investments in digital assets of \$244,133. Net increase in net assets resulting from operations was \$250,266 for the year ended June 30, 2025, which consisted of the net realized and unrealized gain on investments in digital assets, less the Manager's Fee of \$16,133. Net assets increased to \$777,222 at June 30, 2025, a 47% increase for the year. The increase in net assets resulted from the price appreciation of Fund Components for the year, partially offset by the withdrawal of approximately 147 Bitcoin, 893 Ether, 127,897 ADA, 3,556 SOL, 1,537 AVAX, and 421,555 XRP to pay the foregoing Manager's Fee.

Net realized and unrealized gain on investments in digital assets for the year ended June 30, 2024 was \$264,196, which includes a realized gain of \$6,714 on the transfer of digital assets to pay the Manager's Fee, a realized gain of \$789 as a result of the quarterly rebalance of digital assets, and net change in unrealized appreciation on investments in digital assets of \$256,693. Net increase in net assets resulting from operations was \$254,324 for the year ended June 30, 2024, which consisted of the net realized and unrealized gain on investments in digital assets, less the Manager's Fee of \$9,872. Net assets increased to \$526,956 at June 30, 2024, a 93% increase for the year. The increase in net assets resulted from the price appreciation of Fund Components for the year, partially offset by the withdrawal of approximately 153 Bitcoin, 942 Ether, 210,014 ADA, 3,292 SOL, 38,180 MATIC, 1,385 AVAX, 203,318 XRP to pay the foregoing Manager's Fee.

Net realized and unrealized gain on investments in digital assets for the year ended June 30, 2023 was \$104,153, which includes a realized gain of \$2,124 on the transfer of digital assets to pay the Manager's Fee, a realized loss of (\$20,838) as a result of the quarterly rebalance of digital assets, and net change in unrealized appreciation on investments in digital assets of \$122,867. Net increase in net assets resulting from operations was \$98,780 for the year ended June 30, 2023, which consisted of the net realized and unrealized gain on investments in digital assets, less the Manager's Fee of \$5,373. Net assets increased to \$272,632 at June 30, 2023, a 57% increase for the year. The increase in net assets resulted from the price appreciation of Fund Components for the year, partially offset by the withdrawal of approximately 157 Bitcoin, 1,002 Ether, 281,296 ADA, 2,966 SOL, 53,165 MATIC, 135 DOT, 1,228 AVAX, 10 LTC, 96 UNI, 65 LINK, and 3 BCH to pay the foregoing Manager's Fee.

Cash Resources and Liquidity

The Fund has not had a cash balance at any time since inception. When selling Fund Components and/or Forked Assets to pay Additional Fund Expenses on behalf of the Fund, the Manager endeavors to sell the exact amount of Fund Components and/or Forked Assets needed to pay expenses in order to minimize the Fund's holdings of assets other than the Fund Components. As a consequence, the Manager expects that the Fund will not record any cash flow from its operations and that its cash balance will be zero at the end of each reporting period. Furthermore, the Fund is not a party to any off-balance sheet arrangements.

In exchange for the Manager's Fee, the Manager has agreed to assume most of the expenses incurred by the Fund. As a result, the only ordinary expense of the Fund during the periods covered by this Annual Report was the Manager's Fee. The Fund is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to its liquidity needs.

Selected Operating Data

	For the Years Ended June 30,		
	2025	2024	2023
(All Fund Component balances are rounded to the nearest whole number)			
Bitcoin:			
Opening balance	5,990	6,231	6,231
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	(85)	(88)	157
Manager's Fee, related party	(147)	(153)	(157)
Closing balance	5,758	5,990	6,231
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	5,758	5,990	6,231
Ether:			
Opening balance	36,578	39,445	39,360
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	(677)	(1,925)	1,087
Manager's Fee, related party	(893)	(942)	(1,002)
Closing balance	35,008	36,578	39,445
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	35,008	36,578	39,445
ADA:			
Opening balance	-	11,194,903	10,916,583
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	10,568,299	(10,984,889)	559,616
Manager's Fee, related party	(127,897)	(210,014)	(281,296)
Closing balance	10,440,402	-	11,194,903
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	10,440,402	-	11,194,903
SOL:			
Opening balance	135,349	123,916	111,216
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	16,607	14,725	15,666
Manager's Fee, related party	(3,556)	(3,292)	(2,966)
Closing balance	148,400	135,349	123,916
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	148,400	135,349	123,916
MATIC:			
Opening balance	-	2,926,030	-
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	-	(2,887,850)	2,979,195
Manager's Fee, related party	-	(38,180)	(53,165)
Closing balance	-	-	2,926,030
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	-	-	2,926,030

DOT:

Opening balance	-	-	328,187
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	-	-	(328,052)
Manager's Fee, related party	-	-	(135)
Closing balance	-	-	-
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	-	-	-

AVAX:

Opening balance	114,956	-	88,974
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	(113,419)	116,341	(87,746)
Manager's Fee, related party	(1,537)	(1,385)	(1,228)
Closing balance	-	114,956	-
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	-	114,956	-

LTC:

Opening balance	-	-	23,725
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	-	-	(23,715)
Manager's Fee, related party	-	-	(10)
Closing balance	-	-	-
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	-	-	-

UNI:

Opening balance	-	-	232,687
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	-	-	(232,591)
Manager's Fee, related party	-	-	(96)
Closing balance	-	-	-
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	-	-	-

LINK:

Opening balance	-	-	158,987
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	-	-	(158,922)
Manager's Fee, related party	-	-	(65)
Closing balance	-	-	-
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	-	-	-

BCH:			
Opening balance	-	-	6,314
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	-	-	(6,311)
Manager's Fee, related party	-	-	(3)
Closing balance	-	-	-
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	-	-	-

XRP:			
Opening balance	16,719,308	-	-
Creations	-	-	-
Portfolio rebalancing ⁽¹⁾	573,017	16,922,626	-
Manager's Fee, related party	(421,555)	(203,318)	-
Closing balance	16,870,770	16,719,308	-
Accrued but unpaid Manager's Fee, related party	-	-	-
Net closing balance	16,870,770	16,719,308	-

Number of Shares:			
Opening balance	15,867,400	15,867,400	15,867,400
Creations	-	-	-
Closing balance	15,867,400	15,867,400	15,867,400

	As of June 30,		
	2025	2024	2023
Prices of digital assets on principal market:			
Bitcoin	\$ 107,753.95	\$ 61,929.29	\$ 30,361.94
Ether	\$ 2,516.23	\$ 3,423.00	\$ 1,925.83
XRP	\$ 2.32	\$ 0.47	N/A
SOL	\$ 157.80	\$ 144.62	\$ 19.09
ADA	\$ 0.59	N/A	\$ 0.29
AVAX	N/A	\$ 28.47	N/A
MATIC	N/A	N/A	\$ 0.66
Principal Market NAV per Share ⁽²⁾	\$ 48.98	\$ 33.21	\$ 17.18
Digital Asset Reference Rates:			
Bitcoin	\$ 107,521.84	\$ 61,908.57	\$ 30,396.80
Ether	\$ 2,505.96	\$ 3,420.12	\$ 1,923.68
XRP	\$ 2.29	\$ 0.47	N/A
SOL	\$ 157.01	\$ 144.71	\$ 19.12
ADA	\$ 0.58	N/A	\$ 0.28
AVAX	N/A	\$ 28.33	N/A
MATIC	N/A	N/A	\$ 0.65
NAV per Share ⁽²⁾⁽³⁾	\$ 48.83	\$ 33.20	\$ 17.19

(1) For more information on prior quarterly rebalances and the resulting impact on the Fund's portfolio, please see Note 4 to the Audited Financial Statements—Portfolio Rebalancing.

(2) Prior to February 7, 2024, Principal Market NAV was referred to as NAV and Principal Market NAV per Share was referred to as NAV per Share. Prior to February 7, 2024, NAV was referred to as Digital Asset Holdings and NAV per Share was referred to as Digital Asset Holdings per Share.

- (3) From July 1, 2022 to June 30, 2025, NAV per Share is calculated based on the Digital Asset Reference Rates of the Fund Components held by the Fund pursuant to the DLCS Methodology. From and after July 1, 2025, the NAV per Share is calculated based on the Index Prices of the Fund Components held by the Fund pursuant to the CD5 Methodology. See “Item 1. Business—Investment Objective” and “Item 1. Business—Valuation of Digital Assets and Determination of NAV” for additional information

For accounting purposes as of June 30, 2025, the Fund reflects creations and the Fund Components receivable with respect to such creations on the date of receipt of a notification of a creation but does not issue Shares until the requisite amount of Fund Components is received.

As of June 30, 2025, the Fund had a net closing balance with a value of \$774,814,558, based on the Digital Asset Reference Rates in effect under the DLCS Methodology (non-GAAP methodology). As of June 30, 2025, the Fund had a total market value of \$777,222,526, based on the principal market prices of the Fund Components.

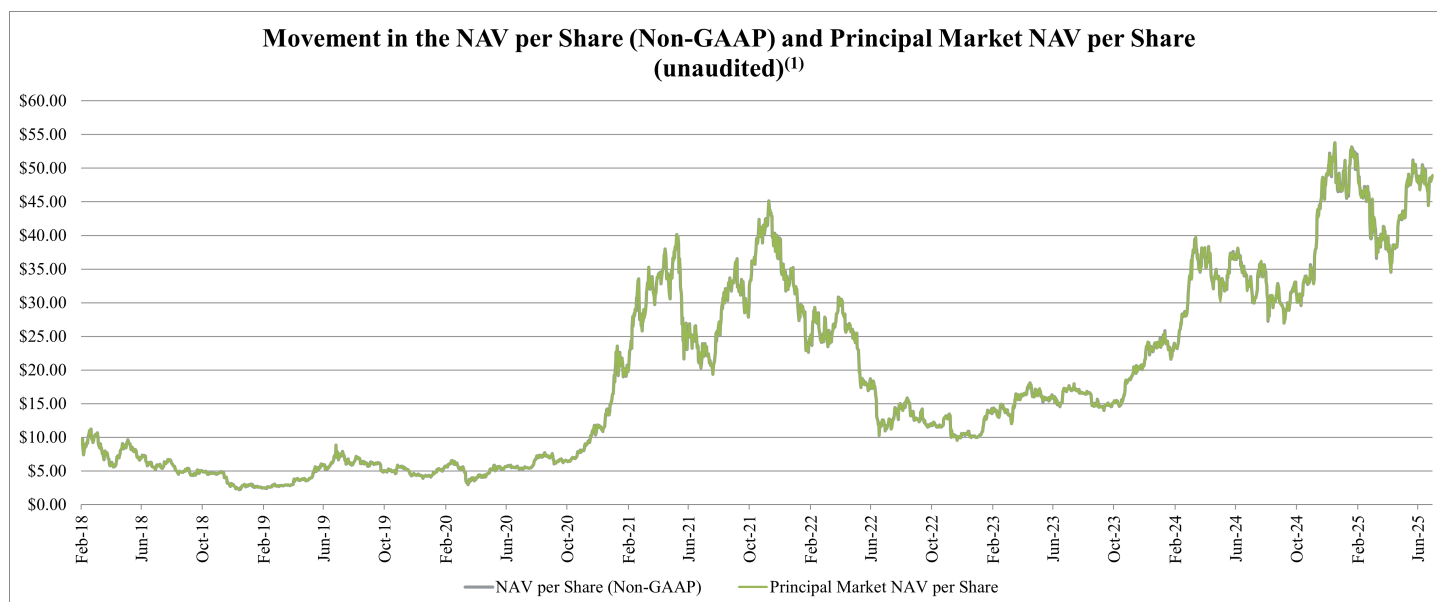
As of June 30, 2024, the Fund had a net closing balance with a value of \$526,722,342, based on the Digital Asset Reference Rates in effect under the DLCS Methodology (non-GAAP methodology). As of June 30, 2024, the Fund had a total market value of \$526,955,720, based on the principal market prices of the Fund Components.

As of June 30, 2023, the Fund had a net closing balance with a value of \$272,757,436, based on the Digital Asset Reference Rates in effect under the DLCS Methodology (non-GAAP methodology). As of June 30, 2023, the Fund had a total market value of \$272,631,615, based on the principal market prices of the Fund Components.

Historical Fund Component Prices

As movements in the price of each Fund Component will directly affect the price of the Shares, investors should understand recent movements in the price of each Fund Component. Investors, however, should also be aware that past movements in each of the Fund Component prices are not indicators of future movements. Movements may be influenced by various factors, including, but not limited to, government regulation, security breaches experienced by service providers, as well as political and economic uncertainties around the world.

The following chart illustrates the movement in the Fund’s NAV per Share versus the Fund’s Principal Market NAV per Share from February 1, 2018 (the inception of the Fund’s operations) to June 30, 2025. For more information on the determination of the Fund’s NAV, see “Item 1. Business—Overview of the Digital Asset Industry and Market—Fund Component Value—Digital Asset Trading Platform Valuation.”



- (1) NAV per Share of the Fund prior to and after July 1, 2022 are not comparable due to the change in the fund construction criteria on July 1, 2022. See “Item 1. Business—Investment Objective” for further details.

Bitcoin

Prior to July 1, 2025, the Fund valued the Fund Components for operational purposes by reference to Digital Asset Reference Rates. The following table illustrates the movements in the Digital Asset Reference Rate for Bitcoin from July 1, 2020 to June 30, 2025. Prior to July 1, 2022, the Digital Asset Reference Rate for Bitcoin was an Index Price for Bitcoin. Effective July 1, 2022, the Digital

Asset Reference Rate for Bitcoin is an Indicative Price for Bitcoin. As a result, the Digital Asset Reference Rates for Bitcoin for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for Bitcoin for periods prior to July 1, 2022. During the period from July 1, 2020 to June 30, 2025, the Digital Asset Reference Rate has ranged from \$9,032.59 to \$111,516.97, with the straight average being \$44,997.04 through June 30, 2025. The Manager has not observed a material difference between the Digital Asset Reference Rate and average prices from the Constituent Trading Platforms included in the relevant reference rate individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
Twelve months ended June 30, 2021	\$ 29,666.38	\$ 63,472.70	4/15/2021	\$ 9,032.59	7/5/2020	\$ 34,759.99	\$ 34,759.99
Twelve months ended June 30, 2022	\$ 42,951.63	\$ 67,352.59	11/9/2021	\$ 18,034.01	6/18/2022	\$ 18,883.90	\$ 18,883.90
Twelve months ended June 30, 2023	\$ 22,532.93	\$ 30,849.06	6/23/2023	\$ 15,786.90	11/21/2022	\$ 30,396.80	\$ 30,396.80
Twelve months ended June 30, 2024	\$ 45,791.95	\$ 73,128.99	3/13/2024	\$ 25,061.89	9/11/2023	\$ 61,908.57	\$ 60,272.64
Twelve months ended June 30, 2025	\$ 84,040.13	\$ 111,516.97	5/22/2025	\$ 53,112.80	8/5/2024	\$ 107,521.84	\$ 107,521.84
July 1, 2020 to June 30, 2025	\$ 44,997.04	\$ 111,516.97	5/22/2025	\$ 9,032.59	7/5/2020	\$ 107,521.84	\$ 107,521.84

The following table illustrates the movements in the Digital Asset Market price of Bitcoin, as reported on the Fund's principal market for Bitcoin, from July 1, 2020 to June 30, 2025. During such period, the price of Bitcoin has ranged from \$9,031.09 to \$111,241.94, with the straight average being \$44,989.71.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended June 30, 2021	\$ 29,667.40	\$ 63,466.92	4/15/2021	\$ 9,031.09	7/5/2020	\$ 34,764.81	\$ 34,764.81
Twelve months ended June 30, 2022	\$ 42,950.57	\$ 67,371.70	11/9/2021	\$ 18,026.58	6/18/2022	\$ 18,895.01	\$ 18,895.01
Twelve months ended June 30, 2023	\$ 22,533.12	\$ 30,906.40	6/23/2023	\$ 15,766.93	11/21/2022	\$ 30,361.94	\$ 30,361.94
Twelve months ended June 30, 2024	\$ 45,781.62	\$ 73,517.19	3/13/2024	\$ 25,013.25	9/11/2023	\$ 61,929.29	\$ 59,952.11
Twelve months ended June 30, 2025	\$ 84,013.67	\$ 111,241.94	5/22/2025	\$ 53,469.64	8/5/2024	\$ 107,753.95	\$ 107,753.95
July 1, 2020 to June 30, 2025	\$ 44,989.71	\$ 111,241.94	5/22/2025	\$ 9,031.09	7/5/2020	\$ 107,753.95	\$ 107,753.95

Ether

Prior to July 1, 2025, the Fund valued the Fund Components for operational purposes by reference to Digital Asset Reference Rates. The following table illustrates the movements in the Digital Asset Reference Rate for Ether from July 1, 2020 to June 30, 2025. Prior to July 1, 2022, the Digital Asset Reference Rate for Ether was an Index Price for Ether. Effective July 1, 2022, the Digital Asset Reference Rate for Ether is an Indicative Price for Ether. As a result, the Digital Asset Reference Rates for Ether for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for Ether for periods prior to July 1, 2022. During the period from July 1, 2020 to June 30, 2025, the Digital Asset Reference Rate has ranged from \$225.27 to \$4,776.32, with the straight average being \$2,203.59 through June 30, 2025. The Manager has not observed a material difference between the Digital Asset Reference Rate and average prices from the Constituent Trading Platforms included in the relevant reference rate individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
Twelve months ended June 30, 2021	\$ 1,236.03	\$ 4,090.65	5/12/2021	\$ 225.27	7/5/2020	\$ 2,243.96	\$ 2,243.96
Twelve months ended June 30, 2022	\$ 3,028.51	\$ 4,776.32	11/9/2021	\$ 913.51	6/18/2022	\$ 1,018.72	\$ 1,018.72
Twelve months ended June 30, 2023	\$ 1,565.08	\$ 2,131.48	4/16/2023	\$ 1,045.57	7/12/2022	\$ 1,923.68	\$ 1,923.68
Twelve months ended June 30, 2024	\$ 2,497.76	\$ 4,049.30	3/11/2024	\$ 1,531.22	10/12/2023	\$ 3,420.12	\$ 3,372.09
Twelve months ended June 30, 2025	\$ 2,689.75	\$ 4,070.55	12/6/2024	\$ 1,464.86	4/8/2025	\$ 2,505.96	\$ 2,505.96
July 1, 2020 to June 30, 2025	\$ 2,203.59	\$ 4,776.32	11/9/2021	\$ 225.27	7/5/2020	\$ 2,505.96	\$ 2,505.96

The following table illustrates the movements in the Digital Asset Market price of Ether, as reported on the Fund's principal market for Ether, from July 1, 2020 to June 30, 2025. During such period, the price of Ether has ranged from \$225.27 to \$4,776.95, with the straight average being \$2,203.74.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended June 30, 2021	\$ 1,236.12	\$ 4,089.92	5/12/2021	\$ 225.27	7/5/2020	\$ 2,243.98	\$ 2,243.98
Twelve months ended June 30, 2022	\$ 3,028.54	\$ 4,776.95	11/9/2021	\$ 913.24	6/18/2022	\$ 1,019.72	\$ 1,019.72
Twelve months ended June 30, 2023	\$ 1,565.23	\$ 2,116.20	4/16/2023	\$ 1,040.35	7/12/2022	\$ 1,925.83	\$ 1,925.83
Twelve months ended June 30, 2024	\$ 2,498.36	\$ 4,033.86	3/11/2024	\$ 1,530.88	10/12/2023	\$ 3,423.00	\$ 3,371.60
Twelve months ended June 30, 2025	\$ 2,689.64	\$ 4,053.28	12/6/2024	\$ 1,465.40	4/8/2025	\$ 2,516.23	\$ 2,516.23
July 1, 2020 to June 30, 2025	\$ 2,203.74	\$ 4,776.95	11/9/2021	\$ 225.27	7/5/2020	\$ 2,516.23	\$ 2,516.23

Solana

Prior to July 1, 2025, the Fund valued the Fund Components for operational purposes by reference to Digital Asset Reference Rates. The following table illustrates the movements in the Digital Asset Reference Rate from the addition of the token to the Fund's portfolio on October 1, 2021 to June 30, 2025. Prior to July 1, 2022, the Digital Asset Reference Rate for SOL was an Index Price for SOL. Effective July 1, 2022, the Digital Asset Reference Rate for SOL is an Indicative Price for SOL. As a result, the Digital Asset Reference Rates for SOL for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for SOL for periods prior to July 1, 2022. Since the token was added to the Fund's portfolio, the Digital Asset Reference Rate for SOL has ranged from \$8.37 to \$274.68, with the straight average being \$99.51 through June 30, 2025. The Manager has not observed a material difference between the Digital Asset Reference Rate for SOL and average prices from the Constituent Trading Platforms included in the relevant reference rate individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
October 1, 2021 to June 30, 2022	\$ 123.52	\$ 254.78	11/6/2021	\$ 28.04	6/18/2022	\$ 31.97	\$ 31.97
Twelve months ended June 30, 2023	\$ 24.73	\$ 46.45	8/13/2022	\$ 8.37	12/29/2022	\$ 19.12	\$ 19.12
Twelve months ended June 30, 2024	\$ 88.05	\$ 199.88	3/31/2024	\$ 17.53	9/11/2023	\$ 144.71	\$ 140.95
Twelve months ended June 30, 2025	\$ 167.81	\$ 274.68	1/19/2025	\$ 104.40	4/8/2025	\$ 157.01	\$ 157.01
October 1, 2021 to June 30, 2025	\$ 99.51	\$ 274.68	1/19/2025	\$ 8.37	12/29/2022	\$ 157.01	\$ 157.01

The following table illustrates the movements in the Digital Asset Market price of SOL, as reported on the Fund's principal market for SOL, from the addition of the token to the Fund's portfolio on October 1, 2021 to June 30, 2025. During such period, the price of SOL has ranged from \$8.29 to \$280.00, with the straight average being \$99.51.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
October 1, 2021 to June 30, 2022	\$ 123.53	\$ 254.44	11/6/2021	\$ 28.04	6/18/2022	\$ 31.98	\$ 31.98
Twelve months ended June 30, 2023	\$ 24.73	\$ 46.33	8/13/2022	\$ 8.29	12/29/2022	\$ 19.09	\$ 19.09
Twelve months ended June 30, 2024	\$ 88.04	\$ 200.17	3/31/2024	\$ 17.51	9/11/2023	\$ 144.62	\$ 140.67
Twelve months ended June 30, 2025	\$ 167.83	\$ 280.00	1/19/2025	\$ 103.92	4/8/2025	\$ 157.80	\$ 157.80
October 1, 2021 to June 30, 2025	\$ 99.51	\$ 280.00	1/19/2025	\$ 8.29	12/29/2022	\$ 157.80	\$ 157.80

Effective October 1, 2021, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase SOL in accordance with the Target Coverage Ratio Methodology.

XRP

Prior to July 1, 2025, the Fund valued the Fund Components for operational purposes by reference to Digital Asset Reference Rates. Effective April 2, 2024, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase XRP in accordance with the DLCS Methodology.

The following table illustrates the movements in the Digital Asset Reference Rate during the period from July 1, 2020 to January 3, 2021 and during the period from January 4, 2024 (when XRP was subsequently re-added to the Fund) to June 30, 2025. The Digital

Asset Reference Rate for XRP is an Indicative Price for XRP. The Digital Asset Reference Rate for XRP has ranged from \$0.17 to \$3.29, with the straight average being \$1.03 for the periods July 1, 2020 through January 3, 2021 and January 4, 2024 through June 30, 2025. The Manager has not observed a material difference between the Digital Asset Reference Rate for XRP and average prices from the Constituent Trading Platforms included in the relevant reference rate individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
July 1, 2020 to January 3, 2021	\$ 0.30	\$ 0.71	11/24/2020	\$ 0.17	7/2/2020	\$ 0.23	\$ 0.22
January 4, 2024 to June 30, 2024	\$ 0.55	\$ 0.73	3/11/2024	\$ 0.47	6/14/2024	\$ 0.47	\$ 0.47
Twelve months ended June 30, 2025	\$ 1.65	\$ 3.29	1/16/2025	\$ 0.43	7/5/2024	\$ 2.29	\$ 2.29
July 1, 2020 to January 3, 2021 and January 4, 2024 to June 30, 2025	\$ 1.03	\$ 3.29	1/16/2025	\$ 0.17	7/2/2020	\$ 2.29	\$ 2.29

The following table illustrates the movements in the Digital Asset Market price of XRP, as reported on the Fund's principal market for XRP, during the period from July 1, 2020 to January 3, 2021 and during the period from January 4, 2024 (when XRP was subsequently re-added to the Fund) to June 30, 2025. The price of XRP has ranged from \$0.17 to \$3.29, with the straight average being \$1.03 for the periods July 1, 2020 through January 3, 2021 and January 4, 2024 through June 30, 2025.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
July 1, 2020 to January 3, 2021	\$ 0.30	\$ 0.71	11/24/2020	\$ 0.17	7/2/2020	\$ 0.23	\$ 0.22
January 4, 2024 to June 30, 2024	\$ 0.55	\$ 0.73	3/11/2024	\$ 0.47	6/24/2024	\$ 0.47	\$ 0.47
Twelve months ended June 30, 2025	\$ 1.65	\$ 3.29	1/16/2025	\$ 0.43	7/5/2024	\$ 2.32	\$ 2.32
July 1, 2020 to January 3, 2021 and January 4, 2024 to June 30, 2025	\$ 1.03	\$ 3.29	1/16/2025	\$ 0.17	7/2/2020	\$ 2.32	\$ 2.32

Effective January 3, 2021, the Manager adjusted the Fund's portfolio by selling XRP and using the cash proceeds to purchase certain amounts of the other existing Fund Components in proportion to their respective weightings, in accordance with the Target Coverage Ratio Methodology. As a result of the rebalancing, XRP was removed from the Fund. Effective January 4, 2024, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase XRP in accordance with the DLCS Methodology.

Cardano

Prior to July 1, 2025, the Fund valued the Fund Components for operational purposes by reference to Digital Asset Reference Rates. The following table illustrates the movements in the Digital Asset Reference Rate from the addition of the token to the Fund's portfolio on July 1, 2021 to April 2, 2024 (when ADA was removed from the Fund), and the period from January 4, 2025 (when ADA was subsequently re-added to the Fund) to June 30, 2025. Prior to July 1, 2022, the Digital Asset Reference Rate for ADA was an Index Price for ADA. Effective July 1, 2022, the Digital Asset Reference Rate for ADA is an Indicative Price for ADA. As a result, the Digital Asset Reference Rates for ADA for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for ADA for periods prior to July 1, 2022. The Digital Asset Reference Rate for ADA has ranged from \$0.24 to \$2.99, with the straight average being \$0.75 for the periods from July 1, 2021 through April 2, 2024 and January 4, 2025 through June 30, 2025. The Manager has not observed a material difference between the Digital Asset Reference Rate for ADA and average prices from the Constituent Trading Platforms included in the relevant reference rate individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
Twelve months ended June 30, 2022	\$ 1.38	\$ 2.99	9/3/2021	\$ 0.43	6/18/2022	\$ 0.44	\$ 0.44
Twelve months ended June 30, 2023	\$ 0.38	\$ 0.57	8/14/2022	\$ 0.24	12/29/2022	\$ 0.28	\$ 0.28
July 1, 2023 to April 2, 2024	\$ 0.42	\$ 0.77	3/11/2024	\$ 0.24	9/11/2023	\$ 0.59	\$ 0.59
January 4, 2025 to June 30, 2025	\$ 0.75	\$ 1.15	1/17/2025	\$ 0.53	6/22/2025	\$ 0.58	\$ 0.58
July 1, 2021 to April 2, 2024 and January 4, 2025 to June 30, 2025	\$ 0.75	\$ 2.99	9/3/2021	\$ 0.24	9/11/2023	\$ 0.58	\$ 0.58

The following table illustrates the movements in the Digital Asset Market price of ADA, as reported on the Fund's principal market for ADA, from the addition of the token to the Fund's portfolio on July 1, 2021 through April 2, 2024 (when ADA was removed from the Fund) and January 4, 2025 (when ADA was subsequently re-added to the Fund) through June 30, 2025. The price of ADA has ranged from \$0.24 to \$2.99, with the straight average being \$0.75 for the periods from July 1, 2021 through April 2, 2024 and January 4, 2025 through June 30, 2025.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended June 30, 2022	\$ 1.38	\$ 2.99	9/3/2021	\$ 0.43	6/18/2022	\$ 0.44	\$ 0.44
Twelve months ended June 30, 2023	\$ 0.38	\$ 0.57	8/14/2022	\$ 0.24	12/29/2022	\$ 0.29	\$ 0.29
July 1, 2023 to April 2, 2024	\$ 0.42	\$ 0.77	3/11/2024	\$ 0.24	9/11/2023	\$ 0.59	\$ 0.59
January 4, 2025 to June 30, 2025	\$ 0.75	\$ 1.16	1/17/2025	\$ 0.52	6/22/2025	\$ 0.59	\$ 0.59
July 1, 2021 to April 2, 2024 and January 4, 2025 to June 30, 2025	\$ 0.75	\$ 2.99	9/3/2021	\$ 0.24	9/11/2023	\$ 0.59	\$ 0.59

Effective July 1, 2021, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ADA in accordance with the Target Coverage Ratio Methodology. Effective April 2, 2024, the Manager adjusted the Fund's portfolio by selling ADA and using the cash proceeds to purchase certain amounts of the other existing Fund Components in proportion to their respective weightings, in accordance with the DLCS Methodology. As a result of the rebalancing, ADA was removed from the Fund. Effective January 4, 2025, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ADA in accordance with the DLCS Methodology.

Avaniche

Prior to July 1, 2025, the Fund valued the Fund Components for operational purposes by reference to Digital Asset Reference Rates. The following table illustrates the movements in the Digital Asset Reference Rate from the addition of the token to the Fund's portfolio on April 5, 2022 (when AVAX was initially added to the Fund) to January 3, 2025 (when AVAX was subsequently removed from the Fund), and during the period from January 4, 2024 (when AVAX was subsequently re-added to the Fund) to June 30, 2025. Prior to July 1, 2022, the Digital Asset Reference Rate for AVAX was an Old Indicative Price for AVAX. Effective July 1, 2022, the Digital Asset Reference Rate for AVAX is an Indicative Price for AVAX. As a result, the Digital Asset Reference Rates for AVAX for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for AVAX for periods prior to July 1, 2022. The Digital Asset Reference Rate for AVAX has ranged from \$10.79 to \$95.06, with the straight average being \$30.66 for the periods April 5, 2022 through January 4, 2023 and January 4, 2024 through January 3, 2025. The Manager has not observed a material difference between the Digital Asset Reference Rate for AVAX and average prices from the Constituent Trading Platforms included in the relevant reference rate individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
April 5, 2022 to June 30, 2022	\$ 43.55	\$ 95.06	4/5/2022	\$ 14.62	6/19/2022	\$ 16.60	\$ 16.60
July 1, 2022 to January 4, 2023	\$ 17.76	\$ 29.21	8/12/2022	\$ 10.79	12/29/2022	\$ 12.04	\$ 12.04
January 4, 2024 to June 30, 2024	\$ 38.38	\$ 62.75	3/18/2024	\$ 23.94	6/24/2024	\$ 28.33	\$ 28.02
July 1, 2024 to January 3, 2025	\$ 30.25	\$ 54.44	12/4/2024	\$ 19.26	8/5/2024	\$ 41.63	\$ 41.63
April 5, 2022 to January 4, 2023 and January 4, 2024 to January 3, 2025	\$ 30.66	\$ 95.06	4/5/2022	\$ 10.79	12/29/2022	\$ 41.63	\$ 41.63

The following table illustrates the movements in the Digital Asset Market price of AVAX, as reported on the Fund's principal market for AVAX, during the period from April 5, 2022 (when AVAX was initially added to the Fund) to January 4, 2023 and during the period from January 4, 2024 (when AVAX was subsequently re-added to the Fund) to January 3, 2025 (when AVAX was

subsequently removed from the Fund). The price of AVAX has ranged from \$10.76 to \$93.01, with the straight average being \$30.59 for the periods April 5, 2022 through January 4, 2023 and January 4, 2024 through January 3, 2025.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
April 5, 2022 to June 30, 2022	\$ 43.10	\$ 93.01	4/5/2022	\$ 14.18	6/18/2022	\$ 16.24	\$ 16.24
July 1, 2022 to January 4, 2023	\$ 17.76	\$ 29.18	8/12/2022	\$ 10.76	12/29/2022	\$ 12.03	\$ 12.03
January 4, 2024 to June 30, 2024	\$ 38.37	\$ 62.35	3/18/2024	\$ 23.85	6/24/2024	\$ 28.47	\$ 28.04
July 1, 2024 to January 3, 2025	\$ 30.24	\$ 54.16	12/4/2024	\$ 19.40	8/5/2024	\$ 41.45	\$ 41.45
April 5, 2022 to January 4, 2023 and January 4, 2024 to January 3, 2025	\$ 30.59	\$ 93.01	4/5/2022	\$ 10.76	12/29/2022	\$ 41.45	\$ 41.45

Secondary Market Trading

Historically, the Fund's Shares have been quoted on OTCQX under the symbol "GDLC" since November 22, 2019. The Fund's previous trading symbol was "GDLCF" on OTCQX and was changed to "GDLC" on April 14, 2020. The Fund's Shares have been quoted on OTCQX since November 22, 2019. The price of the Shares as quoted on OTCQX has varied significantly from the NAV per Share.

For example, from July 1, 2022 to June 30, 2025, the Shares quoted on OTCQX traded at a discount to the value of the Fund's NAV per Share based on the DLCS Methodology (changed to the CD5 Methodology effective June 5, 2025). From July 1, 2022 to June 30, 2025, the maximum discount of the closing price of the Shares quoted on OTCQX below the value of the Fund's NAV per Share was 63% based on the DLCS Methodology (changed to the CD5 Methodology effective June 5, 2025) and the average discount was 35% based on the DLCS Methodology (changed to the CD5 Methodology effective June 5, 2025). The closing price of the Shares, as quoted on OTCQX at 4:00 p.m., New York time, on each business day, between July 1, 2022 and June 30, 2025, has been quoted at a discount on 751 days. As of June 30, 2025, the last business day of the period, the Fund's Shares were quoted on OTCQX at a discount of 2% to the Fund's NAV per Share.

From and after July 1, 2025, the value of the Fund Components is determined by reference to Index Prices, as the Fund has transitioned from the DLCS to the CD5. From July 1, 2025 to September 2, 2025, the Shares quoted on OTCQX traded at both discounts and premiums to the value of the Fund's NAV per Share based on the CD5 Methodology. From July 1, 2025 to September 2, 2025, the maximum premium of the closing price of the Shares quoted on OTCQX over the value of the Fund's NAV per Share was less than 1% based on the CD5 Methodology, the average premium was less than 1%, the maximum discount of the closing price of the Shares quoted on OTCQX below the value of the Fund's NAV per Share was 10% based on the CD5 Methodology, and the average discount was 6%. As of September 2, 2025, the Fund's Shares were quoted on OTCQX at a discount of 8% to the Fund's NAV per Share based on the CD5 Methodology.

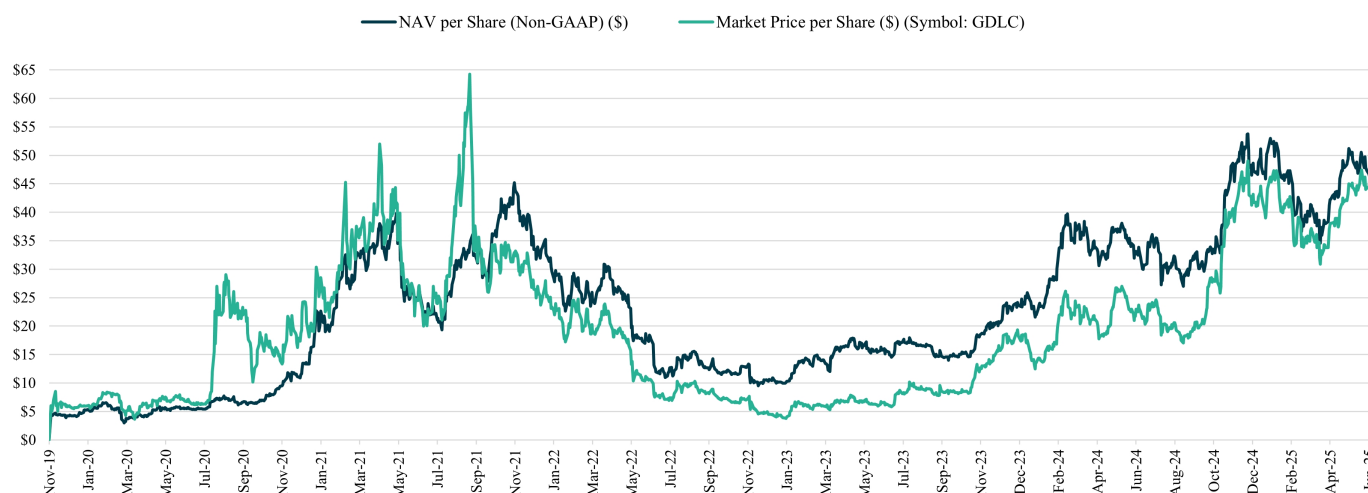
The following table sets out the range of high and low closing prices for the Shares as reported by OTCQX, the Fund's Principal Market NAV per Share calculated in accordance with U.S. GAAP and the Fund's NAV per Share for each of the quarters of the prior three years.

	High			Low		
	Principal Market NAV			Principal Market NAV		
	per Share ⁽¹⁾			per Share ⁽¹⁾		
	OTCQX		NAV per Share ⁽²⁾	OTCQX		NAV per Share ⁽²⁾
Calendar Year 2022						
Third quarter	\$ 10.33	\$ 15.84	\$ 15.87	\$ 6.92	\$ 11.17	\$ 11.21
Fourth quarter	\$ 7.68	\$ 13.48	\$ 13.47	\$ 3.83	\$ 9.53	\$ 9.54
Calendar Year 2023						
First quarter	\$ 7.03	\$ 16.48	\$ 16.45	\$ 3.77	\$ 10.02	\$ 10.03
Second quarter	\$ 8.75	\$ 17.99	\$ 18.10	\$ 5.84	\$ 14.56	\$ 14.54
Third quarter	\$ 10.20	\$ 18.00	\$ 17.95	\$ 7.80	\$ 13.97	\$ 14.01
Fourth quarter	\$ 19.35	\$ 24.23	\$ 24.14	\$ 8.22	\$ 14.62	\$ 14.62
Calendar Year 2024						
First quarter	\$ 26.15	\$ 39.86	\$ 39.69	\$ 12.49	\$ 21.59	\$ 21.61
Second quarter	\$ 27.00	\$ 38.39	\$ 38.36	\$ 17.78	\$ 30.21	\$ 30.61
Third quarter	\$ 24.60	\$ 36.24	\$ 36.06	\$ 17.03	\$ 26.95	\$ 26.99
Fourth quarter	\$ 49.00	\$ 53.82	\$ 53.78	\$ 19.65	\$ 29.69	\$ 29.60
Calendar Year 2025						
First quarter	\$ 47.27	\$ 53.19	\$ 53.15	\$ 33.86	\$ 36.85	\$ 36.59
Second quarter	\$ 47.95	\$ 51.08	\$ 51.21	\$ 30.90	\$ 34.55	\$ 34.55

- (1) The Principal Market NAV is calculated using the fair value of the Fund Components based on the price provided by the Digital Asset Market that the Fund considers each Fund Component's principal market. Prior to February 7, 2024, Principal Market NAV was referred to as NAV and Principal Market NAV per Share was referred to as NAV per Share. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Principal Market and Fair Value Determination."
- (2) From July 1, 2022 through June 30, 2025, the Fund's NAV per Share was derived from the Digital Reference Rate of each Fund Component as of 4:00 p.m., New York time, on the valuation date. The Reference Rate Price was calculated using non-GAAP methodology and is not used in the Fund's financial statements. Effective July 1, 2025, the Fund's NAV per Share is derived from the Index Price of each Fund Component as of 4:00 p.m., New York time, on the valuation date. Prior to February 7, 2024, NAV was referred to as Digital Asset Holdings and NAV per Share was referred to as Digital Asset Holdings per Share. See "Item 1. Business—Valuation of Digital Assets and Determination of NAV." See "Item 1. Business—Investment Objective" for further details.

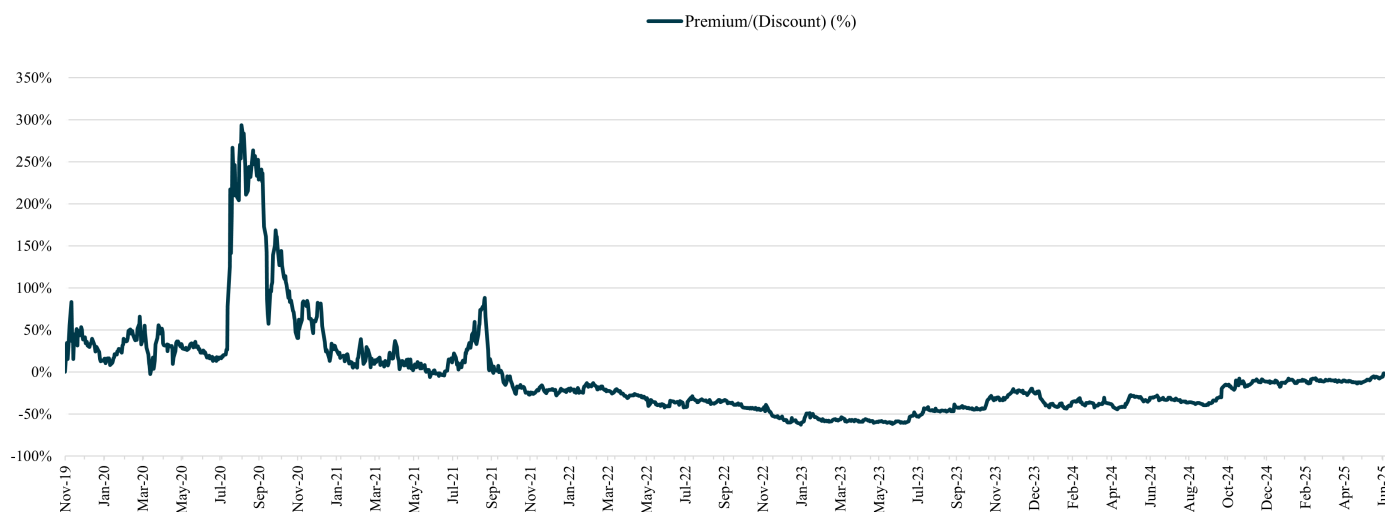
The following chart sets out the historical closing prices for the Shares as reported by OTCQX and the Fund's NAV per Share from November 22, 2019 to June 30, 2025.

GDLC Premium/(Discount): GDLC Share Price vs. NAV per Share (Non-GAAP) (\$)⁽¹⁾



The following chart sets out the historical premium and discount for the Shares as reported by OTCQX and the Fund's NAV per Share from November 22, 2019 to June 30, 2025.

GDLC Premium/(Discount): GDLC Share Price vs. NAV per Share (Non-GAAP) (%)⁽¹⁾



- (1) NAV per Share of the Fund prior to and after July 1, 2022 are not comparable due to the change in the fund construction criteria on July 1, 2022. See "Item 1. Business—Investment Objective" for further details.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The LLC Agreement does not authorize the Fund to borrow for payment of the Fund's ordinary expenses. The Fund does not engage in transactions in foreign currencies which could expose the Fund or holders of Shares to any foreign currency related market risk. The Fund does not invest in derivative financial instruments and has no foreign operations or long-term debt instruments.

Item 8. Financial Statements and Supplementary Data

See Index to Financial Statements on page F-1 for a list of the financial statements being filed therein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no disagreements with accountants on any matter of accounting principles or practices or financial statement disclosures during the year ended June 30, 2025.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Fund maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Principal Executive Officer and Principal Financial and Accounting Officer of the Manager, and to the audit committee of the Board of Directors of the Manager (the "Board"), as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of the Principal Executive Officer and the Principal Financial and Accounting Officer of the Manager, the Manager conducted an evaluation of the Fund's disclosure controls and procedures, as defined under Exchange Act Rule 13a-15(e). Based on this evaluation, the Principal Executive Officer and the Principal Financial and Accounting Officer of the Manager concluded that, as of June 30, 2025, the Fund's disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

The Manager's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under Exchange Act Rules 13a-15(f) and 15d-15(f). The Fund's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Fund's assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Fund's receipts and expenditures are being made only in accordance with appropriate authorizations; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Fund's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become ineffective because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Principal Executive Officer and Principal Financial and Accounting Officer of the Manager assessed the effectiveness of the Fund's internal control over financial reporting as of June 30, 2025. In making this assessment, they used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Their assessment included an evaluation of the design of the Fund's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Based on their assessment and those criteria, the Principal Executive Officer and Principal Financial and Accounting Officer of the Manager concluded that the Fund maintained effective internal control over Financial reporting as of June 30, 2025.

Because we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting for so long as we are an emerging growth company.

Changes in Internal Control Over Financial Reporting

There was no change in the Fund's internal controls over financial reporting that occurred during the Fund's most recently completed fiscal quarter ended June 30, 2025 that has materially affected, or is reasonably likely to materially affect, these internal controls.

Item 9B. Other Information

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Management of the Manager

The Fund does not have any directors, officers or employees. Under the LLC Agreement, all management functions of the Fund have been delegated to and are conducted by the Manager, its agents and its affiliates, including without limitation, the Custodian and its agents. As officers of the Manager, Peter Mintzberg, the principal executive officer of the Manager, and Edward McGee, the principal financial and accounting officer of the Manager, may take certain actions and execute certain agreements and certifications for the Fund, in their capacity as the principal officers of the Manager.

As of and prior to December 31, 2024, GSI had a board of directors that was responsible for managing and directing the affairs of the Manager. From and after January 1, 2025, GSO Intermediate Holdings Corporation (“GSOIH”), a Delaware corporation formed in connection with the Reorganization, which is the sole managing member of GSO and an indirect subsidiary of DCG, has a board of directors (the “Board”) that is responsible for managing and directing the affairs of the Manager. The Board consists of Barry Silbert, Mark Shifke, Matthew Kummell, Mr. Mintzberg, and Mr. McGee. Mr. Mintzberg and Mr. McGee also retain the authority granted to them as officers under the limited liability company agreement of the Manager.

The Manager has an Audit Committee. The Audit Committee has the responsibility for overseeing the financial reporting process of the Fund, including the risks and controls of that process and such other oversight functions as are typically performed by an audit committee of a public company.

The Manager has a code of ethics (the “Code of Ethics”) that applies to its executive officers and agents. The Code of Ethics is available by writing the Manager at 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902 or calling the Manager at (212) 668-1427. The Manager’s Code of Ethics is intended to be a codification of the business and ethical principles that guide the Manager, and to deter wrongdoing, to promote honest and ethical conduct, to avoid conflicts of interest, and to foster compliance with applicable governmental laws, rules and regulations, the prompt internal reporting of violations and accountability for adherence to this code.

Prior to January 1, 2025, references to the “Manager” in this section refer to GSI, and thereafter refer to GSO or GSIS, as applicable. In connection with the Reorganization, the former Board of GSI was reconstituted at GSOIH. From and after January 1, 2025, any references to the Board in this section refer to the Board of GSOIH.

Barry Silbert, Chairman of the Board

Barry Silbert, 49, is the founder and Chief Executive Officer of DCG and has served as chairman of the Board since August 2025 (previously served as a director and chairman of the Board from February 2020 through December 2023). Until January 2021, Mr. Silbert was the Chief Executive Officer of the Manager. A pioneer in blockchain investing, Mr. Silbert established himself in 2012 as one of the earliest and most active investors in the industry. Mr. Silbert founded DCG in 2015 and today, it is one of the world’s most prolific investors in decentralized technologies, backing over 250 early-stage companies in more than 40 countries. Mr. Silbert founded Yuma, a decentralized AI-focused subsidiary of DCG, where he also serves as CEO. Yuma invests in, builds, and scales the Bittensor network. The Manager is a wholly owned indirect subsidiary of DCG. DCG also owns Foundry, Fortitude, Luno and Yuma. DCG also invests directly in digital currencies and other digital assets. Prior to leading DCG, Mr. Silbert was the founder and CEO of SecondMarket, a venture-backed technology company that was acquired by Nasdaq. Mr. Silbert has received numerous awards and accolades, including being named “Entrepreneur of the Year” by both Ernst & Young and Crain’s, and being selected to Fortune’s prestigious “40 under 40” list. Before becoming an entrepreneur, Mr. Silbert worked as an investment banker. He graduated with honors from the Goizueta Business School of Emory University.

Mark Shifke, Board Member

Mark Shifke, 66, is the Chief Financial Officer of DCG and has served as a director of the Board since January 2024 (previously served as chairman of the Board through August 2025, upon the appointment of Mr. Silbert). Since March 2021, Mr. Shifke has served on the board of directors of Dock Ltd., a full-stack payments and digital banking platform. Since September 2023, Mr. Shifke has served on the board of directors of Luno, a cryptocurrency platform. Mr. Shifke has nearly four decades of financial and fintech experience, and more than eight years of CFO experience leading two publicly-traded companies. Prior to joining DCG, Mr. Shifke served as CFO of Billtrust, a company focused on providing AR and cloud-based solutions around payments, and as CFO of Green Dot (NYSE: GDOT), a mobile banking company and payments platform. Previously, Mr. Shifke led teams at JPMorgan Chase and Goldman Sachs, specializing in M&A Structuring and Advisory, as well as Tax Asset Investments. Mr. Shifke also served as the Head of International Structured Finance Group at KPMG. Mr. Shifke began his career at Davis Polk, where he was a partner. He is a graduate of Tulane University (B.A./J.D.) and the New York University School of Law (LL.M. in Taxation).

Matthew Kummell, Board Member

Matthew Kummell, 49, is Senior Vice President of Institutional and Enterprise at the NEAR Foundation and has served as a director of the Manager since January 2024. In his role at the NEAR Foundation, Mr. Kummell leads efforts to engage institutional and enterprise businesses with the NEAR Protocol ecosystem. From December 2023 through June 2025, Mr. Kummell served as a member of the board of directors of Foundry, a digital asset mining and staking company. Until November 2023, Mr. Kummell served on the board of directors of CoinDesk, Inc., a digital media, events and information services company. Until January 2012, Mr. Kummell served on the board of directors of Derivix Corporation, a financial services software company. Prior to joining the NEAR Foundation in 2025, Mr. Kummell was Senior Vice President of Strategy & Operations at DCG (2021 to 2025). From 2018 to 2021, he served as the Head of North America for Citi's Business Advisory Services team, a strategic consulting group within Citi's Markets division focused on institutional investor clients. Earlier in his career, Mr. Kummell held strategic and front-office roles at Citadel, Balyasny Asset Management, and S.A.C. Capital Advisors (the predecessor to Point 72 Asset Management). He also worked as a Case Team Leader at Bain & Company in its Boston office. From 2020 to 2025, Mr. Kummell was an Adjunct Professor at the Tuck School of Business at Dartmouth College. He holds a B.A. from the University of California, Los Angeles, and an M.B.A. from the Tuck School of Business at Dartmouth College.

Peter Mintzberg, Board Member and Chief Executive Officer

Peter Mintzberg, 57, has been the Chief Executive Officer of the Manager and has served as a director of the Manager since August 2024. Mr. Mintzberg joins the Manager from Goldman Sachs, where he served as Global Head of Strategy for Asset and Wealth Management. Prior, he held several global leadership roles in Strategy, M&A, and Investor Relations at BlackRock, Apollo, OppenheimerFunds, and Invesco. With deep knowledge across a broad base of client types and asset classes, Mr. Mintzberg has over two decades of experience developing and executing strategy and innovating to drive growth. Mr. Mintzberg started his career working at McKinsey & Co. in New York, San Francisco, and São Paulo, focused on the financial services and technology sectors. Mr. Mintzberg was recognized as a Latino leader in Finance by The Alumni Society in 2018, and was selected as a David Rockefeller Fellow in the 2016-2017 Class by the Partnership for New York City. He earned a bachelor's degree in engineering from the Universidade Federal Rio de Janeiro, and an MBA from Harvard University.

Edward McGee, Board Member and Chief Financial Officer

Edward McGee, 41, has been the Chief Financial Officer of the Manager since January 2022 and has served as a director of the Manager since January 2024. Before serving as CFO, Mr. McGee was Vice President, Finance and Controller of the Manager since June 2019. Prior to taking on his role at the Manager, Mr. McGee served as a Vice President, Accounting Policy at Goldman, Sachs & Co. providing coverage to their SEC Financial Reporting team facilitating the preparation and review of their financial statements and provided U.S. GAAP interpretation, application and policy development while servicing their Special Situations Group, Merchant Banking Division and Urban Investments Group from 2014 to 2019. From 2011 to 2014, Mr. McGee was an auditor at Ernst & Young providing assurance services to publicly listed companies. Mr. McGee earned his Bachelor of Science degree in accounting from the John H. Sykes College of Business at the University of Tampa and graduated with honors while earning his Master of Accountancy in Financial Accounting from the Rutgers Business School at the State University of New Jersey. Mr. McGee is a Certified Public Accountant licensed in the state of New York.

Item 11. Executive Compensation

Not applicable.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Securities Authorized for Issuance under Equity Compensation Plans and Related Stockholder Matters

Not applicable.

Security Ownership of Certain Beneficial Owners and Management

The Fund does not have any directors, officers or employees. The following table sets forth certain information with respect to the beneficial ownership of the Shares for (i) each person that, to the Manager's knowledge based on the records of the Transfer Agent and other ownership information provided to the Manager, owns beneficially a significant portion of the Shares; (ii) each director and executive officer of the Manager individually; and (iii) all directors and executive officers of the Manager as a group.

The number of Shares beneficially owned and percentages of beneficial ownership set forth below are based on the number of Shares outstanding as of September 2, 2025.

In accordance with the rules of the SEC, beneficial ownership includes voting or investment power with respect to securities.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Beneficial Ownership
Significant Shareholders:		
Digital Currency Group, Inc. ⁽¹⁾⁽²⁾⁽³⁾	1,032,073	6.50%
Directors & Executive Officers of the Manager:⁽⁴⁾		
Barry Silbert ⁽⁵⁾	*	* %
Mark Shifke	*	* %
Matthew Kummell	*	* %
Peter Mintzberg	*	* %
Edward McGee	*	* %
Directors & executive officers of the Manager as a group	*	* %

- (1) Includes 32,414 Shares held by Digital Currency Group, Inc. and 999,659 Shares held by DCG International Investments Ltd., a wholly owned subsidiary of Digital Currency Group, Inc.
- (2) On March 2, 2022, the Board approved the purchase by DCG, the indirect parent company of the Manager, of up to an aggregate total of \$200 million worth of Shares of the Fund and shares of any of the following five investment products the Manager also acts as the sponsor and manager of, including Grayscale Bitcoin Trust ETF (NYSE Arca: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Ethereum Trust ETF (NYSE Arca: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), and Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM). Subsequently, DCG authorized such purchase. The Share purchase authorization does not obligate DCG to acquire any specific number of Shares in any period, and may be expanded, extended, modified, or discontinued at any time. From March 2, 2022 through September 2, 2025, DCG did not purchase any Shares of the Fund under this authorization.
- (3) Barry E. Silbert is the Chief Executive Officer of DCG and in such capacity may be deemed to have voting and dispositive power over the securities held, directly or indirectly, by such entity.
- (4) The Fund does not have any directors, officers or employees. Under the LLC Agreement, all management functions of the Fund have been delegated to and are conducted by the Manager, its agents and its affiliates.
- (5) Does not include Shares held by DCG. Mr. Silbert is the Chief Executive Officer of DCG and may be deemed to have voting and dispositive power over the securities held, directly or indirectly, by such entity.

* Represents beneficial ownership of less than 1%.

Unless otherwise indicated, the address for each shareholder listed in the table above is c/o Grayscale Investments Sponsors, LLC, 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902.

Item 13. Certain Relationships and Related Transactions and Director Independence

General

The Manager has not established formal procedures to resolve all potential conflicts of interest. Consequently, shareholders may be dependent on the good faith of the respective parties subject to such conflicts to resolve them equitably. Although the Manager attempts to monitor these conflicts, it is extremely difficult, if not impossible, for the Manager to ensure that these conflicts do not, in fact, result in adverse consequences to the Fund.

The Manager presently intends to assert that shareholders have, by subscribing for Shares of the Fund, consented to the following conflicts of interest in the event of any proceeding alleging that such conflicts violated any duty owed by the Manager to investors.

Digital Currency Group, Inc.

Digital Currency Group, Inc. is (i) the sole equity holder and indirect parent company of the Manager, (ii) the indirect parent company of Grayscale Securities, the only acting Authorized Participant as of the date of this Annual Report, (iii) formerly the indirect parent company of the Index Provider (prior to its sale to an unaffiliated third party on November 20, 2023), and (iv) a minority interest holder in Kraken, one of the Digital Asset Trading Platforms included in the Index Price for certain of the digital assets held by the Fund, representing less than 1.0% of its equity.

Digital Currency Group, Inc. has investments in a large number of digital assets and companies involved in the digital asset ecosystem, including trading platforms and custodians. Digital Currency Group, Inc.'s positions on changes that should be adopted in various Digital Asset Networks could be adverse to positions that would benefit the Fund or its shareholders. Additionally, before or

after a hard fork on the network of a digital asset held by the Fund, Digital Currency Group, Inc.’s position regarding which fork among a group of incompatible forks of such network should be considered the “true” network could be adverse to positions that would most benefit the Fund.

The Manager

The Manager has a conflict of interest in allocating its own limited resources among, when applicable, different clients and potential future business ventures, to each of which it owes fiduciary duties. Additionally, the professional staff of the Manager also services other affiliates of the Manager, including several other digital asset investment vehicles, and their respective clients. Although the Manager and its professional staff cannot and will not devote all of its or their respective time or resources to the management of the affairs of the Fund, the Manager intends to devote, and to cause its professional staff to devote, sufficient time and resources to manage properly the affairs of the Fund consistent with its or their respective fiduciary duties to the Fund and others.

The Manager and Grayscale Securities are affiliates of each other, and the Manager may engage other affiliated service providers in the future. Because of the Manager’s affiliated status, it may be disincentivized from replacing affiliated service providers. In connection with this conflict of interest, shareholders should understand that affiliated service providers will receive fees for providing services to the Fund. Clients of the affiliated service providers may pay commissions at negotiated rates which are greater or less than the rate paid by the Fund.

The Manager and any affiliated service provider may, from time to time, have conflicting demands in respect of their obligations to the Fund and, in the future, to other clients. It is possible that future business ventures of the Manager and affiliated service providers may generate larger fees, resulting in increased payments to employees, and therefore, incentivizing the Manager and/or the affiliated service providers to allocate its/their limited resources accordingly to the potential detriment of the Fund.

There is an absence of arm’s-length negotiation with respect to some of the terms of the Fund, and, where applicable, there has been no independent due diligence conducted with respect to the Fund. The Manager will, however, not retain any affiliated service providers for the Fund which the Manager has reason to believe would knowingly or deliberately favor any other client over the Fund.

The Authorized Participant

Prior to October 3, 2022, Genesis, an affiliate of the Fund and the Manager, was the only Authorized Participant and was party to a participant agreement with the Manager and the Fund. From October 3, 2022, the only Authorized Participant was Grayscale Securities, an affiliate of the Fund and the Manager. As a result of this affiliation, the Manager has an incentive to resolve questions between Grayscale Securities, on the one hand, and the Fund and shareholders, on the other hand, in favor of Grayscale Securities (including, but not limited to, questions as to the calculation of the Basket Amount). Lastly, several employees of the Manager and Digital Currency Group, Inc. are FINRA-registered representatives who maintain their licenses through Grayscale Securities.

Proprietary Trading/Other Clients

Because the officers of the Manager may trade digital assets for their own personal trading accounts (subject to certain internal trading policies and procedures) at the same time as they are managing the account of the Fund, the activities of the officers of the Manager, subject to their fiduciary duties, may, from time-to-time, result in their taking positions in their personal trading accounts which are opposite of the positions taken for the Fund. Records of the Manager’s officers’ personal trading accounts will not be available for inspection by shareholders.

Item 14. Principal Accountant Fees and Services

Fees for services performed by KPMG LLP (“KPMG”), for the year ended June 30, 2025, and Marcum LLP (“Marcum”), for the year ended June 30, 2024:

	Years Ended June 30,	
	2025	2024
Audit fees	\$ 193,440	\$ 160,125
Total	\$ 193,440	\$ 160,125

In the table above, in accordance with the SEC’s definitions and rules, Audit Fees are fees paid to KPMG, and previously Marcum for professional services for the audit of the Fund’s financial statements included in the annual report on Form 10-K and review of financial statements included in the quarterly reports on Form 10-Q, and for services that are normally provided by the accountants in connection with regulatory filings or engagements.

Pre-Approved Policies and Procedures

The Fund has no board of directors, and as a result, has no audit committee or pre-approval policy with respect to fees paid to its principal accounting firm. Such determinations, including for the fiscal year ended June 30, 2025, are made by the Manager's Board of Directors and Audit Committee. From and after January 1, 2025, such determinations are made by the Board of Directors of GSOIH and the Audit Committee of GSIS.

PART IV

Item 15. Exhibits and Financial Statements Schedules

1. Financial Statements

See Index to Financial Statements on Page F-1 for a list of the financial statements being filed herein.

2. Financial Statement Schedules

Schedules have been omitted since they are either not required, not applicable, or the information has otherwise been included.

3. Exhibits

Exhibit Number	Exhibit Description
4.1	<u>Second Amended and Restated Limited Liability Company Agreement (incorporated by reference to Exhibit 4.1 of the Registration Statement on Form 10 filed by the Registrant on May 13, 2021).</u>
4.2	<u>Amendment No. 1 to the Second Amended and Restated Limited Liability Company Agreement (incorporated by reference to Exhibit 4.2 of the Registration Statement on Form 10 filed by the Registrant on May 13, 2021).</u>
4.3	<u>Amendment No. 2 to the Second Amended and Restated Limited Liability Company Agreement (incorporated by reference to Exhibit 4.3 of the current report on Form 8-K filed by the Registrant on July 30, 2021).</u>
4.4	<u>Amendment No. 3 to the Second Amended and Restated Limited Liability Company Agreement (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by the Registrant on March 25, 2024).</u>
4.5	<u>Participant Agreement, dated October 3, 2022, between the Manager and Grayscale Securities, LLC (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by the Registrant on October 3, 2022).</u>
4.6	<u>Description of Registrant's Securities (incorporated by reference to Exhibit 4.6 of the Annual Report on Form 10-K filed by the Registrant on September 27, 2021).</u>
10.1†	<u>Amended and Restated Custodian Agreement, dated June 29, 2022, between the Manager and the Custodian (incorporated by reference to Exhibit 10.1 of the Annual Report on Form 10-K filed by the Registrant on September 1, 2022).</u>
10.2	<u>Prime Broker Agreement, dated June 25, 2025, by and among the Fund, the Manager and the Prime Broker, on behalf of itself, the Custodian, and Coinbase Credit (incorporated by reference to Exhibit 99.1 of the Amendment No. 3 to the Registration Statement on Form S-3 (File No. 333-286293) filed by the Registrant on June 26, 2025).</u>
10.3	<u>Distribution and Marketing Agreement, dated October 3, 2022, between the Manager and Grayscale Securities, LLC (incorporated by reference to Exhibit 10.1 of the current report on Form 8-K filed by the Registrant on October 3, 2022).</u>
10.4	<u>Marketing Agent Agreement, dated as of June 25, 2025, between the Manager and the Marketing Agent (incorporated by reference to Exhibit 99.3 of the Amendment No. 3 to the Registration Statement on Form S-3 (File No. 333-286293) filed by the Registrant on June 26, 2025).</u>
10.5	<u>Fund Administrative and Accounting Agreement (incorporated by reference to Exhibit 10.1 of the current report on Form 8-K filed by the Registrant on June 6, 2025).</u>
10.6†	<u>Index License Agreement (incorporated by reference to Exhibit 10.1 of the current report on Form 8-K filed by the Registrant on February 4, 2022).</u>
10.7†	<u>Amendment No.1 to the Index License Agreement, dated June 20, 2023, between the Manager and the Index Provider (incorporated by reference to Exhibit 10.1 of the current report on Form 8-K filed by the Registrant on June 23, 2023).</u>
10.8	<u>Amendment No. 7 to the Index License Agreement, dated June 26, 2025, between the Manager and the Index Provider (incorporated by reference to Exhibit 99.6 of the Amendment No. 3 to the Registration Statement on Form S-3 (File No. 333-286293) filed by the Registrant on June 26, 2025).</u>
10.9	<u>Transfer Agency and Service Agreement (incorporated by reference to Exhibit 10.4 of the Registration Statement on Form 10 filed by the Registrant on May 13, 2021).</u>

- 10.10 [Co-Transfer Agency Agreement, dated June 25, 2025, between the Manager and Continental Stock Transfer & Trust Company \(incorporated by reference to Exhibit 99.8 of the Amendment No. 3 to the Registration Statement on Form S-3 \(File No. 333-286293\) filed by the Registrant on June 26, 2025\).](#)
- 10.11 [Assignment and Assumption Agreement \(incorporated by reference to Exhibit 10.1 of the current report on Form 8-K filed by the Registrant on January 3, 2025\).](#)
- 10.12 [Coinbase Assignment Agreement \(incorporated by reference to Exhibit 10.2 of the current report on Form 8-K filed by the Registrant on January 3, 2025\).](#)
- 31.1* [Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2* [Certification by Principal Financial and Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1* [Certification by Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2* [Certification by Principal Financial and Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS* Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH* Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents.
- 104 Cover Page Interactive Data File—The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

* Filed herewith.

† Portions of this exhibit (indicated by asterisks) have been omitted as the Registrant has determined that (i) the omitted information is not material and (ii) the omitted information is of the type that the Registrant treats as private or confidential.

Item 16. Form 10-K Summary

Not applicable.

GLOSSARY OF DEFINED TERMS

“Actual Exchange Rate”—With respect to any particular asset, at any time, the price per single unit of such asset (determined net of any associated fees) at which the Fund is able to sell such asset for U.S. dollars (or other applicable fiat currency) at such time to enable the Fund to timely pay any Additional Fund Expenses, through use of the Manager’s commercially reasonable efforts to obtain the highest such price.

“Additional Fund Expenses”—Together, any expenses incurred by the Fund in addition to the Manager’s Fee that are not Manager-paid Expenses, including, but not limited to, (i) taxes and governmental charges, (ii) expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets), (iii) any indemnification of the Custodian or other agents, service providers or counterparties of the Fund, (iv) the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and (v) extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

“Administrator Fee”—The fee payable to any administrator of the Fund for services it provides to the Fund, which the Manager will pay such administrator as a Manager-paid Expense.

“AEOI Regulations”—Cayman Islands regulations have been issued to give effect to the Automatic Exchange of Information, which consists of the U.S. IGA and the CRS.

“Affirmative Action”—A decision by the Fund to acquire or abandon specific Forked Assets at any time prior to the time of a creation of Shares.

“AP Designee”—An Authorized Participant’s designee in connection with In-Kind Orders (to the extent In-Kind Regulatory Approval is obtained).

“Authorized Participant”—Certain eligible financial institutions that have entered into an agreement with the Fund and the Manager concerning the creation of Shares. Each Authorized Participant (i) is a registered broker-dealer, (ii) has entered into a Participant Agreement with the Manager and (iii) owns a digital wallet address that is known to the Custodian as belonging to the Authorized Participant or a Liquidity Provider.

“Avalanche” or “AVAX”—A type of digital asset based on an open-source cryptographic protocol existing on the Avalanche network.

“Basket”—A block of 100 Shares.

“Basket Amount”—The sum of (x) the Fund Component Basket Amounts for all Fund Components, (y) the Forked Asset Portion and (z) the Cash Portion, in each case, as of such trade date.

“Binance”—Binance Holdings Ltd.

“Bitcoin”—A type of digital asset based on an open-source cryptographic protocol existing on the Bitcoin network.

“Bitcoin Cash” or “BCH”—A type of digital asset based on an open-source cryptographic protocol existing on the Bitcoin Cash network.

“Blockchain” or “blockchain”—The public transaction ledger of a Digital Asset Network on which miners or validators solve algorithmic equations allowing them to add records of recent transactions (called “blocks”) to the chain of transactions in exchange for an award of digital assets from a Digital Asset Network and the payment of transaction fees, if any, from users whose transactions are recorded in the block being added.

“Cardano” or “ADA”—A type of digital asset based on an open-source cryptographic protocol existing on the Cardano network.

“Cash Account”—Any bank account of the Fund in which the Fund holds any portion of its U.S. dollars.

“Cash Portion”—For any trade date, the amount of U.S. dollars determined by dividing (x) the amount of U.S. dollars or other fiat currency (as converted into U.S. dollars at the applicable exchange rate as of 4:00 p.m., New York time) held by the Fund at 4:00 p.m., New York time, on such trade date by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth), and multiplying such quotient by 100.

“CDI”—CoinDesk Indices, Inc., with its affiliates, including CC Data Limited.

“CD5”—The CoinDesk 5 Index (CD5).

“CD5 Methodology”—The criteria that a digital asset must meet to be eligible for inclusion in the CD5, as determined from time to time by the Index Provider.

“CEA”—Commodity Exchange Act of 1936, as amended.

“CFTC”—The U.S. Commodity Futures Trading Commission, an independent agency with the mandate to regulate commodity futures and option markets in the United States.

“Chainlink” or **“LINK”**—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

“CME”—The Chicago Mercantile Exchange.

“Code”—The U.S. Internal Revenue Code of 1986, as amended.

“Coinbase”—Coinbase, Inc.

“Covered Person”—As defined in the section “Description of the LLC Agreement—Fiduciary and Regulatory Duties of the Manager.”

“Creation Basket”—Basket of Shares issued by the Fund upon deposits of the Total Basket Amount required for each such Creation Basket.

“Creation Time”—With respect to the creation of any Shares by the Fund, the time at which the Fund creates such Shares.

“Custodial Services”—The Custodian’s services that (i) allow digital assets to be deposited from a public blockchain address to the Fund’s Digital Asset Accounts and (ii) allow the Fund and the Manager to withdraw digital assets from the Fund’s Digital Asset Accounts to a public blockchain address the Fund or the Manager controls pursuant to instructions the Fund or Manager provides to the Custodian.

“Custodian”—Coinbase Custody Trust Company, LLC.

“Custodian Agreement”—The Amended and Restated Custodial Services Agreement, dated as of June 29, 2022, by and between the Fund, Manager and Custodian that governs the Fund’s and Manager’s use of the Custodial Services provided by the Custodian as a fiduciary with respect to the Fund’s assets.

“Custodian Fee”—Fee payable to the Custodian for services it provides to the Fund, which the Manager shall pay to the Custodian as a Manager-paid Expense.

“CUTPA”—The Connecticut Unfair Trade Practices Act.

“CRS”—The OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard.

“DCG”—Digital Currency Group, Inc.

“Digital Asset Account”—Each segregated custody account controlled and secured by the Custodian to store private keys of the Fund, which allow for the transfer of ownership or control of the Fund’s digital assets on the Fund’s behalf.

“Digital Asset Market”—A “Brokered Market,” “Dealer Market,” “Principal-to-Principal Market” or “Exchange Market” (referred to as “Trading Platform Market” in this Annual Report), as each such term is defined in the Financial Accounting Standards Board Accounting Standards Codification Master Glossary.

“Digital Asset Network”—The online, end-user-to-end-user network hosting a public transaction ledger, known as a Blockchain, and the source code comprising the basis for the cryptographic and algorithmic protocols governing such Digital Asset Network. See “Item 1. Business—Overview of the Digital Asset Industry and Market.”

“Digital Asset Reference Rate”—With respect to any Fund Component (and, if possible, each Forked Asset) as of any business day, the price in U.S. dollars of such Fund Component (and, if possible, each Forked Asset), as determined by reference to the Index Price or an Indicative Price (or prior to July 1, 2022, an Old Indicative Price) reported by CoinDesk Indices, Inc. for such Fund Component (and, if possible, each Forked Asset) as of 4:00 p.m., New York time, on any business day.

“Digital Asset Trading Platform”—An electronic marketplace where trading platform participants may trade, buy and sell digital assets based on bid-ask trading. The largest Digital Asset Trading Platforms are online and typically trade on a 24-hour basis, publishing transaction price and volume data.

“Digital Asset Trading Platform Market”—The global trading platform market for the trading of digital assets, which consists of transactions on electronic Digital Asset Trading Platforms.

“Distribution and Marketing Agreement”—The agreement among the Manager and the distributor and marketer, which sets forth the obligations and responsibilities of the distributor and marketer.

“DLCS Fund Rebalancing Period”—Prior to June 5, 2025, any period during which the Manager reviews for rebalancing the Fund’s portfolio in accordance with the policies and procedures set forth in our Annual Report on Form 10-K.

“DLCS Index Components”—The digital assets that make up the DLCS.

“DLCS Index Price”— A price for a Fund Component determined by the Reference Rate Provider by further cleansing and compiling the trade data used to determine the Indicative Price in such a manner as to algorithmically reduce the impact of anomalous or manipulative trading.

“DLCS Index Rebalancing Period”—Prior to June 5, 2025, any period during which the Index Provider reviews for rebalancing the DLCS in accordance with the policies and procedures set forth in our Annual Report on Form 10-K.

“DLCS Index Universe”—The universe of investable digital assets meeting the following criteria, (i) the digital asset must be ranked in the top 250 in the Index Provider’s Digital Asset Classification Standard (“DACs”) report, (ii) custodian services for the digital asset must be available from Coinbase Custody, a division of Coinbase Global Inc., and must be accessible to U.S. investors, (iii) the digital asset must not be a stablecoin or categorized as a meme coin as determined by the Index Provider and (iv) the digital asset must have been listed on a Constituent Trading Platform for a minimum of 30 days leading up to the DLCS Index Rebalancing Period.

“DLCS Methodology”—The criteria that a digital asset must meet to be eligible for inclusion in the DLCS, as determined from time to time by the Index Provider, prior to June 5, 2025.

“DTC”—The Depository Trust Company. DTC is a limited purpose trust company organized under New York law, a member of the U.S. Federal Reserve System and a clearing agency registered with the SEC. DTC will act as the securities depository for the Shares.

“Ether”—Ethereum tokens, which are a type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

“Ethereum Classic” or **“ETC”**—Ethereum Classic tokens, which are a type of digital asset based on an open-source cryptographic protocol existing on the Ethereum Classic network.

“Exchange Act”—The Securities Exchange Act of 1934, as amended.

“FDIC”—The Federal Deposit Insurance Corporation.

“FinCEN”—The Financial Crimes Enforcement Network, a bureau of the U.S. Department of the Treasury.

“**FINRA**”—The Financial Industry Regulatory Authority, Inc., which is the primary regulator in the United States for broker-dealers, including Authorized Participants.

“**Forked Asset**”—Any asset other than cash that is held by the Fund at any time other than a Fund Component, including (i) any right, arising from a fork, airdrop or similar occurrence, to acquire (or otherwise establish dominion and control over) any digital asset or other asset or right and (ii) any digital asset or other asset or right acquired by the Fund through the exercise of a right described in the preceding clause (i), in each case, until such time as the Manager designates such asset as a Fund Component.

“**Forked Asset Portion**”—For any Trade Date, the amount of U.S. dollars determined by dividing (x) the aggregate value in U.S. dollars of the Fund’s Forked Assets at 4:00 p.m., New York time, on such Trade Date (calculated, to the extent possible, by reference to Index Prices) by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth), and multiplying such quotient by 100.

“**FRA**”—The Financial Reporting Authority of the Cayman Islands.

“**FSMA**”—The Financial Services and Markets Act 2023.

“**FTX**”—FTX Trading, Ltd.

“**Fund Accounts**”—The Cash Account and the Digital Asset Accounts, collectively.

“**Fund Component**”—A digital asset designated as such by the Manager in accordance with the policies and procedures set forth in this Annual Report.

“**Fund Component Aggregate Liability Amount**”—For any Fund Component and any trade date, an amount of tokens of such Fund Component equal to the sum of (x) all accrued but unpaid Fund Component Fee Amounts for such Fund Component as of 4:00 p.m., New York time, on such trade date and (y) the Fund Component Expense Amount as of 4:00 p.m., New York time, on such trade date.

“**Fund Component Basket Amount**”—As of any trade date, the amount tokens of such Fund Component required to be delivered in connection with each Creation Basket, as determined by dividing the amount of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on such trade date, after deducting the applicable Fund Component Aggregate Liability Amount, by the number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)) and multiplying the quotient so obtained for the Fund Component by 100.

“**Fund Component Fee Amount**”—For any day, the amount of tokens of each Fund Component payable as the Manager’s Fee.

“**Fund Documents**”—The LLC Agreement and Custodian Agreement, collectively.

“**Fund Rebalancing Period**”—Any period during which the Manager reviews for rebalancing the Fund’s portfolio in accordance with the policies and procedures set forth in this Annual Report. For purposes of the Limited Liability Company Agreement, the term Fund Rebalancing Period shall mean the Fund Rebalancing Period as defined herein.

“**Genesis**”—Genesis Global Trading, Inc., a wholly owned subsidiary of Digital Currency Group, Inc.

“**Grayscale Securities**”—Grayscale Securities, LLC, a wholly owned direct subsidiary of Grayscale Operating, LLC, which as of the date of this Annual Report, is the only acting Authorized Participant.

“**GSI**”—Grayscale Investments, LLC, the Manager of the Fund, until December 31, 2024.

“**GSIS**”—Grayscale Investments Sponsors, LLC, a Delaware limited liability company and a wholly owned direct subsidiary of Grayscale Operating, LLC.

“**GSO**”—Grayscale Operating, LLC, a Delaware limited liability company and a wholly owned indirect subsidiary of DCG.

“**GSOIH**”—GSO Intermediate Holdings Corporation, a Delaware corporation formed in connection with the Reorganization which is the sole managing member of GSO, and an indirect subsidiary of DCG.

“ICE”—Intercontinental Exchange.

“Index Components”—The digital assets that make up the CD5 or, prior to June 5, 2025, the DLCS Index Components, as the context may require.

“Index License Agreement”—The license agreement, dated as of February 1, 2022, between the Index Provider and the Manager governing the Manager’s use of data collected from the Digital Asset Trading Platforms trading digital assets selected by the Index Provider for calculation of the Index Prices, as amended from time to time.

“Index Price”—The U.S. dollar value of a Fund Component derived from the Digital Asset Trading Platforms that are reflected in each respective Fund Components’ CoinDesk CCIXber Reference Rate, calculated at 4:00 p.m., New York time, on each business day. Prior to July 1, 2025, “Index Price” refers to the DLCS Index Price.

“Index Provider”—CoinDesk Indices, Inc., a Delaware corporation that publishes the DLCS and the Index, as applicable. Prior to its sale to an unaffiliated third party on November 20, 2023, DCG was the indirect parent company of CoinDesk Indices, Inc. As a result, CoinDesk Indices, Inc. was an affiliate of the Manager and the Fund and was considered a related party of the Fund.

“Index Rebalancing Period”—Any period during which the Index Provider reviews for rebalancing the CD5 in accordance with the policies and procedures set forth in this Annual Report. Prior to June 5, 2025, “Index Rebalancing Period” refers to the DLCS Index Rebalancing Period.

“Index Universe”—The universe of investable digital assets meeting the following criteria, (i) the digital asset must be ranked in the top 250 by market capitalization, excluding stablecoins; (ii) the digital asset must be able to support an applicable index price by nature of its inclusion on a sufficient amount of digital asset trading platforms and volume metrics; (iii) the digital asset must not be a “wrapped token,” “pegged token,” or “liquid-staked asset,” a “gas-only token,” a “memecoin,” a “privacy-focused” token, each as defined by the Index Provider, or an asset that meets the definition of a security as determined by the Index Provider; and (iv) the digital asset must be listed as a USD and/or USDC pair on a minimum of three trading platforms that contribute to the applicable Index Price and such trading platform must meet the following requirements: (a) at least one listing has existed for the previous 90 days; (b) at least one digital trading platform is a Category 1 Trading Platform; and (c) there has been 30 consecutive days of non-zero volume on all three trading platforms described above. Prior to June 5, 2025, “the Index Universe” refers to the DLCS Index Universe.

“Indicative Price”—A volume-weighted average price in U.S. dollars for a Fund Component as of 4:00 p.m., New York time, for the immediately preceding 60-minute period derived from data collected from Digital Asset Trading Platforms trading such Fund Component selected by the Reference Rate Provider. Prior to July 1, 2025, all of the Digital Asset Reference Rates had been Indicative Prices.

“Investment Advisers Act”—U.S. Investment Advisers Act of 1940, as amended.

“Investment Company Act”—U.S. Investment Company Act of 1940, as amended.

“Investor”—Any investor that has entered into a subscription agreement with an Authorized Participant, pursuant to which such Authorized Participant will act as agent for the investor.

“IRAs”—Individual retirement accounts.

“IRS”—The U.S. Internal Revenue Service, a bureau of the U.S. Department of the Treasury.

“Layer 1”—The underlying blockchain layer on which transactions are executed and confirmed, and on which decentralized applications and smart contracts may be built.

“Layer 2”—Protocols built on top of an underlying blockchain layer intended to provide scalability to the underlying blockchain by increasing transaction efficiency.

“Liquidity Provider”—A service provider that facilitates the purchase of digital assets in connection with the creation of Baskets.

“Litecoin” or “LTC”—Litecoin tokens, which are a type of digital asset based on an open-source cryptographic protocol existing on the Litecoin network.

“LLC Agreement”—The Second Amended and Restated Limited Liability Company Agreement establishing and governing the operations of the Fund, as amended by Amendments No. 1, No. 2, and No. 3 thereto, and as the same may be amended from time to time.

“LLC Act”—Limited Liability Companies Act (As Revised) of the Cayman Islands (as amended or any successor statute thereto).

“Manager”—The manager of the Fund. GSO was a co-manager of the Fund from January 1, 2025 to May 3, 2025, and GSIS was a co-manager of the Fund from January 1, 2025 to May 3, 2025 and became the sole remaining manager thereafter.

“Manager Contracts”—Certain contracts assigned by GSO pertaining to its role as Manager (as such term is defined in the LLC Agreement) of the Fund to GSIS in connection with the Reorganization.

“Manager-paid Expenses”—The fees and expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes, that the Manager is obligated to assume and pay, including: (i) the Marketing Fee, (ii) the Administrator Fee, (iii) fees for the Custodian and any other security vendor engaged by the Fund (iv) the Transfer Agent Fee, (v) the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given Fiscal Year, (vi) ordinary course legal fees and expenses, (vii) audit fees, (viii) regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act and fees relating to registration and any other regulatory requirements in the Cayman Islands, (ix) printing and mailing costs, (x) costs of maintaining the Fund’s website and (xi) applicable license fees with respect to the Fund.

“Manager’s Fee”—A fee that accrues daily in U.S. dollars at an annual rate of 2.5% of the Fund’s NAV Fee Basis Amount as of 4:00 p.m., New York time, and will generally be paid in the Fund Components then held by the Fund in proportion to such Fund Components’ respective Weightings. For any day that is not a business day or in a Fund Rebalancing Period, the Manager’s Fee will accrue in U.S. dollars at a rate of 2.5% of the most recently calculated NAV Fee Basis Amount of the Fund. The Manager’s Fee is payable to the Manager monthly in arrears.

“Marketing Fee”—Fee payable to the marketer for services it provides to the Fund, which the Manager will pay to the marketer as a Manager-paid Expense.

“Merger”—The merger of GSI with and into GSO, with GSO continuing as the surviving company.

“MiCA”—The Markets in Crypto-Assets Regulation, which was approved by the Parliament of the European Union in 2023.

“MSB”—A money services business.

“NAV”—The aggregate value, expressed in U.S. dollars, of the Fund’s assets, less the U.S. dollar value of its liabilities and expenses, a non-GAAP metric, calculated in the manner set forth under “Item 1. Business—Valuation of Digital Assets and Determination of NAV.” See also “Item 1. Business—Investment Objective” for a description of the Fund’s Principal Market NAV, as calculated in accordance with U.S. GAAP. Prior to February 7, 2024, NAV was referred to as Digital Asset Holdings. For purposes of the LLC Agreement, the term Digital Asset Holdings shall mean the NAV as defined herein.

“NAV Fee Basis Amount”—The amount on which the Manager’s Fee for the Fund is based, as calculated in the manner set forth under “Item 1. Business—Valuation of Digital Assets and Determination of NAV.” For purposes of the LLC Agreement, the term Digital Asset Holdings Fee Basis Amount shall mean the NAV Fee Basis Amount as defined herein.

“Old Indicative Price”—A volume-weighted average price in U.S. dollars for the Fund Component for the immediately preceding 24-hour period derived from data collected from Digital Asset Trading Platforms trading such Fund Component selected by the Reference Rate Provider.

“OTCQX”—The OTCQX Best Market® of OTC Markets Group Inc.

“Participant Agreement”—An agreement entered into by an Authorized Participant with the Manager that provides the procedures for the creation of Baskets and for the delivery of digital assets required for Creation Baskets.

“Plans”—Employee benefit plans and certain other plans and arrangements, including IRAs and annuities, Keogh plans, and certain collective investment funds or insurance company general or separate accounts in which such plans or arrangements are invested, that are subject to ERISA and/or the Section 4975 of the Code.

“Pre-Creation Abandonment”—The abandonment by the Fund, irrevocably for no direct or indirect consideration, all Forked Assets to which the Fund would otherwise be entitled, effective immediately prior to a Creation Time.

“Pre-Creation Abandonment Notice”—A notice delivered by the Manager to the Custodian, on behalf of the Fund, stating that the Fund is abandoning irrevocably for no direct or indirect consideration, effective immediately prior to each Creation Time, all Forked Assets to which it would otherwise be entitled as of such time and with respect to which the Fund has not taken any Affirmative Action at or prior to such time.

“Polkadot” or **“DOT”**—A type of digital asset based on an open-source cryptographic protocol existing on the Polkadot network.

“Polygon” or **“MATIC”**—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

“Principal Market NAV”—The net asset value of the Fund determined on a U.S. GAAP basis. Prior to February 7, 2024, Principal Market NAV was referred to as NAV.

“Reference Rate Provider”—CoinDesk Indices, Inc., a Delaware corporation that publishes the Digital Asset Reference Rates. Prior to its sale to an unaffiliated third party on November 20, 2023, DCG was the indirect parent company of CoinDesk Indices, Inc. As a result, CoinDesk Indices, Inc. was an affiliate of the Manager and the Fund and was considered a related party of the Fund.

“Rule 144”—Rule 144 under the Securities Act.

“Reorganization”—The internal corporate reorganization of GSI consummated on January 1, 2025.

“SEC”—The U.S. Securities and Exchange Commission.

“Secondary Market”—Any marketplace or other alternative trading system, as determined by the Manager, on which the Shares may then be listed, quoted or traded, including but not limited to, the OTCQX Best Market of OTC Markets Group Inc.

“Securities Act”—The Securities Act of 1933, as amended.

“Securities Exchange Act” or **“Exchange Act”**—The Securities Exchange Act of 1934, as amended.

“Shares”—Equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund with such relative rights and terms as set out in the LLC Agreement.

“Share Percentage”—A fraction the numerator of which is the number of Shares disposed of and the denominator of which is the total number of Shares held by such U.S. Holder immediately prior to such sale or other disposition.

“Similar Laws”— Rules under other federal, state, local, non-U.S. or other applicable law that are similar to ERISA or Section 4975 of the Code.

“SIPC”—The Securities Investor Protection Corporation

“Solana” or **“SOL”**—A type of digital asset based on an open-source cryptographic protocol existing on the Solana network.

“Staking”—Means (i) using, or permitting to be used, in any manner, directly or indirectly, through an agent or otherwise (including, for the avoidance of doubt, through a delegation of rights to any third party with respect to any portion of the Fund Property, by making any portion of the Fund Property available to any third party or by entering into any similar arrangement with a third party), any portion of the Fund Property in a PoS validation protocol and (ii) accepting any Staking Consideration. For the avoidance of doubt, staking activities do not include the mere act of transferring units of virtual currency on a peer-to-peer virtual currency network that utilizes a PoS validation protocol.

“Staking Consideration”—Any consideration of any kind whatsoever, including, but not limited to, any staking reward paid in fiat currency or paid in kind, in exchange for using, or permitting to be used, any portion of the Fund Property as described in clause (i) of the definition of “Staking.”

“Target Coverage Ratio Methodology”—The criteria, established by the Manager, that the Fund used to determine which digital assets would be included in the Fund Components, prior to July 1, 2022.

“Tertiary Pricing Option”—The price set by the Fund’s principal market.

“Total Basket Amount”—The Basket Amount multiplied by the number of Baskets being created or redeemed.

“Transfer Agency and Service Agreement”—The agreement between the Manager and the Transfer Agent which sets forth the obligations and responsibilities of the Transfer Agent with respect to transfer agency services and related matters.

“Transfer Agent”—Continental Stock Transfer & Trust Company, a Delaware corporation.

“Transfer Agent Fee”—Fee payable to the Transfer Agent for services it provides to the Fund, which the Manager will pay to the Transfer Agent as a Manager-paid Expense.

“Treasury Regulations”—The regulations, including proposed or temporary regulations, promulgated under the Code.

“UBTI”—Unrelated business taxable income.

“Uniswap” or “UNI”—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

“U.S.”—United States.

“U.S. dollar,” “USD” or “\$”—United States dollar or dollars.

“U.S. GAAP”—United States generally accepted accounting principles.

“Weighting”—For any Fund Component, the percentage of the total U.S. dollar value of the aggregate Fund Components at any time that is represented by tokens of such Fund Component.

“XRP”—XRP tokens, which are a type of digital asset based on a cryptographic protocol existing on the Ripple network.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned in the capacities* indicated, thereunto duly authorized.

**Grayscale Investments Sponsors, LLC
as Manager of Grayscale Digital Large Cap Fund LLC**

By: /s/ Peter Mintzberg

Name: Peter Mintzberg
Member of the Board of Directors
and Chief Executive Officer (Principal
Title: Executive Officer)*

By: /s/ Edward McGee

Name: Edward McGee
Member of the Board of Directors and Chief
Financial Officer (Principal Financial and
Title: Accounting Officer)*

By: /s/ Barry Silbert

Name: Barry Silbert
Chairman of the Board of Directors
Title: Director*

By: /s/ Mark Shifke

Name: Mark Shifke
Member of the Board of Directors
Title: Director*

By: /s/ Matthew Kummell

Name: Matthew Kummell
Member of the Board of Directors
Title: Director*

Date: September 5, 2025

* The Registrant is a fund and the persons are signing in their capacities as officers or directors of Grayscale Investments Sponsors, LLC, the Manager of the Registrant, or directors of GSO Intermediate Holdings Corporation, the sole managing member of Grayscale Operating, LLC, as applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Manager of
Grayscale Digital Large Cap Fund LLC

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Grayscale Digital Large Cap Fund LLC (the Fund), including the schedule of investments, as of June 30, 2025, the related statements of operations, and changes in net assets for the year then ended, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2025, and the results of its operations and the changes in its net assets for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Fund's auditor since 2024.

New York, New York
September 5, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Manager of
Grayscale Digital Large Cap Fund LLC

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Grayscale Digital Large Cap Fund LLC (the “Fund”) as of June 30, 2024, and the related statements of operations and changes in net assets for each of the years in the two-year period ended June 30, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2024, and the results of its operations for each of the years in the two-year period ended June 30, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the management of the Fund’s Manager, Grayscale Investments, LLC. Our responsibility is to express an opinion on the Fund’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Emphasis of Matter - Investment in Digital Assets

In forming our opinion, we have considered the adequacy of the disclosures included in Note 9 to the financial statements concerning among other things the risks and uncertainties related to the Fund’s investments in digital assets and Incidental Rights or IR Virtual Currency that arise as a result of the Fund’s investments in digital assets. The risks and rewards to be recognized by the Fund associated with its investments in digital assets will be dependent on many factors outside of the Fund’s control. The currently immature nature of the digital asset markets including clearing, settlement, custody and trading mechanisms, the dependency on information technology to sustain digital assets continuity, as well as valuation and volume volatility all subject digital assets to unique risks of theft, loss, or other misappropriation as well as valuation uncertainty. Furthermore, these factors also contribute to the significant uncertainty with respect to the future viability and value of digital assets. Our opinion is not qualified in respect to this matter.

/s/ Marcum LLP

We have served as the Fund’s auditor from 2018 to 2024 (such date takes into account the acquisition of certain assets of Friedman LLP by Marcum LLP effective September 1, 2022).

New York, New York
September 6, 2024

GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENTS OF ASSETS AND LIABILITIES
(Amounts in thousands, except Share and per Share amounts)

	June 30,	
	2025	2024
Assets:		
Investments in digital assets, at fair value (cost \$128,652 and \$122,519 as of June 30, 2025 and 2024, respectively)	\$ 777,222	\$ 526,956
Total assets	<u>\$ 777,222</u>	<u>\$ 526,956</u>
Liabilities:		
Manager's Fee payable, related party	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
Net assets	<u>\$ 777,222</u>	<u>\$ 526,956</u>
Shares issued and outstanding, no par value (unlimited Shares authorized)	<u>15,867,400</u>	<u>15,867,400</u>
Principal Market NAV per Share	<u>\$ 48.98</u>	<u>\$ 33.21</u>

See accompanying notes to financial statements.

GRAYSCALE DIGITAL LARGE CAP FUND LLC
SCHEDULES OF INVESTMENTS
(Amounts in thousands, except quantity of each Fund Component and percentages)

June 30, 2025

	Quantity	Cost	Fair Value	% of Net Assets
Investment in Bitcoin	5,757.74321433	\$ 70,994	\$ 620,419	79.83%
Investment in Ether	35,007.73089383	17,524	88,088	11.33%
Investment in XRP	16,870,769.902426	10,165	39,140	5.04%
Investment in SOL	148,399.95605973	18,288	23,417	3.01%
Investment in ADA	10,440,402.251514	11,681	6,158	0.79%
Total Investments		\$ 128,652	\$ 777,222	100.00%
Net assets			<u>\$ 777,222</u>	<u>100.00%</u>

June 30, 2024

	Quantity	Cost	Fair Value	% of Net Assets
Investment in Bitcoin	5,990.49484890	\$ 73,864	\$ 370,987	70.41%
Investment in Ether	36,577.59452337	18,310	125,205	23.76%
Investment in SOL	135,348.78720949	16,294	19,574	3.71%
Investment in XRP	16,719,307.919340	9,764	7,917	1.50%
Investment in AVAX	114,955.66479380	4,287	3,273	0.62%
Total Investments		\$ 122,519	\$ 526,956	100.00%
Net assets			<u>\$ 526,956</u>	<u>100.00%</u>

See accompanying notes to financial statements.

GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENTS OF OPERATIONS
(Amounts in thousands)

	Years Ended June 30,		
	2025	2024	2023
Investment income:			
Investment income	\$ -	\$ -	\$ -
Expenses:			
Manager's Fee, related party	16,133	9,872	5,373
Net investment loss	(16,133)	(9,872)	(5,373)
Net realized and unrealized gain from:			
Net realized gain (loss) on investments in digital assets	22,266	7,503	(18,714)
Net change in unrealized appreciation on investments in digital assets	244,133	256,693	122,867
Net realized and unrealized gain on investments	266,399	264,196	104,153
Net increase in net assets resulting from operations	\$ 250,266	\$ 254,324	\$ 98,780

See accompanying notes to financial statements.

GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENTS OF CHANGES IN NET ASSETS
(Amounts in thousands, except change in Shares outstanding)

	Years Ended June 30,		
	2025	2024	2023
Increase in net assets from operations:			
Net investment loss	\$ (16,133)	\$ (9,872)	\$ (5,373)
Net realized gain (loss) on investments in digital assets	22,266	7,503	(18,714)
Net change in unrealized appreciation on investments in digital assets	244,133	256,693	122,867
Net increase in net assets resulting from operations	250,266	254,324	98,780
Increase in net assets from capital share transactions:			
Shares issued	-	-	-
Net increase in net assets resulting from capital share transactions	-	-	-
Total increase in net assets from operations and capital share transactions	250,266	254,324	98,780
Net assets:			
Beginning of year	526,956	272,632	173,852
End of year	\$ 777,222	\$ 526,956	\$ 272,632
Change in Shares outstanding:			
Shares outstanding at beginning of year	15,867,400	15,867,400	15,867,400
Shares issued	-	-	-
Net increase in Shares	-	-	-
Shares outstanding at end of year	15,867,400	15,867,400	15,867,400

See accompanying notes to financial statements.

GRAYSCALE DIGITAL LARGE CAP FUND LLC

NOTES TO THE FINANCIAL STATEMENTS

1. Organization

Grayscale Digital Large Cap Fund LLC (the “Fund”) was constituted as a Cayman Islands limited liability company on January 25, 2018 (the inception of the Fund) and commenced operations on February 1, 2018. In general, the Fund will hold digital assets. Historically, through the period ended June 30, 2022, a digital asset had been eligible for inclusion in the Fund’s portfolio if it satisfied market capitalization, liquidity and coverage criteria as determined by the Manager (as defined below in Note 4). From July 1, 2022 through June 5, 2025, the Fund’s digital assets consisted of digital assets that comprised the CoinDesk Large Cap Select Index (the “DLCS”), as rebalanced from time to time, subject to the Manager’s discretion to exclude individual digital assets in certain cases. The DLCS was designed and managed by CoinDesk Indices, Inc. (the “Index Provider”). Effective June 5, 2025, the Index Provider changed the DLCS to the CoinDesk 5 Index (“CD5” or the “Index”). As a result, effective June 5, 2025, the Fund Components will consist of the digital assets that make up the CD5, as rebalanced from time to time, subject to the Manager’s discretion to exclude individual digital assets in certain rules-based circumstances. The CD5 is designed and managed by the Index Provider, as discussed in Note 4. At the inception of the Fund, the digital assets included in the Fund’s portfolio were: Bitcoin, Ethereum (“Ether”), XRP, Bitcoin Cash (“BCH”) and Litecoin (“LTC”). As of June 30, 2025, the digital assets included in the Fund’s portfolio were: Bitcoin, Ethereum (“Ether”), Solana (“SOL”), XRP, and Cardano (“ADA”) (collectively, the “Fund Components”). On a quarterly basis during a period beginning 30 days before the last business day of each January, April, July, and October (each such period, an “Index Rebalancing Period”), the Manager performs an analysis and may rebalance the Fund’s portfolio based on these results in accordance with policies and procedures as set forth in the Fund’s Limited Liability Company Agreement (the “LLC Agreement”). The Fund is authorized under the LLC Agreement to create and issue an unlimited number of equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund (“Shares”) (in minimum baskets of 100 Shares as of June 30, 2025, referred to as “Baskets”) in connection with creations. As of June 30, 2025, the Fund did not operate a redemption program. Subject to receipt of regulatory approval and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. On October 15, 2024, NYSE Arca, Inc. (“NYSE Arca”) submitted an application under Rule 19b-4 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) to list the Shares of the Fund on NYSE Arca. As of the date of this filing, the NYSE Arca 19b-4 application has not been approved by the SEC, and the Fund makes no representation as to when or if such approval and relief will be obtained.

The Fund’s investment objective is to hold the top digital assets by market capitalization that meet certain criteria set by the Fund and for the value of the Shares to reflect the value of such Fund Components at any given time, less the Fund’s expenses and other liabilities.

From time to time, the Fund may hold cash in U.S. dollars and positions in digital assets as a result of a fork, airdrop or similar event through which the Fund becomes entitled to another digital asset or other property by virtue of its ownership of one or more of the digital assets it then holds (each such new asset, a “Forked Asset”).

Grayscale Investments, LLC (“GSI”) was the manager of the Fund before January 1, 2025, Grayscale Operating, LLC (“GSO”) was the co-manager of the Fund from January 1, 2025 to May 3, 2025, and Grayscale Investments Sponsors, LLC (“GSIS”) was the co-manager of the Fund from January 1, 2025 to May 3, 2025 and is the sole remaining manager thereafter (each of GSI, GSO and GSIS, the “Manager”, as the context may require, and GSO and GSIS, together, the “Co-Managers”) are each an indirect wholly owned subsidiary of Digital Currency Group, Inc. (“DCG”). The Manager is responsible for the day-to-day administration of the Fund pursuant to the provisions of the LLC Agreement. The Manager is responsible for preparing and providing annual and quarterly reports on behalf of the Fund to investors and is also responsible for selecting and monitoring the Fund’s service providers. As partial consideration for the Manager’s services, the Fund pays Grayscale a Manager’s Fee as discussed in Note 7. The Manager also acts as the sponsor and manager of other single-asset and diversified investment products, each of which is an affiliate of the Fund. Information related to the affiliated investment products can be found on the Manager’s website at www.grayscale.com/resources/regulatory-filings. Any information contained on or linked from such website is not part of nor incorporated by reference into these audited financial statements. Several of the affiliated investment products are also SEC reporting companies with their shares registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In addition, the following affiliated investment products are SEC reporting companies with their shares registered pursuant to Section 12(b) of the Exchange Act: Grayscale Bitcoin Trust ETF, Grayscale Ethereum Trust ETF, Grayscale Ethereum Mini Trust ETF, and Grayscale Bitcoin Mini Trust ETF.

Authorized Participants of the Fund are the only entities who may place orders to create or redeem Baskets. As of June 30, 2025, Grayscale Securities, LLC (“Grayscale Securities” or, in such capacity, an “Authorized Participant”), a registered broker-dealer and wholly owned subsidiary of the Manager, was the only Authorized Participant, and was party to a participant agreement with the Manager and the Fund. As of June 30, 2025, the Fund engaged certain Authorized Participants and Liquidity Providers, and additional Authorized Participants and Liquidity Providers may be added at any time, subject to the discretion of the Manager. See Note 12. Subsequent Events for more information.

The custodian of the Fund is Coinbase Custody Trust Company, LLC (the “Custodian”), a third-party service provider. The Custodian is responsible for safeguarding the Fund Components and Forked Assets held by the Fund, and holding the private key(s) that provide access to the Fund’s digital wallets and vaults.

The transfer agent for the Fund (the “Transfer Agent”) is Continental Stock Transfer & Trust Company. The responsibilities of the Transfer Agent are to maintain creations, redemptions, transfers, and distributions of the Fund’s Shares which are primarily held in book-entry form.

The administrator for the Fund (the “Administrator”) is BNY Mellon Asset Servicing, a division of The Bank of New York Mellon. BNY Mellon Asset Servicing provides administration and accounting services to the Fund. The Administrator’s fees are paid on behalf of the Fund by the Manager.

On October 14, 2019, the Fund received notice that its Shares were qualified for public trading on the OTCQX Best Market® (“OTCQX”) of OTC Markets Group Inc. The Fund’s trading symbol on OTCQX is “GDLC” and the CUSIP number for its Shares is G40705108. The Fund’s previous trading symbol was “GDLCF” on OTCQX and was changed to “GDLC” on April 14, 2020.

On July 21, 2020, the Fund registered with the Cayman Islands Monetary Authority (the “Authority”) (reference number: 1688783). As of June 30, 2025, the Fund was registered and regulated as a private fund under the Private Funds Act (As Revised) of the Cayman Islands (the “Private Funds Act”).

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund:

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). The Fund qualifies as an investment company for accounting purposes pursuant to the accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, *Financial Services—Investment Companies*. The Fund uses fair value as its method of accounting for digital assets in accordance with its classification as an investment company for accounting purposes. The Fund is not a registered investment company under the Investment Company Act of 1940. U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

The Fund conducts its transactions in Fund Components, including receiving Fund Components for the creation of Shares and delivering Fund Components for the redemption of Shares and for the payment of the Manager’s Fee. As of June 30, 2025, the Fund was not accepting redemption requests from shareholders. Since its inception, the Fund has not held cash or cash equivalents. The Manager will determine the Fund’s net asset value (“NAV”) on each business day as of 4:00 p.m., New York time, or as soon thereafter as practicable.

Principal Market and Fair Value Determination

To determine which market is the Fund’s principal market (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Fund’s net asset value in accordance with U.S. GAAP (“Principal Market NAV”), the Fund follows ASC Topic 820-10, *Fair Value Measurement*, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for each Fund Component in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Fund to assume that each Fund Component is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Fund only receives Fund Components in connection with a creation order from the Authorized Participant (or a Liquidity Provider) and does not itself transact on any Digital Asset Markets. Therefore, the Fund looks to market-based volume and level of activity for Digital Asset Markets. The Authorized Participant(s), or a Liquidity Provider, may transact in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets (referred to as “Trading Platform Markets” in this Annual Report), each as defined in the FASB ASC Master Glossary (collectively, “Digital Asset Markets”).

In determining which of the eligible Digital Asset Markets is the Fund’s principal market, the Fund reviews these criteria in the following order:

First, the Fund reviews a list of Digital Asset Markets that maintain practices and policies designed to comply with anti-money laundering (“AML”) and know-your-customer (“KYC”) regulations, and non-Digital Asset Trading Platform Markets that the Fund reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.

Second, the Fund sorts these Digital Asset Markets from high to low by market-based volume and level of activity of each Fund Component traded on each Digital Asset Market in the trailing twelve months.

Third, the Fund then reviews pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.

Fourth, the Fund then selects a Digital Asset Market as its principal market based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund,

Trading Platform Markets have the greatest volume and level of activity for the Fund Components. The Fund therefore looks to accessible Trading Platform Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the aforementioned analysis, a Trading Platform Market has been selected as the Fund's principal market for each Fund Component.

The Fund determines its principal market (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund's determination of its principal market.

The cost basis of each Fund Component received by the Fund in connection with a creation order is recorded by the Fund at the fair value of such Fund Component at 4:00 p.m., New York time, on the creation date for financial reporting purposes. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

Investment Transactions and Revenue Recognition

The Fund considers investment transactions to be the receipt of Fund Components for Share creations and the delivery of Fund Components for Share redemptions, the payment of expenses in Fund Components or the sale of Fund Components when the Manager rebalances the Fund's portfolio. At this time, the Fund is not accepting redemption requests. The Fund records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Manager's Fee and selling Fund Component(s) when the Manager rebalances the Fund's portfolio.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the 'exit price') in an orderly transaction between market participants at the measurement date.

U.S. GAAP utilizes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, these valuations do not entail a significant degree of judgment.
- Level 2—Valuations based on quoted prices in markets that are not active or for which significant inputs are observable, either directly or indirectly.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary by investment. To the extent that valuations are based on sources that are less observable or unobservable in the market, the determination of fair value requires more judgment. Fair value estimates do not necessarily represent the amounts that may be ultimately realized by the Fund.

		Fair Value Measurement Using		
(Amounts in thousands)	Amount at Fair Value	Level 1	Level 2	Level 3
June 30, 2025				
Assets				
Investment in Bitcoin	\$ 620,419	\$ 620,419	\$ -	\$ -
Investment in Ether	\$ 88,088	\$ 88,088	\$ -	\$ -
Investment in XRP	\$ 39,140	\$ 39,140	\$ -	\$ -
Investment in SOL	\$ 23,417	\$ 23,417	\$ -	\$ -
Investment in ADA	\$ 6,158	\$ 6,158	\$ -	\$ -
	<u>\$ 777,222</u>	<u>\$ 777,222</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2024				
Assets				
Investment in Bitcoin	\$ 370,987	\$ 370,987	\$ -	\$ -
Investment in Ether	\$ 125,205	\$ 125,205	\$ -	\$ -
Investment in SOL	\$ 19,574	\$ 19,574	\$ -	\$ -
Investment in XRP	\$ 7,917	\$ 7,917	\$ -	\$ -
Investment in AVAX	\$ 3,273	\$ 3,273	\$ -	\$ -
	<u>\$ 526,956</u>	<u>\$ 526,956</u>	<u>\$ -</u>	<u>\$ -</u>

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets* (“ASU 2023-08”). ASU 2023-08 is intended to improve the accounting for certain crypto assets by requiring an entity to measure those crypto assets at fair value each reporting period with changes in fair value recognized in net income. The amendments also improve the information provided to investors about an entity’s crypto asset holdings by requiring disclosure about significant holdings, contractual sale restrictions, and changes during the reporting period. ASU 2023-08 is effective for annual and interim reporting periods beginning after December 15, 2024. Early adoption is permitted for both interim and annual financial statements that have not yet been issued. The Fund adopted this new guidance on July 1, 2024, with no material impact on its financial statements and disclosures as the Fund historically used fair value as its method of accounting for digital assets in accordance with its classification as an investment company for accounting purposes.

In this reporting period, the Fund adopted FASB Accounting Standards Update 2023-07, Segment Reporting (Topic 280)—Improvements to Reportable Segment Disclosures (“ASU 2023-07”). Adoption of the new standard impacted financial statement disclosures only and did not affect the Fund’s financial position or the results of its operations. Operating segments are defined as components of an enterprise that engage in business activities for which discrete financial information is available and regularly reviewed by the chief operating decision maker (“CODM”) in deciding how to allocate resources and to assess performance. The Chief Executive Officer and Chief Financial Officer of the Manager act as the Fund’s CODM. The Fund represents a single operating segment, as the CODM monitors the operating results of the Fund as a whole and the Fund’s passive investment objective is pre-determined in accordance with the terms of the LLC Agreement. The financial information in the form of the Fund’s total returns, expense ratios and changes in net assets (i.e., changes in net assets resulting from operations and capital share transactions), which are used by the CODM to assess the segment’s performance, are consistent with that presented within the Fund’s financial statements. Segment assets are reflected on the accompanying Statements of Assets and Liabilities as Total assets and the only significant segment expense, the Manager’s fee, related party, is included in the accompanying Statements of Operations.

3. Fair Value of Investments in Digital Assets

The Fund Components are held by the Custodian on behalf of the Fund and are carried at fair value. The following table represents the fair value of each Fund Component using the price provided at 4:00 p.m., New York time, by the relevant Digital Asset Trading Platform Market considered to be its principal market, as determined by the Fund:

Fund Component	Principal Market	June 30,		
		2025	2024	2023
Bitcoin	Crypto.com	\$ 107,753.95	\$ 61,929.29	\$ 30,361.94
Ether	Crypto.com	\$ 2,516.23	\$ 3,423.00	\$ 1,925.83
XRP ⁽¹⁾⁽²⁾	Coinbase	\$ 2.32	\$ 0.47	N/A
SOL ⁽²⁾	Coinbase	\$ 157.80	\$ 144.62	\$ 19.09
ADA ⁽²⁾⁽³⁾⁽⁴⁾	Coinbase	\$ 0.59	N/A	\$ 0.29
AVAX ⁽¹⁾⁽⁴⁾⁽⁵⁾	Coinbase	N/A	\$ 28.47	N/A
MATIC ⁽¹⁾	Coinbase	N/A	N/A	\$ 0.66

- (1) Effective January 3, 2024, the Manager removed MATIC from the Fund's portfolio and used the cash proceeds to purchase AVAX and XRP and adjusted the existing Fund Components in proportion to their respective weightings in accordance with the DLCS Methodology. See Note 4. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (2) Effective April 4, 2025, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase XRP, SOL, and ADA in accordance with the Fund Construction Criteria. See Note 4. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (3) Effective April 2, 2024, the Manager removed ADA from the Fund's portfolio and used the cash proceeds to purchase the existing Fund Components in proportion to their respective weightings in accordance with the DLCS Methodology. See Note 4. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (4) Effective January 3, 2025, the Manager removed AVAX from the Fund's portfolio and used the cash proceeds to purchase ADA and adjusted the existing Fund Components in proportion to their respective weightings and in accordance with the DLCS Methodology. See Note 4. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (5) Effective January 5, 2023, the Fund removed AVAX from the Fund's portfolio and sold the AVAX holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings in accordance with the DLCS Methodology. See Note 4. Portfolio Rebalancing for a description of the portfolio rebalancing.

The following represents the changes in quantity of each Fund Component and their respective fair values:

(Amounts in thousands, except Bitcoin amounts)	Quantity	Fair Value
Bitcoin balance at June 30, 2022	6,231.43654040	\$ 117,743
Bitcoin contributed	-	-
Net Bitcoin contributed from portfolio rebalancing	157.11106568	3,049
Bitcoin distributed for Manager's Fee, related party	(157.56894422)	(3,549)
Net change in unrealized appreciation on investment in Bitcoin	-	69,386
Net realized gain on investment in Bitcoin	-	2,556
Bitcoin balance at June 30, 2023	6,230.97866186	\$ 189,185
Bitcoin contributed	-	-
Net Bitcoin distributed from portfolio rebalancing	(87.42054382)	(2,751)
Bitcoin distributed for Manager's Fee, related party	(153.06326914)	(6,964)
Net change in unrealized appreciation on investment in Bitcoin	-	180,523
Net realized gain on investment in Bitcoin	-	10,994
Bitcoin balance at June 30, 2024	5,990.49484890	\$ 370,987
Bitcoin contributed	-	-
Net Bitcoin distributed from portfolio rebalancing	(86.13516106)	(7,792)
Bitcoin distributed for Manager's Fee, related party	(146.61647351)	(12,294)
Net change in unrealized appreciation on investment in Bitcoin	-	252,302
Net realized gain on investment in Bitcoin	-	17,216
Bitcoin balance at June 30, 2025	5,757.74321433	\$ 620,419

(Amounts in thousands, except Ether amounts)	Quantity	Fair Value
Ether balance at June 30, 2022	39,359.77040671	\$ 40,136
Ether contributed	-	-
Net Ether contributed from portfolio rebalancing	1,087.50823575	1,095
Ether distributed for Manager's Fee, related party	(1,002.14597330)	(1,568)
Net change in unrealized appreciation on investment in Ether	-	34,695
Net realized gain on investment in Ether	-	1,606
Ether balance at June 30, 2023	39,445.13266916	\$ 75,964
Ether contributed	-	-
Net Ether distributed from portfolio rebalancing	(1,925.59571086)	(3,779)
Ether distributed for Manager's Fee, related party	(941.94243493)	(2,337)
Net change in unrealized appreciation on investment in Ether	-	50,085
Net realized gain on investment in Ether	-	5,272
Ether balance at June 30, 2024	36,577.59452337	\$ 125,205
Ether contributed	-	-
Net Ether distributed from portfolio rebalancing	(677.32474886)	(2,176)
Ether distributed for Manager's Fee, related party	(892.53888068)	(2,404)
Net change in unrealized appreciation on investment in Ether	-	(36,331)
Net realized gain on investment in Ether	-	3,794
Ether balance at June 30, 2025	35,007.73089383	\$ 88,088

(Amounts in thousands, except SOL amounts)	Quantity	Fair Value
SOL balance at June 30, 2022	111,216.13265694	\$ 3,557
SOL contributed	-	-
Net SOL contributed from portfolio rebalancing	15,665.43529877	384
SOL distributed for Manager's Fee, related party	(2,965.67266480)	(73)
Net change in unrealized depreciation on investment in SOL	-	(1,186)
Net realized loss on investment in SOL	-	(316)
SOL balance at June 30, 2023	123,915.89529091	\$ 2,366
SOL contributed	-	-
Net SOL contributed from portfolio rebalancing	14,724.90144955	1,274
SOL distributed for Manager's Fee, related party	(3,292.00953097)	(292)
Net change in unrealized appreciation on investment in SOL	-	16,330
Net realized loss on investment in SOL	-	(104)
SOL balance at June 30, 2024	135,348.78720949	\$ 19,574
SOL contributed	-	-
Net SOL contributed from portfolio rebalancing	16,607.55009890	2,425
SOL distributed for Manager's Fee, related party	(3,556.38124866)	(597)
Net change in unrealized appreciation on investment in SOL	-	1,849
Net realized gain on investment in SOL	-	166
SOL balance at June 30, 2025	148,399.95605973	\$ 23,417

(Amounts in thousands, except XRP amounts)	Quantity	Fair Value
XRP balance at June 30, 2023	-	\$ -
XRP contributed	-	-
Net XRP contributed from portfolio rebalancing	16,922,626.498281	9,882
XRP distributed for Manager's Fee, related party	(203,318.578941)	(111)
Net change in unrealized depreciation on investment in XRP	-	(1,847)
Net realized loss on investment in XRP	-	(7)
XRP balance at June 30, 2024	<u>16,719,307.919340</u>	<u>\$ 7,917</u>
XRP contributed	-	-
Net XRP contributed from portfolio rebalancing	573,017.276190	648
XRP distributed for Manager's Fee, related party	(421,555.293104)	(695)
Net change in unrealized appreciation on investment in XRP	-	30,822
Net realized gain on investment in XRP	-	448
XRP balance at June 30, 2025	<u>16,870,769.902426</u>	<u>\$ 39,140</u>

(Amounts in thousands, except ADA amounts)	Quantity	Fair Value
ADA balance at June 30, 2022	10,916,582.900254	\$ 4,803
ADA contributed	-	-
Net ADA contributed from portfolio rebalancing	559,615.581934	231
ADA distributed for Manager's Fee, related party	(281,295.930913)	(108)
Net change in unrealized depreciation on investment in ADA	-	(1,401)
Net realized loss on investment in ADA	-	(330)
ADA balance at June 30, 2023	<u>11,194,902.551275</u>	<u>\$ 3,195</u>
ADA contributed	-	-
Net ADA distributed from portfolio rebalancing	(10,984,888.769029)	(6,478)
ADA distributed for Manager's Fee, related party	(210,013.782246)	(89)
Net change in unrealized appreciation on investment in ADA	-	12,051
Net realized loss on investment in ADA	-	(8,679)
ADA balance at June 30, 2024	<u>-</u>	<u>\$ -</u>
ADA contributed	-	-
Net ADA distributed from portfolio rebalancing	10,568,299.628398	11,727
ADA distributed for Manager's Fee, related party	(127,897.376884)	(96)
Net change in unrealized depreciation on investment in ADA	-	(5,523)
Net realized gain on investment in ADA	-	50
ADA balance at June 30, 2025	<u>10,440,402.251514</u>	<u>\$ 6,158</u>

(Amounts in thousands, except MATIC amounts)	Quantity	Fair Value
MATIC balance at June 30, 2022	-	\$ -
MATIC contributed	-	-
Net MATIC contributed from portfolio rebalancing	2,979,195.20726440	2,524
MATIC distributed for Manager's Fee, related party	(53,165.59406116)	(51)
Net change in unrealized depreciation on investment in MATIC	-	(565)
Net realized gain on investment in MATIC	-	14
MATIC balance at June 30, 2023	<u>2,926,029.61320324</u>	<u>\$ 1,922</u>
MATIC contributed	-	-
Net MATIC distributed from portfolio rebalancing	(2,887,850.26244458)	(2,486)
MATIC distributed for Manager's Fee, related party	(38,179.35075866)	(26)
Net change in unrealized appreciation on investment in MATIC	-	565
Net realized gain on investment in MATIC	-	25
MATIC balance at June 30, 2024	<u>-</u>	<u>\$ -</u>

(Amounts in thousands, except DOT amounts)	Quantity	Fair Value
DOT balance at June 30, 2022	328,187.49357863	\$ 2,235
DOT contributed	-	-
Net DOT distributed from portfolio rebalancing	(328,052.64509826)	(2,247)
DOT distributed for Manager's Fee, related party	(134.84848037)	(1)
Net change in unrealized appreciation on investment in DOT	-	5,103
Net realized loss on investment in DOT	-	(5,090)
DOT balance at June 30, 2023	-	\$ -

(Amounts in thousands, except AVAX amounts)	Quantity	Fair Value
AVAX balance at June 30, 2022	88,973.97836461	\$ 1,445
AVAX contributed	-	-
Net AVAX distributed from portfolio rebalancing	(87,745.50702693)	(974)
AVAX distributed for Manager's Fee, related party	(1,228.47133768)	(21)
Net change in unrealized appreciation on investment in AVAX	-	6,936
Net realized loss on investment in AVAX	-	(7,386)
AVAX balance at June 30, 2023	-	\$ -
AVAX contributed	-	-
Net AVAX contributed from portfolio rebalancing	116,340.93500452	4,338
AVAX distributed for Manager's Fee, related party	(1,385.27021072)	(53)
Net change in unrealized depreciation on investment in AVAX	-	(1,014)
Net realized gain on investment in AVAX	-	2
AVAX balance at June 30, 2024	114,955.66479380	\$ 3,273
AVAX contributed	-	-
Net AVAX distributed from portfolio rebalancing	(113,418.90243682)	(4,832)
AVAX distributed for Manager's Fee, related party	(1,536.76235698)	(47)
Net change in unrealized depreciation on investment in AVAX	-	1,014
Net realized gain on investment in AVAX	-	592
AVAX balance at June 30, 2025	-	\$ -

(Amounts in thousands, except LTC amounts)	Quantity	Fair Value
LTC balance at June 30, 2022	23,725.08718334	\$ 1,220
LTC contributed	-	-
Net LTC distributed from portfolio rebalancing	(23,715.33881688)	(1,177)
LTC distributed for Manager's Fee, related party	(9.74836646)	(1)
Net change in unrealized appreciation on investment in LTC	-	574
Net realized loss on investment in LTC	-	(616)
LTC balance at June 30, 2023	-	\$ -

(Amounts in thousands, except UNI amounts)	Quantity	Fair Value
UNI balance at June 30, 2022	232,687.02308212	\$ 1,122
UNI contributed	-	-
Net UNI distributed from portfolio rebalancing	(232,591.41465073)	(1,236)
UNI distributed for Manager's Fee, related party	(95.60843139)	-
Net change in unrealized appreciation on investment in UNI	-	3,937
Net realized loss on investment in UNI	-	(3,823)
UNI balance at June 30, 2023	-	\$ -

(Amounts in thousands, except LINK amounts)	Quantity	Fair Value
LINK balance at June 30, 2022	158,987.59087114	\$ 960
LINK contributed	-	-
Net LINK distributed from portfolio rebalancing	(158,922.26469191)	(989)
LINK distributed for Manager's Fee, related party	(65.32617923)	(1)
Net change in unrealized appreciation on investment in LINK	-	3,726
Net realized loss on investment in LINK	-	(3,696)
LINK balance at June 30, 2023	-	\$ -

(Amounts in thousands, except BCH amounts)	Quantity	Fair Value
BCH balance at June 30, 2022	6,314.20828653	\$ 631
BCH contributed	-	-
Net BCH distributed from portfolio rebalancing	(6,311.61385070)	(660)
BCH distributed for Manager's Fee, related party	(2.59443583)	-
Net change in unrealized appreciation on investment in BCH	-	1,662
Net realized loss on investment in BCH	-	(1,633)
BCH balance at June 30, 2023	-	\$ -

4. Portfolio Rebalancing

Since July 1, 2022, the Fund Components have consisted of the digital assets that make up the DLCS, as rebalanced from time to time, subject to the Manager's discretion to exclude individual digital assets in certain cases. Effective June 5, 2025, the Index Provider changed the DLCS to the CD5. As a result, effective June 5, 2025, the Fund Components will consist of the digital assets that make up the CD5, as rebalanced from time to time, subject to the Manager's discretion to exclude individual digital assets in certain rules-based circumstances. The CD5 is designed and managed by the Index Provider. The change from DLCS to CD5 on June 5, 2025 had no impact on the Fund Components or the respective weightings.

The process followed by the Index Provider to determine the digital assets included in the CD5 and their respective weightings in the CD5 is referred to as the "CD5 Methodology." Through the CD5 Methodology, the Fund seeks to (i) provide large-cap coverage of the digital asset market; (ii) minimize transaction costs through low turnover of the Fund's portfolio; and (iii) create a portfolio that could be replicated through direct purchases in the Digital Asset Market.

Effective June 5, 2025, the Index Provider reviews the CD5 for rebalancing according to the CD5 Methodology quarterly during a period beginning 30 days before the last business day of each January, April, July, and October (each such period, an "Index Rebalancing Period"). At the start of each Index Rebalancing Period, the Index Provider applies the CD5 Methodology to determine any changes to the Index Components and the respective weightings of the Index Components within CD5, as determined by the Index Provider based on market capitalization criteria (the "Index Weightings"), after which the Manager rebalances the Fund's portfolio accordingly, subject to application of the Exclusion Criteria. In order to rebalance the Fund's portfolio, the Manager will (i) determine whether any Fund Components have been removed from the CD5 and should therefore be removed as Fund Components, (ii) determine whether any new digital assets have been added to the CD5 and should therefore be included as Fund Components, and (iii) determine how much cash and Forked Assets the Fund holds. If a Fund Component is no longer included in the CD5, the Manager will adjust the Fund's portfolio by selling such Fund Component in the Digital Asset Markets in proportion to their respective Fund Weightings in the Fund ("Fund Weightings") and using the cash proceeds to purchase additional tokens of the remaining Fund Components and, if applicable, any new Fund Component in proportion to their respective weightings. The Fund Weightings of each Fund Component are generally expected to be the same as the weighting of each digital asset in the CD5 except when the Manager exercises its limited discretion to exclude one or more digital assets included in the CD5 from the Fund Components in certain rules-based circumstances, in which case the Fund Weightings are generally expected to be calculated proportionally to the respective Index Weightings for the remaining Index Components. If a digital asset not then included in the Fund's portfolio is newly eligible for inclusion in the Fund's portfolio because it was added to the CD5 and not excluded through the Exclusion Criteria, the Manager will adjust the Fund's portfolio by selling tokens of the then-current Fund Components in the Digital Asset Markets in proportion to their respective Fund Weightings and using the cash proceeds to purchase tokens of the newly eligible digital assets.

From and after June 5, 2025, the Manager will rebalance the Fund's portfolio quarterly during a period beginning on the last business day of each January, April, July and October (each such period, a "Fund Rebalancing Period"). The Manager expects each Fund Rebalancing Period to last between one and five business days. The CD5, and therefore the Fund, may also be rebalanced mid-quarter, prior to the Index Rebalancing Period under extraordinary circumstances, if, for example, a digital asset is removed from the Index.

From inception through June 30, 2022, the Fund sought to hold digital assets with market capitalizations that collectively constituted at least 70% of the market capitalization of the entire digital asset market (the "Target Coverage Ratio") and determined the Fund

Components by reference to fund construction criteria that consisted of market capitalization, liquidity and coverage criteria established by the Manager (the “Target Coverage Ratio Methodology”).

Effective July 1, 2022, the Fund replaced the Target Coverage Ratio Methodology with the DLCS Methodology. The change in methodology resulted in the removal of BCH, LINK, LTC, DOT, and UNI in proportion to their respective Fund Weightings on July 7, 2022 following the quarterly Fund Rebalancing Period. On July 7, 2022, the Fund recognized a realized loss of \$14,895,069 in connection with the sale of 6,311.61385070 BCH, 23,715.33881688 LTC, 158,922.26469191 LINK, 232,591.41465073 UNI and 328,052.64509826 DOT, to purchase 199.83559815 Bitcoin, 1,507.83089471 Ether, 451,468.27947474 ADA, 4,253.16323862 SOL and 5,714.46623435 AVAX.

On October 4, 2022, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL, MATIC and AVAX met the inclusion criteria of the DLCS Index. On October 4, 2022, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund’s portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective Fund Weightings and using the cash proceeds to purchase SOL, AVAX and MATIC. As a result, MATIC was added to the Fund. No tokens were removed from the Fund. On October 5, 2022, following the rebalancing, the Fund recognized a realized gain of \$1,133,040 in connection with the sale of 98.97782869 Bitcoin, 363.52443217 Ether and 54,505.66521500 ADA, to purchase 1,776.60193605 SOL, and 3,070.74446103 AVAX and 2,879,708.35424883 MATIC.

On January 4, 2023, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL and MATIC met the inclusion criteria of the DLCS Index, but AVAX did not. On January 4, 2023, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund’s portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund’s portfolio by selling AVAX and using the cash proceeds to purchase certain amounts of the other existing Fund Components in proportion to their respective Fund Weightings following the rebalancing. As a result of the rebalancing, AVAX was removed from the Fund. On January 5, 2023, following the rebalancing, the Fund recognized a realized loss of \$7,304,129 in connection with the sale of 96,557.16902347 AVAX to purchase 53.65562532 Bitcoin, 108.99277511 Ether, 133,890.68719500 ADA, 4,362.39069485 SOL, and 143.42553998 MATIC.

On April 4, 2023, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL and MATIC met the inclusion criteria of the DLCS Index. On April 4, 2023, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund’s portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund’s portfolio by purchasing and selling the existing Fund Components in proportion to their respective Fund Weightings. No new tokens were added to or removed from the Fund. On April 5, 2023, following the rebalancing, the Fund recognized a realized gain of \$227,762 in connection with the sale of 165.79100190 Ether to purchase 2.5976090 Bitcoin, 28,762.28047849 ADA, 5,273.27942925 SOL, and 99,343.42747559 MATIC.

On July 5, 2023, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL and MATIC met the inclusion criteria of the DLCS Index. On July 5, 2023, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund’s portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund’s portfolio by purchasing and selling the existing Fund Components in proportion to their respective Fund Weightings. No new tokens were added to or removed from the Fund. On July 6, 2023, following the rebalancing, the Fund recognized a realized gain of \$906,943 in connection with the sale of 645.45710183 Ether to purchase 34.54527749 Bitcoin, 81,945.38000000 ADA, 4,934.25000000 SOL, and 80,972.91000000 MATIC.

On October 3, 2023, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL and MATIC met the inclusion criteria of the DLCS Index. On October 3, 2023, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund’s portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund’s portfolio by purchasing and selling the existing Fund Components in proportion to their respective Fund Weightings. No new tokens were added to or removed from the Fund. On October 4, 2023, following the rebalancing, the Fund recognized a realized gain of \$149,939 in connection with the sale of 131.74000000 Ether and 9,814.74000000 MATIC to purchase 4.60330000 Bitcoin, 19,528.13080000 ADA, and 3,893.97900000 SOL.

On January 3, 2024, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL, AVAX and XRP met the inclusion criteria of the DLCS Index. On January 3, 2024, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund’s portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund’s portfolio by purchasing and selling the existing Fund Components in proportion to their respective Fund Weightings and using the cash proceeds to purchase AVAX and XRP. As a result of the rebalancing, AVAX and XRP were added to the Fund, and MATIC was removed from the Fund. On January 4, 2024, following the rebalancing, the Fund recognized a realized gain of \$7,968,963 in connection with the sale of 189.52612820 Bitcoin, 1,345.61184068 Ether, 318,034.15333200 ADA, and 2,959,008.43244458 MATIC to purchase 111.26066974 SOL, 16,538,863.15409700 XRP, and, 111,647.44818623 AVAX.

On April 2, 2024, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, SOL, AVAX and XRP met the inclusion criteria of the DLCS Index. On April 2, 2024, following the rebalancing of the Index, the Manager completed

its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by purchasing and selling the existing Fund Components in proportion to their respective Fund Weightings. As a result of the rebalancing, ADA was removed from the Fund. On April 3, 2024, following the rebalancing, the Fund recognized a realized loss of \$8,236,118 in connection with the sale of 10,769,799.360314 ADA to purchase 62.95700689 Bitcoin, 197.21323165 Ether, 5,785.41177981 SOL, 383,763.344184 XRP, and 4,693.48681829 AVAX.

On July 2, 2024, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, SOL, XRP, and AVAX met the inclusion criteria of the DLCS Index. On July 2, 2024, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by purchasing and selling the existing Fund Components in proportion to their respective Fund Weightings. No new tokens were added to or removed from the Fund. On July 3, 2024, following the rebalancing, the Fund recognized a realized gain of \$777,961 in connection with the sale of 8.51348210 Bitcoin and 122.29384902 Ether to purchase 4,851.33537551 SOL, 4,504.89019509 AVAX, and 155,155.893956 XRP.

On October 2, 2024, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, SOL, XRP and AVAX met the inclusion criteria of the DLCS Index. On October 2, 2024, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by purchasing and selling the existing Fund Components in proportion to their respective Fund Weightings. No new tokens were added to or removed from the Fund. On October 3, 2024, following the rebalancing, the Fund recognized a realized gain of \$339,366 in connection with the sale of 5.19268958 Bitcoin and 47.44601825 Ether to purchase 1,564.99954476 SOL, 3,325.36582960 AVAX, and 215,950.368619 XRP.

On January 3, 2025, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, SOL, XRP, and ADA met the inclusion criteria of the DLCS Index. On January 3, 2025, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by purchasing and selling AVAX and certain existing Fund Components in proportion to their respective Fund Weightings and using the cash proceeds to purchase ADA. As a result of the rebalancing, ADA was added to the Fund and AVAX was removed from the Fund. On January 4, 2025, following the rebalancing, the Fund recognized a realized gain of \$6,907,147 in connection with the sale of 57.73992592 Bitcoin, 399.19145855 Ether, and 121,249.15846151 AVAX to purchase 1,551.54616083 SOL, 10,539,970.7637110 ADA, and 49,915.814935 XRP.

On April 2, 2025, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, SOL, XRP, and ADA met the inclusion criteria of the DLCS Index. On April 2, 2025, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by purchasing and selling the existing Fund Components in proportion to their respective Fund Weightings. No new tokens were added to or removed from the Fund. On April 3, 2025, following the rebalancing, the Fund recognized a realized gain of \$1,247,808 in connection with the sale of 14.68906346 Bitcoin and 108.39342304 Ether to purchase 28,328.864687 ADA, 8,639.66901780 SOL, and 151,995.198680 XRP.

5. Creations and Redemptions of Shares

At June 30, 2025 and 2024, there were an unlimited number of Shares authorized by the Fund. The Fund creates (and, should the Fund commence a redemption program, redeems) Shares from time to time, but only in one or more Baskets. The creation and redemption of Baskets on behalf of investors are made by the Authorized Participant in exchange for the delivery of tokens of each Fund Component to the Fund, or the distribution of tokens of each Fund Component by the Fund, plus cash representing the Forked Asset Portion, if any, and the U.S. Dollar portion, if any. As of June 30, 2025, the amount of tokens of each Fund Component required for each Creation Basket or redemption Basket was determined by dividing (x) the total amount of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on such trade date of a creation or redemption order, after deducting the amount of tokens of each Fund Component payable as the Manager's Fee and the amount of tokens of such Fund Component payable as a portion of Additional Fund Expenses (as defined in Note 7), by (y) the number of Shares outstanding at such time and multiplying the quotient obtained by 100. Each Share represented approximately 0.0004 of one Bitcoin, 0.0022 of one Ether, 0.0094 of one SOL, 1.0632 XRP, and 0.6580 of one ADA, at June 30, 2025. Each Share represented approximately 0.0004 of one Bitcoin, 0.0023 of one Ether, 0.0085 of one SOL, 1.0537 of one XRP, and 0.0072 of one AVAX at June 30, 2024.

The cost basis of investments in each Fund Component recorded by the Fund is the fair value of each Fund Component, as determined by the Fund, at 4:00 p.m., New York time, on the date of transfer to the Fund by the Authorized Participant, or Liquidity Provider, based on the Creation Baskets. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of each Share to investors. The Authorized Participant or Liquidity Provider may realize significant profits buying, selling, creating, and, if permitted, redeeming Shares as a result of changes in the value of Shares or each Fund Component. In addition, the Authorized Participant or Liquidity Provider may realize significant profits through the sale of digital assets during a Fund Rebalancing Period.

At this time, the Fund is not operating a redemption program and is not accepting redemption requests. Subject to receipt of regulatory approval and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. Further, the Fund is registered and regulated as a private fund under the Private Funds Act. The Authority has supervisory and enforcement powers to ensure the Fund's compliance with the Private Funds Act. The regulatory analysis of the Fund in the Cayman Islands will change upon the listing of the Shares on NYSE Arca and operating a redemption program. At the time of listing, the Fund intends to apply to de-register as a private fund with the Authority on the basis that the Fund will not be registrable with the Authority as an investment fund by virtue of the Shares being listed on the NYSE Arca being a recognized stock exchange by the Authority.

6. Income Taxes

The Government of the Cayman Islands does not, and will not, under existing Cayman law, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the shareholders. Interest, dividends and gains payable to the Fund and all distributions by the Fund to shareholders will be received free of any Cayman Islands income or withholding taxes.

The Fund has elected to be treated as a corporation for U.S. federal income tax purposes. The Manager believes that the Fund will not be treated as engaged in a trade or business in the United States and thus will not derive income that is treated as "effectively connected" with the conduct of a trade or business in the United States ("effectively connected income") under the U.S. Internal Revenue Code of 1986, as amended (the "Code") and corresponding tax regulations (e.g., including under Sections 861 through 865). There can, however, be no complete assurance in this regard. If the Fund were treated as engaged in a trade or business in the United States, it would be subject to U.S. federal income tax, at the rates applicable to U.S. corporations (currently, at the rate of 21%), on its net effectively connected income. Any such income might also be subject to U.S. state and local income taxes. In addition, the Fund would be subject to a 30% U.S. branch profits tax in respect of its "dividend equivalent amount," as defined in Section 884 of the Code, attributable to its effectively connected income (generally, the after-tax amount of certain effectively connected income that is not treated as reinvested in the trade or business).

If the Fund were treated as engaged in a trade or business in the United States during any taxable year, it would be required to file a U.S. federal income tax return for that year, regardless of whether it recognized any effectively connected income. If the Fund did not file U.S. federal income tax returns and were later determined to have engaged in a U.S. trade or business, it would generally not be entitled to offset its effectively connected income and gains against its effectively connected losses and deductions (and, therefore, would be taxable on its gross, rather than net, effectively connected income). If the Fund recognizes any effectively connected income, the imposition of U.S. taxes on such income may have a substantial adverse effect on the return to shareholders.

Due to the new and evolving nature of digital assets and a general absence of clearly controlling authority with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets (including with respect to the amount, timing, and character of income recognition) are uncertain. The Manager believes that, in general, gains and losses recognized by the Fund from the sale or other disposition of digital assets will be treated as capital gains or losses. However, it is possible that the IRS will not agree with the Fund's U.S. federal tax treatment of digital assets.

In accordance with U.S. GAAP, the Fund has defined the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the applicable taxing authority and requires measurement of a tax position meeting the "more-likely-than-not" threshold, based on the largest benefit that is more than 50% likely to be realized. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as a tax benefit or expense in the current period. As of, and during the years ended June 30, 2025 and June 30, 2024, the Fund did not have a liability for any unrecognized tax amounts. However, the Manager's conclusions concerning its determination of "more likely than not" tax positions may be subject to review and adjustment at a later date based on factors including, but not limited to, further implementation guidance, and ongoing analyses of and changes to tax laws, regulations and interpretations thereof.

The Manager of the Fund has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions related to federal, state and local income taxes existed as of June 30, 2025 or June 30, 2024.

7. Related Parties

The Fund considered the following entities, their directors and certain employees to be related parties of the Fund as of June 30, 2025: DCG, GSO, GSIS, and Grayscale Securities. As of June 30, 2025 and 2024, 1,058,657 and 1,055,487 Shares of the Fund were held by related parties of the Fund, respectively.

Genesis Global Trading, Inc. filed a certificate of dissolution in August 2024, and has therefore been removed from the list of related parties.

In accordance with the LLC Agreement governing the Fund, the Fund pays a fee to the Manager, calculated as 2.5% of the aggregate value of the Fund's digital asset holdings, less its liabilities (which include any accrued but unpaid expenses up to, but excluding, the date of calculation), as calculated and published by the Manager or its delegates (the "Manager's Fee"). The Manager's Fee accrues

daily in U.S. dollars and is payable in Fund Components then held by the Fund in proportion to their respective Fund Component's Weighting. The U.S. dollar amount of the Manager's Fee will be converted into Fund Components on a daily basis by multiplying such U.S. dollar amount by the Weighting for each Fund Component and dividing the resulting product for each Fund Component by the U.S. dollar value for such Fund Component on such day. For purposes of these financial statements, the U.S. dollar value of Fund Components is determined by reference to the Digital Asset Trading Platform Market that the Fund considers its principal market as of 4:00 p.m., New York time, on each valuation date. No Forked Assets have been distributed in payment of the Manager's Fee during the years ended June 30, 2025, 2024 and 2023.

As partial consideration for receipt of the Manager's Fee, the Manager shall assume and pay all fees and other expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes, but including marketing fees; the administrator fee, if any; custodian fees; transfer agent fees; the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year; ordinary course legal fees and expenses; audit fees; regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act and fees relating to registration and any other regulatory requirements in the Cayman Islands; printing and mailing costs; the costs of maintaining the Fund's website and applicable license fees (together, the "Manager-paid Expenses").

The Fund may incur certain extraordinary, non-recurring expenses that are not Manager-paid Expenses, including, but not limited to, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets), any indemnification of the Custodian or other agents, service providers or counterparties of the Fund, the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters (collectively, "Additional Fund Expenses"). In such circumstances, the Manager or its delegate (i) will instruct the Custodian to withdraw from the digital asset accounts Fund Components in proportion to their respective Fund Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund (or its delegate) to convert such Fund Components into U.S. dollars or other fiat currencies at the price per single unit of such asset (determined net of any associated fees) at which the Fund is able to sell such asset or (y) when the Manager incurs such expenses on behalf of the Fund, cause the Fund (or its delegate) to deliver such Fund Components, and/or Forked Assets in kind to the Manager, in each case in such quantity as may be necessary to permit payment of such Additional Fund Expenses.

For years ended June 30, 2025, 2024, and 2023, the Fund incurred Manager's Fees of \$16,131,655, \$9,872,855 and \$5,372,916, respectively. As of June 30, 2025, 2024, and 2023, there were no accrued and unpaid Manager's Fees. In addition, the Manager may pay Additional Fund Expenses on behalf of the Fund, which are reimbursable by the Fund to the Manager. For the years ended June 30, 2025, 2024, and 2023, the Manager did not pay any Additional Fund Expenses on behalf of the Fund.

On March 2, 2022, the Board of Directors of the Manager approved the purchase by DCG, the indirect parent company of the Manager, of up to an aggregate total of \$200 million worth of Shares of the Fund and shares of any of the following five investment products the Manager also acts as the sponsor and manager of, including Grayscale Bitcoin Trust ETF (NYSE Arca: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Ethereum Trust ETF (NYSE Arca: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), and Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM). Subsequently, DCG authorized such purchase. The Share purchase authorization does not obligate DCG to acquire any specific number of Shares in any period, and may be expanded, extended, modified, or discontinued at any time. From March 2, 2022 through June 30, 2025, DCG had not purchased any Shares of the Fund.

8. Risks and Uncertainties

The Fund is subject to various risks including market risk, liquidity risk, and other risks related to its concentration in digital assets. Investing in digital assets is currently highly speculative and volatile.

The Principal Market NAV of the Fund, calculated by reference to the principal market prices in accordance with U.S. GAAP, relates primarily to the value of the Fund Components, and fluctuations in the prices of such Fund Components could materially and adversely affect an investment in the Shares of the Fund. The prices of the Fund Components have a very limited history. During such history, the market prices of such Fund Components have been volatile and subject to influence by many factors including the levels of liquidity. If Digital Asset Markets continue to experience significant price fluctuations, the Fund may experience losses. Several factors may affect the market price of the Fund Components, including, but not limited to, global supply and demand of such Fund Components, theft of such Fund Components from global trading platforms or vaults, competition from other forms of digital currency or payment services, global or regional political, economic or financial conditions, and other unforeseen events and situations.

The Fund Components are commingled, and the Fund's shareholders have no specific rights to any specific Fund Component. In the event of the insolvency of the Fund, its assets may be inadequate to satisfy a claim by its shareholders.

There is currently no clearing house for the Fund Components, nor is there a central or major depository for the custody of such Fund Components. There is a risk that some or all of the Fund Components could be lost or stolen. There can be no assurance that the Custodian will maintain adequate insurance or that such coverage will cover losses with respect to the Fund Components. Further, transactions in the Fund Components are irrevocable. Stolen or incorrectly transferred Fund Components may be irretrievable. As a result, any incorrectly executed Fund Component transactions could adversely affect an investment in the Shares.

The Securities and Exchange Commission (the “SEC”), at least under the prior administration, has stated that certain digital assets may be considered “securities” under the federal securities laws. The test for determining whether a particular digital asset is a “security” is complex and difficult to apply, and the outcome is difficult to predict. A number of SEC and SEC staff actions with respect to a variety of digital assets demonstrate this difficulty. For example, public though non-binding, statements by senior officials at the SEC have indicated that the SEC did not consider Bitcoin or Ether to be securities, and does not currently consider Bitcoin to be a security. In addition, the SEC appears to have implicitly taken the view that Ether is not a security (i) by not objecting to Ether futures trading on Commodity Futures Trading Commission-regulated markets under rules designed for futures on non-security commodity underliers and (ii) by approving the listing and trading of exchange-traded products (“ETPs”) that invest in Ether (i.e., approving the redemption of shares of such ETPs) under the rules for commodity-based trust shares, without requiring these ETPs to be registered as investment companies. Likewise, in various courts filings and arguments the SEC has distinguished Ether from assets that it claimed were securities, and in judicial opinions, courts have accepted or even assumed that Ether is not a security. Moreover, in a recent settlement with another market participant relating to allegations that it acted as an unregistered broker-dealer for facilitating trading in certain digital assets, the SEC highlighted that the firm would cease trading in all digital assets other than Bitcoin, Bitcoin Cash and Ether—activity that, if the SEC believed Ether was presently a security—would continue to constitute unregistered brokerage activity. The SEC staff has also provided informal assurances via no-action letter to a handful of promoters that their digital assets are not securities. Moreover, the SEC’s Division of Corporation Finance has published statements that it does not consider, under certain circumstances, “meme coins” or some stablecoins to be securities. However, such statements may be withdrawn at any time without notice and comment by the Division of Corporation Finance at the SEC or the SEC itself. In addition, the SEC has brought enforcement actions against the issuers and promoters of several other digital assets on the basis that the digital assets in question are securities and has not formally or explicitly confirmed that it does not deem Ether to be a security. These developments demonstrate the difficulty in applying the federal securities laws to digital assets generally. In January 2025, the SEC launched a crypto task force dedicated to developing a comprehensive and clear regulatory framework for digital assets led by Commissioner Hester Peirce. Subsequently, Commissioner Peirce announced a list of specific priorities to further that initiative, which included pursuing final rules related to a digital asset’s security status, a revised path to registered offerings and listings for digital assets-based investment vehicles, and clarity regarding digital asset custody, lending, and staking. However, the efforts of the crypto task force have only just begun, and how or whether the SEC regulates digital asset activity in the future remains to be seen.

In June 2023, the SEC brought charges against the Digital Asset Trading Platforms Binance and Coinbase for alleged violations of a variety of securities laws. In its complaints, the SEC asserted that SOL, ADA, MATIC, FIL, ATOM, SAND, MANA, ALGO, AXS, COTI, CHZ, FLOW, ICP, NEAR, VGX, DASH and NEXO, are securities under the federal securities laws. In addition, in November 2023, the SEC brought charges against the Digital Asset Trading Platform Kraken, for alleged violations of a variety of securities laws. In September 2024, the SEC filed an enforcement action against Mango Labs, LLC, Mango DAO, and Blockworks Foundation, and in October 2024, the SEC filed an enforcement action against Cumberland DRW, LLC, in both instances describing a number of digital assets, including SOL, as examples of “crypto assets that are offered and sold as securities.” In February 2025, the SEC announced it had filed a joint stipulation with Coinbase to dismiss the enforcement action against it. In March 2025, the SEC announced it had dismissed its enforcement action against Cumberland DRW, LLC.

Further, Ripple Labs, Inc. (“Ripple”), the company that retains a key role in stewarding the development of XRP, is currently a defendant in a federal class-action lawsuit filed by certain XRP holders that alleges that XRP is a security issued by Ripple. In addition, in 2020 the SEC filed a complaint against the issuer of XRP, Ripple Labs, Inc., and two of its executives, alleging that they raised more than \$1.3 billion through XRP sales that should have been registered under the federal securities laws, but were not. Subsequently, in July 2023, the District Court for the Southern District of New York held that while XRP is not a “security”, certain sales of XRP to certain buyers (but not other types of sales to other buyers) amounted to “investment contracts” under the *Howey* test. The District Court entered a final judgment in the case on August 7, 2024 and the parties each dismissed their appeals to the Second Circuit on August 7, 2025.

SOL, XRP, and ADA are currently Fund Components held by the Fund representing approximately 8.84% of the Fund’s Principal Market NAV as of June 30, 2025. If a Fund Component is determined to be a “security” under federal or state securities laws by the SEC or any other agency, or in a proceeding in a court of law or otherwise, it may have material adverse consequences for such Fund Component.

For example, it may become more difficult for such Fund Component to be traded, cleared and custodied as compared to other digital assets that are not considered to be securities, which could, in turn, negatively affect the liquidity and general acceptance of such Fund Component and cause users to migrate to other digital assets. As such, any determination that a Fund Component is a security under federal or state securities laws may adversely affect the value of such Fund Component and, as a result, an investment in the Shares.

To the extent that a Fund Component is determined to be a security, the Fund and the Manager may also be subject to additional regulatory requirements, including under the Investment Company Act of 1940, and the Manager may be required to register as an investment adviser under the Investment Advisers Act of 1940. If the Manager determines not to comply with such additional regulatory and registration requirements, the Manager will terminate the Fund. Any such termination could result in the liquidation of the Fund's digital assets at a time that is disadvantageous to shareholders.

To the extent a private key, held by the Custodian, required to access a Fund Component address is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Fund may be unable to access the relevant Fund Component controlled by the private key and the private key will not be capable of being restored by the network of such Fund Component. The processes by which the Fund Component transactions are settled are dependent on the peer-to-peer network of such Fund Component, and as such, the Fund is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of the Fund Component.

The Fund relies on third-party service providers to perform certain functions essential to its operations. Any disruptions to the Fund's service providers' business operations resulting from business failures, financial instability, security failures, government mandated regulation or operational problems could have an adverse impact on the Fund's ability to access critical services and be disruptive to the operations of the Fund.

The Manager and the Fund may be subject to various litigation, regulatory investigations, and other legal proceedings that arise in the ordinary course of its business.

9. Quarterly Statements of Operations

Fiscal Years Ended June 30, 2025 and 2024

(Amounts in thousands)	Three Months Ended (unaudited)				Year Ended June 30, 2025
	Sept-30, 2024	Dec-31, 2024	Mar-31, 2025	Jun-30, 2025	
Expenses					
Manager's Fee, related party	\$ 3,135	\$ 4,138	\$ 4,414	\$ 4,446	\$ 16,133
Net investment loss	\$ (3,135)	\$ (4,138)	\$ (4,414)	\$ (4,446)	\$ (16,133)
Net realized and unrealized (loss) gain from:					
Net realized gain on investments in digital assets	3,140	3,708	10,530	4,888	22,266
Net change in unrealized (depreciation) appreciation on investments in digital assets	(20,358)	232,027	(141,229)	173,693	244,133
Net realized and unrealized (loss) gain on investments	(17,218)	235,735	(130,699)	178,581	266,399
Net (decrease) increase in net assets resulting from operations	<u>\$ (20,353)</u>	<u>\$ 231,597</u>	<u>\$ (135,113)</u>	<u>\$ 174,135</u>	<u>\$ 250,266</u>

**Three Months Ended
(unaudited)**

(Amounts in thousands)					Year Ended June 30, 2024
	Sept-30, 2023	Dec-31, 2023	Mar-31, 2024	Jun-30, 2024	
Expenses					
Manager's Fee, related party	\$ 1,584	\$ 1,980	\$ 2,882	\$ 3,426	\$ 9,872
Net investment loss	\$ (1,584)	\$ (1,980)	\$ (2,882)	\$ (3,426)	\$ (9,872)
Net realized and unrealized (loss) gain from:					
Net realized gain (loss) on investments in digital assets	1,701	1,343	10,033	(5,574)	7,503
Net change in unrealized appreciation on investments in digital assets	(32,520)	134,194	225,325	(70,306)	256,693
Net realized and unrealized (loss) gain on investments	(30,819)	135,537	235,358	(75,880)	264,196
Net (decrease) increase in net assets resulting from operations	<u>\$ (32,403)</u>	<u>\$ 133,557</u>	<u>\$ 232,476</u>	<u>\$ (79,306)</u>	<u>\$ 254,324</u>

10. Financial Highlights Per Share Performance

	Years Ended June 30,		
	2025	2024	2023
Per Share Data:			
Principal Market NAV, beginning of year	\$ 33.21	\$ 17.18	\$ 10.96
Net increase in net assets from investment operations			
Net investment loss	(1.02)	(0.62)	(0.34)
Net realized and unrealized gain	16.79	16.65	6.56
Net increase in net assets resulting from operations	15.77	16.03	6.22
Principal Market NAV, end of year	<u>\$ 48.98</u>	<u>\$ 33.21</u>	<u>\$ 17.18</u>
Total return	47.49%	93.31%	56.75%
Ratios to average net assets:			
Net investment loss	-2.50%	-2.50%	-2.50%
Expenses	-2.50%	-2.50%	-2.50%

An individual shareholder's return, ratios, and per Share performance may vary from those presented above based on the timing of Share transactions. The amount shown for a Share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the number of Shares issued in Creations occurring at an operational value derived from an operating metric as defined in the LLC Agreement.

Total return is calculated assuming an initial investment made at the Principal Market NAV at the beginning of the year and assuming redemption on the last day of the year.

11. Indemnifications

In the normal course of business, the Fund enters into certain contracts that provide a variety of indemnities, including contracts with the Manager and affiliates of the Manager, DCG and its officers, directors, employees, subsidiaries and affiliates, and the Custodian as well as others relating to services provided to the Fund. The Fund's maximum exposure under these and its other indemnities is unknown. However, no liabilities have arisen under these indemnities in the past and, while there can be no assurances in this regard, there is no expectation that any will occur in the future. Therefore, the Manager does not consider it necessary to record a liability in this regard.

12. Subsequent Events

On July 31, 2025, the Index Provider completed the quarterly rebalancing of the CD5 and determined that Bitcoin, Ether, SOL, XRP, and ADA met the inclusion criteria of the CD5 Index. On August 1, 2025, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by purchasing and selling the existing Fund Components in proportion to their respective Fund Weightings. No new tokens were added to or removed from the Fund. As of August 1, 2025, following the rebalancing, the Fund Components consisted of 75.83% Bitcoin, 14.28% Ether, 5.99% XRP, 3.01% SOL, and 0.89% ADA, and each of the Fund's Shares represented 0.0004 Bitcoin, 0.0022 Ether, 1.0738 XRP, 0.0098 SOL, and 0.6568 ADA.

As of the close of business on September 2, 2025, the fair value of each Fund Component, determined in accordance with the Fund's accounting policy, was \$110,834.00 per Bitcoin, \$4,274.75 per Ether, \$205.50 per SOL, \$2.83 per XRP and \$0.82 per ADA.

There are no known events that have occurred that require disclosure other than that which has already been disclosed in these notes to the financial statements.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)
AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Peter Mintzberg, certify that:

1. I have reviewed this annual report of Grayscale Digital Large Cap Fund LLC (the “Fund”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the Manager (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: September 5, 2025

/s/ Peter Mintzberg

Peter Mintzberg *

Chief Executive Officer (Principal Executive Officer)

* The Registrant is a fund and Mr. Mintzberg is signing in his capacity as Principal Executive Officer of Grayscale Investments Sponsors, LLC, the Manager of the Registrant.

**CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER PURSUANT TO RULE 13a-14(a)
AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Edward McGee, certify that:

1. I have reviewed this annual report of Grayscale Digital Large Cap Fund LLC (the “Fund”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the Manager (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: September 5, 2025

/s/ Edward McGee

Edward McGee *

Chief Financial Officer (Principal Financial and Accounting Officer)

* The Registrant is a fund and Mr. McGee is signing in his capacity as Principal Financial and Accounting Officer of Grayscale Investments Sponsors, LLC, the Manager of the Registrant.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Grayscale Digital Large Cap Fund LLC (the “Fund”) on Form 10-K for the period ending June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peter Mintzberg, Principal Executive Officer of Grayscale Investments Sponsors, LLC, the Manager of the Fund, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Fund.

/s/ Peter Mintzberg
Peter Mintzberg *
Chief Executive Officer (Principal Executive Officer)
September 5, 2025

* The Registrant is a fund and Mr. Mintzberg is signing in his capacity as Principal Executive Officer of Grayscale Investments Sponsors, LLC, the Manager of the Registrant.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Grayscale Digital Large Cap Fund LLC (the “Fund”) on Form 10-K for the period ending June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Edward McGee, Principal Financial and Accounting Officer of Grayscale Investments Sponsors, LLC, the Manager of the Fund, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Fund.

/s/ Edward McGee

Edward McGee *

Chief Financial Officer (Principal Financial and
Accounting Officer)

September 5, 2025

* The Registrant is a fund and Mr. McGee is signing in his capacity as Principal Financial and Accounting Officer of Grayscale Investments Sponsors, LLC, the Manager of the Registrant.