GRAYSCALE DECENTRALIZED FINANCE (DEFI) FUND LLC

A Cayman Islands Limited Liability Company

Managed by
Grayscale Investments Sponsors, LLC
290 Harbor Drive, 4th Floor
Stamford, Connecticut 06902
Telephone: (212) 668-1427
Facsimile: (212) 937-3645

Corporate website: www.grayscale.com

Primary Standard Industrial Code: 6221

2025 ANNUAL REPORT

Shares Representing Common Units of Fractional Undivided Beneficial Interest
No Par Value Per Share
Unlimited Shares Authorized
237,560 Shares Issued and Outstanding as of June 30, 2025

OTCQB: DEFG

Grayscale Investments Sponsors, LLC (the "Manager"), on behalf of Grayscale Decentralized Finance (DeFi) Fund LLC (the "Fund"), is responsible for the content of this annual report for the year ended June 30, 2025 (the "Annual Report"), which has been prepared to fulfill the disclosure requirements of the OTCQX U.S. marketplace. The information contained in this Annual Report has not been filed with, or approved by, the U.S. Securities and Exchange Commission (the "SEC") or any state securities commission. Any representation to the contrary is a criminal offense.

All references to "the Fund," "the Manager," "the Issuer," "Grayscale Decentralized Finance (DeFi) Fund," "we," "us" or "our" refers to the Fund or the Manager, as the context indicates. The Fund is a passive entity with no operations, and where the context requires, we provide disclosure with respect to the Manager, which administers the Fund.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934).

Yes ☐ No ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period.

Yes ☐ No ☒

Indicate by check mark whether a change in control of the company has occurred over this reporting period.

Yes ☐ No ☒

Dated as of September 12, 2025

TABLE OF CONTENTS

Cautionary Note Regarding Forward-Looking Statements

This Annual Report contains "forward-looking statements" with respect to the Fund's financial conditions, results of operations, plans, objectives, future performance and business. 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. You should specifically consider the numerous risks outlined under "Risk Factors." 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:

- the risk factors discussed in this Annual Report, including the particular risks associated with new technologies such as digital assets, including Uniswap, Aave, Maker, Lido DAO, and Curve, and blockchain technology;
- the Fund's inability to redeem Shares;
- the inability of the Fund to meet its investment objective;
- economic conditions in the digital asset industry and market;
- general economic, market and business conditions;
- global or regional political, economic or financial conditions, events and situations;
- the use of technology by us and our vendors, including the Custodian, in conducting our business, including disruptions in our computer systems and data centers and our transition to, and quality of, new technology platforms;
- changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies;
- the costs and effect of any litigation or regulatory investigations;
- our ability to maintain a positive reputation; and
- other world economic and political developments.

Consequently, all of the forward-looking statements made in this Annual Report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments the Manager anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Fund's operations or the value of the Shares. Should one or more of the risks discussed under "Risk Factors" or other uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those described in forward-looking statements. 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. Moreover, neither the Fund, the Manager, nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Investors are therefore cautioned against relying on forward-looking statements.

Glossary

In this Annual Report, each of the following quoted terms has the meanings set forth after such term:

"Aave" or "AAVE"—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network and used on the Aave platform.

"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.

"Amp" or "AMP"—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network and used on the Flexa payment network.

"AML"—Anti-money laundering.

"Annual Report"—This Annual Report for the fiscal year ended June 30, 2025.

"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.

"Bancor" or "BNT"—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum 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.

"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.

"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.

"CME"—The Chicago Mercantile Exchange.

"Code"—The U.S. Internal Revenue Code of 1986, as amended.

"Coinbase"—Coinbase, Inc.

"Compound" or "COMP"—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

"Covered Person"—As defined in the section "Material Contracts."

"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.

"CRS"—The OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard.

"Curve" or "CRV"—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network and used on the Curve platform.

"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.

"DCG"—Digital Currency Group, Inc.

"DFX"—The CoinDesk DeFi Select Index.

"DFX Methodology"—The criteria that a digital asset must meet to be eligible for inclusion in the DFX, as determined from time to time by the Index Provider.

"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 ("FASB") Accounting Standards Codification ("ASC") 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 "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 an 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.

"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.

"ERC-20"—A technical standard used to create new fungible, digital assets on the Ethereum network, created as a result of Ethereum Request for Comment-20.

"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 Digital Asset Reference Rates) 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"—Grayscale Decentralized Finance (DeFi) Fund LLC, a Cayman Islands LLC, formed on June 10, 2021 under the LLC Act and pursuant to the LLC Agreement.

"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 of 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 Expense Amount"—For any Fund Component on any trade date, (x) the product of (1) the aggregate unpaid Additional Fund Expenses as of 4:00 p.m., New York time, on such trade date and (2) the Weighting of such Fund Component for such trade date, divided by (y) the Digital Asset Reference Rate for such Fund Component as of 4:00 p.m., New York time, on such trade date.

"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 License Agreement"—The license agreement, dated as of February 1, 2022, between the Reference Rate Provider and the Manager governing the Manager's use of data collected from the Digital Asset Trading Platforms trading digital assets selected by the Reference Rate Provider for calculation of the Digital Asset Reference Rates, as amended from time to time.

"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 anomalistic or manipulative trading.

"Index Provider"—CoinDesk Indices, Inc., a Delaware corporation that designed and manages the DFX. 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 DFX in accordance with the policies and procedures set forth in this Annual Report.

"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.

"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.

"IRS"—The U.S. Internal Revenue Service, a bureau of the U.S. Department of the Treasury.

"KYC"—Know-your-customer.

"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.

"Lido DAO" or "LDO"—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

"Liquidity Provider"—A service provider that facilitates the purchase of digital assets in connection with the creation of Baskets.

"LLC Act"—Limited Liability Companies Act (As Revised) of the Cayman Islands (as amended or any successor statute thereto).

"LLC Agreement"—The Amended and Restated Limited Liability Company Agreement establishing and governing the operations of the Fund, as amended by Amendment No. 1 thereto, and as the same may be further amended from time to time.

"Maker" or "MKR"—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

"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-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 "Valuation of Digital Assets and Determination of NAV" for a description of how the Fund's NAV and NAV per Share are calculated. 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 "Grayscale Decentralized Finance (DeFi) Fund LLC—Description of the Fund—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.

"OTCQB"—The OTCQB U.S. 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.

"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.

"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.

"Reorganization"—The internal corporate reorganization of GSI consummated on January 1, 2025.

"Reverse Share Split"—A 1-for-10 reverse Share split of the Fund's issued and outstanding Shares, which was effective on June 23, 2022 to shareholders of record as of the close of business on June 22, 2022.

"Rule 144"—Rule 144 under the Securities Act.

"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 OTCQB U.S. 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.

"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."

"Sushiswap" or "SUSHI"—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

"Synthetix" or "SNX"—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

"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.

"Universal Market Access" or "UMA"—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

"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.

"Yearn.finance" or "YFI"—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

PART A. GENERAL COMPANY INFORMATION

Item 1. The exact name of the issuer and its predecessor (if any).

The name of the Fund is Grayscale Decentralized Finance (DeFi) Fund LLC.

Item 2. The address of the issuer's principal executive offices.

The address of the Manager is:	Grayscale Investments Sponsors, LLC 290 Harbor Drive, 4th Floor Stamford, Connecticut 06902
The Manager's telephone number is:	(212) 668-1427
The Manager's facsimile number is:	(212) 937-3645
The Manager's website:	The Manager maintains a corporate website, www.grayscale.com, which contains general information about the Fund and the Manager. The reference to our website is an interactive textual reference only, and the information contained on our website shall not be deemed incorporated by reference herein.
Investor relations contact:	Peter Mintzberg c/o Grayscale Investments Sponsors, LLC 290 Harbor Drive, 4th Floor Stamford, Connecticut 06902 Telephone: (212) 668-1427 Facsimile: (212) 937-3645 Email: info@grayscale.com

Item 3. The jurisdiction(s) and date of the issuer's incorporation or organization.

The Fund was constituted on June 10, 2021 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. The Fund is currently active in the Cayman Islands.

PART B. SHARE STRUCTURE

Item 4. The exact title and class of securities outstanding.

The only class of securities outstanding is 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 ("Shares"), which represent ownership in the Fund. The Fund's trading symbol on the OTCQB U.S. Market ("OTCQB") of OTC Markets Group Inc. is "DEFG" and the CUSIP number for the Fund's Shares is G4070G104.

Item 5. Par or stated value and description of the security.

A. Par or Stated Value

The Shares represent equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund, and have no par value.

B. Common or Preferred Stock

General

The Fund is authorized under the LLC Agreement to create and issue an unlimited number of Shares. The Fund issues Shares only in Baskets (a Basket equals a block of 100 Shares) in connection with creations. The Shares represent equal, fractional, undivided interest in and ownership of the Fund with such relative rights and terms as set out in the LLC Agreement. The Shares are quoted on OTCQB under the ticker symbol "DEFG."

The Shares may be purchased from the Fund on an ongoing basis, but only upon the order of Authorized Participants and only in blocks of 100 Shares, which are referred to as Baskets. The Fund creates Shares on an ongoing basis, but only in Baskets. Initially, each Share represented approximately 1.4158 UNI, 0.0190 of one AAVE, 0.0013 of one MKR, 0.0107 of one COMP, 0.2095 of one SNX, 0.0001 of one YFI, 0.1750 of one UMA, 0.3445 of one SUSHI, 2.3846 CRV and 0.3356 of one BNT. As of June 30, 2025, each Share represented approximately 0.9687 UNI, 0.0238 of one AAVE, 0.0013 of one MKR, 2.0562 CRV, and 1.4132 LDO. Shareholders that are not Authorized Participants may not purchase (or, if then permitted, redeem) Shares or Baskets from the Fund. At this time, the Fund is not operating a redemption program for Shares and therefore the Shares are not redeemable by the Fund.

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.

The Manager has delivered to the Custodian a 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 in such capacity.

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 DFX 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 number 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 Cayman Islands Monetary Authority (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. Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program.

Even if such relief is sought in the future, 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 "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 Digital Asset Reference Rates and the Shares have historically traded at a substantial premium over, or a substantial discount to, the NAV per Share," "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 OTCQB and the Digital Asset Trading Platform Market" and "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 a 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 one year 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 OTCQB U.S. Marketplace. 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.

Item 6. The number of shares or total amount of the securities outstanding for each class of securities authorized.

As of June 30, 2025 and 2024, the Fund had unlimited Shares authorized. As of June 30, 2025 and 2024, there were 237,560 and 233,960 Shares issued and outstanding, respectively.

The following table shows the number of the Shares outstanding:

	As of June 30,	
	2025	**2024**
(i) Number of Shares authorized	Unlimited	Unlimited
(ii) Number of Shares outstanding	237,560	233,960
(iii) Number of Shares freely tradable[(1)]	202,051	193,102
(iv) Number of beneficial holders owning at least 100 Shares[(2)]	16	20
(v) Number of holders of record[(2)]	17	20

(1) Public float means the total number of unrestricted Shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10% of the total Shares outstanding, or anyone who controls, is controlled by or is under common control with such person, or any immediate family members of officers, directors and control persons. Freely tradable Shares inclusive of holders with more than 10% of total Shares outstanding was 202,999 and 193,104 as of June 30, 2025 and 2024, respectively.

(2) Includes Cede & Co. nominee for DTC for the Shares traded on OTCQB, but not its direct participants. Therefore, this number does not include the individual holders who have bought/sold Shares on OTCQB or transferred their eligible Shares to their brokerage accounts.

Item 7. The name and address of the transfer agent.

The Fund's transfer agent is Continental Stock Transfer & Trust Company (the "Transfer Agent"). The Transfer Agent's address is 1 State Street, 30th Floor, New York, New York 10004, and its telephone number is (212) 509-4000. Continental Stock Transfer & Trust Company is registered under the Securities Exchange Act and is regulated by the SEC.

PART C. BUSINESS INFORMATION

Item 8. The nature of the issuer's business.

A. Business Development

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 below, 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. Nevertheless, the Index Provider may remove a digital asset as an Index Component from the DFX 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.

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.

Fund Objective

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 Fund Components as determined by reference to their respective Digital Asset Reference Rates and Fund Weightings, less the Fund's expenses and other liabilities. The Fund Components consist of the digital assets that make up the DFX as rebalanced from time to time, subject to the Manager's discretion to exclude individual digital assets in certain cases. The DFX is designed and managed by the Index Provider, a subsidiary of DCG and an affiliate of the Manager, which is also a subsidiary of DCG, and the Fund.

There can be no assurance that the value of the Shares of the Fund will reflect the value of the Fund Components, less the Fund's expenses and other liabilities and the Shares, if traded on any Secondary Market, may trade at a substantial premium over, or substantial discount to, such value and the Fund may be unable to meet its investment objective. The value of the Shares may not reflect the value of the digital asset, less the Fund's expenses and other liabilities, 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, price volatility of the digital asset, 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 OTCQB and the global trading platform market for trading the Fund Components. As a result, the Shares of the Fund, if traded on any Secondary Market, may 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.

At this time, the Fund is not operating a redemption program for Shares and therefore Shares are not redeemable by the Fund. In addition, the Fund may halt creations for extended periods of time, for a variety of reasons, including in connection with forks, airdrops and other similar occurrences.

As a result, 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. Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program. Further, 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. 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. Even if such relief from the SEC is sought in the future, 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 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 OTCQB over or below, 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 "Risk Factors—Risk Factors Related to the Fund and the Shares—Because of the holding period under Rule 144 and the lack of an ongoing redemption program, there is no arbitrage mechanism to keep the price of the Shares closely linked to the Digital Asset Reference Rates and the Shares may trade at a substantial premium over, or substantial discount to, the NAV per Share", "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 OTCQB and the Digital Asset Trading Platform Market" and "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."

DFX Methodology

Prior to July 5, 2022 the Index Provider followed a separate index methodology designed and managed by CoinDesk Indices, Inc. in its capacity as Index Provider (the "Old DFX Methodology"). Effective July 5, 2022 the DFX replaced the Old DFX Methodology with the DFX Methodology. The principal differences between the DFX Methodology and the Old DFX Methodology are changing the Current Constituent Criteria, instituting a minimum weight requirement, and narrowing the Selection Universe.

DeFi Cohort

The Index Components are drawn from the DeFi Cohort, which is determined based on the following criteria: (i) the digital asset must be ranked in the top 250 in the Index Provider's DACS report, and categorized as part of the DeFi sector by the Index Provider, (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 Index Rebalancing Period.

Decentralized finance, or "DeFi", digital assets are those that are 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.

Eligibility and Weighting

Under the DFX Methodology and subject to the below, a digital asset included in the DeFi Cohort will generally be eligible for inclusion in the DFX 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 DFX on a market capitalization-weighted basis. For example, a digital asset with a larger market capitalization will have a higher representation in the DFX, 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 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 will be determined by reference to the applicable Digital Asset Reference Rate. The market capitalization of any digital assets not in the DFX, 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 Weighting therefore fluctuates, daily in accordance with changes in the market price of such Fund Components. See "Valuation of Digital Assets and Determination of NAV" in this Annual Report.

Inclusion of New Index Components

In order for a new digital asset to qualify for inclusion in the DFX, and thus the Fund's portfolio during a Fund Rebalancing Period, it must be included in the DeFi Cohort and be among the 20 highest ranked digital assets in the DeFi Cohort by market capitalization. Such 20 digital assets are referred to as the "Selection Universe." In order for a digital asset in the Selection Universe to be included in the DeFi during an Index Rebalancing Period such digital asset must (i) have a current market capitalization that is at least 1.2 times the median current market capitalization of the Selection Universe for the Index Rebalancing Period; (ii) have a median daily value traded during the previous 30-day calendar period (the "30-day MDVT") for the Index Rebalancing Period that is at least 1.2 times the 30-day MDVT of the Selection Universe for the Index Rebalancing Period, (iii) trade on at least three Constituent Trading Platforms as of the first day of the Index Rebalancing Period, (iv) have been included in the Watchlist during the Index Rebalancing Period for the prior quarter, (v) the inclusion of such new digital asset will not result in the Index holding more than ten Index Components and (vi) such digital asset must have a minimum weight of 1.0% (collectively, the "Index Inclusion Criteria"). In the event that more than ten digital assets meet the Index Inclusion Criteria, the qualifying digital assets will be ranked by current market capitalizations. Those ranked below the top ten will be excluded and the remaining digital assets constitute the Index Components of the DFX.

If a digital asset in the Selection Universe does not meet the inclusion criteria described in (i) and (ii) above, but has (a) a current market capitalization that is at least 1.0 times the median current market capitalization of the DeFi Cohort for the Index Rebalancing Period and (b) a 30-day MDVT that is at least 1.0 times the 30-day MDVT of the Selection Universe for the Index Rebalancing Periods and meets the criteria described in (iii)) above (collectively, the "Current Constituent Criteria"), such digital asset will be added to a list of assets to be considered for inclusion in the following calendar quarter (the "Watchlist"). A digital asset included on the Watchlist will only be included in the DFX in a future quarter if it meets all of the Index Inclusion Criteria.

The Index Provider does not currently expect to include digital assets in the DFX or on the Watchlist if they do not meet the Index Inclusion Criteria, except under extraordinary circumstances. For example, the Index Provider may include a digital asset in the DFX or the Watchlist if the Index would not otherwise include a minimum of five digital assets. In such a scenario, the Index Provider would include the next largest digital asset that meets the Current Constituent Criteria, and, if a new digital asset still does not qualify, the Index Provider would include the next largest digital assets by trailing 30-day median market capitalization until such time as the number of Index Components meets such minimum.

The respective weightings of the Index Components within the DFX are determined by the Index Provider based on market capitalization criteria. The resulting weightings of the Index Components are referred to as the "Index Weightings."

The process followed by the Index Provider to determine the DeFi Cohort, the Index Components and their respective Index Weightings is referred to as the "DFX Methodology."

Removal of Existing Index Components

The DFX, and therefore the Fund, is rebalanced on a quarterly basis according to the DFX 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 Index Rebalancing Period, a digital asset will be removed as an Index Component from the DFX, and therefore removed from the Fund if also a Fund Component, if (A) (i) it is not included in the Selection Universe, (ii) it fails to meet the Current Constituent Criteria, or (iii) such digital asset has a weight of less than 0.8% and (B) such removal would not result in the DFX holding less than five Index Components (collectively, the "Removal Criteria"). For additional information, including regarding the exclusion of Index Components from the Fund, see "—Inclusion of New Index Components" and "—Rebalancing."

For example, if COMP was not included in the Selection Universe, failed to meet the Current Constituent Criteria described above, or had a weight in the Index of less than 0.8%, COMP would be removed from the DFX, unless its removal would result in the DFX holding less than five Index Components, in which case it would not be removed.

Outside of the quarterly Index Rebalancing Period, the Index Provider may remove a digital asset as an Index Component from the DFX under extraordinary circumstances. For example, if an Index Component is determined to be a "security" under the federal securities laws by the Securities and Exchange Commission (the "SEC"), a federal court or other U.S. government agency, or under such consideration by any U.S. government oversight agency, it would be removed from the DFX 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.

At the inception of the Fund, the digital assets included in the Fund's portfolio as Fund Components were: UNI, AAVE, COMP, CRV, MKR, SUSHI, SNX, YFI, UMA and BNT.

As of the date of this Annual Report, the digital assets included in the Fund's portfolio as Fund Components are: UNI, AAVE, MKR, CRV, LDO, and ONDO, and the Digital Asset Reference Rate for each Fund Component is an Indicative Price. Refer to Exhibit 1 to this Annual Report, "Note 4. Portfolio Rebalancing" for a description of the portfolio rebalancing events.

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;
- there is limited or no reliable information regarding, or concerns over the intentions of, the core developers of the digital asset; or
- for any other reason, in each case as determined by the Manager in its sole discretion.

As part of determining whether use or trading of a digital asset raises or potentially raises significant governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, the Manager considers 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. The Manager does this taking 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, 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 also considers, solely as one input, the analytical framework developed by Coinbase, Inc., which has been adopted by the Crypto Ratings Counsel, an organization of which the Manager is a founding member. Finally, the Manager discusses the security status of each digital asset included in the Fund with its external counsel. Through this process the Manager believes that it is applying the proper legal standards in determining whether a particular digital asset is a security in light of the uncertainties inherent in the *Howey* and *Reves* tests, as opposed to a purely probabilistic or "risk based" standard. However, in light of these uncertainties and the fact-based nature of the analysis, the Manager acknowledges that a particular digital asset included in the Fund may currently be a security, based on the facts as they exist today, or may in the future be found by the SEC or a federal court to be a security under the federal securities laws notwithstanding the Manager's prior conclusion; and the Manager's prior conclusion, even if reasonable under the circumstances, would not preclude legal or regulatory action based on the presence of a security. In June 2023, the SEC brought charges against Binance and Coinbase, two of the largest digital asset trading platforms, for alleged violations of a variety of securities laws. In their complaints, the SEC asserted that several digital assets were securities. See "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."

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. Because the legal tests for determining whether a digital asset is or is not a security often leave room for interpretation, when the Manager believes there to be good faith grounds to conclude that a particular digital asset is not a security, the Manager does not intend to exclude that digital asset from the Fund strictly on the basis that it could at some future point be determined to be a security.

The 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 Weightings are generally expected to be calculated proportionally to the respective Index Weightings for the remaining Index Components.

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 DFX. In addition, the Manager may exclude a digital asset or rebalance the Weighting of an existing Fund Component to the extent its inclusion as a Fund Component or projected 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.

For example, on July 5, 2022, the Index Provider rebalanced the DFX pursuant to the DFX Methodology. On July 21, 2022, the SEC filed insider trading charges against a former employee of Coinbase Global, Inc. and two other individuals. In the complaint, the SEC alleged that a digital asset known as AMP is a security under the U.S. federal securities laws. On July 22, 2022, the Index Provider announced that effective July 25, 2022, as a result of these developments, AMP would be removed from the DFX and the weight of AMP in the DFX would be redistributed proportionally to the remaining Index Components, pursuant to the DFX Methodology. In connection with the removal of AMP from the DFX, the Fund removed AMP from the Fund's portfolio and sold the AMP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings.

Illustrative Example

For the purposes of illustration, the digital assets that qualified for inclusion in the DFX based on market capitalization were Uniswap (UNI), 1inch (1INCH) and Universal Market Access (UMA). The digital assets that qualified for inclusion based on liquidity were Uniswap (UNI), 1inch (1INCH) and Ren (REN). The digital assets that qualified for inclusion based on eligible trading platforms were Uniswap (UNI) and Ren (REN). Uniswap (UNI) was the only asset to pass the market capitalization, liquidity, and eligible trading platform thresholds.

While Uniswap (UNI) met the Index Inclusion Criteria, the Manager then sought to determine whether any of the aforementioned bases for exclusion applied:

i. *none or few of the Authorized Participants or Service Providers has the ability to trade or otherwise support the digital asset*: Because the Authorized Participant had the ability to trade Uniswap (UNI) during this Fund Rebalancing Period, it satisfied this criterion.

ii. *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*: Uniswap (UNI) raised no such concern and therefore satisfied this criterion.

iii. *the underlying code contains, or may contain, significant flaws or vulnerabilities*: Uniswap (UNI) raised no such concern and therefore satisfied this criterion.

iv. *there is limited or no reliable information regarding, or concerns over the intentions of, the core developers of the digital asset*: Uniswap (UNI) raised no such concern and therefore satisfied this criterion.

v. *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 Uniswap (UNI) satisfied this criterion.

Following this analysis, it was determined that Uniswap (UNI) 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."

The Manager has 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 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 "DFX 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 DFX 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, 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 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 and Redemption 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 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

The Index Provider reviews the DFX for rebalancing according to the DFX Methodology quarterly 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"). At the start of each Index Rebalancing Period, the Index Provider applies the DFX 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 DFX and should therefore be removed as Fund Components, (ii) determine whether any new digital assets have been added to the DFX 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 DFX, 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 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 DFX 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 Weightings and using the cash proceeds to purchase tokens of the newly eligible digital assets.

The Manager will rebalance 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 "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 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 if redemptions are then permitted, 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 on such business day and the Fund will create Shares in exchange for contributions of the then-current Fund Components in proportion to their respective 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 "Description of the Shares—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 on the following business day.

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 Weighting of each Fund Component will generally dynamically adjust with the market, even without adjustments to such Fund Component's Weighting, to account for gradual changes in supply. Therefore, the Manager does not expect the Index Provider to cause the DFX 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 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 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 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 DFX 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. The table makes a number of assumptions, including that: (i) prior to the 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 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 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 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 0.9687 UNI, 0.0238 AAVE, 0.0013 MKR, 2.0562 CRV, and 1.4132 LDO. On July 2, 2025, the Index Provider completed the quarterly rebalancing of the DFX, determined that UNI, MKR, LDO, AAVE, and SNX met the inclusion criteria of the DFX Index and adjusted their Index Weightings in accordance with the DFX Methodology. Accordingly, the Manager adjusted the Fund's portfolio by purchasing and selling the existing Fund Components in proportion to their respective Weightings. As of July 3, 2025, following the rebalancing, each Share represented 0.8393 UNI, 0.0006 MKR, 1.2215 LDO, 0.0207 AAVE, 1.8597 CRV, and 4.2953 ONDO. 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 OTCQB. 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 OTCQB upon receiving approval from the Manager. Investors may also choose to purchase Shares on OTCQB. Shares purchased on OTCQB are not restricted. The Manager believes the quotation of the Shares on OTCQB 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 https://grayscale.com/crypto-products/grayscale-decentralized-finance-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.

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 Digital Asset Reference Rates and weightings within the Fund, less the Fund's expenses and other liabilities, the Shares may trade in the Secondary Market on OTCQB (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 OTCQB and larger Digital Asset Trading Platforms. While the Shares trade on the OTCQB 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.

1. The form of organization of the issuer.

The Fund is a Cayman Islands limited liability company.

2. The year that the issuer (or any predecessor) was organized.

The Fund was constituted on June 10, 2021 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.

3. The issuer's fiscal year end date.

The Fund's fiscal year end date is June 30.

4. Whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding.

The Fund has not been in, and is not in the process of, any bankruptcy, receivership or any similar proceeding since its inception.

5. Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.

The Fund has not undergone any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets since its inception.

6. Any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments.

The Fund has not experienced any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the Fund to make payments since its inception.

7. Any change of control.

The Fund has not experienced any change of control since its inception.

8. Any increase of 10% or more of the same class of outstanding equity securities.

The Fund has only one class of outstanding equity securities. The Fund has experienced increases of more than 10% of the Shares since inception of the Fund (June 10, 2021). The Fund is a limited liability company that has no limit on the number of Shares that can be issued. The Fund publishes the total number of Shares outstanding as of the end of each month on the Manager's website at www.grayscale.com.

9. Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization.

On June 23, 2022, the Fund completed a 1-for-10 Reverse Share Split of the Fund's issued and outstanding Shares. In connection with the Reverse Share Split, effective for shareholders of record on June 22, 2022, every ten issued and outstanding Shares of the Fund were converted into one Share. The number of outstanding Shares and per-Share amounts disclosed for all periods presented, throughout this Annual Report, have been retroactively adjusted to reflect the effects of the Reverse Share Split.

10. Any delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board.

There has not been any delisting of the Shares by any securities exchange or deletion from the OTC Bulletin Board.

11. Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

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.

B. Business of Issuer.

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 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 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. As each new block records outstanding digital asset transactions, and outstanding transactions are settled and validated through such recording, the digital asset blockchain 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 DFX 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 0.36%, or $10.9 billion, based on data from CoinMarketCap.com. The top digital assets by market capitalization that met the DFX Methodology as of June 30, 2025 are detailed below:

Asset[(1)]	Symbol	Market Cap (millions)	Circulating Supply (millions)	Maximum Supply (millions)
Uniswap	UNI	$ 4,483.9	628.7	1,000.0
Aave	AAVE	$ 4,167.4	15.2	16.0
Maker	MKR	$ 915.1	0.5	100.0
Curve	CRV	$ 710.8	1,359.3	3,030.3
Lido DAO	LDO	$ 665.2	897.0	1,000.0

(1) As a result of the July 2, 2025 rebalancing, ONDO was added to the Fund.

Smart Contracts

The Ethereum network was the first blockchain protocol to allow users to write and implement smart contracts—general-purpose code that executes on 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 the native token to any such blockchain. Smart contract operations are executed on a blockchain in exchange for payment of digital assets. Smart contracts are one of a number of projects intended to expand blockchain use beyond just a peer-to-peer money system.

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) and organizations that are autonomous, known as decentralized autonomous organizations (DAOs). 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.

More recently, the Ethereum network and other smart contract platforms have been used for decentralized finance (DeFi) or open finance platforms, which seek to democratize access to financial services, such as borrowing, lending, custody, trading, derivatives, asset management 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.

In addition, the Ethereum network and other smart contract platforms have been used for creating non-fungible tokens, or NFTs. Unlike digital assets native to smart contract platforms which are fungible and designed to enable the payment of fees for smart contract execution, NFTs allow for digital ownership of assets associated with the NFT, including those created within the DApps built on smart contract platforms. This new paradigm allows users to own their digital assets as NFTs, trade them with others in the DApp or game, and carry them to other digital experiences, creating an entirely new free-market internet-native economy that can be monetized in the physical world.

For example, LAND is an NFT in Decentraland, a metaverse DApp built on the Ethereum network. LAND is an NFT because every parcel of LAND has a different set of (x,y) coordinates in Decentraland, and thus there is only one representation within Decentraland of each set of (x,y) coordinates. The value of LAND is based on its adjacency to other LAND and its ability to host content and connect users in Decentraland. Other uses of NFTs include digital art, collectibles, in-game items and identity.

DeFi

More recently, the Ethereum network and other smart contract platforms have been used for decentralized finance (DeFi) or open finance platforms, which seek to democratize access to financial services, such as borrowing, lending, custody, trading, derivatives, asset management 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 year ended June 30, 2025, between $41 billion to $76 billion worth of digital assets were locked up as collateral on DeFi platforms on the Ethereum network.

DeFi consists of several component protocols that are interoperable with one another to provide various types of goods and services. Under DACS, the Index Provider classifies the DeFi Sector into the following sub-categories or "Industries": Asset Management, Atomic Swaps, Credit Platform (Other), Lending/Borrowing, Active DAO, DAO (Other), DAO Builder, Derivatives, Automated Market-Maker (AMM), Central Limit Order Book (CLOB), Exchanges (Other), Insurance, and Yield. Examples of broad categories that are considered DeFi include:

Decentralized Exchange Protocols

Many decentralized exchange protocols ("DEXs") use what is known as an automated market maker. These protocols generally enable decentralized trading of digital assets without a central orderbook by aggregating digital asset trading pairs using smart contracts. With DEX protocols, users can exchange digital assets with one another by transferring the digital asset they want to sell in exchange for the digital asset they want to buy and paying a transaction fee per trade.

The smart contracts eliminate the need of traders to find buyers and sellers. Instead, traders interact directly with the protocol, which determines the exchange rate for a given digital asset liquidity pool. Liquidity pools are maintained by independent market makers called liquidity providers ("LPs"). LPs receive a portion of the transaction fees in exchange for their services. Exchange rates are determined algorithmically by constant function market makers or by LPs, in each case subject to market forces.

Some DEX protocols also include tokens that give holders governance rights over the protocol, such as the ability to propose and vote on improvement proposals to adjust features such as permitted assets and transaction fees, as well as economic rights to fees generated by the protocol.

Examples of DEX protocols include Uniswap and Curve. Under DACS, Uniswap and Curve are included in the AMM Industry.

<u>Uniswap</u>

UNI is a digital asset that is created and transmitted through the operations of the peer-to-peer Uniswap protocol, a decentralized protocol that enables trading of digital assets without a central orderbook by aggregating digital asset trading pairs using smart contracts. No single entity owns or operates the Uniswap protocol, the infrastructure of which is collectively maintained by a decentralized user base.

On the Uniswap protocol, users exchange digital assets with one another by paying a transaction fee to LPs. In Uniswap v3 and later versions, LPs provide liquidity by depositing assets into pools and receive non-fungible tokens (NFTs) that represent their specific liquidity positions, including chosen price ranges. Fees accrue to the holders of these LP NFTs in proportion to the amount and range of liquidity provided and are collected by LPs as long as their liquidity remains in range and unwithdrawn.

Holders of UNI have the ability to propose and vote on improvement proposals to adjust certain features of the Uniswap protocol. Examples of proposals include changes to protocol parameters, the optional protocol-fee mechanism, and allocations from the Uniswap treasury or grants. The creation of liquidity pools is permissionless; anyone can deploy pools, and UNI-holders do not, as a class, curate or 'list' specific markets.

The Uniswap protocol was originally conceived in 2016 by Vitalik Buterin, the creator of the Ethereum network. In 2018, Hayden Adams, a software engineer and Uniswap Labs Inc., a U.S. company, created the first version of the Uniswap protocol and UNI. The Uniswap protocol was initially funded by grants from the Ethereum Foundation and later venture capital. UNI was created in 2020 as a means of decentralizing the governance of the network. 150 million tokens were initially distributed to anyone who had participated in a transaction on the Uniswap protocol prior to the token distribution.

In February 2024, the Uniswap Foundation issued a governance proposal that would allow holders of UNI tokens to collect a portion of the revenues collected by the Uniswap protocol, in what would be known as activating a "fee switch." Voting on this "temperature check" proposal has indicated a desire by UNI holders to activate the fee switch and in March 2025, the Uniswap community approved governance proposals to provide additional funding to the Uniswap Foundation and to establish a framework that could allow for the future activation of a fee switch. As of June 30, 2025, no further vote required to implement the fee switch has yet been held and it is unclear if or when such vote or the fee switch's ultimate implementation will occur.

On April 10, 2024, Uniswap Labs announced that it had received a Wells Notice from the SEC pertaining to its activities related to the Uniswap protocol and alleging that Uniswap Labs engaged in an unregistered offer and sale of UNI tokens in violation of the Securities Act. On May 21, 2024, Uniswap Labs submitted a Wells Submission in response to the Wells Notice in which it argued that its issuance and sales of UNI, its activities related to the Uniswap protocol, and the Uniswap protocol itself did not violate securities laws. In February 2025, the SEC closed its investigation of Uniswap Labs without filing any enforcement action against Uniswap Labs or otherwise alleging that the UNI token is a security.

On September 6, 2024, the CFTC announced that it issued an order filing and settling charges against Uniswap Labs for offering leveraged or margined retail commodity transactions in digital assets to users in the United States. The order related to tokens that offered users the opportunity to enter leveraged positions against other digital assets that were available for purchase through the Uniswap protocol via the interface provided by Uniswap Labs. The order required Uniswap Labs to pay a $175,000 civil monetary penalty and to cease and desist from violating the Commodities Exchange Act.

Curve

CRV is a digital asset that is created and transmitted through the operations of the peer-to-peer Curve network, a decentralized exchange and automated market maker, primarily on the Ethereum network. No single entity owns or operates the Curve network, which is collectively maintained by a decentralized user base.

The Curve protocol is a decentralized exchange optimized for swaps between stablecoins that peg to the same value. The Curve network aims to minimize fees, reduce price slippage, mitigate risk, and provide ample liquidity in the exchange of stablecoins by integrating with popular DeFi applications like Compound and Yearn.finance.

Holders of CRV are able to vote on governance proposals and thus participate in CurveDAO, a decentralized autonomous organization that governs the Curve network, to adjust features of the Curve protocol. Examples of proposals include what asset markets to list, transaction fees and how to distribute such fees. Fees currently are distributed to CRV holders if such holders stake their CRV in return for a tokenized asset, veCRV.

The Curve protocol was conceived by Michael Egorov in a November 2019 whitepaper. The Curve protocol was originally called "StableSwap." The StableSwap whitepaper details the foundations of what eventually became the Curve protocol, which launched in January 2020. CRV was launched and distributed to liquidity providers in August 2020.

Decentralized Lending and Borrowing Protocols

These protocols, also known as algorithmic money market protocols, enable decentralized lending and borrowing of digital assets using smart contracts. With lending and borrowing protocols, users can lend digital assets to the protocol and earn interest from borrowers who pay interest and post collateral.

The smart contracts eliminate the need of borrowers and lenders to negotiate the terms of contract and rely on counterparties to hold funds. Instead, both sides interact directly with the protocol, which determines collateral requirements and interest rates and handles the storage and management of the protocol's assets in smart contracts called liquidity pools. Collateral requirements and interest rates are determined algorithmically based on market forces. Many of these protocols rely on overcollateralization, which means that borrowers have to supply more value than they wish to borrow to avoid liquidation, thereby minimizing counterparty and credit risk.

Some lending and borrowing protocols also include tokens that give holders governance rights over the protocol, such as the ability to propose and vote on improvement proposals to adjust features such as permitted assets, collateral requirements and interest rates, as well as economic rights to fees generated by the protocol.

Examples of decentralized lending and borrowing protocols include Aave. Under DACS, AAVE is included in the Lending/Borrowing Industry.

Aave

AAVE is a digital asset that is created and transmitted through the operations of the peer-to-peer Aave network, a decentralized protocol that enables lending and borrowing of digital assets using smart contracts. No single entity owns or operates the Aave network, the infrastructure of which is collectively maintained by a decentralized user base.

On Aave, lenders of digital assets earn interest by receiving an equal amount of aTokens, which are the network's native ERC-20 tokens that represent claims to a portion of an asset pool. For example, if a lender deposits 100 Ether into Aave, it receives 100 aETH. As borrowers on Aave borrow Ether and pay interest in Ether, the value of aETH grows proportionally and are therefore convertible into more Ether. As long as the lender holds aETH, it will earn interest based on the interest rate of the networks' Ether pool.

Holders of AAVE have the ability to propose and vote on improvement proposals to adjust features of the network. Examples of proposals include which aToken markets to list, parameters affecting interest rates and required collateralization for each asset.

The creator of Aave, Aave SAGL, is a Swiss company formed in 2017 by Stani Kulechov, a Finnish attorney. The firm was initially named ETHLend and funded by a $16.2 million ICO in 2017, during which time it sold 1 billion of the total 1.3 billion AAVE tokens (originally called LEND) to the public. In 2018 ETHLend rebranded to Aave, which means "ghost" in Finnish, upon converting from a counterparty matching protocol to a full decentralized lending and borrowing protocol.

Aave also introduced a new featured called "flash loans", which are loans that are simultaneously issued and settled on a single mined block of the Ethereum network. These loans require no upfront collateral and allow users to almost instantly take advantage of trading opportunities or maximize profits from other systems built on the Ethereum network. In July 2024, an Aave user issued a governance proposal that would allow holders of AAVE tokens to collect a portion of the revenues collected by the Aave protocol, in what would be known as activating a "fee switch." No vote on the fee switch has yet been held and it is unclear if or when such vote or the fee switch's ultimate implementation will occur.

Decentralized Derivatives or Synthetic Protocols

These protocols issue derivative or synthetic tokens for a variety of underlying assets such as fiat (i.e., stablecoins), equities, commodities, indices and other financial instruments. With derivative or synthetic assets, users can gain exposure to real world assets while taking advantage of the openness, efficiency and transparency benefits of blockchain technology.

Like DEX and decentralized lending and borrowing protocols, smart contracts on derivative and synthetic protocols eliminate the need of users to find one another. Instead, users interact directly with the protocol, which determines exchange rates, collateral requirements and interest rates and handles the storage and management of the protocol capital in smart contracts called liquidity pools. Many of these protocols also rely on overcollateralization. Some of these protocols also include governance tokens that give holders the ability to propose and vote on improvement proposals to adjust features such as permitted assets, collateral requirements and interest rates.

Examples of protocols used to issue derivatives or synthetic protocols are Maker and Ondo. Under DACS, Maker and Ondo are included in the Yield Industry.

Maker

MKR is a digital asset that is created and transmitted through the operations of the peer-to-peer Maker protocol, a decentralized protocol that enables lending and borrowing through the minting of Dai, a stablecoin pegged to the U.S. dollar. No single entity owns or operates the Maker protocol, the infrastructure of which is collectively maintained by a decentralized user base.

On Maker, users can create collateralized debt positions ("CDP") which lock up collateral in return for Dai on Maker's Multi-Collateral Day System ("MCD System"). The assets are locked in the CDP until debt is repaid to the protocol. CDPs are always over-collateralized, meaning that the collateral requirement always exceeds the amount borrowed. When a user wants to retrieve the collateral, they must pay back the debt, plus a stability fee that accrued on the debt over time. The stability fee is an annual rate that is calculated relative to the debt of the CDP. This stability fee can only be paid using MKR, which is burned upon payment, permanently removing it from the overall supply. Once the debt and stability fee are paid back, the collateral may be withdrawn.

Holders of MKR have the power to vote on the market incentives and risk parameters. MKR also acts as a source of recapitalization for the protocol based on certain deficit and surplus thresholds. When the MCD System surplus exceeds a minimum threshold, excess Dai is auctioned off for MKR, which is then destroyed. Conversely, if the MCD System deficit exceeds a maximum threshold, MKR is created and auctioned off for Dai in order to recapitalize the system. The possibility that MKR token supply could increase in order to recapitalize the system if it runs at a deficit gives holders a strong incentive to govern the system well, in order to avoid having their MKR holdings diluted.

Maker was started by Rune Christensen in 2014. The protocol was built by the Maker Foundation along with outside parties. Over time, the Market Foundation has reduced its control and ceded control to a decentralized autonomous organization (DAO) known as MakerDAO. The DAO is governed by holders of MKR, which can vote on important changes. MKR was issued in 2017 with an initial supply of one million tokens and sold through three private sales. As of June 30, 2025, the token supply stands at 468,370 MKR. In August 2024, MakerDAO announced a forthcoming upgrade and rebrand of the Maker network to "Sky Protocol", under which MKR holders would have the option to exchange MKR tokens for SKY, a new digital asset native to the Sky Protocol. Since September 2024, 1 MKR token has been eligible to be converted into 24,000 SKY tokens via a token migration interface (the "SKY Bridge"), though on approximately September 18, 2025, the MakerDAO protocol is expected to begin penalizing those MKR holders that continue to hold MKR without converting to SKY via the SKY Bridge, by reducing the amount of SKY redeemable for 1 MKR, with increasing conversion penalties expected every three months thereafter.

Ondo

ONDO is a digital asset that is created and transmitted through the operations of the peer-to-peer Ondo protocol, a decentralized protocol that enables the issuance and distribution of tokenized financial products and other real-world assets. No single entity owns or operates the Ondo protocol, the infrastructure of which is collectively maintained by a decentralized user base.

On the Ondo protocol, users can access tokenized representations of off-chain financial instruments, such as short-term U.S. Treasuries and U.S. dollar–backed yield-bearing tokens. These tokenized representations are issued and managed by smart contracts that govern their creation, transfer, and redemption, while custody of the underlying off-chain assets is provided through third-party financial institutions. Ondo's products are designed to allow digital asset users to gain exposure to the stability and yield of traditional financial assets while retaining the efficiency and transparency benefits of blockchain technology.

Holders of ONDO have the ability to propose and vote on governance proposals that can adjust features of the Ondo protocol, including parameters relating to the issuance, redemption, and distribution of tokenized assets, as well as treasury management and community initiatives.

The Ondo protocol was founded in 2021 by Nathan Allman, a former Goldman Sachs banker. The ONDO token was launched in 2023. In early 2024, the Ondo DAO was established, giving ONDO holders the ability to participate in governance proposals relating to certain aspects of the protocol, including token transferability and infrastructure integrations.

Decentralized Asset Management Protocols

These protocols enable decentralized asset management by allowing users to invest in a collective investment pool using a variety of investment strategies. With asset management protocols, users can gain exposure to digital asset investment strategies while taking advantage of the openness, efficiency and transparency benefits of blockchain technology.

The smart contracts eliminate the need of investors to rely on asset managers to hold funds and adhere to investment strategies. Instead, investors interact directly with the protocol, which operates pursuant to a pre-defined investment strategy and determines features such as risk parameters such as concentration and price tolerance, rebalancing, trading and valuation.

An example of decentralized asset management protocols is Yearn Finance, which is not currently a Fund Component.

Liquid Staking Protocols

Traditionally, tokens staked to support the security of a proof-of-stake blockchain network are locked while they accumulate staking rewards, and therefore are not buyable, sellable, transferable, or useable until those tokens are unstaked. Liquid staking protocols allow users to buy, sell, transfer, and use "liquid staked tokens," which are representation of a user's staked assets that have been staked to support the security of their respective proof-of-stake networks. For example, a user may stake a network's native token through a liquid staking protocol and receive a liquid staked token in return. Staking rewards related to the underlying staked tokens that accumulate to the liquid staking protocol, while existing liquid staked token holders receive value in the form of newly minted liquid staked tokens or increased market value of held liquid staked tokens. In this way, the holders' value of the related liquid staked tokens increases proportionately to the staked balance.

Lido DAO

LDO is a digital asset that is created and transmitted through the operations of the decentralized Lido protocol, which enables liquid use of staked tokens on proof-of-stake blockchain networks. Traditionally, tokens staked to support the security of a proof-of-stake blockchain network are locked while they accumulate staking rewards, and therefore are not buyable, sellable, transferable, or useable until those tokens are unstaked. The Lido protocol allows users to buy, sell, transfer, and use "stTokens", which represent assets that have been staked to support the security of their respective proof-of-stake networks. To create an stToken, a user stakes a base-layer network's native token through the Lido protocol, receiving an stToken in return. For example, an Ethereum network user that stakes an Ether token through Lido will receive an stETH in return. An stToken is typically mintable or redeemable for its underlying staked token on a one-to-one basis. Staking rewards related to the underlying staked tokens that accumulate to the Lido protocol are re-staked while existing stToken holders receive newly minted stTokens to ensure the holders' balances of the related stToken increase proportionately to maintain their stTokens' one-to-one representation with the underlying asset.

The Lido protocol is governed by the Lido decentralized autonomous organization, or Lido DAO. Lido DAO decides how to set the protocol's key parameters and to execute upgrades. Holders of LDO have the ability to use their tokens to vote on Lido DAO decisions. Lido was originally founded by Lido Finance, with its original description published in a white paper in 2020.

Other DeFi Protocols

Other DeFi protocols being developed include decentralized insurance protocols, which are designed to hedge the risk of smart contract code and price volatility on other DeFi protocols, decentralized prediction market protocols, which are designed to enable users to bet on real-world events, and other infrastructure primitives and blockchain building blocks.

Governance

Many DeFi protocols also include tokens that give holders governance rights over the protocol, such as the ability to propose and vote on improvement proposals to adjust features such as transaction fee levels, liquidity-provider models, permitted assets, collateral loan-to-value ratios and interest rate models. Token holders are able to participate (either directly or by delegation) in votes to amend the protocols and the future of the networks.

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 U.S. Dollar Coin ("USDC"). Over-the-counter dealers or market makers do not typically disclose their trade data.

As of June 30, 2025, the Digital Asset Trading Platforms included in the Digital Asset Reference Rates are Bitfinex, Coinbase, Crypto.com, Gemini, and Kraken. As further described below, the Manager and the Fund reasonably 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.

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 Reference Rate Provider as a "Category 2" trading platform that meets the Inclusion Criteria outlined below, but is non-U.S. licensed.

Coinbase: A U.S.-based trading platform that has entities registered as money services businesses ("MSBs") with the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN"), licensed as a virtual currency business under the New York State Department of Financial Services' ("NYDFS") BitLicense, licensed as a money transmitter in various U.S. states, and chartered as a limited purpose trust company under New York Banking Law.

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.

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.

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 eligible for inclusion in the Digital Asset Reference Rates from July 14, 2021 (the inception of the Fund's operations) to June 30, 2025 (collectively, "Constituent Trading Platforms"), using data reported by the Reference Rate Provider from July 14, 2021 to June 30, 2025, unless otherwise stated:

Uniswap Trading Platforms included in the Digital Asset Reference Rate as of June 30, 2025[1]	**Volume (UNI)**	**Market Share**[2]
Coinbase	1,297,266,540	75.44%
Kraken	139,154,518	8.09%
Crypto.com	36,091,094	2.10%
Total UNI-USD trading pair	**1,472,512,152**	**85.63%**

(1) Effective October 2, 2024, the Reference Rate Provider removed itBit as a Constituent Trading Platform used to calculate the Indicative Price for UNI and added Bitstamp as a Constituent Trading Platform, due to Bitstamp exceeding itBit in trading volume for UNI. Effective January 3, 2025, the Reference Rate Provider removed Bitstamp as a Constituent Trading Platform used to calculate the Indicative Price for UNI and added Crypto.com as a Constituent Trading Platform, due to Crypto.com exceeding Bitstamp in trading volume for UNI. Effective January 3, 2025, the Reference Rate Provider removed Crypto.com and Kraken as Constituent Trading Platforms used to calculate the Indicative Price for UNI and added Bitfinex and Bitstamp as Constituent Trading Platforms, due to Bitfinex and Bitstamp exceeding Crypto.com and Kraken in trading volume for UNI.

(2) UNI market share is calculated using trading volume (in UNI) for certain Digital Asset Trading Platforms, including Coinbase, Kraken and Crypto.com, as well as certain other large U.S.-dollar denominated Digital Asset Trading Platforms that were not included in the Digital Asset Reference Rate as of June 30, 2025, including Binance.US (data included to June 26, 2023 and from February 20, 2025), Bitfinex, Bitstamp, Bittrex (data included to December 3, 2023), FTX.US (data included to November 11, 2022), Gemini, itBit (data included from February 2, 2022), LMAX Digital (data included from May 27, 2025), and OKCoin (data included to December 5, 2022).

Aave Trading Platforms included in the Digital Asset Reference Rate as of June 30, 2025[1]	**Volume (AAVE)**	**Market Share**[2]
Coinbase	93,166,789	79.67%
Kraken	11,226,284	9.60%
Crypto.com	2,207,589	1.89%
Total AAVE-USD trading pair	**106,600,662**	**91.16%**

(1) Effective July 2, 2024, the Reference Rate Provider removed itBit as a Constituent Trading Platform used to calculate the Indicative Price for AAVE and added Crypto.com as a Constituent Trading Platform, due to Crypto.com exceeding itBit in trading volume for AAVE.

(2) AAVE market share is calculated using trading volume (in AAVE) for certain Digital Asset Trading Platforms, including Coinbase, Kraken and Crypto.com, as well as certain other large U.S.-dollar denominated Digital Asset Trading Platforms that were not included in the Digital Asset Reference Rate as of June 30, 2025, including Binance.US (data included to June 26, 2023 and from February 20, 2025), Bitfinex, Bitstamp, Bittrex (data included to December 3, 2023), CEX.IO (data included from July 24, 2024 to February 11, 2025), FTX.US (data included to November 11, 2022), Gemini, itBit (data included from February 2, 2022), LMAX Digital (data included from May 27, 2025), and OKX (data included from January 14, 2025).

Maker Trading Platforms included in the Digital Asset Reference Rate as of June 30, 2025	Volume (MKR)	Market Share[1]
Coinbase	4,019,118	82.54%
Kraken	258,413	5.31%
Bitfinex	120,887	2.48%
Total MKR-USD trading pair	**4,398,418**	**90.33%**

(1) MKR market share is calculated using trading volume (in MKR) for certain Digital Asset Trading Platforms, including Coinbase, Kraken and Bitfinex, as well as certain other large U.S.-dollar denominated Digital Asset Trading Platforms that were not included in the Digital Asset Reference Rate as of June 30, 2025, including Binance.US (data included to June 25, 2023), Bitstamp, Crypto.com (data included from October 31, 2022), FTX.US (data included to November 11, 2022), Gemini, and OKX (data included from January 14, 2025).

Curve Trading Platforms included in the Digital Asset Reference Rate as of June 30, 2025[1]	Volume (CRV)	Market Share[2]
Coinbase	9,919,679,644	78.63%
Kraken	1,764,930,408	13.99%
Gemini	293,219,334	2.32%
Total CRV-USD trading pair	**11,977,829,386**	**94.94%**

(1) Effective January 3, 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 CRV in accordance with the DFX Methodology.

(2) CRV market share is calculated using trading volume (in CRV) for certain Digital Asset Trading Platforms, including Coinbase, Kraken and Gemini, as well as certain other large U.S.-dollar denominated Digital Asset Trading Platforms that were not included in the Digital Asset Reference Rate as of June 30, 2025, including Binance.US (data included from September 23, 2021 to January 3, 2024 and from February 23, 2025), Bitfinex (data included from November 30, 2021 to January 3, 2024 and from January 4, 2025), Bitstamp (data included to January 3, 2024 and from January 4, 2025), Crypto.com (data included from October 31, 2022 to January 3, 2024 and from January 4, 2025) and OKX (data included from January 14, 2025).

Lido DAO Trading Platforms included in the Digital Asset Reference Rate as of June 30, 2025[1]	Volume (LDO)	Market Share[2]
Coinbase	1,945,534,671	81.49%
Kraken	379,532,679	15.90%
Crypto.com	30,535,225	1.28%
Total LDO-USD trading pair	**2,355,602,575**	**98.67%**

(1) Effective October 2, 2024, the Reference Rate Provider removed Crypto.com as a Constituent Trading Platform used to calculate the Indicative Price for LDO and added Bitfinex as a Constituent Trading Platform, due to Bitfinex exceeding Crypto.com in trading volume for LDO. Effective January 3, 2025, the Reference Rate Provider removed Bitfinex as a Constituent Trading Platform used to calculate the Indicative Price for LDO and added Crypto.com as a Constituent Trading Platform, due to Crypto.com exceeding Bitfinex in trading volume for LDO.

(2) LDO market share is calculated using trading volume (in LDO) for certain Digital Asset Trading Platforms, including Coinbase, Kraken and Crypto.com, as well as certain other large U.S.-dollar denominated Digital Asset Trading Platforms that were not included in the Digital Asset Reference Rate as of June 30, 2025, including Bitfinex, Bitstamp, Gemini, and OKX (data from April 2, 2025).

The domicile, regulation and legal compliance of the Digital Asset Trading Platforms used to determine the Digital Asset Reference Rates 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 Digital Asset Reference Rate 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 Digital Asset Reference Rate, and such transactions may take place at prices materially higher or lower than the Digital Asset Reference Rate. 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 Reference Rate 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 Uniswap on any single Digital Asset Trading Platform included in the Digital Asset Reference Rate was 2.22% 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 Digital Asset Reference Rate was 3.60%. 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 Digital Asset Reference Rate was 0.004%. 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 Aave on any single Digital Asset Trading Platform included in the Digital Asset Reference Rate was 2.59% 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 Digital Asset Reference Rate was 3.41%. 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 Digital Asset Reference Rate was 0.03%. All Digital Asset Trading Platforms that were included in the relevant Digital Asset Reference Rate throughout the period were considered in this analysis. To the extent such prices differ materially from the relevant Digital Asset Reference Rate, investors may lose confidence in the Shares' ability to track the market price of Fund Components.

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 proof-of-work ("PoW")) or stake coins (in the case of proof-of-stake ("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 be 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.

Users

Users may engage with DeFi protocols by interacting with smart contracts deployed on one or more Digital Asset Networks. Through these interactions, users can access a variety of financial services such as lending, borrowing, trading, or liquidity provision, often without the need for traditional intermediaries or counterparties. To participate in some DeFi protocols, users deposit digital assets into protocol-governed smart contracts, which then facilitate the requested activity according to predefined rules encoded on-chain. Users may also receive tokens that represent their positions or entitlements within some DeFi protocols, which must be redeemed or unwound in order to reclaim the underlying digital assets.

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. Within their respective networks, the Fund Components are not designed as a means of payment and have not been accepted in the same manner as Bitcoin or Ether due to the Fund Components' relative infancy and because the Fund Components have different purposes than Bitcoin and Ether.

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.

Fund Component Value

The value of a digital asset is determined by the value that various market participants place on such digital asset through their transactions. The most common means of determining the value of a digital asset is by surveying one or more Digital Assets Markets where such digital asset is traded publicly and transparently. Additionally, there are over-the-counter dealers or market makers that transact in digital assets. 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 by the widely used digital asset Bitcoin. Over-the-counter dealers or market makers do not typically disclose their trade data.

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."

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 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.

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 Holdings Ltd. (the "Binance Complaint") and Coinbase, Inc. (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. 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 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 a 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 "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," "—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 "—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 "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 U.S. 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.

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).

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 exchange. 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 CFTC under the 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 exchange. 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 exchange 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 exchanges.

GRAYSCALE DECENTRALIZED FINANCE (DEFI) FUND LLC

Description of the Fund

The Fund was constituted on June 10, 2021 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 or 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. Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program. Even if such relief is sought in the future, 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 Components, less the Fund's expenses and other liabilities, which may have the effect of reducing any premium at which the Shares trade on OTCQB over such value or cause the Shares to trade at a discount to such value, which at times has been substantial.

Initially, each Share represented approximately 1.4158 UNI, 0.0190 AAVE, 0.0013 MKR, 0.0107 COMP, 0.2095 SNX, 0.0001 YFI, 0.1750 UMA, 0.3445 SUSHI, 2.3846 CRV and 0.3356 BNT. As of June 30, 2025, each Share represented approximately 0.9687 UNI, 0.0238 AAVE, 0.0013 MKR, 2.0562 CRV, and 1.4132 LDO. The number 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 "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 Digital Asset Reference Rates 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-decentralized-finance-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, Coinbase, Crypto.com, Gemini, and Kraken.

Fund Components are carried at fair value. Unlike the procedure used for determining the applicable Digital Asset Reference Rate for a Fund Component and the Fund's NAV, which are calculated using a volume weighted average calculated across multiple Digital Asset Trading Platforms, the fair value of Fund Components and Principal Market NAV presented in the financial statements are calculated in accordance with U.S. GAAP based on the price provided by the Digital Asset Trading Platform that the Fund considers its principal market for each Fund Component as of 4:00 p.m., New York time, on the valuation date. The Fund determines its principal 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 following tables represent 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 considered to be its principal market, as determined by the Fund as of June 30, 2025:

Fund Component	Principal Market	June 30, 2025	June 30, 2024
UNI	Coinbase	$ 7.27	$ 9.19
AAVE	Coinbase	$ 282.97	$ 95.33
MKR	Coinbase	$ 1,976.52	$ 2,518.40
CRV	Coinbase	$ 0.53	N/A
LDO	Coinbase	$ 0.76	$ 1.95
SNX	Coinbase	N/A	$ 1.96

The Fund has no fixed termination date.

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 Digital Asset Reference Rate for the Fund Component as of such business day;
    b. Multiply the Digital Asset Reference Rate 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 Digital Asset Reference Rate, 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 Digital Asset Reference Rate, 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, a Digital Asset Reference Rate;
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 Digital Asset Reference Rates 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—Digital Asset Reference Rates."

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 a Digital Asset Reference Rate, 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 and other constituencies and (ii) the actual continued acceptance of, mining 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.

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."

The Manager intends to evaluate each fork, airdrop or similar occurrence on a case-by-case basis in consultation with the Fund's legal advisors, tax consultants, and the Custodian, and may decide to abandon any Forked Asset resulting from a hard fork, airdrop or similar occurrence should the Manager conclude, in its discretion, that such abandonment is in the best interests of the Fund. For additional information see "Fund Objective—Forked Assets."

Digital Asset Reference Rates

The Fund values its digital assets for operational purposes by reference to Digital Asset Reference Rates and weightings within the Fund, less the Fund's expenses and other liabilities. Each Digital Asset Reference Rate is a U.S. dollar-denominated composite reference rate for the price of the applicable digital asset.

The "Old Indicative Price" is 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 (each, a "Constituent Trading Platform"). The Reference Rate Provider may also provide an "Index Price" for a Fund Component which is determined by the Reference Rate Provider by further cleansing and compiling the trade data used to determine the Old Indicative Price in such a manner as to algorithmically reduce the impact of anomalistic or manipulative trading. This is accomplished by adjusting the weight of each data input based on price deviation relative to the observable set, as well as recent and long-term trading volume for such Fund Component at each venue relative to the observable set. The Reference Rate Provider is able to calculate the Index Price for a particular Fund Component if the Reference Rate Provider determines in its sole discretion that sufficient current and historical trade data inputs exist for such Fund Component in order to generate such Index Price using the Reference Rate Provider's algorithms.

As of June 30, 2022, the Digital Asset Reference Rate for each Fund Component was an Old Indicative Price.

Effective July 1, 2022, the Digital Asset Reference Rate for each Fund Component is the reference rate used by the Index Provider to constitute the DFX. The reference rate used by the Index Provider for each Index Component is a volume-weighted average price in U.S. dollars for the Index Component for the immediately preceding 60-minute period derived from data collected from Constituent Trading Platforms (such price, an "Indicative Price"). As of the date of this Annual Report, the Digital Asset Reference Rate for each Fund Component is an Indicative Price. All references to the NAV and NAV per Share of the Fund in this Annual Report for periods prior to July 1, 2022 have been calculated using Indicative Prices. 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.

The Index Provider may use Index Prices as the reference rate for an Index Component in the future, and if it does so, then the Manager will use an Index Price for the relevant Fund Component. The Manager expects that such Index Price would be calculated in the same manner as described above, except that it would cleanse and compile trade data used to determine the Indicative Price, instead of the Old Indicative Price.

The Manager believes the Reference Rate 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 Digital Asset Reference Rates are selected by the Reference Rate 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, including KYC, AML, and other policies designed to comply with relevant regulations that might apply to it; and
- 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.

All trading platforms that meet these Inclusion Criteria will be assigned to one trading platform Category as defined by the additional criteria below:

- Category 1
  - Licensed and/or able to serve investors, retail or professional, in the U.S.; and
  - Maintain sufficient USD or USDC liquidity relative to the size of the limited assets.
- Category 2
  - Licensed (included 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 serve investors in select European Union countries and none of the other listed jurisdictions, the Reference Rate Provider reserves the right to evaluate its eligibility on a case-by-case basis.
    - Hong Kong
    - Singapore; and
  - Maintain sufficient USD or USDC liquidity relative to the size of the liquid assets.

A Digital Asset Trading Platform is removed from the Constituent Trading Platforms when it no longer satisfies the criteria for inclusion. The Reference Rate 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 Reference Rate Provider has no plans to include data from over-the-counter markets or derivative platforms at this time, the Reference Rate 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 Reference Rate 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 Digital Asset Reference Rates that are Index Prices. The Reference Rate Provider may adjust the calculation methodology for a Digital Asset Reference Rate without notice to, or consent of, the Fund or its shareholders. The Reference Rate 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 Reference Rate Provider has sole discretion over the determination of the Digital Asset Reference Rates and may change the methodologies for determining the Digital Asset Reference Rates from time to time. Shareholders will be notified of any material changes to the calculation methodology or the Digital Asset Reference Rates in the Fund's current reports and will be notified of all other changes that the Manager considers significant in the Fund's periodic reports. The Manager will determine the materiality of any changes to the Digital Asset Reference Rates on a case-by-case basis, in consultation with external counsel.

The Reference Rate Provider may change the trading venues that are used to calculate a Digital Asset Reference Rate or otherwise change the way in which a Digital Asset Reference Rate is calculated at any time. For example, the Reference Rate Provider has scheduled quarterly reviews in which it may add or remove Constituent Trading Platforms that satisfy or fail the criteria described above. The Reference Rate 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 Reference Rate 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. Although the Digital Asset Reference Rate 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 Reference Rate Provider would issue a public announcement through its website, API and other established communication channels with its clients.

Determination of Digital Asset Reference Rates

Since July 1, 2022 all of the Digital Asset Reference Rates have been Indicative Prices.

The Indicative Price is calculated by multiplying the average price on each Constituent Trading Platform by the trading volume on such Constituent Trading Platform for the prior 60 minutes as of 4:00 p.m., New York time, multiplied by the Constituent Trading Platform's weighting based on trading volume relative to the other Constituent Trading Platforms included in the Reference Rate. Each Constituent Trading Platform is weighted relative to its share of trading volume to the trading volume of all Constituent Trading Platforms. As such, price inputs from Constituent Trading Platforms with higher trading volumes will be weighted more heavily in calculating the Indicative Price than price inputs from Constituent Trading Platforms with lower trading volumes. Price and volume inputs are weighted as received with no further adjustments made to the weighting of each trading platform based on market anomalies observed on a Constituent Trading Platform or otherwise.

Illustrative Example

For purposes of illustration, outlined below is an example using a limited number of trades.

Venue	Average Price	Volume	Notional	Weight	Indicative Price Contribution
Trading Platform 1	999.12	800	799,296	53.33%	532.60
Trading Platform 2	997.23	500	498,615	33.33%	332.25
Trading Platform 3	996.65	200	199,330	13.33%	132.82
Indicative Price	—	**1,500**	**1,497,241**	—	**997.67**

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

Determination of Digital Asset Reference Rates When Indicative Prices and Index Prices are Unavailable

If the Digital Asset Reference Rate for a Fund Component becomes unavailable, or if the Manager determines in good faith that such Digital Asset Reference Rate does not reflect an accurate price for such Fund Component, then the Manager will, on a best efforts basis, contact the Reference Rate Provider to obtain the Digital Asset Reference Rate directly from the Reference Rate Provider. If after such contact such Digital Asset Reference Rate remains unavailable or the Manager continues to believe in good faith that such Digital Asset Reference Rate does not reflect an accurate price for the relevant digital asset, the Manager uses the following cascading set of rules to calculate the Digital Asset Reference Rates for that Fund Component. 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. Digital Asset Reference Rate = The price set by the relevant Indicative Price or Index Price as of 4:00 p.m., New York time, on the valuation date. If the relevant Indicative Price or Index Price becomes unavailable, or if the Manager determines in good faith that such Indicative Price or Index Price does not reflect an accurate digital asset price, then the Manager will, on a best efforts basis, contact the Reference Rate Provider to obtain the Digital Asset Reference Rate directly from the Reference Rate Provider. If after such contact such Indicative Price or Index Price remains unavailable or the Manager continues to believe in good faith that such Indicative Price or Index Price does not reflect an accurate price for the relevant digital asset, then the Manager will employ the next rule to determine the Digital Asset Reference Rate. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.
2. Digital Asset Reference Rate = The price set by Coin Metrics Real-Time Rate as of 4:00 p.m., New York time, on the valuation date (the "Secondary Digital Asset Reference Rate"). The Secondary Digital Asset Reference Rate is a real-time reference rate price, calculated using trade data from constituent markets selected by Coin Metrics (the "Secondary Reference Rate Provider"). The Secondary Digital Asset Reference Rate 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. If the Secondary Digital Asset Reference Rate for the relevant Fund Component becomes unavailable, or if the Manager determines in good faith that the Secondary Digital Asset Reference Rate does not reflect an accurate price for such Fund Component, then the Manager will, on a best efforts basis, contact the Secondary Reference Rate Provider to obtain the Secondary Digital Asset Reference Rate directly from the Secondary Reference Rate Provider. If after such contact the Secondary Digital Asset Reference Rate remains unavailable or the Manager continues to believe in good faith that the Secondary Digital Asset Reference Rate does not reflect an accurate price for such Fund Component, then the Manager will employ the next rule to determine the Digital Asset Reference Rate. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.
3. Digital Asset Reference Rate = The price set by the Fund's principal market for the relevant Fund Component (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 Digital Asset Reference Rate. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.
4. Digital Asset Reference Rate = The Manager will use its best judgment to determine a good faith estimate of the Digital Asset Reference Rate. 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 Reference Rate Provider may calculate the Digital Asset Reference Rate based on a digital asset that the Manager does not believe to be the appropriate asset that is held by the Fund. In this event, the Manager has full discretion to use a different reference rate provider or calculate the Digital Asset Reference Rate itself using its best judgment.

The Manager may, in its sole discretion, select a different reference rate provider, select a different indicative or index price provided by the Reference Rate Provider or calculate the Indicative Price or Index Price by using the cascading set of rules set forth above.

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. Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing 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. 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.

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 Digital Asset Reference Rate), 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 Reference Rate 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 number of Fund Components represented by a Share will decrease over time as the Fund Components are used to pay the Fund's expenses. As of June 30, 2025, each Share represents approximately 0.9687 UNI, 0.0238 AAVE, 0.0013 MKR, 2.0562 CRV, and 1.4132 LDO. Information regarding the Fund's Fund Components per Share is posted to the Fund's website daily at www.grayscale.com/funds/grayscale-decentralized-finance-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.

Fund Expenses

The Fund's only ordinary recurring expense is expected to be the Manager's Fee. 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 Weighting. 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 Weighting for each Fund Component and dividing the resulting product for each Fund Component by the Digital Asset Reference Rate 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.

To pay the Manager's Fee, the Manager will instruct the Custodian to (i) withdraw from the relevant Digital Asset Account the amount of tokens for each Fund Component then held by the Fund equal to the Fund Component Fee Amount for such Fund Component and (ii) transfer such tokens of all Fund Components to accounts maintained by the Manager at such times as determined by the Manager in its absolute discretion. 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 discretion. Presently, the Manager does not intend to waive any of the Manager's Fee.

As partial consideration for its receipt of the Manager's Fee from the Fund, the Manager has assumed the obligation to pay the Manager-paid Expenses. There is no cap on such Manager-Paid Expenses. The Manager has not assumed the obligation to pay 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 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 number 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.

Impact of Fund Expenses on the Fund's NAV

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. The Fund will not engage in any activity designed to derive a profit from changes in the price of Fund Components or any Forked Assets. Because the number 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 number 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**
Digital Asset 1			
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	$ 4.85	$ 4.70
Manager's Fee	2.50%	2.50%	2.50%
Manager's Fee Paid from Fund Component 1 on a per Share Basis	$ 0.15	$ 0.15	$ 0.14
Contribution of Fund Component 1 to NAV per Share (after fees)	$ 4.85	$ 4.70	$ 4.56
Digital Asset 2			
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	$ 4.85	$ 4.70
Manager's Fee	2.50%	2.50%	2.50%
Manager's Fee Paid from Fund Component 2 on a per Share Basis	$ 0.15	$ 0.15	$ 0.14
Contribution of Fund Component 2 to NAV per Share (after fees)	$ 4.85	$ 4.70	$ 4.56

	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	$ 970,000.00	$ 940,900.00
Beginning NAV of the Fund	$ 1,000,000.00	$ 970,000.00	$ 940,900.00
Value of Fund Components to be delivered to cover the Manager's Fee	$ 30,000.00	$ 29,100.00	$ 28,227.00
Ending NAV of the Fund	$ 970,000.00	$ 940,900.00	$ 912,673.00
Ending NAV per Share	$ 9.70	$ 9.41	$ 9.13

Discretion of the Manager, Index Provider and Reference Rate Provider

The Manager has sole discretion to replace the DFX with a different DeFi index and sole discretion to replace the Index Provider with a different DeFi index provider, and may replace either the DFX or the Index Provider from time to time. The Index Provider has sole discretion over the DFX Methodology and may change it from time to time. The current DFX Methodology and current Index Components are available at the Index Provider's public website, at https://www.coindesk.com/indices/dfx. The Reference Rate Provider has sole discretion over the determination of Digital Asset Reference Rates and may change the methodologies for determining the Digital Asset Reference Rates from time to time.

RISK FACTORS

An investment in the Shares involves certain risks as described below. These risks should also be read in conjunction with the other information included in this Annual Report, including the Fund's financial statements and related notes thereto. 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.

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 "Management's Discussion and Analysis—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 such digital assets 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 any such 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. The 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.

The protocols underlying the Fund Components were only recently conceived and their constituent technologies may not function as intended, which could have an adverse impact on the value of the Fund Components and an investment in the Shares.

The protocols underlying the Fund Components were only recently conceived and their constituent technologies may not function as intended.

For example, the mechanisms underlying liquid staking protocols are new blockchain technologies that are not widely used and may not function as intended. This may occur if the demand for a particular liquid staked token decreases, potentially causing the price of that liquid staked token to decrease or deviate from the pegged value of their underlying tokens, which could lead to further sales by users and cause the redemption system to become unstable. This risk becomes especially pronounced if the code underlying the redemption mechanism between a liquid staked token and its underlying tokens fails for any reason. Node operators underlying a liquid staking protocol may also engage in certain behaviors prohibited by their respective network's rules, such as validating multiple blocks, disagreeing with the eventual consensus or otherwise violating protocol rules, which can result in the forfeiture or "slashing" of a portion of staked tokens. If one or several node operators engage in behaviors that result in slashing, users may avoid using that liquid staking protocol, which may have a material adverse effect on the value of the relevant liquid staked tokens. If this occurs to any Fund Component, it may adversely affect the value of the Shares.

In another example, the mechanisms underlying decentralized lending and stablecoin protocols may not function as intended. This may occur if the value of collateral deposited into related liquidity pools falls below the amount borrowed, reducing or eliminating the incentive for borrowers to repay their loans. Stablecoins may also fail to maintain the pegged-value and fail to attract a significant number of users. Where decentralized lending protocols do not operate on a collateralized basis, those protocols and their users may be exposed to the credit risk of the underlying borrowers but typically may not be able to conduct due diligence or credit checks on such underlying borrowers and will have to rely on any such due diligence or credit checks conducted by other parties or on other threshold conditions imposed by the protocol itself.

Additionally, the mechanisms underlying decentralized exchanges, including automated market makers and liquidity pool token mechanisms, may not function as intended. This may occur if usage of a decentralized exchange decreases, thereby decreasing the incentive for liquidity providers to provide assets to a particular liquidity pool and leading to price volatility and instability in that asset's exchange market compared to other trading platform options. This would in turn further discourage users from using the protocol and decreasing overall trading volume.

Further, the mechanisms underlying decentralized real-world asset protocols are novel and may not function as intended. These instruments often depend on custodial and banking partners to hold and redeem the underlying assets, and any failure of such parties, or flaws in the smart contracts governing issuance and redemption, could cause their derived tokenized products to lose value or deviate from their intended exposure. Demand for tokenized real-world assets may also decline if competing products offer higher yields or lower costs, creating instability in the redemption mechanism. Regulatory authorities may also determine that certain tokenized asset products or their related governance tokens themselves constitute securities or other regulated instruments, which could materially and adversely affect the value of any related digital assets.

Generally, each of the mechanisms underlying the Fund Components may fail to attract a significant number of users. Further, there may be flaws in the cryptography underlying these technologies, including flaws that affect their functionalities or make their networks vulnerable to attack. As DeFi protocols may not be ringfenced on a geographic basis, it is also possible for their activities to occur across different jurisdictions, which may cause the protocols or their users to potentially be in breach of laws or subject to regulatory oversight in such jurisdictions, including as a result of laws or regulations governing the dealing in digital assets, usury laws, money lending laws and may also give rise to the risk of the protocols or their users being deemed to have a business or tax presence in such jurisdictions, which may impact the value of their related digital assets, possibly including the Fund Components.

If any of these or other similar types of occurrences affect the Fund Components or the protocols underlying the Fund Components, this may affect their values or the value of the Shares. The development of these protocols is ongoing and any disruption could have a material adverse effect on the value of their respective Fund Components and an investment in 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, if any Fund Component was native to a DeFi DApp built on the Polygon network, the value of that Fund Component 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 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 held by the Fund and the value of the Shares.

Certain Fund Components, including UNI and MKR, 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 such as UNI and MKR. 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 such as UNI and MKR 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.

The governance of certain DeFi networks, such as Compound, Maker and Uniswap, is managed more formally by token holders. Under these protocols, a dispersed group of individuals, rather than a single, centralized actor, are able to control network governance decisions. The Compound network, for example, was once managed by Compound Labs, Inc., the developer of COMP, the native token of the Compound network, but is now largely managed by COMP holders. COMP holders generally have control over amendments to, and the development of, their respective protocol's source code. For example, COMP gives token holders governance rights over the protocol, such as the ability to propose and vote on proposals to adjust features such as permitted assets, collateral loan-to-value ratios and interest rate models.

To the extent that token holders make any amendments to the underlying network's protocols, the underlying network will be subject to new protocols that may adversely affect the value of such 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 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 a Fund Component.

Many 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 network 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 Fund Components that operate on the Solana network, if any. Certain 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 proof-of-history ("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 UNI wallets held approximately 70% of the UNI in circulation, the largest 100 AAVE wallets held approximately 82% of the AAVE in circulation, the largest 100 MKR wallets held approximately 71% of the MKR in circulation, the largest 100 CRV wallets held approximately 83% of the CRV in circulation, and the largest 100 LDO wallets held approximately 93% of the LDO 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 a substantial amount 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 a substantial amount of the processing or validating 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.

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, or, in some cases, more than 33%, of the processing power dedicated to mining or the voting power to validate on a particular Digital Asset Network, it may be able to alter the relevant blockchain on which transactions in that digital asset rely 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. Although the malicious actor or botnet may not be able to generate new digital assets or transactions using such control, it may be able to "double-spend" its own digital assets (i.e., spend the same digital assets in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing or validating power on the relevant Digital Asset Network or the digital asset community did not reject the fraudulent blocks as malicious, reversing any changes made to the relevant blockchain may not be possible. Further, a malicious actor or botnet could create a flood of transactions in order to slow down the relevant Digital Asset Network.

For example, in August 2020, the Ethereum Classic network, a PoW 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 attack resulted in reorganizations of the Ethereum Classic blockchain that allowed the attacker or attackers to reverse previously recorded transactions in excess of $5.0 million and $1.0 million.

In addition, in May 2019, the Bitcoin Cash network, a PoW 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.

It is believed that certain mining pools and groups of validators have also collectively exceeded the 50% threshold on some Digital Asset Networks, such as the Bitcoin network. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool or small group of mining pools, for example, could exert authority over the validation of digital asset transactions. This risk is heightened if over 50% of the processing or validating power on the Digital Asset Network falls within the jurisdiction of a single governmental authority, which could allow a government or government agency to regulate a significant number of miners or validators and achieve control over a significant amount of processing or validating power on a Digital Asset Network, and such risk may be significantly heightened for certain Digital Asset Networks, including the Ethereum network, if over 66% falls within such a jurisdiction. To the extent that such events occur on the Digital Asset Network underlying a Fund Component, if the network participants, including the core developers and the administrators of mining pools or groups of validators, do not act to ensure greater decentralization of mining processing or validating power of such network, the feasibility of a malicious actor obtaining control of the processing or validating power on such 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 ecosystem grows, the greater the possibility that a malicious actor may be able to obtain control of the processing or validating power on the relevant Digital Asset Network in this manner will remain heightened.

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 proof-of-stake 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 proof-of-work 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.

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 Proof-of-stake or Proof-of-work 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 Ether voted on-chain to reverse the hack, effectively causing a hard fork. For the days following the vote, the price of Ether 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.

The Uniswap network has implemented a software upgrade in the form a new implementation protocol ("v3"), which, among other features, could defend against the so-called "vampire attacks" that disrupted the Uniswap network in 2020. Under a 'vampire attack,' an upstart protocol developer is able to fork the open-source code of an existing protocol and siphon users and funds away from the existing protocol by incentivizing such users to move their existing protocol rewards over to the new protocol for outsized, temporary rewards. In doing so, a new platform is able to migrate the liquidity, trading volume and users of an existing platform to a new platform. For example, in August 2020 a new project called Sushiswap engaged in a vampire attack on the Uniswap network, at times offering users 200%-1000% annualized returns in exchange for depositing their Uniswap "LP" tokens on the Sushiswap network in exchange for the Sushiswap network's associated SUSHI tokens. The Uniswap network's v3 upgrade is intended in part to protect against such attacks by protecting certain intellectual property rights for two years. A Digital Asset Network's ability to attract and maintain users, including in the event of a vampire attack, could have an adverse effect on the value of such Digital Asset Network's digital assets, including the Fund Components, and the value of the Shares. Furthermore any failure of the Uniswap network to properly implement v3 could have a material adverse effect on the value of UNI and the value of the Shares.

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.

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 Reference Rate 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." In August 2024, MakerDAO announced a forthcoming upgrade and rebrand of the Maker network to "Sky Protocol", under which MKR holders would have the option to exchange MKR tokens for SKY, a new digital asset native to the Sky Protocol. 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 fluctuated widely. This has led 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 Federal Deposit Insurance Corporation ("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.

Hacks have also occurred on decentralized exchanges. For example, in April of 2020, approximately $300,000 to $1.1 million in digital assets underlying certain Uniswap liquidity pools were stolen from the Uniswap network as part of a larger attack on a Uniswap partner protocol. The attack focused on the smart contract governing the relationship between the Uniswap protocol and the third-party.

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 Digital Asset Reference Rates 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;
- 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 Digital Asset Reference Rate 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 Digital Asset Reference Rate 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 Digital Asset Reference Rate 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 trading platforms. 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. 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 a trading platform'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 trading platforms 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.

Digital Asset Reference Rates have a limited history and a failure of a Digital Asset Reference Rate could adversely affect the value of the Shares.

Each Digital Asset Reference Rate 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 Reference Rate Provider. The Digital Asset Trading Platforms chosen by the Reference Rate Provider have also changed over time. Although each Digital Asset Reference Rate 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 Digital Asset Reference Rate, and such transactions may take place at prices materially higher or lower than the Digital Asset Reference Rate. Moreover, there have been 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. See "Management's Discussion and Analysis—Historical Fund Component Prices."

For example, based on data provided by the Reference Rate 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 UNI on any single Digital Asset Trading Platform included in the Digital Asset Reference Rate was 2.22% 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 Digital Asset Reference Rate was 3.60%. 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 Digital Asset Reference Rate was 0.004%. 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 AAVE on any single Digital Asset Trading Platform included in the Digital Asset Reference Rate was 2.59% 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 Digital Asset Reference Rate was 3.41%. 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 Digital Asset Reference Rate was 0.03%. All Digital Asset Trading Platforms that were included in the relevant Digital Asset Reference Rate throughout the period were considered in this analysis. To the extent such prices differ materially from the Digital Asset Reference Rates, 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 Digital Asset Reference Rate 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 Digital Asset Reference Rate 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 Digital Asset Reference Rate is designed to limit exposure to the interruption of individual Digital Asset Trading Platforms, each Digital Asset Reference Rate, 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 Digital Asset Reference Rate 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 Reference Rate 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 Digital Asset Reference Rate, which could skew the price of the digital asset as represented by such Digital Asset Reference Rate. 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 Digital Asset Reference Rates 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 Digital Asset Reference Rates, 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 Digital Asset Reference Rates, 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.

Moreover, 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 even if the Manager decides to do so.

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 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 Digital Asset Reference Rates and the Shares have historically traded at a substantial premium over, or a substantial discount to, the NAV per Share.

Shares purchased in a private placement are subject to a holding period under Rule 144. Pursuant to Rule 144, the minimum holding period for Shares purchased in a private placement is one year. 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 Digital Asset Reference Rate. 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 OTCQB varied significantly from the NAV per Share due to these factors, among others, and has historically traded at a substantial premium over 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 OTCQB 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 OTCQB at a price that is at, above or below the Fund's NAV per Share for a variety of reasons. For example, OTCQB 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 OTCQB 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 Digital Asset Reference Rates and the most recent NAV per Share or closing trading price. For example, if the prices of the Fund Components on the Digital Asset Trading Platform Market, and the value of the Fund Components as measured by the Digital Asset Reference Rates, move significantly in a negative direction after the close of OTCQB, the trading price of the Shares may "gap" down to the full extent of such negative price shift when OTCQB reopens. If the price of the Fund Components on the Digital Asset Trading Platform Market drops significantly during hours OTCQB 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 OTCQB 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 over 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 OTCQB will pay more for their Shares than investors who purchase Shares directly from Authorized Participants. In contrast, if the Shares trade on OTCQB at a discount, investors who purchase Shares directly from Authorized Participants will pay more for their Shares than investors who purchase Shares on OTCQB. The premium or discount at which the Shares have traded has fluctuated over time.

From December 22, 2022 to June 30, 2025, the maximum premium of the closing price of the Shares quoted on OTCQB over the value of the Fund's NAV per Share was 132% and the average premium was 39%. From December 22, 2022 to June 30, 2025, the maximum discount of the closing price of the Shares quoted on OTCQB below the value of the Fund's

NAV per Share was 48% and the average discount was 25%. As of June 30, 2025, the last business day of the period, the Fund's Shares were quoted on OTCQB at a premium of 20% to the Fund's NAV per Share. Moreover, the closing price of the Shares, as quoted on OTCQB at 4:00 p.m., New York time, on each business day, between December 22, 2022 to June 30, 2025, has been quoted at a discount on 119 days.

As a result, shareholders who purchase Shares on OTCQB 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 OTCQB. 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, UNI and AAVE, and any loss in value of UNI or AAVE 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 UNI and AAVE, which represented approximately 37.96% and 36.23%, respectively, of the Fund's NAV as of June 30, 2025, under the DFX Methodology, and as a result, the underlying value of the Shares depends disproportionately on the value of UNI and AAVE. 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 is extremely volatile, and both UNI and AAVE have in the past experienced significant declines in value.

New digital assets are likely to continue to compete with UNI and AAVE by targeting particular variations and enhancements of DeFi and decentralized exchange and lending technology, respectively. If other digital asset protocols enable new features, such as enhanced confidentiality and privacy, increased efficiency and utility, lower transaction fees or faster validation rates as compared to the Uniswap or Aave protocols, the Uniswap or Aave protocol's user base may decrease and their respective digital assets may decline in value, which could adversely impact the value of the Shares.

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 UNI or AAVE 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 "Description of the Fund—Impact of Fund Expenses on the Fund's NAV" and "Description 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 Digital Asset Reference Rates 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 a 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 "Share Structure—Transfer Restrictions" for more information.

At this time the Manager is not accepting redemption requests from shareholders. Because the Manager does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Manager currently has no intention of seeking regulatory approval from the SEC for the Fund to operate an ongoing redemption program and significant barriers to regulatory approval for any request to list the shares of other digital asset investment vehicles, including the Shares of the Fund, remain. 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. The Fund currently has no intention of seeking an exemption from the SEC under Regulation M in order to instate a redemption program.

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

The Shares are qualified for public trading on OTCQB 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, OTCQB can halt the trading of the Shares for a variety of reasons. To the extent that OTCQB 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 may also seek to list the Shares on NYSE Arca sometime in the future, and NYSE Arca must receive approval from the SEC in order to list the Shares, but is not currently seeking approval for required rule changes and currently has no intention to do so. Even if such approval were sought in the future, there can be no guarantee that the Shares will ever be listed on NYSE Arca. See "—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."

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 DFX, 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 DFX Methodology. In addition, the Manager may exclude a digital asset from the Fund's portfolio even if it meets the DFX 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 DFX, 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 "Fund Objective—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 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 Digital Asset Reference Rate 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 "Material Contracts—Description of the LLC Agreement—The Manager—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 "Description of Fund Documents—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 Digital Asset Reference Rates, calculated at 4:00 p.m., New York time, on such day. If the Manager determines in good faith that a Digital Asset Reference Rate does not reflect an accurate price for a Fund Component, then the Manager will employ an alternative method to determine such Digital Asset Reference Rate under the cascading set of rules set forth in "Overview of the Digital Asset Industry and Market—Fund Component Value—Digital Asset Reference Rates—Determination of Digital Asset Reference Rates When Indicative Prices and 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 a Digital Asset Reference Rate 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 Digital Asset Reference Rate. 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 Digital Asset Reference Rate in a manner that ultimately reflects an inaccurate price for such Fund Component. To the extent that the NAV, NAV per Share, or the Digital Asset Reference Rates 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 Digital Asset Reference Rate 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 Digital Asset Reference Rate 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 "Fund Objective—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.

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 benefiting 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 c*ases, 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 "Fund Overview—Forked Assets."

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.

However, in light of these uncertainties and the fact-based nature of these analyses, the Manager acknowledges that the SEC may take a contrary position; and the Manager's conclusion, even if reasonable under the circumstances, would not preclude legal or regulatory action based on the presence of a security.

As is the case with the Fund Components, 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 any such Fund Component under the federal securities laws from external counsel and the Manager's view that the Fund Components are not securities, the Manager's transactions in the Fund Components are not securities transactions, 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 certain of the Fund Components. If the Manager determines that a Fund Component is a security or transactions in a Fund Component are a security or securities transaction, respectively, 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.

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 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 the digital asset 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. Furthermore, if a federal court upholds an allegation that one or more Fund Components are securities or transactions in such Fund Components are securities transactions, 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 in the future.

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. 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 AML and 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 make up the 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 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, Ether and certain Bitcoin-based derivatives or Ether-based derivatives, the SEC has not yet approved the listing on a national securities exchange of any non-futures based digital-asset focused exchange-traded fund or exchange-traded product (such product, an "ETF"). If the SEC were to approve any such ETF other than ours in the future, 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 does 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 "Overview of the Digital Asset Industry and Market—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 a substantial amount 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 "Material 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 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 (if applicable) Staking 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 asset 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 (included 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 "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 Digital Asset Reference Rates 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;
- 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 Digital Asset Reference Rate 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 Reference Rate Provider does not currently utilize data from over-the-counter markets or derivatives platforms in its calculation of any of the Digital Asset Reference Rates, 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 or Reference Rate 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 "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 "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 Digital Asset Reference Rate 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 Digital Asset Reference Rate for each Fund Component. The Digital Asset Reference Rate 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 or 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.

COINDESK DIGITAL ASSET REFERENCE RATES

The Fund values its digital assets for operational purposes by reference to Digital Asset Reference Rates and weightings within the Fund, less the Fund's expenses and other liabilities. The Digital Asset Reference Rate for each Fund Component at any time the Indicative Price for such Fund Component as of 4:00 p.m., New York time, on the most recent business day, as determined by the Reference Rate Provider.

The Indicative Price is 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 three Digital Asset Trading Platforms ("Constituent Trading Platforms") trading such Fund Component selected by the Reference Rate Provider. Price and volume inputs are sourced from the Constituent Trading Platforms. Price and volume inputs are weighted as received with no further adjustments made to the weighting of each trading platform based on market anomalies observed on a Constituent Trading Platform or otherwise.

Each Constituent Trading Platform is weighted relative to its share of trading volume to the trading volume of all Constituent Trading Platforms. As such, price inputs from Constituent Trading Platforms with higher trading volumes will be weighted more heavily in calculating the Indicative Price than price inputs from Constituent Trading Platforms with lower trading volumes.

As of June 30, 2025, the Digital Asset Reference Rate for every Fund Component is an Indicative Price.

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 in this prospectus 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" in this prospectus), as each such term is defined in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Master Glossary. See "Part D—Item 15. Management's Discussion and Analysis—Critical Accounting Policies—Principal Market and Fair Value Determination" for more information on the Fund's principal market selection.

The Fund uses Digital Asset Reference Rates 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 "Valuation of Digital Assets and Determination of the Fund's 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.

Constituent Trading Platform Selection

The Constituent Trading Platforms used to derive Digital Asset Reference Rates are selected by the Reference Rate 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:

- Sufficient USD or USDC liquidity relative to the size of the listed assets;
- 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, including KYC (Know Your Customer), AML (Anti-Money Laundering) and other policies designed to comply with relevant regulations that might apply to it; and
- 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.

All trading platforms that meet these Inclusion Criteria will be assigned to one trading platform Category as defined by the additional criteria below:

- Category 1
    - Licensed and/or able to serve investors, retail or professional, in the U.S.; and
    - Maintain sufficient USD and USDC liquidity relative to the size of the listed assets.
- Category 2
    - Licensed (including in-principal licensure) and/or able to service 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 or able to serve investors in select European Union countries and none of the other listed jurisdictions, the Reference Rate Provider reserves the right to evaluate its eligibility on a case-by-case basis.
        - Hong Kong
        - Singapore; and
    - Maintain 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 Reference Rate 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 Reference Rate Provider has no plans to include data from over-the-counter markets or derivative platforms at this time, the Reference Rate 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 Reference Rate Provider and the Manager have entered into an index license agreement (the "Index License Agreement") governing the Manager's use of the Digital Asset Reference Rates. The Reference Rate Provider may adjust the calculation methodology for a Digital Asset Reference Rate without notice to, or consent of, the Fund or its shareholders. The Reference Rate Provider may decide to change the calculation methodology to maintain the integrity of the Indicative 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 Reference Rate Provider has sole discretion over the determination of Digital Asset Reference Rates and may change the methodologies for determining the Digital Asset Reference Rates from time to time. Shareholders will be notified of any material changes to the calculation methodology or the Digital Asset Reference Rates in the Fund's current reports and will be notified of all other changes that the Manager considers significant in the Fund's periodic reports. The Manager will determine the materiality of any changes to the Digital Asset Reference Rates on a case-by-case basis, in consultation with external counsel.

The Reference Rate Provider may change the trading venues that are used to calculate a Digital Asset Reference Rate or otherwise change the way in which a Digital Asset Reference Rate is calculated at any time. For example, the Reference Rate Provider has scheduled quarterly reviews in which it may add or remove Constituent Trading Platforms that satisfy or fail the criteria described above. The Reference Rate 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 Reference Rate 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. Although the Digital Asset Reference Rate 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 Reference Rate Provider would issue a public announcement through its website, API and other established communication channels with its clients.

Certain Relationships

The Reference Rate Provider and the Manager have entered into an index license agreement (the "Index License Agreement") governing the Manager's use of the Digital Asset Reference Rate for calculation of the Digital Asset Reference Rates. The Reference Rate Provider may adjust the calculation methodology for a Digital Asset Reference Rate 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 Reference Rate Provider in consideration of its license to the Manager of Digital Asset Reference Rate-related intellectual property. The Index License Agreement will automatically renew on an annual basis. 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.

COINDESK® and CoinDesk DeFi Select 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.

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 "Creation and Redemption of Shares."

MATERIAL 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 U.S. 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 will 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, although the Notice contemplates that rewards earned from "mining" will constitute taxable income, and one of the Rulings concluded that rewards from Staking similarly will constitute current taxable income, there is no guidance directly addressing amounts received in connection with digital assets 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. Similarly, there is no guidance addressing whether Staking activities 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. 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 will 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" with the conduct of a trade or business in the United States ("effectively connected income"). There can, however, be no complete assurance in this regard. In particular, there 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. It is also possible that receipt of Staking Consideration or proceeds from 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 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. In addition, under certain circumstances, the Fund may be a "controlled foreign corporation" (a "CFC") for U.S. federal income tax purposes. The material consequences of the PFIC rules and the CFC rules are set forth below. If the Fund is a CFC, the CFC rules, rather than the PFIC rules, will apply to any U.S. Investor that is a 10% U.S. Shareholder, as defined below, 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.

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 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.

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.

CFC Rules

In general, a non-U.S. corporation will be treated as a "controlled foreign corporation" for U.S. federal income tax purposes (a "CFC") if more than 50% of its stock, by vote or value, is owned, directly or under applicable constructive ownership rules, by 10% U.S. Shareholders. A "10% U.S. Shareholder" is a U.S. person (including a U.S. partnership) 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. If the Fund were treated as a CFC, the PFIC rules would not apply to a U.S. Investor that was a 10% U.S. Shareholder (but would continue to apply to other U.S. Investors). Instead, a 10% U.S. Shareholder generally would be required to take into account, as ordinary income, its share of all of the Fund's income and gain for each taxable year, without regard to whether the Fund made any distributions. In addition, all or a portion of the gain recognized by a 10% U.S. Shareholder upon the sale or exchange of an interest in the Fund could conceivably be recharacterized as dividend income that would be taxable as ordinary income.

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. Any U.S. Investor that (a) acquires (whether in one or more transactions) a 10% or greater interest in the Fund (determined by applying certain attribution rules) or (b) reduces its interest in the Fund to less than 10% will generally be required to file IRS Form 5471. Additional reporting requirements will apply to any U.S. Investor owning a 10% or greater interest in the Fund (determined by applying certain attribution rules) if the Fund is a CFC.

A direct or indirect participant in any "reportable transaction" must disclose its participation to the IRS on IRS Form 8886. Furthermore, a "material adviser" to a reportable transaction is required to maintain a list of each person with respect to whom such adviser acted as a material adviser and to disclose to the IRS certain other information regarding the transaction. For purposes of the disclosure rules, a U.S. person that owns at least 10% of the voting power or value of the shares of a CFC is generally treated as a participant in a reportable transaction in which the relevant foreign corporation participates. It is possible that the Fund will participate in one or more transactions that all or certain U.S. Investors would be required to report if the Fund were a CFC. A U.S. Investor also may be required to report a transfer of all or any portion of its Shares if it recognizes a loss on the transfer that equals or exceeds an applicable threshold amount. Certain states, including New York, have similar reporting requirements.

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.

1. The issuer's primary and secondary SIC Codes.

The Fund's primary SIC Code is 6221. The Fund's secondary SIC code is 6199.

2. If the issuer has never conducted operations, is in the development stage, or is currently conducting operations.

The Fund is a passive entity with no operations, and the Manager administers and manages the Fund as described in "Description of the Fund."

3. Whether the issuer has at any time been a "shell company."

The Fund has not at any time been a "shell company."

4. The names of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this Annual Report.

The Manager of the Fund is Grayscale Investments Sponsors, LLC. Effective October 3, 2022, Grayscale Securities, LLC, a wholly owned subsidiary of the Manager, and a registered broker dealer, is the marketer and distributor of the Fund. Effective October 3, 2022, Grayscale Securities, LLC is the sole Authorized Participant. The financial results of these entities are not included in the Fund's financial statements.

The Manager

Until December 31, 2024, the Fund's Manager was Grayscale Investments, LLC, ("GSI"), a Delaware limited liability company formed on May 29, 2013 and a wholly owned subsidiary of DCG. Grayscale Operating, LLC ("GSO") was the co-manager of the Fund from January 1, 2025 to May 3, 2024, and Grayscale Investments Sponsors, LLC ("GSIS") was the co-manager of the Fund from January 1, 2025 to May 3, 2025 and is and will be the sole remaining manager thereafter. 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, Digital Currency Group, Inc., 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's Role

The Manager arranged for the creation of the Fund and the quotation of the Shares on the OTCQB. 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 of the Fund and the NAV per Share 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 may, in its sole discretion, select a different reference rate provider, select a different reference rate provided by the Reference Rate provider, subject to the Manager's obligations under the Index License Agreement, calculate the Digital Asset Reference Rates by using the cascading set of rules set forth under "Overview of the Digital Asset Industry and Market—Fund Component Value—Digital Asset Reference Rates—Determination of Digital Asset Reference Rates When Indicative Prices and Index Prices are Unavailable" above, or change the cascading set of rules set forth above at any time.

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 Baskets. The Participant Agreement sets forth the procedures for the creation of Baskets and for the delivery of digital assets required for creations. 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, 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 to 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 Distributor and Marketer

Prior to October 3, 2022, and for the periods covered by this report, 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-decentralized-finance-fund/; and executing the marketing plan for the Fund. Genesis and Grayscale Securities are each affiliates 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.

Conflicts of Interest

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, and (iii) a minority interest holder in Kraken, one of the Digital Asset Trading Platforms included in the Digital Asset Reference Rate 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 is the parent company of Grayscale Securities, 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. Since October 3, 2022, the only Authorized Participant is 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, prospective investors should be aware that 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.

5. The effect of existing or probable governmental regulations on the business.

Please refer to "Risk Factors—Risk Factors Related to the Regulation of the Fund and the Shares" for a discussion of the effect of existing or probable governmental regulations on the Fund's operations.

6. An estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers.

Not applicable.

7. Costs and effects of compliance with environmental laws (federal, state and local).

Not applicable.

8. The number of total employees and number of full-time employees.

The Fund has no employees. The Manager had 125 employees as of June 30, 2025.

Item 9. The nature of products and services offered.

A. Principal products or services, and their markets.

As a passive investment vehicle, the investment objective of the Fund and the investment objective of the Manager in relation to the Fund is for the value of the Shares, based on NAV per Share, to reflect the value of the Fund Components as determined by reference to their respective Digital Asset Reference Rates and Fund Weightings, less the Fund's expenses and other liabilities. The Fund Components consist of the digital assets that make up the DFX as constituted from time to time, subject to the Manager's discretion to exclude individual digital assets in certain cases. The DFX is designed and managed by the CoinDesk Indices, Inc. ("the Index Provider"). Shares are distributed through sales in private placement transactions and become eligible to sell into the public market after a statutory one-year holding period. 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 top DeFi digital assets by market capitalization. The Shares are quoted on OTCQB under the ticker symbol "DEFG." NAV per Share is updated daily: www.grayscale.com/funds/grayscale-decentralized-finance-fund/. The Fund's manager was Grayscale Investments, LLC until December 31, 2024. Grayscale Operating, LLC was the co-manager of the Fund from January 1, 2025 to May 3, 2024, and Grayscale Investments Sponsors, LLC was the co-manager of the Fund from January 1, 2025 to May 3, 2025 and is and will be the sole remaining manager thereafter.

DeFi applications generally refer to decentralized applications or platforms intended to facilitate 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. In determining which decentralized finance digital assets are investable and thus within the DeFi Cohort, the Index Provider considers a variety of pre-defined criteria established by the Index Provider, including such digital asset's inclusion in the relevant sector of the Index Provider's digital asset classification system, the CoinDesk Digital Asset Classification Standard (DACS), and the Custodian's support of the digital asset, and seeks to exclude those digital assets whose trading characteristics, in the Index Provider's judgment, feature thinly traded markets, liquidity fragmentation,

significant discrepancies in price among trading venues, trading-venue and non-market-related anomalies, price manipulation risk or data integrity issues.

B. Distribution methods of the products or services.

Not applicable.

C. Status of any publicly announced new product or service.

Not applicable.

D. Competitive business conditions, the issuer's competitive position in the industries, and methods of competition.

Thousands of digital assets have been developed since the inception of Bitcoin, 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.

E. Sources and availability of raw materials and the names of principal suppliers.

Not applicable.

F. Dependence on one or a few major customers.

Not applicable.

G. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration.

Not applicable.

H. The need for any government approval of principal products or services and the status of any requested government approvals.

See the discussion set forth under the heading "The effect of existing or probable governmental regulations on the business" above.

Item 10. The nature and extent of the issuer's facilities.

The Fund is a passive entity with no operations, and the Manager administers and manages the Fund as described in the "Description of the Fund." The principal office of the Manager is located at 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902. The Manager utilizes a portion of the space leased by Digital Currency Group, Inc. The lease expires on February 29, 2032.

PART D. MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION

Item 11. The name of the chief executive officer, members of the board of directors, as well as control persons.

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.

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.

The following individuals are the officers of the Manager responsible for overseeing the business and operations of the Fund.

Barry Silbert, Chairman of the Board

Barry Silbert, 49, is the founder and Chief Executive Officer of DCG and has served a director of the Board since January 2024 (previously served as chairman of the Board through August 2025, upon the appointment of Mr. Silbert)5 (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 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

Matt 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 of 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 leadership 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. 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.

Executive Compensation

The Fund has no employees or directors and is managed by the Manager. None of the officers or members of the Manager receive compensation from the Fund. The Manager's Fee accrues daily at an annual rate of 2.5% of the Fund's NAV Fee Basis Amount and is payable monthly in arrears. For the year ended June 30, 2025, the Manager earned $107,806 from the Fund. As of June 30, 2025, the fair market value of the accrued and unpaid Manager's Fee was $0. In addition, the Manager may pay Additional Fund Expenses on behalf of the Fund and be reimbursed by the Fund. For the year ended June 30, 2025, the Fund incurred no Additional Fund Expenses.

Compensation of Directors

Not applicable.

Business Address

The business address for each of the Manager's officers is c/o Grayscale Investments Sponsors, LLC, 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902.

Beneficial Ownership of Officers and Directors

The ownership of Barry Silbert, Mark Shifke, Matthew Kummell, Peter Mintzberg, and Edward McGee individually represented beneficial ownership of less than 1% of the Fund's Shares.

B. Other Control Persons

As of the date of the Annual Report, the following table sets forth certain information with respect to the beneficial ownership of the Shares for each person that, to the Manager's knowledge based on the records of the Transfer Agent and other ownership information provided to the Manager, beneficially owns a significant portion of the Shares as of the date of this Annual Report:

	Amount of Beneficial Ownership	Percentage of Beneficial Ownership
Digital Currency Group, Inc.[(1)]	27,240	11.47%

(1) Includes 26,975 Shares held by DCG International Investments Ltd., a wholly owned subsidiary of Digital Currency Group, Inc., 184 Shares held by Digital Currency Group, Inc, and 81 Shares held by Grayscale Securities, LLC, the Authorized Participant and a wholly owned subsidiary of Digital Currency Group, Inc. and an affiliate of the Manager. The address of the aforementioned is c/o Grayscale Investments Sponsors, LLC, 290 Harbor Drive, 4th Floor, Stamford, CT 06902. The person controlling Digital Currency Group, Inc. is Barry E. Silbert as founder and CEO and in such capacity has voting and dispositive power over the securities held by such entity. Mr. Silbert's address is c/o Grayscale Investments Sponsors, LLC, 290 Harbor Drive, 4th Floor, Stamford, CT 06902.

C. Legal/Disciplinary History

None.

D. Disclosure of Family Relationships

None.

E. Disclosure of Related Party Transactions

See "Conflicts of Interest" above.

Item 12. Financial information for the issuer's most recent fiscal period.

The Fund's audited financial statements as of and for the year ended June 30, 2025 are attached as Exhibit 1 to this Annual Report. The historical results presented herein are not necessarily indicative of financial results to be achieved in future periods. The Fund's audited financial statements attached as exhibits to this Annual Report are incorporated herein by reference and are considered as part of this Annual Report.

Item 13. Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

See "Financial information for the issuer's most recent fiscal period" above.

Item 14. The name, address, telephone number, and email address of each of the following outside providers that provide services to the issuer on matters relating to operations, business development and disclosure.

1. U.S. Counsel

Andrew D. Thorpe, Esq.
Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP
One Bush Plaza, Suite 1200
San Francisco, California 94104
Telephone: (415) 801-4852
Email: athorpe@gunder.com

2. Cayman Islands Counsel

Julian Ashworth
Maples and Calder,
PO Box 309, Ugland House
Grand Cayman, KY1-1104, Cayman Islands
Telephone: (345) 814 5413
Email: Julian.Ashworth@maples.com

3. Independent Auditor

KPMG LLP
345 Park Avenue
New York, NY 10154
Telephone: (212) 758-9700

4. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this Annual Report - the information shall include the telephone number and email address of each advisor.

Not applicable.

Item 15. Management's Discussion and Analysis.

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 current expectations that involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements" or in other sections of this Annual Report.

Fund Overview

The Fund's investment objective is for the value of the Shares (based on NAV per Share) to reflect the value of the Fund Components as determined by reference to their respective Digital Asset Reference Rates and Fund Weightings, less the Fund's expenses and other liabilities. The Fund Components consist of the digital assets that make up the DFX as constituted from time to time, subject to the Manager's discretion to exclude individual digital assets in certain cases. The DFX is designed and managed by the Index Provider. 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 top DeFi digital assets by market capitalization. A substantial direct investment in Fund Components 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 the 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 digital assets.

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.

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." However, the Fund does not expect to take any Forked Assets it may hold into account for purposes of determining the Fund's NAV, NAV per Share, the Principal Market NAV or the Principal Market NAV per Share.

Fund Expenses

The Fund's only ordinary recurring expense is expected to be the Manager's Fee. 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 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 Weighting for each Fund Component and dividing the resulting product for each Fund Component by the Digital Asset Reference Rate 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.

To pay the Manager's Fee, the Manager will instruct the Custodian to (i) withdraw from the relevant Digital Asset Account the amount of tokens for each Fund Component then held by the Fund equal to the Fund Component Fee Amount for such Fund Component and (ii) transfer such tokens of all Fund Components to accounts maintained by the Manager at such times as determined by the Manager in its absolute discretion. 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 discretion. Presently, the Manager does not intend to waive any of the Manager's Fee.

As partial consideration for its 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: (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").

If Additional Fund Expenses are incurred, the Manager will (i) withdraw Fund Components from the Digital Asset Accounts 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 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.

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 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) cause the Fund (or its delegate) to deliver such Fund Components, and/or Forked Assets in kind in satisfaction of such Additional Fund Expenses.

Impact of Fund Expenses on the Fund's NAV

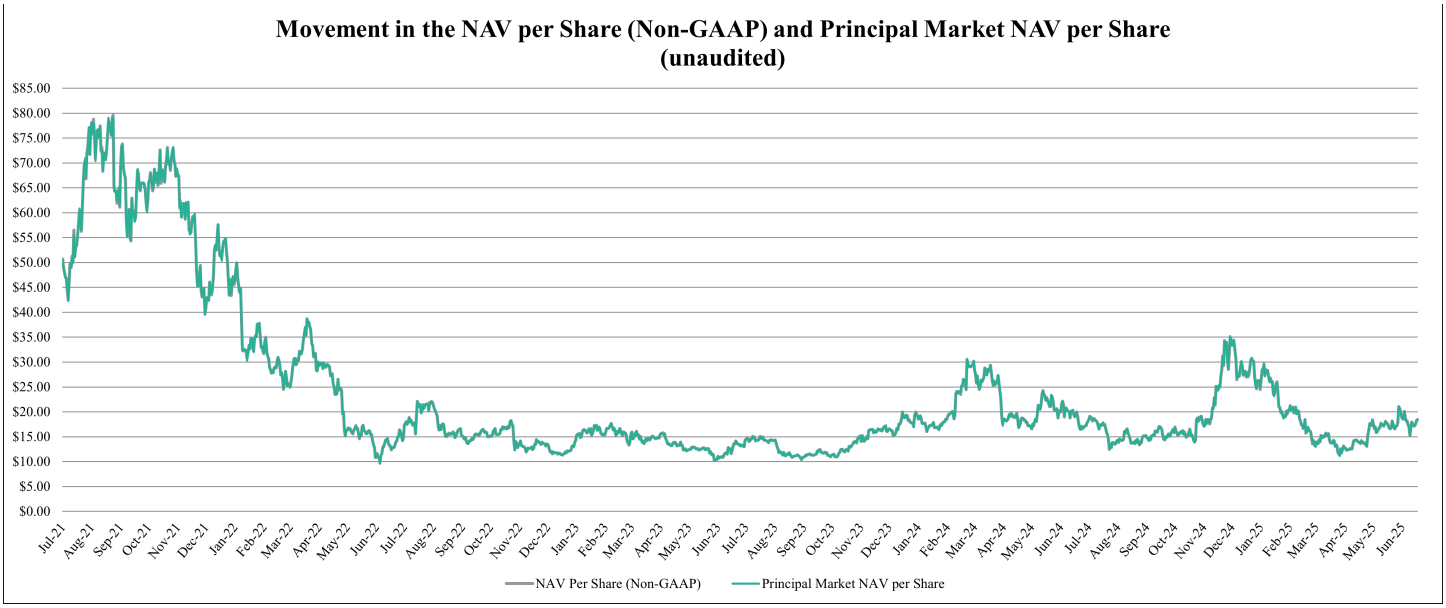
The Fund will pay the Manager's Fee to the Manager in Fund Components held by the Fund, in cash or in Forked Assets. In addition, the Fund will sell Fund Components to raise the funds needed for the payment of any Additional Fund Expenses or will pay Additional Fund Expenses in Fund Components held by 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. The Fund will not engage in any activity designed to derive a profit from changes in the price of Fund Components or any Forked Assets. 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.

Discretion of the Manager, Index Provider and Reference Rate Provider

The Manager has sole discretion to replace the DFX with a different DeFi index and sole discretion to replace the Index Provider with a different DeFi index provider, and may replace either the DFX or the Index Provider from time to time. The Index Provider has sole discretion over the DFX Methodology and may change it from time to time. The current DFX Methodology and current Index Components are available at the Index Provider's public website, at https://www.coindesk.com/indices/dfx. The Reference Rate Provider has sole discretion over the determination of Digital Asset Reference Rates and may change the methodologies for determining the Digital Asset Reference Rates from time to time.

Fund Components

Investing in the Shares does not insulate the investor from certain risks, including price volatility. The following chart illustrates the movement in the NAV per Share (as adjusted for the Reverse Share Split effective June 23, 2022) versus the Fund's Principal Market NAV per Share (as adjusted for the Reverse Share Split effective June 23, 2022) from July 14, 2021 (the inception of the Fund's operations) to June 30, 2025:



For more information on the determination of the Fund's NAV, see "Grayscale Decentralized Finance (DeFi) Fund—Valuation of Digital Assets and Determination of the Fund's NAV."

Critical Accounting Policies

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. At this time, the Fund is not accepting redemption requests from shareholders. 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") 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 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 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 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 and Significant Estimates

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 (unaudited)

Financial Highlights for the years ended June 30, 2025 and 2024.

(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**
Net realized and unrealized (loss) gain on investments in digital assets	$ (98)	$ 1,580
Net (decrease) increase in net assets resulting from operations	$ (206)	$ 1,479
Net assets[(1)]	$ 4,408	$ 4,554

(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 loss on investment in digital assets for the year ended June 30, 2025 was ($98), which includes a realized loss of ($60) on the transfer of digital assets to pay the Manager's Fee, a realized loss of ($58) as a result of the quarterly rebalance of digital assets offset by net change in unrealized appreciation on investment in digital assets of $20. Net decrease in net assets resulting from operations was ($206) for the year ended June 30, 2025, which consisted of the net realized and unrealized loss on investment in digital assets, plus the Manager's Fee of $108. Net assets decreased to $4,408 at June 30, 2025, a 3% decrease for the year. The decrease in net assets resulted the withdrawal of 6,115 UNI, 134 AAVE, 8 MKR, 5,844 CRV, 8,043 LDO, and 1,443 SNX to pay the foregoing Manager's Fee.

Net realized and unrealized gain on investment in digital assets for the year ended June 30, 2024 was $1,580, which includes a realized loss of ($79) on the transfer of digital assets to pay the Manager's Fee, a realized loss of ($1,619) as a result of the quarterly rebalance of digital assets and net change in unrealized depreciation on investment in digital assets of $3,278. Net increase in net assets resulting from operations was $1,479 for the year ended June 30, 2024, which consisted of the net realized and unrealized gain on investment in digital assets, less the Manager's Fee of $101. Net assets increased to $4,554 at June 30, 2024, a 48% increase for the year. The increase in net assets resulted from the price appreciation of Fund Components for the period, partially offset by the withdrawal of 6,653 UNI, 128 AAVE, 8 MKR, 2,532 SNX, 3,840 CRV, and 7,587 LDO, 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.

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 any derivative financial instruments and has no foreign operations or long-term debt instruments.

Selected Operating Data

(All Fund Component balances are rounded to the nearest whole number)

	Year Ended June 30, 2025	Year Ended June 30, 2024
UNI:		
Opening balance	264,609	337,029
Creations	3,460	-
Portfolio rebalancing[1]	(31,838)	(65,767)
Manager's Fee, related party	(6,115)	(6,653)
Closing balance	230,116	264,609
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	230,116	264,609
AAVE:		
Opening balance	5,125	6,232
Creations	86	-
Portfolio rebalancing[1]	566	(979)
Manager's Fee, related party	(134)	(128)
Closing balance	5,643	5,125
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	5,643	5,125
MKR:		
Opening balance	321	433
Creations	5	-
Portfolio rebalancing[1]	(1)	(104)
Manager's Fee, related party	(8)	(8)
Closing balance	317	321
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	317	321
CRV:		
Opening balance	-	331,228
Creations	7,347	-
Portfolio rebalancing[1]	486,960	(327,388)
Manager's Fee, related party	(5,844)	(3,840)
Closing balance	488,463	-
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	488,463	-

LDO:		
Opening balance	308,970	-
Creations	5,138	-
Portfolio rebalancing[1]	29,653	316,557
Manager's Fee, related party	(8,043)	(7,587)
Closing balance	335,718	308,970
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	335,718	308,970
SNX:		
Opening balance	113,833	112,109
Creations	-	-
Portfolio rebalancing[1]	(112,390)	4,256
Manager's Fee, related party	(1,443)	(2,532)
Closing balance	-	113,833
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	-	113,833
Number of Shares:		
Opening balance	233,960	233,960
Creations	3,600	-
Closing balance	237,560	233,960

	As of June 30,	
	2025	**2024**
Prices of digital assets on principal market:		
UNI	$ 7.27	$ 9.19
AAVE	$ 282.97	$ 95.33
MKR	$ 1,976.52	$ 2,518.40
CRV	$ 0.53	N/A
LDO	$ 0.76	$ 1.95
SNX	N/A	$ 1.96
Principal Market NAV per Share[2]	$ 18.55	$ 19.46
Digital Asset Reference Rates[3]:		
UNI	$ 7.24	$ 9.19
AAVE	$ 278.05	$ 95.71
MKR	$ 1,952.21	$ 2,528.73
CRV	$ 0.52	N/A
LDO	$ 0.75	$ 1.96
SNX	N/A	$ 1.96
NAV per Share[2]	$ 18.36	$ 19.50

(1) For more information on quarterly rebalances and the resulting impact of 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) Each Indicative Price was calculated using non-GAAP methodology and was not used in the Fund's financial statements. The Digital Asset Reference Rate for each Fund Component is an Indicative Price. See "—Historical Fund Component Prices" for further information on the Fund's NAV and NAV per Share calculated using the Indicative Price.

For accounting purposes, 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. At this time, the Fund is not accepting redemption requests from shareholders. 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. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program.

As of June 30, 2025, the Fund had a net closing balance with a value of $4,362,752, based on the Digital Asset Reference Rates (non-GAAP methodology). As of June 30, 2025, the Fund had a total market value of $4,407,775, 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 $4,562,377, based on the Digital Asset Reference Rates (non-GAAP methodology). As of June 30, 2024, the Fund had a total market value of $4,554,026, 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.

Uniswap

During the period from July 14, 2021 (the inception of the Fund's operations) to June 30, 2025, the Digital Asset Market price of UNI, based on the price reported by the Fund's principal market as of 4:00 p.m., New York time, traded between $3.44 (June 18, 2022) and $30.63 (September 1, 2021), the straight average was $9.31, and the median was $6.89. The annual average, high, low and end-of-period UNI prices for the twelve months ended June 30, 2024, for the twelve months ended June 30, 2025, and for the period from July 14, 2021 (the inception of the Fund's operations) to June 30, 2025, based on the price reported by the Fund's principal market as of 4:00 p.m., New York time, on the applicable dates were:

		High		Low			
Period	Average	Digital Asset Market Price	Date	Digital Asset Market Price	Date	End of period	Last business day
Twelve months ended June 30, 2024	$ 7.15	$ 16.07	3/6/2024	$ 3.87	10/17/2023	$ 9.19	$ 9.21
Twelve months ended June 30, 2025	$ 8.40	$ 18.35	12/8/2024	$ 4.79	5/7/2025	$ 7.27	$ 7.27
July 14, 2021 (the inception of the Fund's operations) to June 30, 2025	$ 9.31	$ 30.63	9/1/2021	$ 3.44	6/18/2022	$ 7.27	$ 7.27

Aave

During the period from July 14, 2021 (the inception of the Fund's operations) to June 30, 2025, the Digital Asset Market price of AAVE, based on the price reported by the Fund's principal market as of 4:00 p.m., New York time, traded between $47.34 (June 18, 2022) and $424.21 (August 16, 2021), the straight average was $144.86, and the median was $102.46. The annual average, high, low and end-of-period AAVE prices for the twelve months ended June 30, 2024, for the twelve months ended June 30, 2025, and for the period from July 14, 2021 (the inception of the Fund's operations) to June 30, 2025, based on the price reported by the Fund's principal market as of 4:00 p.m., New York time, on the applicable dates were:

		High		Low			
Period	Average	Digital Asset Market Price	Date	Digital Asset Market Price	Date	End of period	Last business day
Twelve months ended June 30, 2024	$ 88.17	$ 143.27	3/13/2024	$ 51.74	9/11/2023	$ 95.33	$ 94.80
Twelve months ended June 30, 2025	$ 197.98	$ 394.48	12/16/2024	$ 79.74	7/5/2024	$ 282.97	$ 282.97
July 14, 2021 (the inception of the Fund's operations) to June 30, 2025	$ 144.86	$ 424.21	8/16/2021	$ 47.34	6/18/2022	$ 282.97	$ 282.97

Maker

During the period from July 14, 2021 (the inception of the Fund's operations) to June 30, 2025, the Digital Asset Market price of MKR, based on the price reported by the Fund's principal market as of 4:00 p.m., New York time, traded between $508.43 (January 3, 2023) and $4,020.62 (March 31, 2024), the straight average was $1,634.27, and the median was $1,472.48. The annual average, high, low and end-of-period MKR prices for the twelve months ended June 30, 2024, for the twelve months ended June 30, 2025, and for the period from July 14, 2021 (the inception of the Fund's operations) to June 30, 2025, based on the price reported by the Fund's principal market as of 4:00 p.m., New York time, on the applicable dates were:

		High		Low			
Period	Average	Digital Asset Market Price	Date	Digital Asset Market Price	Date	End of period	Last business day
Twelve months ended June 30, 2024	$ 1,905.98	$ 4,020.62	3/31/2024	$ 838.54	7/1/2023	$ 2,518.40	$ 2,521.05
Twelve months ended June 30, 2025	$ 1,642.66	$ 3,031.36	7/16/2024	$ 893.73	2/9/2025	$ 1,976.52	$ 1,976.52
July 14, 2021 (the inception of the Fund's operations) to June 30, 2025	$ 1,634.27	$ 4,020.62	3/31/2024	$ 508.43	1/3/2023	$ 1,976.52	$ 1,976.52

Curve

During the period from July 14, 2021 (the inception of the Fund's operations) to January 3, 2024 and during the period from January 4, 2025 (when CRV was re-added to the Fund) to June 30, 2025, the Digital Asset Market price of CRV, based on the price reported by the Fund's principal market as of 4:00 p.m., New York time, traded between $0.37 (March 10, 2025) and $6.24 (January 3, 2022), the straight average was $1.41, and the median was $0.90. The annual average, high, low and end-of-period CRV prices for the period from July 1, 2023 to January 3, 2024, for the period from January 4, 2025 to June 30, 2025, and for the period from July 14, 2021 (the inception of the Fund's operations) to January 3, 2024 and for the period from January 4, 2025 (when CRV was re-added to the Fund) to June 30, 2025, based on the price reported by the Fund's principal market as of 4:00 p.m., New York time, on the applicable dates were:

		High		Low			
Period	Average	Digital Asset Market Price	Date	Digital Asset Market Price	Date	End of period	Last business day
July 1, 2023 to January 3, 2024	$ 0.57	$ 0.85	7/13/2023	$ 0.40	9/11/2023	$ 0.58	$ 0.58
January 4, 2025 to June 30, 2025	$ 0.62	$ 1.06	1/4/2025	$ 0.37	3/10/2025	$ 0.53	$ 0.53
July 14, 2021 (the inception of the Fund's operations) to January 3, 2024 and January 4, 2025 to June 30, 2025	$ 1.41	$ 6.24	1/3/2022	$ 0.37	3/10/2025	$ 0.53	$ 0.53

Lido DAO

During the period from July 6, 2023 to June 30, 2025, the Digital Asset Market price of LDO, based on the price reported by the Fund's principal market as of 4:00 p.m., New York time, traded between $0.62 (April 8, 2025) and $3.84 (January 10, 2024), the straight average was $1.77, and the median was $1.73. The annual average, high, low and end-of-period LDO prices for the period from July 6, 2023 to June 30, 2024, twelve months ended June 30, 2025, and for the period from July 6, 2023 to June 30, 2025, based on the price reported by the Fund's principal market as of 4:00 p.m., New York time, on the applicable dates were:

		High		Low			
Period	Average	Digital Asset Market Price	Date	Digital Asset Market Price	Date	End of period	Last business day
July 6, 2023 to June 30, 2024	$ 2.27	$ 3.84	1/10/2024	$ 1.43	9/11/2023	$ 1.95	$ 2.00
Twelve months ended June 30, 2025	$ 1.27	$ 2.32	1/31/2025	$ 0.62	4/8/2025	$ 0.76	$ 0.76
July 6, 2023 to June 30, 2025	$ 1.77	$ 3.84	1/10/2024	$ 0.62	4/8/2025	$ 0.76	$ 0.76

PART E. ISSUANCE HISTORY

Item 16. List of securities offerings and shares issued for services in the past two years.

From July 14, 2021 (inception of the Fund's operations) to June 30, 2025, the Fund has offered the Shares pursuant to Rule 506 of Regulation D under the Securities Act. The Shares offered by the Fund have not been registered under the Securities Act, or any state or other securities laws, and were offered and sold only to "accredited investors" within the meaning of Rule 501(a) of Regulation D under the Securities Act, and in compliance with any applicable state or other securities laws.

The table below describes the Shares offered, the Shares sold and the average and range of prices at which the Shares were offered and sold by the issuer. All Shares initially offered and sold by the Fund are restricted securities pursuant to Rule 144 under the Securities Act. Until the Shares sold by the Fund become unrestricted in accordance with Rule 144, the certificates or other documents evidencing the Shares will contain legends stating that the Shares have not been registered under the Securities Act and referring to the restrictions on transferability and sale of the Shares under the Securities Act. Such legends are removed upon Shares becoming unrestricted in accordance with Rule 144. From the inception of the Fund's operations to June 30, 2025, no Shares, other securities of the Fund, or options to acquire such other securities were issued in exchange for services provided by any person or entity.

Period	Shares Offered	Shares Sold	No. of Purchasers	Avg.[1]	High[1]	Date	Low[1]	Date
Twelve months ended June 30, 2024	Unlimited	-	-	$ 17.34	$ 30.49	3/6/24	$ 10.40	9/11/23
Twelve months ended June 30, 2025	Unlimited	3,600	2	$ 18.42	$ 34.88	12/12/24	$ 11.23	4/8/25

(1) The prices reflected represent the Digital Asset Reference Rate (non-GAAP methodology)

PART F. EXHIBITS

Item 17. Material Contracts.

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

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

Reports and quarterly filings with the OTCQB U.S. marketplace, 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 OTCQB U.S. marketplace. 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 OTCQB 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 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 delegatees 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, digital 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—The Custodian's Role."

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 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 "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 challenges 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 depositary, 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. 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 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 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, trading platform 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.

Item 18. Certificate of Registration and Limited Liability Company Agreement.

The Certificate of Registration of the Fund and the Amended and Restated Limited Liability Company Agreement of Grayscale Decentralized Finance (DeFi) Fund LLC, dated June 30, 2021, is attached as Exhibit 2 to the Information and Disclosure Statement filed with the OTC Markets Group, Inc. on December 8, 2022. Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement of Grayscale Decentralized Finance (DeFi) Fund LLC, dated March 22, 2024, is attached as Exhibit 2 to this Annual Report.

Item 19. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

There have been no open market purchases of the Fund's Shares by Affiliated Purchasers and there are no programs that currently authorize Affiliated Purchasers to make such open market purchases. Any ownership of the Fund's Shares by Related Parties are the result of Shares being issued by the Fund to Affiliated Purchasers in the ordinary course of operations and at terms consistent with those available to investors that are not Related Parties.

Item 20. Issuer's Certifications.

Certification

I, Peter Mintzberg, certify that:

1. I have reviewed the Annual Report, exhibits, and all notes thereto of Grayscale Decentralized Finance (DeFi) Fund LLC;

2. Based on my knowledge, this Annual 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 Annual Report; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

Dated: September 12, 2025

/s/ Peter Mintzberg
By: Peter Mintzberg
Title: Chief Executive Officer (Principal Executive Officer) of Grayscale Investments Sponsors, LLC*

*Signing in their capacity as an officer of Grayscale Investments Sponsors, LLC.

Certification

I, Edward McGee, certify that:

1. I have reviewed the Annual Report, exhibits, and all notes thereto of Grayscale Decentralized Finance (DeFi) Fund LLC;

2. Based on my knowledge, this Annual 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 Annual Report; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

Dated: September 12, 2025

/s/ Edward McGee

By: Edward McGee
Title: Chief Financial Officer (Principal Financial and Accounting Officer) of Grayscale Investments Sponsors, LLC*

*Signing in their capacity as an officer of Grayscale Investments Sponsors, LLC.

Exhibit 1

Audited Financial Statements for the Years Ended June 30, 2025 and 2024

FINANCIAL STATEMENTS

Grayscale Decentralized Finance (DeFi) Fund LLC
For the Years Ended June 30, 2025 and 2024
With Reports of Independent Registered Public Accounting Firms

Grayscale Decentralized Finance (DeFi) Fund LLC
Index to Financial Statements

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

To the Shareholders and Manager of
Grayscale Decentralized Finance (DeFi) Fund LLC:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grayscale Decentralized Finance (DeFi) Fund LLC (the Fund), which comprise the statement of assets and liabilities, including the schedule of investments, as of June 30, 2025, and the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying 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 changes in its net assets for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

New York, New York
September 12, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Manager of
Grayscale Decentralized Finance Fund LLC

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Grayscale Decentralized Finance (DeFi) Fund LLC (the "Fund") as of June 30, 2024, and the related statement of operations and change in net assets for the year 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 the year 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 8 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 2021 to 2024 (such date takes into account the acquisition of certain assets of Friedman LLP by Marcum LLP effective September 1, 2022).

New York, NY
September 10, 2024

Grayscale Decentralized Finance (DeFi) Fund LLC
Statements of Assets and Liabilities

(Amounts in U.S. dollars, except Share and per Share amounts)	June 30, 2025	June 30, 2024
Assets:		
Investments in digital assets, at fair value (cost $6,681,784 and $6,847,616 as of June 30, 2025 and 2024, respectively)	$ 4,407,775	$ 4,554,025
Total assets	$ 4,407,775	$ 4,554,025
Liabilities:		
Manager's Fee payable, related party	$ -	$ -
Total liabilities	-	-
Net assets	$ 4,407,775	$ 4,554,025
Shares issued and outstanding, no par value (unlimited Shares authorized)	237,560	233,960
Principal Market NAV per Share	$ 18.55	$ 19.46

See accompanying notes to financial statements.

Grayscale Decentralized Finance (DeFi) Fund LLC
Schedules of Investments

June 30, 2025

	Quantity	Cost	Fair Value	% of Net Assets
Investment in UNI	230,116.42060115	$ 3,640,620	$ 1,672,945	37.96%
Investment in AAVE	5,643.16185514	$ 1,250,505	$ 1,596,846	36.23%
Investment in MKR	316.98914101	$ 588,295	$ 626,535	14.21%
Investment in CRV	488,463.08243337	$ 530,216	$ 256,639	5.82%
Investment in LDO	335,718.31339721	$ 672,148	$ 254,810	5.78%
Total Investments		$ 6,681,784	$ 4,407,775	100.00%
Net assets			$ 4,407,775	100.00%

June 30, 2024

	Quantity	Cost	Fair Value	% of Net Assets
Investment in UNI	264,608.68520123	$ 4,312,812	$ 2,431,754	53.40%
Investment in MKR	320.87176591	$ 605,047	$ 808,083	17.74%
Investment in LDO	308,969.80810615	$ 626,498	$ 602,491	13.23%
Investment in AAVE	5,125.18895292	$ 1,070,409	$ 488,584	10.73%
Investment in SNX	113,832.96991812	$ 232,850	$ 223,113	4.90%
Total Investments		$ 6,847,616	$ 4,554,025	100.00%
Net assets			$ 4,554,025	100.00%

See accompanying notes to financial statements.

Grayscale Decentralized Finance (DeFi) Fund LLC
Statements of Operations

(Amounts in U.S. dollars)	Years Ended June 30, 2025	2024
Investment income:		
Investment income	$ -	$ -
Expenses:		
Manager's Fee, related party	107,806	101,540
Net investment loss	(107,806)	(101,540)
Net realized and unrealized (loss) gain on investments in digital assets:		
Net realized loss on investments in digital assets	(117,573)	(1,698,453)
Net change in unrealized appreciation on investments in digital assets	19,582	3,278,764
Net realized and unrealized (loss) gain on investments	(97,991)	1,580,311
Net (decrease) increase in net assets resulting from operations	$ (205,797)	$ 1,478,771

See accompanying notes to financial statements.

Grayscale Decentralized Finance (DeFi) Fund LLC
Statements of Changes in Net Assets

(Amounts in U.S. dollars, except change in Shares outstanding)	Years Ended June 30, 2025	2024
(Decrease) increase in net assets from operations:		
Net investment loss	$ (107,806)	$ (101,540)
Net realized loss on investments in digital assets	(117,573)	(1,698,453)
Net change in unrealized appreciation on investments in digital assets	19,582	3,278,764
Net (decrease) increase in net assets resulting from operations	(205,797)	1,478,771
Increase in net assets from capital share transactions:		
Shares issued	59,547	-
Net increase in net assets resulting from capital share transactions	59,547	-
Total (decrease) increase in net assets from operations and capital share transactions	(146,250)	1,478,771
Net assets:		
Beginning of period	4,554,025	3,075,254
End of period	$ 4,407,775	$ 4,554,025
Change in Shares outstanding:		
Shares outstanding at beginning of period	233,960	233,960
Shares issued	3,600	-
Net increase in Shares	3,600	-
Shares outstanding at end of period	237,560	233,960

See accompanying notes to financial statements

1. Organization

Grayscale Decentralized Finance (DeFi) Fund LLC (the "Fund") was constituted as a Cayman Islands limited liability company on June 10, 2021 (the inception of the Fund) and commenced operations on July 14, 2021. In general, the Fund will hold digital assets. Digital assets eligible for inclusion in the Fund's portfolio consist of digital assets that comprise the CoinDesk DeFi Select Index (the "DFX"), as rebalanced from time to time, subject to the Manager's discretion to exclude individual digital assets in certain cases. The DFX is designed and managed by CoinDesk Indices, Inc. (in this capacity, the "Index Provider"), as discussed in Note 4. As of June 30, 2024, the digital assets included in the Fund's portfolio were: Uniswap ("UNI"), Aave ("AAVE"), Maker ("MKR"), Synthetix ("SNX") and Lido DAO ("LDO"). As of June 30, 2025, the digital assets included in the Fund's portfolio were: Uniswap ("UNI"), Aave ("AAVE"), Maker ("MKR"), Lido DAO ("LDO"), and Curve ("CRV") (collectively, the "Fund Components"). On a quarterly basis beginning on the second business day of January, April, July and October of each year, 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, referred to as "Baskets") in connection with creations. The redemption of Shares is not currently contemplated and the Fund does not currently 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. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program. The Fund's investment objective is to hold the digital assets that make up the DFX 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 the Manager 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 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, if permitted, redeem Baskets. Grayscale Securities, LLC ("Grayscale Securities" or, in such capacity, an "Authorized Participant"), a registered broker-dealer and affiliate of the Manager, is the only Authorized Participant, and is party to a participant agreement with the Manager and the Fund. Additional Authorized Participants may be added at any time, subject to the discretion of the Manager. Liquidity Providers who are unaffiliated with the Fund may be engaged from time to time and at any time.

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.

1. Organization (continued)

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.

On July 14, 2021, the Fund registered with the Cayman Islands Monetary Authority (the "Authority") (reference number: 1894701). 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").

On December 9, 2022, the Fund received notice that its Shares were qualified for public trading on the OTCQB U.S. Market ("OTCQB") of OTC Markets Group Inc. The Fund's trading symbol on OTCQB is "DEFG" and the CUSIP number for its Shares is G4070G104. The Fund's Shares have been quoted on OTCQB under the symbol DEFG since December 22, 2022.

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. At this time, the Fund is 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 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 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").

2. Summary of Significant Accounting Policies (continued)

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 from shareholders. 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.

2. Summary of Significant Accounting Policies (continued)

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		
	Amount at Fair Value	Level 1	Level 2	Level 3
June 30, 2025				
Assets				
Investment in UNI	$ 1,672,945	$ 1,672,945	$ -	$ -
Investment in AAVE	1,596,846	1,596,846	-	-
Investment in MKR	626,535	626,535	-	-
Investment in CRV	256,639	256,639	-	-
Investment in LDO	254,810	254,810	-	-
	$ 4,407,775	$ 4,407,775	$ -	$ -
June 30, 2024				
Assets				
Investment in UNI	$ 2,431,754	$ 2,431,754	$ -	$ -
Investment in MKR	808,083	808,083	-	-
Investment in LDO	602,491	602,491	-	-
Investment in AAVE	488,584	488,584	-	-
Investment in SNX	223,113	223,113	-	-
	$ 4,554,025	$ 4,554,025	$ -	$ -

2. Summary of Significant Accounting Policies (continued)

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:

		June 30,	
Fund Component	**Principal Market**	**2025**	**2024**
UNI	Coinbase	$ 7.27	$ 9.19
AAVE	Coinbase	$ 282.97	$ 95.33
MKR	Coinbase	$ 1,976.52	$ 2,518.40
CRV[(1)]	Coinbase	$ 0.53	N/A
LDO	Coinbase	$ 0.76	$ 1.95
SNX[(2)]	Coinbase	N/A	$ 1.96

(1) Effective January 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 CRV in accordance with the DFX Methodology. See Note 4. Portfolio Rebalancing for a description of the portfolio rebalancing.

(2) Effective January 4, 2025, the Manager removed SNX from the Fund's portfolio and sold the SNX holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings in accordance with the DFX Methodology. See Note 4. Portfolio Rebalancing for a description of the portfolio rebalancing.

3. Fair Value of Investments in Digital Assets (continued)

The following represents the changes in quantity of each Fund Component and their respective fair values:

	Quantity		Fair Value
UNI balance at June 30, 2023	337,028.79033805	$	1,772,771
UNI contributed	-		-
Net UNI distributed from portfolio rebalancing	(65,767.34139804)		(353,720)
UNI distributed for Manager's Fee, related party	(6,652.76373878)		(47,586)
Net change in unrealized appreciation on investment in UNI	-		1,972,480
Net realized loss on investment in UNI	-		(912,191)
UNI balance at June 30, 2024	264,608.68520123	$	2,431,754
UNI contributed	3,460.30229838		23,984
Net UNI distributed from portfolio rebalancing	(31,838.09266006)		(548,195)
UNI distributed for Manager's Fee, related party	(6,114.47423840)		(51,518)
Net change in unrealized depreciation on investment in UNI	-		(86,619)
Net realized loss on investment in UNI	-		(96,461)
UNI balance at June 30, 2025	230,116.42060115	$	1,672,945

	Quantity		Fair Value
AAVE balance at June 30, 2023	6,231.99423618	$	437,673
AAVE contributed	-		-
Net AAVE distributed from portfolio rebalancing	(979.39354454)		(65,872)
AAVE distributed for Manager's Fee, related party	(127.41173872)		(11,249)
Net change in unrealized appreciation on investment in AAVE	-		314,679
Net realized loss on investment in AAVE	-		(186,647)
AAVE balance at June 30, 2024	5,125.18895292	$	488,584
AAVE contributed	86.25236630		19,233
Net AAVE contributed from portfolio rebalancing	566.33695589		195,041
AAVE distributed for Manager's Fee, related party	(134.61641997)		(26,864)
Net change in unrealized appreciation on investment in AAVE	-		928,168
Net realized loss on investment in AAVE	-		(7,316)
AAVE balance at June 30, 2025	5,643.16185514	$	1,596,846

	Quantity		Fair Value
MKR balance at June 30, 2023	432.61014448	$	352,902
MKR contributed	-		-
Net MKR distributed from portfolio rebalancing	(103.44542220)		(108,058)
MKR distributed for Manager's Fee, related party	(8.29295637)		(15,653)
Net change in unrealized appreciation on investment in MKR	-		665,879
Net realized loss on investment in MKR	-		(86,987)
MKR balance at June 30, 2024	320.87176591	$	808,083
MKR contributed	4.95144042		8,255
Net MKR contributed from portfolio rebalancing	(0.86039620)		6,798
MKR distributed for Manager's Fee, related party	(7.97366912)		(13,068)
Net change in unrealized depreciation on investment in MKR	-		(164,796)
Net realized loss on investment in MKR	-		(18,737)
MKR balance at June 30, 2025	316.98914101	$	626,535

3. Fair Value of Investments in Digital Assets (continued)

	Quantity	Fair Value
CRV balance at June 30, 2023	331,227.98408682	$ 255,178
CRV contributed	-	-
Net CRV distributed from portfolio rebalancing	(327,388.02356873)	(190,716)
CRV distributed for Manager's Fee, related party	(3,839.96051809)	(2,192)
Net change in unrealized appreciation on investment in CRV	-	434,852
Net realized loss on investment in CRV	-	(497,122)
CRV balance at June 30, 2024	-	$ -
CRV contributed	7,346.91598774	3,843
Net CRV contributed from portfolio rebalancing	486,960.22202145	529,332
CRV distributed for Manager's Fee, related party	(5,844.05557582)	(3,632)
Net change in unrealized depreciation on investment in CRV	-	(273,577)
Net realized gain on investment in CRV	-	673
CRV balance at June 30, 2025	488,463.08243337	$ 256,639

	Quantity	Fair Value
LDO balance at June 30, 2023	-	$ -
LDO contributed	-	-
Net LDO contributed from portfolio rebalancing	316,557.39127434	672,367
LDO distributed for Manager's Fee, related party	(7,587.58316819)	(17,286)
Net change in unrealized depreciation on investment in LDO	-	(24,007)
Net realized loss on investment in LDO	-	(28,583)
LDO balance at June 30, 2024	308,969.80810615	$ 602,491
LDO contributed	5,137.89837918	4,232
Net LDO contributed from portfolio rebalancing	29,653.83795475	64,196
LDO distributed for Manager's Fee, related party	(8,043.23104287)	(10,215)
Net change in unrealized depreciation on investment in LDO	-	(393,331)
Net realized loss on investment in LDO	-	(12,563)
LDO balance at June 30, 2025	335,718.31339721	$ 254,810

	Quantity	Fair Value
SNX balance at June 30, 2023	112,109.05694379	$ 256,730
SNX contributed	-	-
Net SNX contributed from portfolio rebalancing	4,256.49764788	45,999
SNX distributed for Manager's Fee, related party	(2,532.58467355)	(7,574)
Net change in unrealized depreciation on investment in SNX	-	(85,119)
Net realized gain on investment in SNX	-	13,077
SNX balance at June 30, 2024	113,832.96991812	$ 223,113
SNX contributed	-	-
Net SNX distributed from portfolio rebalancing	(112,389.73258190)	(247,172)
SNX distributed for Manager's Fee, related party	(1,443.23733622)	(2,509)
Net change in unrealized appreciation on investment in SNX	-	9,737
Net realized gain on investment in SNX	-	16,831
SNX balance at June 30, 2025	-	$ -

4. Portfolio Rebalancing

The Fund Components consist of the digital assets that make up the DFX, as rebalanced from time to time, subject to the Manager's discretion to exclude individual digital assets in certain cases. The DFX is designed and managed by the Index Provider. The process followed by the Index Provider to determine the digital assets included in the DFX and their respective weightings in the DFX is referred to as the "DFX Methodology."

The Index Provider reviews the DFX for rebalancing according to the DFX Methodology quarterly 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"). At the start of each Index Rebalancing Period, the Index Provider applies the DFX Methodology to determine any changes to the Index Components and the respective weightings of the Index Components within DFX, 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 DFX and should therefore be removed as Fund Components, (ii) determine whether any new digital assets have been added to the DFX 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 DFX, the Manager will adjust the Fund's portfolio by selling such Fund Component in the Digital Asset Markets in proportion to their respective weightings in the 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 Weightings of each Fund Component are generally expected to be the same as the weighting of each digital asset in the DFX except when the Manager exercises its limited discretion to exclude one or more digital assets included in the DFX from the Fund Components in certain rules-based circumstances, in which case the 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 DFX 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 Weightings and using the cash proceeds to purchase tokens of the newly eligible digital assets.

The Manager will rebalance 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 "Fund Rebalancing Period"). The Manager expects each Fund Rebalancing Period to last between one and five business days. The DFX, 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.

On January 4, 2023, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, CRV, AAVE, MKR, COMP and SNX met the inclusion criteria of the DFX Index. 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 the existing Fund Components in proportion to their respective Weightings and using the cash proceeds to purchase SNX. As a result, SNX was added to the Fund. No existing tokens were removed from the Fund. Effective January 5, 2023, the Fund recognized a net realized loss of ($449,849) in connection with the sale of 22,192.29519819 UNI, 410.49477950 AAVE, 28.47560365 MKR, 211.67152368 COMP, and 15,483.49429741 CRV to purchase 107,889.64437766 SNX.

On April 4, 2023, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, CRV, AAVE, MKR and SNX met the inclusion criteria of the DFX Index, but COMP did not. 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 selling COMP and using the cash proceeds to purchase the existing Fund Components in proportion to their respective Weightings. As a result of the rebalancing, COMP was removed from the Fund. No new tokens were added to the Fund. On April 5, 2023, following the rebalancing, the Fund recognized a net realized loss of ($828,620) in connection with the sale of 3,204.45456771 COMP to purchase 2,946.57976252 UNI, 54.84148694 AAVE, 4.10892671 MKR, 5,552.52718668 SNX, and 98,805.72989076 CRV.

4. Portfolio Rebalancing (continued)

On July 5, 2023, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, CRV, AAVE, MKR, SNX and LDO met the inclusion criteria of the DFX 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 selling the existing Fund Components in proportion to their respective Weightings and using the cash proceeds to purchase LDO. As a result, LDO was added to the Fund. No existing tokens were removed from the Fund. Effective July 6, 2023, the Fund recognized a net realized loss of ($1,135,584) in connection with the sale of 71,993.36176976 UNI, 1,210.83143498 AAVE, 92.66818667 MKR, 20,225.21959102 SNX, and 32,427.27915554 CRV to purchase 301,754.74290000 LDO.

On October 3, 2023, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, CRV, AAVE, MKR, SNX and LDO met the inclusion criteria of the DFX 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 selling the existing Fund Components in proportion to their respective Weightings and using the cash proceeds to purchase existing Fund Components. No new tokens were added or removed from the Fund. Effective October 4, 2023, the Fund recognized a net realized loss of ($26,860) in connection with the sale of 2,054.03000000 UNI, 2.11410000 AAVE, and 2.63460000 MKR to purchase 5,199.32000000 LDO, 4,191.95410000 CRV, and 1,376.41030000 SNX.

On January 3, 2024, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, AAVE, MKR, SNX and LDO met the inclusion criteria of the DFX Index, but CRV did not. 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 selling CRV and MKR and using the cash proceeds to purchase the existing Fund Components in proportion to their respective Weightings. As a result of the rebalancing, CRV was removed from the Fund. No new tokens were added to the Fund. On January 4, 2024, following the rebalancing, the Fund recognized a net realized loss of ($449,046) in connection with the sale of 299152.69851319 CRV and 7.41665874 MKR to purchase 10,401.75055200 UNI, 243.72675710 AAVE, 14,566.71480131 SNX, and 12,147.52214070 LDO.

On April 2, 2024, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, AAVE, MKR, SNX and LDO met the inclusion criteria of the DFX 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 selling the existing Fund Components in proportion to their respective Weightings and using the cash proceeds to purchase existing Fund Components. No new tokens were added to or removed from the Fund. On April 3, 2024, following the rebalancing, the Fund recognized a net realized loss of ($8,397) in connection with the sale of 10.17476666 AAVE, 2,544.193766 LDO, 0.72597679 MKR and 2,121.70018 UNI to purchase 8,538.592138 SNX.

On July 3, 2024, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, LDO, MKR, AAVE, and SNX met the inclusion criteria of the DFX Index. On July 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 weightings. As a result of the rebalancing, no new tokens were added or removed from the Fund. On July 3, 2024, following the rebalancing, the Fund recognized a net realized gain of $3,922 in connection with the sale of 527.14358767 UNI and 477.71540857 SNX to purchase 21.30162095 AAVE, 724.77697225 LDO, and 0.91069714 MKR.

On October 3, 2024, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, LDO, MKR, AAVE, and SNX met the inclusion criteria of the DFX Index. On October 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 weightings. As a result of the rebalancing, no new tokens were added or removed from the Fund. On October 3, 2024, following the rebalancing, the Fund recognized a net realized gain of $6,318 in connection with the sale of 14.32966029 MKR to purchase 59.21583974 AAVE, 862.55823284 LDO, 1,601.16726784 UNI, and 688.00101713 SNX.

4. Portfolio Rebalancing (continued)

On January 4, 2025, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, LDO, MKR, AAVE, and CRV met the inclusion criteria of the DFX Index. On January 4, 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 weightings. As a result of the rebalancing, no new tokens were added or removed from the Fund. On January 4, 2025, following the rebalancing, the Fund recognized a net realized gain of $25,366 in connection with the sale of 112,600.01819046 SNX and 39,391.55727132 UNI to purchase 561.20626724 AAVE, 33,667.08003728 LDO, 34.66942544 MKR, and 473,510.09596010 CRV.

On April 3, 2025, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, LDO, MKR, AAVE, and CRV met the inclusion criteria of the DFX Index. On April 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 the existing Fund Components in proportion to their respective weightings. As a result of the rebalancing, no new tokens were added or removed from the Fund. On April 3, 2025, following the rebalancing, the Fund recognized a net realized gain of $21,402 in connection with the sale of 22.11085849 MKR, 5,600.57728762 LDO and 75.38677204 AAVE to purchase 13,450.12606135 CRV and 6,479.44093109 UNI.

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. The amount of tokens of each Fund Component required for each Creation Basket or redemption Basket is 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 0.9687 UNI, 0.0238 AAVE, 0.0013 MKR, 2.0562 CRV, and 1.4132 LDO at June 30, 2025. Each Share represented approximately 1.1310 UNI, 0.0219 AAVE, 0.0014 MKR, 0.4865 SNX, and 1.3206 LDO 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. The Fund currently has no intention of seeking regulatory approval to operate an ongoing 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. 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.

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 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, 35,509 and 41,382 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.

7. Related Parties (continued)

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 Weighing 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 and 2024.

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 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 the years ended June 30, 2025 and 2024, the Fund incurred Manager's Fees of $107,806 and $101,540, respectively. As of June 30, 2025 and 2024, 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 and 2024, the Manager did not pay any Additional Fund Expenses on behalf 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.

8. Risks and Uncertainties (continued)

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. Financial Highlights Per Share Performance

	Years Ended June 30,	
	2025	**2024**
Per Share Data:		
Principal Market NAV, beginning of year	$ 19.46	$ 13.14
Net (decrease) increase in net assets from investment operations		
Net investment loss	(0.46)	(0.43)
Net realized and unrealized (loss) gain	(0.45)	6.75
Net (decrease) increase in net assets resulting from operations	(0.91)	6.32
Principal Market NAV, end of year	$ 18.55	$ 19.46
Total return	-4.68%	48.10%
Ratios to average net assets:		
Net investment loss	-2.50%	-2.50%
Expenses	-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.

10. 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.

11. Subsequent Events

On July 2, 2025, the Index Provider completed the quarterly rebalancing of the DFX and determined that UNI, LDO, MKR, AAVE, CRV and ONDO met the inclusion criteria of the DFX Index. On July 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 selling the existing Fund Components and using the cash proceeds to purchase ONDO in proportion to their respective weightings. As a result of the rebalancing, ONDO has been added to the Fund and no tokens have been removed from the Fund. As of July 3, 2025, following the rebalancing, the Fund Components consisted of 34.01% UNI, 30.74% AAVE, 18.22% ONDO, 6.69% MKR, 5.30% CRV and 5.04% LDO, and each of the Fund's Shares represented 0.8393 UNI, 0.0207 AAVE, 4.2953 ONDO, 0.0006 MKR, 1.8597 CRV and 1.2215 LDO.

Ondo

ONDO is a digital asset that is created and transmitted through the operations of the peer-to-peer Ondo protocol, a decentralized protocol that enables the issuance and distribution of tokenized financial products and other real-world assets. No single entity owns or operates the Ondo protocol, the infrastructure of which is collectively maintained by a decentralized user base.

On the Ondo protocol, users can access tokenized representations of off-chain financial instruments, such as short-term U.S. Treasuries and U.S. dollar–backed yield-bearing tokens. These tokenized representations are issued and managed by smart contracts that govern their creation, transfer, and redemption, while custody of the underlying off-chain assets is provided through third-party financial institutions. Ondo's products are designed to allow digital asset users to gain exposure to the stability and yield of traditional financial assets while retaining the efficiency and transparency benefits of blockchain technology.

Holders of ONDO have the ability to propose and vote on governance proposals that can adjust features of the Ondo protocol, including parameters relating to the issuance, redemption, and distribution of tokenized assets, as well as treasury management and community initiatives.

The Ondo protocol was founded in 2021 by Nathan Allman, a former Goldman Sachs banker. The ONDO token was launched in 2023. In early 2024, the Ondo DAO was established, giving ONDO holders the ability to participate in governance proposals relating to certain aspects of the protocol, including token transferability and infrastructure integrations.

As of the close of business on September 8, 2025 the fair value of each Fund Component, determined in accordance with the Fund's accounting policy, was $9.52 per UNI, $300.94 per AAVE, $0.93 per ONDO, $1,713.54 per MKR, $0.78 per CRV, and $1.20 per LDO.

Subsequent events have been evaluated through September 12, 2025, the date the financial statements were available to be issued.