

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

**FORM 10-Q**

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

For the quarterly period ended March 31, 2024

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-56284

**Grayscale Digital Large Cap Fund LLC**

MANAGED BY GRAYSCALE INVESTMENTS, LLC

(Exact Name of Registrant as Specified in Its Charter)

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

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

c/o Grayscale Investments, LLC  
290 Harbor Drive, 4<sup>th</sup> Floor  
Stamford, Connecticut 06902

(Address of Principal Executive Offices) (Zip Code)

(212) 668-1427

(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

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

Number of Shares of the registrant outstanding as of April 30, 2024: 15,867,400

**GRAYSCALE® DIGITAL LARGE CAP FUND LLC**  
**TABLE OF CONTENTS**

<a href="#"><u>Forward-Looking Statements</u></a>	<b>Page</b> <u>3</u>
<a href="#"><u>Industry and Market Data</u></a>	3
<a href="#"><u>PART I – FINANCIAL INFORMATION</u></a>	
<a href="#"><u>Item 1. Financial Statements (Unaudited)</u></a>	4
<a href="#"><u>Statements of Assets and Liabilities at March 31, 2024 and June 30, 2023</u></a>	4
<a href="#"><u>Schedules of Investments at March 31, 2024 and June 30, 2023</u></a>	5
<a href="#"><u>Statements of Operations for the Three and Nine Months Ended March 31, 2024 and 2023</u></a>	6
<a href="#"><u>Statements of Changes in Net Assets for the Three and Nine Months Ended March 31, 2024 and 2023</u></a>	7
<a href="#"><u>Notes to the Unaudited Financial Statements</u></a>	8
<a href="#"><u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u></a>	22
<a href="#"><u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u></a>	36
<a href="#"><u>Item 4. Controls and Procedures</u></a>	36
<a href="#"><u>PART II – OTHER INFORMATION</u></a>	
<a href="#"><u>Item 1. Legal Proceedings</u></a>	37
<a href="#"><u>Item 1A. Risk Factors</u></a>	37
<a href="#"><u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u></a>	38
<a href="#"><u>Item 3. Defaults Upon Senior Securities</u></a>	38
<a href="#"><u>Item 4. Mine Safety Disclosures</u></a>	38
<a href="#"><u>Item 5. Other Information</u></a>	38
<a href="#"><u>Item 6. Exhibits</u></a>	39
<a href="#"><u>GLOSSARY OF DEFINED TERMS</u></a>	40
<a href="#"><u>SIGNATURES</u></a>	45

## **FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains “forward-looking statements” with respect to the financial conditions, results of operations, plans, objectives, future performance and business of Grayscale Digital Large Cap Fund LLC (the “Fund”). Statements preceded by, followed by or that include words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other similar expressions are intended to identify some of the forward-looking statements. All statements (other than statements of historical fact) included in this Quarterly 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 (the “Manager”) and references to the Fund’s future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially from such statements. These statements are based upon certain assumptions and analyses the Manager made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the Manager’s expectations and predictions, however, is subject to a number of risks and uncertainties, including, but not limited to, those described in “Part I, Item 1A. Risk Factors” of our Annual Report on Form 10-K and in “Part II, Item 1A. Risk Factors” herein. Forward-looking statements are made based on the Manager’s beliefs, estimates and opinions on the date the statements are made and neither the Fund nor the Manager is under a duty or undertakes an obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Investors are therefore cautioned against relying on forward-looking statements.

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

A glossary of industry and other defined terms is included in this Quarterly Report, beginning on page 40.

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

## **INDUSTRY AND MARKET DATA**

Although we are responsible for all disclosure contained in this Quarterly Report on Form 10-Q, in some cases we have relied on certain market and industry data obtained from third-party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications in conjunction with our assumptions regarding the digital asset industry and market. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings “Forward-Looking Statements,” “Part I, Item 1A. Risk Factors” in the Annual Report on Form 10-K for the year ended June 30, 2023, filed with the Securities and Exchange Commission (the “SEC”) on September 1, 2023 (the “Annual Report”), and “Part II, Item 1A. Risk Factors” in this Quarterly Report on Form 10-Q.

**PART I – FINANCIAL INFORMATION:**

**Item 1. Financial Statements (Unaudited)**

**GRAYSCALE DIGITAL LARGE CAP FUND LLC**  
**STATEMENTS OF ASSETS AND LIABILITIES (UNAUDITED)**  
**(Amounts in thousands, except Share and per Share amounts)**

	<b>March 31, 2024</b>	<b>June 30, 2023</b>
<b>Assets:</b>		
Investments in digital assets, at fair value (cost \$131,519 and \$124,888 as of March 31, 2024 and June 30, 2023, respectively)	\$ 606,262	\$ 272,632
<b>Total assets</b>	<u>\$ 606,262</u>	<u>\$ 272,632</u>
<b>Liabilities:</b>		
Manager's Fee payable, related party	\$ -	\$ -
<b>Total liabilities</b>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u>\$ 606,262</u>	<u>\$ 272,632</u>
<b>Net Assets consists of:</b>		
Paid-in-capital	\$ 114,568	\$ 114,568
Accumulated net investment loss	(31,206)	(24,760)
Accumulated net realized gain on investments in digital assets	48,157	35,080
Accumulated net change in unrealized appreciation on investments in digital assets	474,743	147,744
	<u>\$ 606,262</u>	<u>\$ 272,632</u>
Shares issued and outstanding, no par value (unlimited Shares authorized)	<u>15,867,400</u>	<u>15,867,400</u>
Principal market net asset value per Share	<u>\$ 38.21</u>	<u>\$ 17.18</u>

*See accompanying notes to the unaudited financial statements.*

**GRAYSCALE DIGITAL LARGE CAP FUND LLC**  
**SCHEDULES OF INVESTMENTS (UNAUDITED)**  
(Amounts in thousands, except quantity of each Fund Component and percentages)

**March 31, 2024**

	<b>Quantity</b>	<b>Cost</b>	<b>Fair Value</b>	<b>% of Net Assets</b>
Investment in Bitcoin	5,964.88248641	\$ 70,172	\$ 423,664	69.88%
Investment in Ether	36,608.43097820	17,777	133,179	21.97%
Investment in SOL	130,406.54140261	15,320	26,104	4.31%
Investment in XRP	16,439,744.034764	9,598	10,336	1.70%
Investment in ADA	10,769,799.360314	14,562	6,972	1.15%
Investment in AVAX	110,978.33346912	4,090	6,007	0.99%
Net assets		<u>\$ 131,519</u>	<u>\$ 606,262</u>	<u>100.00%</u>

**June 30, 2023**

	<b>Quantity</b>	<b>Cost</b>	<b>Fair Value</b>	<b>% of Net Assets</b>
Investment in Bitcoin	6,230.97866186	\$ 72,585	\$ 189,185	69.39%
Investment in Ether	39,445.13266916	19,154	75,964	27.86%
Investment in ADA	11,194,902.551275	15,246	3,195	1.17%
Investment in SOL	123,915.89529091	15,416	2,366	0.87%
Investment in MATIC	2,926,029.61320324	2,487	1,922	0.71%
Net assets		<u>\$ 124,888</u>	<u>\$ 272,632</u>	<u>100.00%</u>

*See accompanying notes to the unaudited financial statements.*

**GRAYSCALE DIGITAL LARGE CAP FUND LLC**  
**STATEMENTS OF OPERATIONS (UNAUDITED)**  
(Amounts in thousands)

	<b>Three Months Ended March 31,</b>		<b>Nine Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Investment income:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
<b>Expenses:</b>				
Manager's Fee, related party	2,882	1,337	6,446	3,766
<b>Net investment loss</b>	<b>(2,882)</b>	<b>(1,337)</b>	<b>(6,446)</b>	<b>(3,766)</b>
<b>Net realized and unrealized gain from:</b>				
Net realized gain (loss) on investments in digital assets	10,033	(6,745)	13,077	(19,769)
Net change in unrealized appreciation on investments in digital assets	225,325	110,821	326,999	111,177
<b>Net realized and unrealized gain on investments in digital assets</b>	<b>235,358</b>	<b>104,076</b>	<b>340,076</b>	<b>91,408</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$ 232,476</b>	<b>\$ 102,739</b>	<b>\$ 333,630</b>	<b>\$ 87,642</b>

*See accompanying notes to the unaudited financial statements.*

**GRAYSCALE DIGITAL LARGE CAP FUND LLC**  
**STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)**  
(Amounts in thousands, except change in Shares outstanding)

	<u>Three Months Ended March 31,</u>		<u>Nine Months Ended March 31,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Increase in net assets from operations:</b>				
Net investment loss	\$ (2,882)	\$ (1,337)	\$ (6,446)	\$ (3,766)
Net realized gain (loss) on investments in digital assets	10,033	(6,745)	13,077	(19,769)
Net change in unrealized appreciation on investments in digital assets	225,325	110,821	326,999	111,177
Net increase in net assets resulting from operations	232,476	102,739	333,630	87,642
<b>Increase in net assets from capital share transactions:</b>				
Shares issued	-	-	-	-
Net increase in net assets resulting from capital share transactions	-	-	-	-
Total increase in net assets from operations and capital share transactions	232,476	102,739	333,630	87,642
<b>Net assets:</b>				
Beginning of period	373,786	158,755	272,632	173,852
End of period	<u>\$ 606,262</u>	<u>\$ 261,494</u>	<u>\$ 606,262</u>	<u>\$ 261,494</u>
<b>Change in Shares outstanding:</b>				
Shares outstanding at beginning of period	15,867,400	15,867,400	15,867,400	15,867,400
Shares issued	-	-	-	-
Net increase in Shares	-	-	-	-
Shares outstanding at end of period	<u>15,867,400</u>	<u>15,867,400</u>	<u>15,867,400</u>	<u>15,867,400</u>

*See accompanying notes to the unaudited financial statements.*

**GRAYSCALE DIGITAL LARGE CAP FUND LLC**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

**1. Organization**

The Grayscale Digital Large Cap Fund LLC (the “Fund”) was constituted as a Cayman Islands limited liability company on January 25, 2018 (the inception of the Fund) and commenced operations on February 1, 2018. In general, the Fund will hold digital assets. Historically, and through the period ending June 30, 2022, a digital asset had been eligible for inclusion in the Fund’s portfolio if it satisfied market capitalization, liquidity and coverage criteria as determined by the Manager (as defined below). Effective July 1, 2022, the Fund’s digital assets consist of digital assets that comprise the CoinDesk Large Cap Select Index (the “DLCS”), as rebalanced from time to time, subject to the Manager’s discretion to exclude individual digital assets in certain cases. The DLCS is designed and managed by CoinDesk Indices, Inc. (in this capacity, the “Index Provider”) as discussed in Note 5. As of March 31, 2024, the digital assets included in the Fund’s portfolio were: Bitcoin (“Bitcoin”), Ethereum (“Ether”), Solana (“SOL”), Cardano (“ADA”), Avalanche (“AVAX”), and XRP (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 top digital assets by market capitalization 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 (“Grayscale” or the “Manager”) acts as the Manager of the Fund and is a 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. Grayscale is responsible for preparing and providing annual and quarterly reports on behalf of the Fund to investors and is also responsible for selecting and monitoring the Fund’s service providers. As partial consideration for the Manager’s services, the Fund pays Grayscale a Manager’s Fee as discussed in Note 7. The Manager also acts as the sponsor and manager of other investment products including Grayscale Basic Attention Token Trust (BAT) (OTCQB: GBAT), Grayscale Bitcoin Trust (BTC) (NYSE Arca: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Chainlink Trust (LINK) (OTCQX: GLNK), Grayscale Decentraland Trust (MANA) (OTCQX: MANA), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), Grayscale Filecoin Trust (FIL) (OTCQB: FILG), Grayscale Horizen Trust (ZEN) (OTCQX: HZEN), Grayscale Litecoin Trust (LTC) (OTCQX: LTCN), Grayscale Livepeer Trust (LPT) (OTCQX: GLIV), Grayscale Solana Trust (SOL) (OTCQX: GSOL), Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM), Grayscale Zcash Trust (ZEC) (OTCQX: ZCSH), Grayscale Decentralized Finance (DeFi) Fund LLC (OTCQB: DEFG), and Grayscale Smart Contract Platform Ex Ethereum (ETH) Fund LLC, each of which is an affiliate of the Fund. The following investment products sponsored or managed by the Manager are also SEC reporting companies with their shares registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): Grayscale Bitcoin Cash Trust (BCH), Grayscale Ethereum Trust (ETH), Grayscale Ethereum Classic Trust (ETC), Grayscale Horizen Trust (ZEN), Grayscale Litecoin Trust (LTC), Grayscale Stellar Lumens Trust (XLM), and Grayscale Zcash Trust (ZEC). On January 10, 2024, the Securities and Exchange Commission (the “SEC”) approved an application under Rule 19b-4 of the Exchange Act by NYSE Arca, Inc. (“NYSE Arca”) to list the shares of the Grayscale Bitcoin Trust (BTC), which began trading on NYSE Arca on January 11, 2024. Grayscale Bitcoin Trust (BTC) is an SEC reporting company with its shares registered pursuant to Section 12(b) of the Exchange Act. Grayscale Advisors, LLC, a Registered Investment Advisor and an affiliate of the Manager, is the advisor to the Grayscale Future of Finance (NYSE Arca: GFOF) product.

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 wholly owned subsidiary 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. Genesis Global Trading, Inc. (“Genesis”), a wholly owned subsidiary of DCG, served as a Liquidity Provider from October 3, 2022 to September 12, 2023.

The custodian of the Fund is Coinbase Custody Trust Company, LLC (the “Custodian”), a third-party service provider. The Custodian is responsible for safeguarding the Fund Components and Forked Assets held by the Fund, and holding the private key(s) that provide access to the Fund’s digital wallets and vaults.



The transfer agent for the Fund (the “Transfer Agent”) is Continental Stock Transfer & Trust Company. The responsibilities of the Transfer Agent are to maintain creations, redemptions, transfers, and distributions of the Fund’s Shares which are primarily held in book-entry form.

On October 14, 2019, the Fund received notice that its Shares were qualified for public trading on the OTCQX U.S. Marketplace of the OTC Markets Group, Inc. (“OTCQX”). The Fund’s trading symbol on OTCQX is “GDLC” and the CUSIP number for its Shares is G40705108. The Fund’s previous trading symbol was “GDLCF” on OTCQX and was changed to “GDLC” on April 14, 2020.

On July 21, 2020, the Fund registered with the Cayman Islands Monetary Authority (reference number: 1688783). 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”).

## **2. Summary of Significant Accounting Policies**

In the opinion of management of the Manager of the Fund, all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position as of March 31, 2024 and June 30, 2023 and results of operations for the three and nine months ended March 31, 2024 and 2023 have been made. The results of operations for the periods presented are not necessarily indicative of the results of operations expected for the full year. These unaudited financial statements should be read in conjunction with the audited financial statements for the year ended June 30, 2023 included in the Fund’s Annual Report on Form 10-K.

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 (“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. 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.

### **Principal Market and Fair Value Determination**

To determine which market is the Fund’s principal market (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Fund’s net asset value in accordance with U.S. GAAP (“Principal Market NAV”), the Fund follows ASC 820-10, 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 Quarterly Report), each as defined in the FASB ASC Master Glossary (collectively, “Digital Asset Markets”).

In determining which of the eligible Digital Asset Markets is the Fund’s principal market, the Fund reviews these criteria in the following order:

First, the Fund reviews a list of Digital Asset Markets that maintain practices and policies designed to comply with anti-money laundering (“AML”) and know-your-customer (“KYC”) regulations, and non-Digital Asset Trading Platform Markets that the Fund reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.

Second, the Fund sorts these Digital Asset Markets from high to low by market-based volume and level of activity of each Fund Component traded on each Digital Asset Market in the trailing twelve months.

Third, the Fund then reviews pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.

Fourth, the Fund then selects a Digital Asset Market as its principal market based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund, Trading Platform Markets have the greatest volume and level of activity for the Fund Components. The Fund therefore looks to accessible Trading Platform Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the aforementioned analysis, a Trading Platform Market has been selected as the Fund's principal market for each Fund Component.

The Fund determines its principal market (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund's determination of its principal market.

The cost basis of each Fund Component received 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.

### **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.

GAAP utilizes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, these valuations do not entail a significant degree of judgment.
- Level 2—Valuations based on quoted prices in markets that are not active or for which significant inputs are observable, either directly or indirectly.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary by investment. To the extent that valuations are based on sources that are less observable or unobservable in the market, the determination of fair value requires more judgment. Fair value estimates do not necessarily represent the amounts that may be ultimately realized by the Fund.

		Fair Value Measurement Using			
(Amounts in thousands)	Amount at Fair Value	Level 1	Level 2	Level 3	
<b>March 31, 2024</b>					
<b>Assets</b>					
Investment in Bitcoin	\$ 423,664	\$ 423,664	\$ -	\$ -	
Investment in Ether	133,179	133,179	-	-	
Investment in SOL	26,104	26,104	-	-	
Investment in XRP	10,336	10,336	-	-	
Investment in ADA	6,972	6,972	-	-	
Investment in AVAX	6,007	6,007	-	-	
	<u>\$ 606,262</u>	<u>\$ 606,262</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>June 30, 2023</b>					
<b>Assets</b>					
Investment in Bitcoin	\$ 189,185	\$ 189,185	\$ -	\$ -	
Investment in Ether	75,964	75,964	-	-	
Investment in ADA	3,195	3,195	-	-	
Investment in SOL	2,366	2,366	-	-	
Investment in MATIC	1,922	1,922	-	-	
	<u>\$ 272,632</u>	<u>\$ 272,632</u>	<u>\$ -</u>	<u>\$ -</u>	

### Recently Issued 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 Manager of the Fund is evaluating this new guidance as of March 31, 2024. If the Manager elects to adopt in a subsequent interim period prior to the effective date, such adoption would be reflected retroactive to the beginning of the fiscal year. The Manager does not anticipate any 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.

### 3. Fair Value of Investments in Digital Assets

The Fund Components are held by the Custodian on behalf of the Fund and are carried at fair value. The following table represents the fair value of each Fund Component using the price provided at 4:00 p.m., New York time, by the relevant Digital Asset Trading Platform Market considered to be its principal market, as determined by the Fund:

Fund Component	Principal Market	March 31, 2024	June 30, 2023
Bitcoin	Coinbase	\$ 71,026.32	\$ 30,361.94
Ether	Coinbase	\$ 3,637.95	\$ 1,925.83
SOL <sup>(1)</sup>	Coinbase	\$ 200.17	\$ 19.09
XRP <sup>(4)</sup>	Coinbase	\$ 0.63	N/A
ADA <sup>(2)</sup>	Coinbase	\$ 0.65	\$ 0.29
AVAX <sup>(4)</sup>	Coinbase	\$ 54.13	N/A
MATIC <sup>(3)(4)</sup>	Coinbase	N/A	\$ 0.66

- (1) Effective October 1, 2021, the Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase SOL in accordance with the Fund Construction Criteria. See Note 5. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (2) Effective July 1, 2021, the Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ADA in accordance with the Fund Construction Criteria. See Note 5. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (3) Effective October 5, 2022, the Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase MATIC in accordance with the DLCS Methodology. See Note 5. Portfolio Rebalancing for a description of the portfolio rebalancing.

- (4) Effective January 3, 2024, the Manager removed MATIC from the Fund's portfolio and used the cash proceeds to purchase Avalanche and XRP and adjusted the existing Fund Components in proportion to their respective weightings in accordance with the DLCS Methodology. See Note 5. Portfolio Rebalancing for a description of the portfolio rebalancing.

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

(Amounts in thousands, except Bitcoin amounts)	Quantity	Fair Value
<b>Bitcoin balance at June 30, 2022</b>	6,231.43654040	\$ 117,743
Bitcoin contributed	-	-
Bitcoin contributed from portfolio rebalancing	157.11106568	3,049
Bitcoin distributed for Manager's Fee, related party	(157.56894422)	(3,549)
Net change in unrealized appreciation on investment in Bitcoin	-	69,386
Net realized gain on investment in Bitcoin	-	2,556
<b>Bitcoin balance at June 30, 2023</b>	6,230.97866186	\$ 189,185
Bitcoin contributed	-	-
Bitcoin distributed from portfolio rebalancing	(150.37755071)	(6,910)
Bitcoin distributed for Manager's Fee, related party	(115.71862474)	(4,516)
Net change in unrealized appreciation on investment in Bitcoin	-	236,892
Net realized gain on investment in Bitcoin	-	9,013
<b>Bitcoin balance at March 31, 2024</b>	5,964.88248641	\$ 423,664

(Amounts in thousands, except Ether amounts)	Quantity	Fair Value
<b>Ether balance at June 30, 2022</b>	39,359.77040671	\$ 40,136
Ether contributed	-	-
Ether contributed from portfolio rebalancing	1,087.50823575	1,095
Ether distributed for Manager's Fee, related party	(1,002.14597330)	(1,568)
Net change in unrealized appreciation on investment in Ether	-	34,695
Net realized gain on investment in Ether	-	1,606
<b>Ether balance at June 30, 2023</b>	39,445.13266916	\$ 75,964
Ether contributed	-	-
Ether distributed from portfolio rebalancing	(2,122.80894251)	(4,426)
Ether distributed for Manager's Fee, related party	(713.89274845)	(1,568)
Net change in unrealized appreciation on investment in Ether	-	58,592
Net realized gain on investment in Ether	-	4,617
<b>Ether balance at March 31, 2024</b>	36,608.43097820	\$ 133,179

(Amounts in thousands, except SOL amounts)	Quantity	Fair Value
<b>SOL balance at June 30, 2022</b>	111,216.13265694	\$ 3,557
SOL contributed	-	-
SOL contributed from portfolio rebalancing	15,665.43529877	384
SOL distributed for Manager's Fee, related party	(2,965.67266480)	(73)
Net change in unrealized depreciation on investment in SOL	-	(1,186)
Net realized loss on investment in SOL	-	(316)
<b>SOL balance at June 30, 2023</b>	123,915.89529091	\$ 2,366
SOL contributed	-	-
SOL contributed from portfolio rebalancing	8,939.48966974	200
SOL distributed for Manager's Fee, related party	(2,448.84355804)	(163)
Net change in unrealized appreciation on investment in SOL	-	23,834
Net realized loss on investment in SOL	-	(133)
<b>SOL balance at March 31, 2024</b>	130,406.54140261	\$ 26,104

(Amounts in thousands, except XRP amounts)	Quantity	Fair Value
<b>XRP balance at June 30, 2023</b>	-	\$ -
XRP contributed	-	-
XRP contributed from portfolio rebalancing	16,538,863.154097	9,656
XRP distributed for Manager's Fee, related party	(99,119.119333)	(57)
Net change in unrealized appreciation on investment in XRP	-	738
Net realized loss on investment in XRP	-	(1)
<b>XRP balance at March 31, 2024</b>	<b>16,439,744.034764</b>	<b>\$ 10,336</b>

(Amounts in thousands, except ADA amounts)	Quantity	Fair Value
<b>ADA balance at June 30, 2022</b>	10,916,582.900254	\$ 4,803
ADA contributed	-	-
ADA contributed from portfolio rebalancing	559,615.581934	231
ADA distributed for Manager's Fee, related party	(281,295.930913)	(108)
Net change in unrealized depreciation on investment in ADA	-	(1,401)
Net realized loss on investment in ADA	-	(330)
<b>ADA balance at June 30, 2023</b>	<b>11,194,902.551275</b>	<b>\$ 3,195</b>
ADA contributed	-	-
ADA distributed from portfolio rebalancing	(216,560.642532)	(149)
ADA distributed for Manager's Fee, related party	(208,542.548429)	(88)
Net change in unrealized appreciation on investment in ADA	-	4,461
Net realized loss on investment in ADA	-	(447)
<b>ADA balance at March 31, 2024</b>	<b>10,769,799.360314</b>	<b>\$ 6,972</b>

(Amounts in thousands, except AVAX amounts)	Quantity	Fair Value
<b>AVAX balance at June 30, 2022</b>	88,973.97836461	\$ 1,445
AVAX contributed	-	-
AVAX distributed from portfolio rebalancing	(87,745.50702693)	(974)
AVAX distributed for Manager's Fee, related party	(1,228.47133768)	(21)
Net change in unrealized appreciation on investment in AVAX	-	6,936
Net realized loss on investment in AVAX	-	(7,386)
<b>AVAX balance at June 30, 2023</b>	<b>-</b>	<b>\$ -</b>
AVAX contributed	-	-
AVAX contributed from portfolio rebalancing	111,647.44818623	4,115
AVAX distributed for Manager's Fee, related party	(669.11471711)	(28)
Net change in unrealized appreciation on investment in AVAX	-	1,917
Net realized gain on investment in AVAX	-	3
<b>AVAX balance at March 31, 2024</b>	<b>110,978.33346912</b>	<b>\$ 6,007</b>

(Amounts in thousands, except MATIC amounts)	Quantity	Fair Value
<b>MATIC balance at June 30, 2022</b>	-	\$ -
MATIC contributed	-	-
MATIC contributed from portfolio rebalancing	2,979,195.20726440	2,524
MATIC distributed for Manager's Fee, related party	(53,165.59406116)	(51)
Net change in unrealized depreciation on investment in MATIC	-	(565)
Net realized gain on investment in MATIC	-	14
<b>MATIC balance at June 30, 2023</b>	<b>2,926,029.61320324</b>	<b>\$ 1,922</b>
MATIC contributed	-	-
MATIC distributed from portfolio rebalancing	(2,887,850.26244458)	(2,486)
MATIC distributed for Manager's Fee, related party	(38,179.35075866)	(26)
Net change in unrealized appreciation on investment in MATIC	-	565
Net realized gain on investment in MATIC	-	25
<b>MATIC balance at March 31, 2024</b>	<b>-</b>	<b>\$ -</b>

(Amounts in thousands, except DOT amounts)	Quantity	Fair Value
<b>DOT balance at June 30, 2022</b>	328,187.49357863	\$ 2,235
DOT contributed	-	-
DOT distributed from portfolio rebalancing	(328,052.64509826)	(2,247)
DOT distributed for Manager's Fee, related party	(134.84848037)	(1)
Net change in unrealized appreciation on investment in DOT	-	5,103
Net realized loss on investment in DOT	-	(5,090)
<b>DOT balance at June 30, 2023</b>	-	\$ -

(Amounts in thousands, except LTC amounts)	Quantity	Fair Value
<b>LTC balance at June 30, 2022</b>	23,725.08718334	\$ 1,220
LTC contributed	-	-
LTC distributed from portfolio rebalancing	(23,715.33881688)	(1,177)
LTC distributed for Manager's Fee, related party	(9.74836646)	(1)
Net change in unrealized appreciation on investment in LTC	-	574
Net realized loss on investment in LTC	-	(616)
<b>LTC balance at June 30, 2023</b>	-	\$ -

(Amounts in thousands, except UNI amounts)	Quantity	Fair Value
<b>UNI balance at June 30, 2022</b>	232,687.02308212	\$ 1,122
UNI contributed	-	-
UNI distributed from portfolio rebalancing	(232,591.41465073)	(1,236)
UNI distributed for Manager's Fee, related party	(95.60843139)	-
Net change in unrealized appreciation on investment in UNI	-	3,937
Net realized loss on investment in UNI	-	(3,823)
<b>UNI balance at June 30, 2023</b>	-	\$ -

(Amounts in thousands, except LINK amounts)	Quantity	Fair Value
<b>LINK balance at June 30, 2022</b>	158,987.59087114	\$ 960
LINK contributed	-	-
LINK distributed from portfolio rebalancing	(158,922.26469191)	(989)
LINK distributed for Manager's Fee, related party	(65.32617923)	(1)
Net change in unrealized appreciation on investment in LINK	-	3,726
Net realized loss on investment in LINK	-	(3,696)
<b>LINK balance at June 30, 2023</b>	-	\$ -

(Amounts in thousands, except BCH amounts)	Quantity	Fair Value
<b>BCH balance at June 30, 2022</b>	6,314.20828653	\$ 631
BCH contributed	-	-
BCH distributed from portfolio rebalancing	(6,311.61385070)	(660)
BCH distributed for Manager's Fee, related party	(2.59443583)	-
Net change in unrealized appreciation on investment in BCH	-	1,662
Net realized loss on investment in BCH	-	(1,633)
<b>BCH balance at June 30, 2023</b>	-	\$ -

#### 4. Portfolio Rebalancing

From inception through June 30, 2022, the Fund sought to hold digital assets with market capitalizations that collectively constituted at least 70% of the market capitalization of the entire digital asset market (the "Target Coverage Ratio") and determined the Fund Components by reference to fund construction criteria that consisted of market capitalization, liquidity and coverage criteria established by the Manager (the "Target Coverage Ratio Methodology"). Through the Target Coverage Ratio Methodology, the Fund sought to (i) provide large-cap coverage of the digital asset market; (ii) minimize transaction costs through low turnover of the Fund's portfolio; and (iii) create a portfolio that could be replicated through direct purchases in the Digital Asset Market.

Effective July 1, 2022, the Manager replaced the Target Coverage Ratio Methodology as the fund construction criteria and no longer seeks to hold Fund Components meeting the Target Coverage Ratio. Instead, the Fund Components consist of the digital assets that make up the DLCS, as rebalanced from time to time, subject to the Manager's discretion to exclude individual digital assets in certain

cases. The DLCS is designed and managed by the Index Provider. The process followed by the Index Provider to determine the digital assets included in the DLCS and their respective weightings in the DLCS is referred to as the “DLCS Methodology.”

Effective July 1, 2022, the Index Provider reviews the DLCS for rebalancing according to the DLCS Methodology quarterly during a period beginning 14 days before the end of each March, June, September and December (each such period, an “Index Rebalancing Period”). At the start of each Index Rebalancing Period, the Index Provider applies the DLCS Methodology to determine any changes to the Index Components and the respective weightings of the Index Components within DLCS, 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 DLCS and should therefore be removed as Fund Components, (ii) determine whether any new digital assets have been added to the DLCS 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 DLCS, 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 DLCS except when the Manager determines to exclude one or more digital assets included in the DLCS from the Fund 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 DLCS 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 DLCS, 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 April 6, 2021, the Manager of the Fund announced the updated Fund Component weightings for the Fund in connection with its quarterly review. Effective April 2, 2021, the Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase LINK in accordance with the Fund’s construction criteria. On April 2, 2021, the Fund recognized a realized gain of \$4,398,884 in connection with the sale of 90.96800168 Bitcoin and 58.85027824 BCH, to purchase 381.07775172 Ether, 5.31504341 LTC and 154,021.49829970 LINK.

On July 2, 2021, the Manager of the Fund announced the updated Fund Component weightings for the Fund in connection with its quarterly review. Effective July 1, 2021, the Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ADA in accordance with the Fund’s construction criteria. On July 1, 2021, the Fund recognized a realized gain of \$11,651,902 in connection with the sale of 225.33929087 Bitcoin, 3,622.13172739 Ether, 68.33481591 BCH and 722.93691458 LTC, to purchase 11,256,632.53387140 ADA and 13,460.14709855 LINK.

On October 1, 2021, the Manager of the Fund announced the updated Fund Component weightings for the Fund in connection with its quarterly review. 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 SOL and UNI in accordance with the Fund’s construction criteria. On October 1, 2021, the Fund recognized a realized gain of \$14,980,028 in connection with the sale of 431.18779320 Bitcoin, 568.90340080 Ether, 312.68264910 BCH, 1,332.29529100 LTC and 4,669.36765100 LINK, to purchase 393,666.73666700 ADA, 106,015.34887688 SOL and 213,332.22308637 UNI.

On April 5, 2022, the Manager of the Fund announced the updated Fund Component weightings for the Fund in connection with its quarterly review. 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 DOT and AVAX in accordance with the Fund’s construction criteria. On April 5, 2022, the Fund recognized a realized gain of \$12,437,503 in connection with the sale of 299.12356960 Bitcoin, 799.44969220 Ether, 525.96222080 BCH, and 471,808.63300000 ADA, to purchase 154.01722821 LTC, 600.38311024 LINK, 7,207.59678111 SOL, 23,446.19411389 UNI, 89,505.76684675 AVAX and 330,149.03708006 DOT.

Effective July 1, 2022, the Fund replaced the Target Coverage Ratio Methodology with the DLCS Methodology. The change in methodology resulted in the removal of BCH, LINK, LTC, DOT, and UNI in proportion to their respective weighing on July 7, 2022 following the quarterly Fund Rebalancing Period. On July 7, 2022, the Fund recognized a realized loss of \$14,895,069 in connection with the sale of 6,311.61385070 BCH, 23,715.33881688 LTC, 158,922.26469191 LINK, 232,591.41465073 UNI and 328,052.64509826 DOT, to purchase 199.83559815 Bitcoin, 1,507.83089471 Ether, 451,468.27947474 ADA, 4,253.16323862 SOL and 5,714.46623435 AVAX.



On October 4, 2022, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL, MATIC and AVAX met the inclusion criteria of the DLCS Index. On October 4, 2022, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective Weightings and using the cash proceeds to purchase SOL, AVAX and MATIC. As a result, MATIC was added to the Fund. No tokens were removed from the Fund. On October 5, 2022, following the rebalancing, the Fund recognized a realized gain of \$1,133,040 in connection with the sale of 98.97782869 Bitcoin, 363.52443217 Ether and 54,505.66521500 ADA, to purchase 1,776.60193605 SOL, and 3,070.74446103 AVAX and 2,879,708.35424883 MATIC.

On January 4, 2023, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL and MATIC met the inclusion criteria of the DLCS Index, but AVAX did not. On January 4, 2023, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by selling AVAX and using the cash proceeds to purchase certain amounts of the other existing Fund Components in proportion to their respective Weightings following the rebalancing. As a result of the rebalancing, AVAX was removed from the Fund. On January 5, 2023, following the rebalancing, the Fund recognized a realized loss of \$7,304,129 in connection with the sale of 96,557.16902347 AVAX to purchase 53.65562532 Bitcoin, 108.99277511 Ether, 133,890.68719500 ADA, 4,362.39069485 SOL, and 143.42553998 MATIC.

On April 4, 2023, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL and MATIC met the inclusion criteria of the DLCS Index. On April 4, 2023, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by purchasing and selling the existing Fund Components in proportion to their respective Weightings. No new tokens were added to or removed from the Fund. On April 5, 2023, following the rebalancing, the Fund recognized a realized gain of \$227,762 in connection with the sale of 165.79100190 Ether to purchase 2.5976090 Bitcoin, 28,762.28047849 ADA, 5,273.27942925 SOL, and 99,343.42747559 MATIC.

On July 5, 2023, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL and MATIC met the inclusion criteria of the DLCS Index. On July 5, 2023, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by purchasing and selling the existing Fund Components in proportion to their respective Weightings. No new tokens were added to or removed from the Fund. On July 6, 2023, following the rebalancing, the Fund recognized a realized gain of \$906,943 in connection with the sale of 645.45710183 Ether to purchase 34.54527749 Bitcoin, 81,945.38000000 ADA, 4,934.25000000 SOL, and 80,972.91000000 MATIC.

On October 3, 2023, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL and MATIC met the inclusion criteria of the DLCS Index. On October 3, 2023, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by purchasing and selling the existing Fund Components in proportion to their respective Weightings. No new tokens were added to or removed from the Fund. On October 4, 2023, following the rebalancing, the Fund recognized a realized gain of \$149,939 in connection with the sale of 131.74000000 Ether and 9,814.74000000 MATIC to purchase 4.60330000 Bitcoin, 19,528.13080000 ADA, and 3,893.97900000 SOL.

On January 3, 2024, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, ADA, SOL, AVAX, and XRP met the inclusion criteria of the DLCS Index. On January 3, 2024, following the rebalancing of the Index, the Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase AVAX and XRP. As a result of the rebalancing, AVAX and XRP have been added to the Fund, and MATIC has been removed from the Fund. On January 4, 2024, following the rebalancing, the Fund recognized a realized gain of \$7,968,963 in connection with the sale of 189.52612820 Bitcoin, 1,345.61184068 Ether, 318,034.15333200 ADA, and 2,959,008.43244458 MATIC to purchase 111.26066974 SOL, 16,538,863.15409700 XRP, and, 111,647.44818623 AVAX.

## **5. Creations and Redemptions of Shares**

At March 31, 2024 and June 30, 2023, 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 0.0004 of one Bitcoin, 0.0023 of one Ether, 0.0082 of one SOL, 0.6787 of one ADA, 0.0070 of one AVAX, and 1.0361 of one XRP at March 31, 2024. Each Share represented approximately 0.0004 of one Bitcoin, 0.0025 of one Ether, 0.0078 of one SOL, 0.7055 of one ADA, and 0.1844 of one MATIC at June 30, 2023.

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 Cayman Islands Monetary 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 Cayman Islands Monetary Authority and be regulated as a mutual fund under the Mutual Funds Law (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 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 periods ended March 31, 2024 and June 30, 2023, 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 March 31, 2024 or June 30, 2023.

## 7. Related Parties

The Fund considered the following entities, their directors and certain employees to be related parties of the Fund as of March 31, 2024: DCG, Genesis, Grayscale and Grayscale Securities. As of March 31, 2024 and June 30, 2023, 1,054,987 and 1,213,437 Shares of the Fund were held by related parties of the Fund, respectively.

The Manager's parent, an affiliate of the Fund, holds a minority interest in Coinbase, Inc., the parent company of the Custodian, that represents less than 1.0% of Coinbase, Inc.'s ownership.

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 NAV, less its liabilities (which include any accrued but unpaid expenses up to, but excluding, the date of calculation), as calculated and published by the Manager or its delegates (the "Manager's Fee"). The Manager's Fee accrues daily in U.S. dollars and is payable in Fund Components then held by the Fund in proportion to their respective Fund Component's Weighting. The U.S. dollar amount of the Manager's Fee will be converted into Fund Components on a daily basis by multiplying such U.S. dollar amount by the Weighting for each Fund Component and dividing the resulting product for each Fund Component by the U.S. dollar value for such Fund Component on such day. For purposes of these financial statements, the U.S. dollar value of Fund Components is determined by reference to the Digital Asset Trading Platform Market that the Fund considers its principal market as of 4:00 p.m., New York time, on each valuation date. No Forked Assets have been distributed in payment of the Manager's Fee during the three and nine months ended March 31, 2024 and 2023.

As partial consideration for receipt of the Manager's Fee, the Manager shall assume and pay all fees and other expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes, but including marketing fees; administrator fees, if any; custodian fees; transfer agent fees; trustee 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 three months ended March 31, 2024 and 2023, the Fund incurred Manager's Fees of \$2,883,172 and \$1,337,080, respectively. For the nine months ended March 31, 2024 and 2023, the Fund incurred Manager's Fees of \$6,445,982 and \$3,766,376, respectively. As of March 31, 2024 and June 30, 2023, there were no accrued and unpaid Manager's Fees. In addition, the Manager may pay Additional Fund Expenses on behalf of the Fund, which are reimbursable by the Fund to the Manager. For the three and nine months ended March 31, 2024 and 2023, the Manager did not pay any Additional Fund Expenses on behalf of the Fund.

On March 2, 2022, the Board of the Manager (the "Board") approved the purchase by DCG, the parent company of the Manager, of up to an aggregate total of \$200 million worth of Shares of the Fund and shares of any of the following five investment products the Manager also acts as the sponsor and manager of, including Grayscale Bitcoin Trust (BTC) (NYSE Arca: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), and Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM). Subsequently, DCG authorized such purchase. The Share purchase authorization does not obligate DCG to acquire any specific number of Shares in any period, and may be expanded,

extended, modified, or discontinued at any time. From March 2, 2022 through March 31, 2024, DCG had not purchased any Shares of the Fund under this authorization.

## 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 the 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 assets or payment services, global or regional political, economic or financial conditions, and other unforeseen events and situations.

The digital asset networks relevant to the Fund Components are decentralized to an extent, meaning no single entity owns or operates them. Some digital asset networks, such as the Bitcoin, Ether, SOL, XRP, ADA, and AVAX networks, are collectively maintained by a decentralized user base.

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 SEC 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. 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. The SEC staff has also provided informal assurances via no-action letter to a handful of promoters that their digital assets are not securities. On the other hand, 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.

Further, Ripple Labs, Inc. ("Ripple"), the company that retains a key role in stewarding the development of XRP, is currently a defendant in a federal class-action lawsuit filed by certain XRP holders that alleges that XRP is a security issued by Ripple. In addition, in 2020 the SEC filed a complaint against the issuer of XRP, Ripple Labs, Inc., and two of its executives, alleging that they raised more than \$1.3 billion through XRP sales that should have been registered under the federal securities laws, but were not. 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.

As with any computer network, digital asset networks are vulnerable to various kinds of attacks and disruptions. For example, each digital asset network of the Fund Components, for which it is relevant, is vulnerable to a "51% attack" where, if a malicious actor were to gain control of more than 50% of a network's hash rate, it would be able to gain full control of the network and the ability to manipulate the relevant blockchains on which the respective Fund Components settle. In May 2019, the Bitcoin Cash network experienced a 51% attack when two mining pools combined their hash rates to reverse a block of transactions that rewarded tokens to an unknown actor

who had taken advantage of an unrelated vulnerability in the Bitcoin Cash network. The Fund did not suffer any direct losses as a result of the attack. Although this particular attack could be interpreted as reversing a separate attack on the Bitcoin Cash network, the Bitcoin Cash network may be vulnerable to future 51% attacks that could result in a loss of confidence in the Bitcoin Cash network. Additionally, as an example of a network disruption, the Solana network experienced a significant disruption on September 14, 2021, later attributed to a type of denial of service attack, and was offline for 17 hours, only returning to full functionality 24 hours later. While persons associated with Solana Labs and/or the Solana Foundation are understood to have played a key role in bringing the network back online, the broader community also played a key role, as Solana validators coordinated to upgrade and restart the network.

Furthermore, like any smart contract platform that utilizes bridge technology, digital assets transferred to or from other blockchains are vulnerable to certain types of exploits. For example, on February 3, 2022, hackers were able to manipulate the Wormhole bridge smart contract code which enables the transfer of certain digital assets to the Solana Network, to divert approximately 120,000 Ether from the Wormhole bridge to the attacker's Ether wallet. While Jump Crypto, the creators of the Wormhole bridge, replenished the stolen Ether, effectively backstopping user losses, they or other creators may not be able to do so again in the future. The development of bridges on digital asset networks is ongoing and further attacks on bridges compatible with a digital asset network of a Fund Component could have a material adverse effect on the value of such Fund Component and an investment in the Shares.

To the extent a private key 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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
<b>Per Share Data:</b>				
Principal market net asset value, beginning of period	\$ 23.56	\$ 10.01	\$ 17.18	\$ 10.96
Net increase in net assets from investment operations:				
Net investment loss	(0.18)	(0.08)	(0.41)	(0.24)
Net realized and unrealized gain	14.83	6.55	21.44	5.76
Net increase in net assets resulting from operations	14.65	6.47	21.03	5.52
Principal market net asset value, end of period	<u>\$ 38.21</u>	<u>\$ 16.48</u>	<u>\$ 38.21</u>	<u>\$ 16.48</u>
Total return	62.18%	64.64%	122.41%	50.36%
<b>Ratios to average net assets:</b>				
Net investment loss	-2.50%	-2.50%	-2.50%	-2.50%
Expenses	-2.50%	-2.50%	-2.50%	-2.50%

Ratios of net investment loss and expenses to average net assets have been annualized.

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 period and assuming redemption on the last day of the period.

## **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 April 2, 2024, the Index Provider completed the quarterly rebalancing of the DLCS and determined that Bitcoin, Ether, SOL, AVAX, and XRP met the inclusion criteria of the DLCS Index. On April 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 ADA and using the cash proceeds to purchase the existing Fund Components in proportion to their respective weightings. As a result of the rebalancing, ADA has been removed the Fund. As of April 3, 2024, following the rebalancing, the Fund Components consisted of 70.96% Bitcoin, 21.84% Ether, 4.52% SOL, 1.73% XRP, and 0.95% AVAX, and each of the Fund's shares represented 0.0004 Bitcoin, 0.0023 Ether, 0.0086 SOL, 1.0600 XRP, and 0.0073 AVAX.

As of the close of business on April 30, 2024, the fair value of each Fund Component, determined in accordance with the Fund's accounting policy, was \$59,098.16 per Bitcoin, \$2,923.79 per Ether, \$122.85 per SOL, \$31.93 per AVAX, and \$0.50 per XRP.

There are no known events that have occurred that require disclosure other than that which has already been disclosed in these notes to the financial statements.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to, our unaudited financial statements and related notes included elsewhere in this Quarterly Report, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The following discussion may contain forward-looking statements based on assumptions we believe to be reasonable. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those set forth under "Part II, Item 1A. Risk Factors" in this Quarterly Report, or in "Part I, Item 1A. Risk Factors" and "Forward-Looking Statements" or other sections of our Annual Report on Form 10-K for the year ended June 30, 2023.*

### **Fund Overview**

The Fund is a passive entity that is managed and administered by the Manager and does not have any officers, directors or employees. The Fund holds Fund Components and, from time to time on a periodic basis, issues Creation Baskets in exchange for deposits of Fund Components. As a passive investment vehicle, the Fund's investment objective is for the value of the Shares to reflect the value of the Fund Components held by the Fund, determined by reference to the Digital Asset Reference Rates and weightings within the Fund, less the Fund's expenses and other liabilities. While an investment in the Shares is not a direct investment in the Fund Components, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to the Fund Components. To date, the Fund has not met its investment objective and the Shares quoted on OTCQX have not reflected the value of Fund Components, less the Fund's expenses and other liabilities, but instead have traded at both premiums and discounts to such value, which at times have been substantial. The Fund is not managed like a business corporation or an active investment vehicle.

Prior to July 1, 2022, the Fund determined which Fund Components to hold pursuant to the Target Coverage Ratio Methodology. Effective July 1, 2022, the Manager replaced the Target Coverage Ratio Methodology as the fund construction criteria and adopted the DLCS Methodology. Prior to the adoption of the DLCS Methodology, the Digital Asset Reference Rates used to value the Fund Components were Index Prices, or Old Indicative Prices. In connection with the adoption of the DLCS Methodology, the Manager changed the Digital Asset Reference Rates used to value the Fund Components and as of the date of this Quarterly Report, each of the Digital Asset Reference Rates are Indicative Prices. See "Item 1. Business—Investment Objective" and "Item 1. Business—Valuation of Digital Assets and Determination of Digital Asset Holdings" in our Annual Report on Form 10-K for additional information.

Any references in this section to the Digital Reference Rates prior to July 1, 2022 are to the Digital Asset Reference Rates in effect prior to the adoption of the DLCS Methodology. In addition, all references in this section to the NAV and NAV per Share of the Fund for periods prior to July 1, 2022 have been calculated using Index Prices and/or Indicative Prices, based on the digital assets held by the Fund pursuant to the Target Coverage Ratio Methodology. All references in this section to the NAV and NAV per Share of the Fund for periods subsequent to July 1, 2022 have been calculated using Indicative Prices.

### **Critical Accounting Policies and Estimates**

#### ***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 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") 820-10, 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 Quarterly 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 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 for such Fund Component based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund, Trading Platform Markets have the greatest volume and level of activity for the Fund Components. The Fund therefore looks to accessible Trading Platform Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the aforementioned analysis, a Trading Platform Market has been selected as the Fund’s principal market for each Fund Component.

The Fund determines its principal market for each Fund Component (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market’s trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market’s price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund’s determination of its principal market for each Fund Component.

The cost basis of each Fund Component received in connection with a creation order is recorded by the Fund at the fair value of such Fund Component at 4:00 p.m., New York time, on the creation date for financial reporting purposes. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

### ***Investment Company Considerations***

The Fund is an investment company for 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. 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 Three and Nine Months Ended March 31, 2024 and 2023***

**(All amounts in the following table and the subsequent paragraphs, except Share, per Share, each Fund Component and price of each Fund Component amounts, are in thousands)**

	<b>Three Months Ended March 31,</b>		<b>Nine Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net realized and unrealized gain on investments in digital assets	\$ 235,358	\$ 104,076	\$ 340,076	\$ 91,408
Net increase in net assets resulting from operations	\$ 232,476	\$ 102,739	\$ 333,630	\$ 87,642
Net assets <sup>(1)</sup>	\$ 606,262	\$ 261,494	\$ 606,262	\$ 261,494

- (1) Net assets in the above table and subsequent paragraphs are calculated in accordance with U.S. GAAP based on the Digital Asset Market price of each Fund Component on the Digital Asset Trading Platforms that the Fund considered each Fund Component's principal market, as of 4:00 p.m., New York time, on the valuation date.

Net realized and unrealized gain on investments in digital assets for the three months ended March 31, 2024 was \$235,358, which includes a realized gain of \$39,896 on the transfer of digital assets to pay the Manager's Fee, a realized loss of (\$29,863) as a result of the quarterly rebalance of digital assets, and net change in unrealized appreciation on investments in digital assets of \$225,325. Net increase in net assets resulting from operations was \$232,476 for the three months ended March 31, 2024, which consisted of the net realized and unrealized gain on investments in digital assets, less the Manager's Fee of \$2,882. Net assets increased to \$606,262 at March 31, 2024, a 62% increase for the three-month period. The increase in net assets primarily resulted from the price appreciation of Fund Components during the period, partially offset by the withdrawal of approximately 37 Bitcoin, 229 Ether, 813 SOL, 67,219 ADA, 607 MATIC, 669 AVAX, and 99,119 XRP to pay the foregoing Manager's Fee.

Net realized and unrealized gain on investments in digital assets for the three months ended March 31, 2023 was \$104,076, which includes a realized gain of \$559 on the transfer of digital assets to pay the Manager's Fee, a realized loss of (\$7,304) as a result of the quarterly rebalance of digital assets, and net change in unrealized appreciation on investments in digital assets of \$110,821. Net increase in net assets resulting from operations was \$102,739 for the three months ended March 31, 2023, which consisted of the net realized and unrealized gain on investments in digital assets, less the Manager's Fee of \$1,337. Net assets increased to \$261,494 at March 31, 2023, a 65% increase for the three-month period. The increase in net assets resulted from the price appreciation in Fund Components prices for the period, partially offset by the withdrawal of approximately 39 Bitcoin, 246 Ether, 69,443 ADA, 737 SOL and 17,592 MATIC to pay the foregoing Manager's Fee.

Net realized and unrealized gain on investments in digital assets for the nine months ended March 31, 2024 was \$340,076, which includes a realized gain of \$4,052 on the transfer of digital assets to pay the Manager's Fee, a realized gain of \$9,025 as a result of the quarterly rebalance of digital assets, and net change in unrealized appreciation on investments in digital assets of \$326,999. Net increase in net assets resulting from operations was \$333,630 for the nine months ended March 31, 2024, which consisted of the net realized and unrealized gain on investments in digital assets, less the Manager's Fee of \$6,446. Net assets increased to \$606,262 at March 31, 2024, a 122% increase for the nine-month period. The increase in net assets primarily resulted from the price appreciation of Fund Components during the period, partially offset by the withdrawal of approximately 116 Bitcoin, 714 Ether, 2,449 SOL, 208,543 ADA, 38,180 MATIC, 669 AVAX, and 99,119 XRP to pay the foregoing Manager's Fee.

Net realized and unrealized gain on investments in digital assets for the nine months ended March 31, 2023 was \$91,408, which includes a realized gain of \$1,298 on the transfer of digital assets to pay the Manager's Fee, a realized loss of (\$21,067) as a result of the quarterly rebalance of digital assets, and net change in unrealized appreciation on investments in digital assets of \$111,177. Net increase in net assets resulting from operations was \$87,642 for the nine months ended March 31, 2023, which consisted of the net realized and unrealized gain on investments in digital assets, less the Manager's Fee of \$3,766. Net assets increased to \$261,494 at March 31, 2023, a 50% increase for the nine-month period. The increase in net assets primarily resulted from the price appreciation of Fund Components during the period, partially offset by the withdrawal of approximately 119 Bitcoin, 755 Ether, 2,192 SOL, 96 UNI, 3 BCH, 10 LTC, 65 LINK, 211,307 ADA, 1,202 AVAX, 135 DOT, and 34,898 MATIC 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 Quarterly Report was the Manager's Fee. The Fund is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to its liquidity needs.



## Selected Operating Data

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
(All Fund Component balances are rounded to the nearest whole number)				
<b>Bitcoin:</b>				
Opening balance	6,192	6,252	6,231	6,231
Creations	-	-	-	-
Portfolio rebalancing <sup>(1)(2)(3)(4)(5)(6)(7)</sup>	(190)	54	(150)	155
Manager's Fee, related party	(37)	(39)	(116)	(119)
Closing balance	5,965	6,267	5,965	6,267
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	<u>5,965</u>	<u>6,267</u>	<u>5,965</u>	<u>6,267</u>
<b>Ether:</b>				
Opening balance	38,183	39,995	39,445	39,360
Creations	-	-	-	-
Portfolio rebalancing <sup>(1)(2)(3)(4)(5)(6)(7)</sup>	(1,346)	109	(2,123)	1,253
Manager's Fee, related party	(229)	(246)	(714)	(755)
Closing balance	36,608	39,858	36,608	39,858
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	<u>36,608</u>	<u>39,858</u>	<u>36,608</u>	<u>39,858</u>
<b>SOL:</b>				
Opening balance	131,108	115,791	123,916	111,216
Creations	-	-	-	-
Portfolio rebalancing <sup>(2)(3)(4)(5)(6)(7)</sup>	111	4,362	8,939	10,392
Manager's Fee, related party	(813)	(737)	(2,449)	(2,192)
Closing balance	130,406	119,416	130,406	119,416
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	<u>130,406</u>	<u>119,416</u>	<u>130,406</u>	<u>119,416</u>
<b>XRP:</b>				
Opening balance	-	-	-	-
Creations	-	-	-	-
Portfolio rebalancing <sup>(7)</sup>	16,538,863	-	16,538,863	-
Manager's Fee, related party	(99,119)	-	(99,119)	-
Closing balance	16,439,744	-	16,439,744	-
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	<u>16,439,744</u>	<u>-</u>	<u>16,439,744</u>	<u>-</u>
<b>ADA:</b>				
Opening balance	11,155,053	11,171,682	11,194,903	10,916,583
Creations	-	-	-	-
Portfolio rebalancing <sup>(1)(2)(3)(4)(5)(6)(7)</sup>	(318,034)	133,890	(216,561)	530,853
Manager's Fee, related party	(67,219)	(69,443)	(208,543)	(211,307)
Closing balance	10,769,800	11,236,129	10,769,799	11,236,129
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	<u>10,769,800</u>	<u>11,236,129</u>	<u>10,769,799</u>	<u>11,236,129</u>

<b>AVAX:</b>				
Opening balance	-	96,557	-	88,974
Creations	-	-	-	-
Portfolio rebalancing <sup>(3)(4)(5)(6)(7)</sup>	111,647	(96,557)	111,647	(87,772)
Manager's Fee, related party	(669)	-	(669)	(1,202)
Closing balance	110,978	-	110,978	-
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	110,978	-	110,978	-

<b>MATIC:</b>				
Opening balance	2,959,615	2,862,403	2,926,030	-
Creations	-	-	-	-
Portfolio rebalancing <sup>(5)(6)(7)</sup>	(2,959,008)	143	(2,887,850)	2,879,852
Manager's Fee, related party	(607)	(17,592)	(38,180)	(34,898)
Closing balance	-	2,844,954	-	2,844,954
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	-	2,844,954	-	2,844,954

<b>DOT:</b>				
Opening balance	-	-	-	328,187
Creations	-	-	-	-
Portfolio rebalancing <sup>(3)(4)</sup>	-	-	-	(328,052)
Manager's Fee, related party	-	-	-	(135)
Closing balance	-	-	-	-
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	-	-	-	-

<b>LTC:</b>				
Opening balance	-	-	-	23,725
Creations	-	-	-	-
Portfolio rebalancing <sup>(1)(2)(3)(4)</sup>	-	-	-	(23,715)
Manager's Fee, related party	-	-	-	(10)
Closing balance	-	-	-	-
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	-	-	-	-

<b>UNI:</b>				
Opening balance	-	-	-	232,687
Creations	-	-	-	-
Portfolio rebalancing <sup>(2)(3)(4)</sup>	-	-	-	(232,591)
Manager's Fee, related party	-	-	-	(96)
Closing balance	-	-	-	-
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	-	-	-	-

<b>LINK:</b>				
Opening balance	-	-	-	158,987
Creations	-	-	-	-
Portfolio rebalancing <sup>(1)(2)(3)(4)</sup>	-	-	-	(158,922)
Manager's Fee, related party	-	-	-	(65)
Closing balance	-	-	-	-
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	-	-	-	-

<b>BCH:</b>				
Opening balance	-	-	-	6,314
Creations	-	-	-	-
Portfolio rebalancing <sup>(1)(2)(3)(4)</sup>	-	-	-	(6,311)
Manager's Fee, related party	-	-	-	(3)
Closing balance	-	-	-	-
Accrued but unpaid Manager's Fee, related party	-	-	-	-
Net closing balance	-	-	-	-

<b>Number of Shares:</b>				
Opening balance	15,867,400	15,867,400	15,867,400	15,867,400
Creations	-	-	-	-
Closing balance	15,867,400	15,867,400	15,867,400	15,867,400

	As of March 31,	
	2024	2023
Prices of digital assets on principal market		
Bitcoin	\$ 71,026.32	\$ 28,467.79
Ether	\$ 3,637.95	\$ 1,828.98
SOL <sup>(2)</sup>	\$ 200.17	\$ 20.98
XRP <sup>(7)</sup>	\$ 0.63	N/A
ADA <sup>(1)</sup>	\$ 0.65	\$ 0.40
AVAX <sup>(3)(6)(7)</sup>	\$ 54.13	N/A
MATIC <sup>(5)</sup>	N/A	\$ 1.11
Principal Market NAV per Share <sup>(8)</sup>	\$ 38.21	\$ 16.48
Digital Asset Reference Rates <sup>(9)</sup>		
Bitcoin	\$ 70,948.73	\$ 28,399.13
Ether	\$ 3,632.98	\$ 1,824.28
SOL <sup>(2)</sup>	\$ 199.88	\$ 20.91
XRP <sup>(7)</sup>	\$ 0.63	N/A
ADA <sup>(1)</sup>	\$ 0.65	\$ 0.40
AVAX <sup>(3)(6)(7)</sup>	\$ 53.87	N/A
MATIC <sup>(5)(7)</sup>	N/A	\$ 1.11
NAV per Share <sup>(8)(10)</sup>	\$ 38.16	\$ 16.44

- (1) Effective July 1, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ADA in accordance with the Target Coverage Ratio Methodology.
- (2) Effective October 1, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase SOL and UNI in accordance with the Target Coverage Ratio Methodology.
- (3) Effective April 5, 2022, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase DOT and AVAX in accordance with the Target Coverage Ratio Methodology.
- (4) Effective July 7, 2022, following adoption of the DLCS Methodology, the Fund removed DOT, LTC, UNI, LINK and BCH from the Fund's portfolio and sold the DOT, LTC, UNI, LINK and BCH holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings in accordance with the DLCS Methodology.
- (5) Effective October 5, 2022, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase MATIC in accordance with the DLCS Methodology.
- (6) Effective January 5, 2023, the Fund removed AVAX from the Fund's portfolio and sold the AVAX holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings in accordance with the DLCS Methodology.

- (7) Effective January 3, 2024, the Manager removed MATIC from the Fund's portfolio and used the cash proceeds to purchase Avalanche and XRP and adjusted the existing Fund Components in proportion to their respective weightings in accordance with the DLCS Methodology.
- (8) 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.
- (9) Prior to July 1, 2022, the Digital Asset Reference Rates were all Index Prices except AVAX, which were Old Indicative Prices. Effective July 1, 2022, the Digital Asset Reference Rate for each Fund Component is an Indicative Price. As a result, the Digital Asset Reference Rates as of March 31, 2024 are not directly comparable to the Digital Asset Reference Rates as of March 31, 2023.
- (10) Prior to July 1, 2022, the NAV per Share was calculated based on the Fund Components held by the Fund pursuant to the Target Coverage Ratio Methodology. Effective July 1, 2022, NAV per Share is calculated based on the Fund Components held by the Fund pursuant to the DLCS Methodology. As a result, the NAV per Share as of March 31, 2024 is not directly comparable to the NAV per Share as of March 31, 2023. See "Item 1. Business—Investment Objective" and "Item 1. Business—Valuation of Digital Assets and Determination of Digital Asset Holdings" in our Annual Report on Form 10-K for additional information.

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.

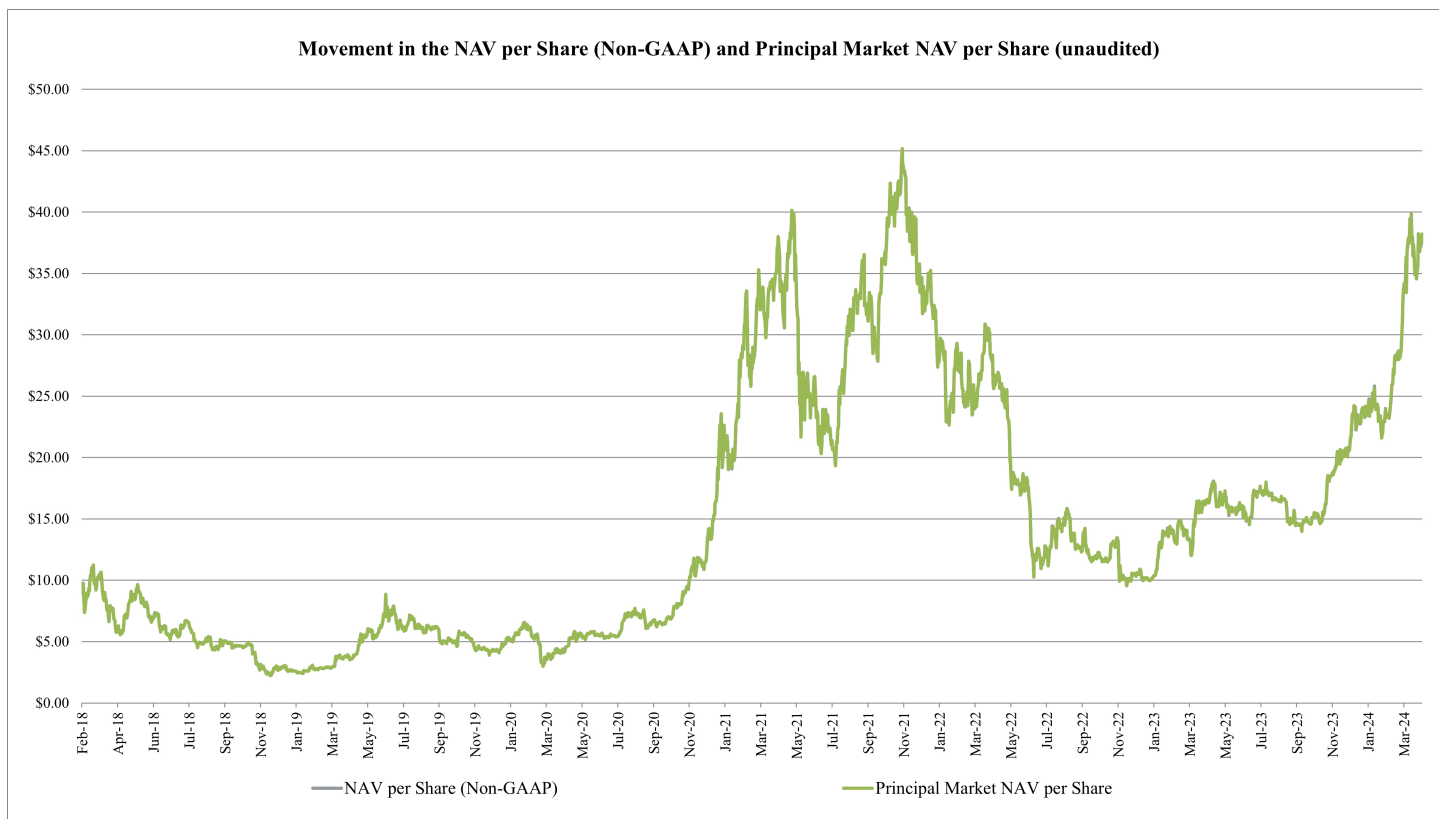
As of March 31, 2024, the Fund had a net closing balance with a value of \$605,517,995, based on the Digital Asset Reference Rates in effect under the DLCS Methodology (non-GAAP methodology). As of March 31, 2024, the Fund had a total market value of \$606,262,062, based on the principal market prices of the Fund Components.

As of March 31, 2023, the Fund had a net closing balance with a value of \$260,872,831, based on the Digital Asset Reference Rates in effect under the DLCS Methodology (non-GAAP methodology). As of March 31, 2023, the Fund had a total market value of \$261,493,993, based on the principal market prices of the Fund Components.

### **Historical Fund Component Prices**

As movements in the price of each Fund Component will directly affect the price of the Shares, investors should understand recent movements in the price of each Fund Component. Investors, however, should also be aware that past movements in each of the Fund Component prices are not indicators of future movements. Movements may be influenced by various factors, including, but not limited to, government regulation, security breaches experienced by service providers, as well as political and economic uncertainties around the world.

The following chart illustrates the movement in the Fund's NAV per Share, based on the Digital Asset Reference Rate of each Fund Component, versus the Fund's Principal Market NAV per Share, as calculated in accordance with GAAP from February 1, 2018 to March 31, 2024. Prior to July 1, 2022, the NAV per Share was calculated based on the Fund Components held by the Fund pursuant to the Target Coverage Ratio Methodology and using Index Prices or Old Indicative Prices. Effective July 1, 2022, the NAV per Share is calculated based on the Fund Components held by the Fund pursuant to the DLCS Methodology and using Indicative Prices. As a result, the NAV per Share for periods subsequent to July 1, 2022 is not directly comparable to the NAV per Share in periods prior to July 1, 2022. For more information on the determination of the Fund's NAV, see "Overview of the Digital Asset Industry and Market—Fund Component Value—Digital Asset Exchange Valuation" in the Fund's Annual Report on Form 10-K.



## Bitcoin

The following table illustrates the movements in the Digital Asset Reference Rate for Bitcoin from April 1, 2019 to March 31, 2024. Prior to July 1, 2022, the Digital Asset Reference Rate for Bitcoin was an Index Price for Bitcoin. Effective July 1, 2022, the Digital Asset Reference Rate for Bitcoin is an Indicative Price for Bitcoin. As a result, the Digital Asset Rates for Bitcoin for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for Bitcoin for periods prior to July 1, 2022. During the period from April 1, 2019 to March 31, 2024, the Digital Asset Reference Rate has ranged from \$4,132.14 to \$73,128.99, with the straight average being \$27,043.97 through March 31, 2024. The Manager has not observed a material difference between the Digital Asset Reference Rate and average prices from the constituent Digital Asset Trading Platforms individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
Twelve months ended March 31, 2020	\$ 8,471.60	\$ 13,838.57	6/26/2019	\$ 4,132.14	4/1/2019	\$ 6,471.60	\$ 6,471.60
Twelve months ended March 31, 2021	\$ 20,225.08	\$ 61,593.93	3/13/2021	\$ 6,212.24	4/1/2020	\$ 58,592.37	\$ 58,592.37
Twelve months ended March 31, 2022	\$ 46,450.47	\$ 67,352.59	11/9/2021	\$ 29,789.20	7/20/2021	\$ 45,625.48	\$ 45,625.48
Twelve months ended March 31, 2023	\$ 23,646.21	\$ 46,425.74	4/3/2022	\$ 15,786.90	11/21/2022	\$ 28,399.13	\$ 28,399.13
Twelve months ended March 31, 2024	\$ 36,451.58	\$ 73,128.99	3/13/2024	\$ 25,061.89	9/11/2023	\$ 70,948.73	\$ 70,771.38
April 1, 2019 to March 31, 2024	\$ 27,043.97	\$ 73,128.99	3/13/2024	\$ 4,132.14	4/1/2019	\$ 70,948.73	\$ 70,771.38

The following table illustrates the movements in the Digital Asset Market price of Bitcoin, as reported on the Fund's principal market for Bitcoin, from April 1, 2019 to March 31, 2024. During such period, the price of Bitcoin has ranged from \$4,133.74 to \$73,517.19, with the straight average being \$27,043.19 through March 31, 2024:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended March 31, 2020	\$ 8,472.15	\$ 13,849.81	6/26/2019	\$ 4,133.74	4/1/2019	\$ 6,474.20	\$ 6,474.20
Twelve months ended March 31, 2021	\$ 20,226.28	\$ 61,607.76	3/13/2021	\$ 6,214.99	4/1/2020	\$ 58,601.27	\$ 58,601.27
Twelve months ended March 31, 2022	\$ 46,449.98	\$ 67,371.70	11/9/2021	\$ 29,785.71	7/20/2021	\$ 45,595.55	\$ 45,595.55
Twelve months ended March 31, 2023	\$ 23,647.43	\$ 46,423.42	4/3/2022	\$ 15,766.93	11/21/2022	\$ 28,467.79	\$ 28,467.79
Twelve months ended March 31, 2024	\$ 36,445.22	\$ 73,517.19	3/13/2024	\$ 25,013.25	9/11/2023	\$ 71,026.32	\$ 70,840.97
April 1, 2019 to March 31, 2024	\$ 27,043.19	\$ 73,517.19	3/13/2024	\$ 4,133.74	4/1/2019	\$ 71,026.32	\$ 70,840.97

### *Ether*

The following table illustrates the movements in the Digital Asset Reference Rate for Ether from April 1, 2019 to March 31, 2024. Prior to July 1, 2022, the Digital Asset Reference Rate for Ether was an Index Price for Ether. Effective July 1, 2022, the Digital Asset Reference Rate for Ether is an Indicative Price for Ether. As a result, the Digital Asset Rates for Ether for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for Ether for periods prior to July 1, 2022. During the period from April 1, 2019 to March 31, 2024, the Digital Asset Reference Rate has ranged from \$109.83 to \$4,776.32, with the straight average being \$1,546.45 through March 31, 2024. The Manager has not observed a material difference between the Digital Asset Reference Rate and average prices from the constituent Digital Asset Trading Platforms included in the relevant index individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
Twelve months ended March 31, 2020	\$ 194.09	\$ 350.60	6/26/2019	\$ 109.83	3/16/2020	\$ 133.55	\$ 133.55
Twelve months ended March 31, 2021	\$ 641.22	\$ 1,987.17	2/20/2021	\$ 130.15	4/1/2020	\$ 1,900.34	\$ 1,900.34
Twelve months ended March 31, 2022	\$ 3,120.63	\$ 4,776.32	11/9/2021	\$ 1,784.40	6/26/2021	\$ 3,287.56	\$ 3,287.56
Twelve months ended March 31, 2023	\$ 1,655.11	\$ 3,492.35	4/4/2022	\$ 913.51	6/18/2022	\$ 1,824.28	\$ 1,824.28
Twelve months ended March 31, 2024	\$ 2,123.31	\$ 4,049.30	3/11/2024	\$ 1,531.22	10/12/2023	\$ 3,632.98	\$ 3,568.89
April 1, 2019 to March 31, 2024	\$ 1,546.45	\$ 4,776.32	11/9/2021	\$ 109.83	3/16/2020	\$ 3,632.98	\$ 3,568.89

The following table illustrates the movements in the Digital Asset Market price of Ether, as reported on the Fund's principal market for Ether, from April 1, 2019 to March 31, 2024. During such period, the price of Ether has ranged from \$110.29 to \$4,776.95, with the straight average being \$1,546.52 through March 31, 2024:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended March 31, 2020	\$ 194.10	\$ 350.76	6/26/2019	\$ 110.29	3/16/2020	\$ 133.58	\$ 133.58
Twelve months ended March 31, 2021	\$ 641.25	\$ 1,987.10	2/20/2021	\$ 130.22	4/1/2020	\$ 1,899.98	\$ 1,899.98
Twelve months ended March 31, 2022	\$ 3,120.74	\$ 4,776.95	11/9/2021	\$ 1,785.68	6/26/2021	\$ 3,284.17	\$ 3,284.17
Twelve months ended March 31, 2023	\$ 1,655.32	\$ 3,493.00	4/4/2022	\$ 913.24	6/18/2022	\$ 1,828.98	\$ 1,828.98
Twelve months ended March 31, 2024	\$ 2,123.33	\$ 4,033.86	3/11/2024	\$ 1,530.88	10/12/2023	\$ 3,637.95	\$ 3,564.53
April 1, 2019 to March 31, 2024	\$ 1,546.52	\$ 4,776.95	11/9/2021	\$ 110.29	3/16/2020	\$ 3,637.95	\$ 3,564.53

## Solana

Effective October 1, 2021, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase SOL in accordance with the Target Coverage Ratio Methodology.

The following table illustrates the movements in the Digital Asset Reference Rate from the addition of the token to the Fund's portfolio on October 1, 2021 to March 31, 2024. Prior to July 1, 2022, the Digital Asset Reference Rate for SOL was an Index Price for SOL. Effective July 1, 2022, the Digital Asset Reference Rate for SOL is an Indicative Price for SOL. As a result, the Digital Asset Rates for SOL for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for SOL for periods prior to July 1, 2022. Since the token was added to the Fund's portfolio, the Digital Asset Reference Rate for SOL has ranged from \$8.37 to \$254.78, with the straight average being \$66.72 through March 31, 2024. The Manager has not observed a material difference between the Digital Asset Reference Rate for SOL and average prices from the constituent Digital Asset Trading Platforms included in the relevant index individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
October 1, 2021 to March 31, 2022	\$ 151.38	\$ 254.78	11/6/2021	\$ 79.97	3/14/2022	\$ 123.03	\$ 123.03
Twelve months ended March 31, 2023	\$ 36.62	\$ 137.47	4/1/2022	\$ 8.37	12/29/2022	\$ 20.91	\$ 20.91
Twelve months ended March 31, 2024	\$ 54.63	\$ 199.88	3/31/2024	\$ 14.73	6/15/2023	\$ 199.88	\$ 186.48
October 1, 2021 to March 31, 2024	\$ 66.72	\$ 254.78	11/6/2021	\$ 8.37	12/29/2022	\$ 199.88	\$ 186.48

The following table illustrates the movements in the Digital Asset Market price of SOL, as reported on the Fund's principal market for SOL, from the addition of the token to the Fund's portfolio on October 1, 2021 to March 31, 2024. Since the addition of the token to the Fund's portfolio, the price of SOL has ranged from \$8.29 to \$254.44, with the straight average being \$66.71 through March 31, 2024:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
October 1, 2021 to March 31, 2022	\$ 151.39	\$ 254.44	11/6/2021	\$ 79.97	3/14/2022	\$ 122.97	\$ 122.97
Twelve months ended March 31, 2023	\$ 36.62	\$ 137.51	4/1/2022	\$ 8.29	12/29/2022	\$ 20.98	\$ 20.98
Twelve months ended March 31, 2024	\$ 54.61	\$ 200.17	3/31/2024	\$ 14.76	6/15/2023	\$ 200.17	\$ 186.28
October 1, 2021 to March 31, 2024	\$ 66.71	\$ 254.44	11/6/2021	\$ 8.29	12/29/2022	\$ 200.17	\$ 186.28

## XRP

Effective January 3, 2024, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase XRP in accordance with the DLCS Methodology.

The following table illustrates the movements in the Digital Asset Reference Rate during the period from April 1, 2019 to January 3, 2021 and during the period from January 3, 2024 (when XRP was re-added to the Fund) to March 31, 2024. The Digital Asset Reference Rate for XRP is an Indicative Price for XRP. The Digital Asset Reference Rate for XRP has ranged from \$0.14 to \$0.73, with the straight average being \$0.31 from the periods April 1, 2019 through January 3, 2021 and January 3, 2024 through March 31, 2024:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
Twelve months ended March 31, 2020	\$ 0.29	\$ 0.48	6/26/2019	\$ 0.14	3/16/2020	\$ 0.18	\$ 0.18
April 1, 2020 to January 3, 2021	\$ 0.27	\$ 0.71	11/24/2020	\$ 0.17	4/1/2020	\$ 0.23	\$ 0.23
January 3, 2024 to March 31, 2024	\$ 0.58	\$ 0.73	3/11/2024	\$ 0.50	2/2/2024	\$ 0.63	\$ 0.63
April 1, 2019 to January 3, 2021 and January 3, 2024 to March 31, 2024	\$ 0.31	\$ 0.73	3/11/2024	\$ 0.14	3/16/2020	\$ 0.63	\$ 0.63

The following table illustrates the movements in the Digital Asset Market price of XRP, as reported on the Fund's principal market for XRP, during the period from April 1, 2019 to January 3, 2021 and during the period from January 3, 2024 (when XRP was re-added to the Fund) to March 31, 2024. The price of XRP has ranged from \$0.14 to \$0.73, with the straight average being \$0.31 from the periods April 1, 2019 through January 3, 2021 and January 3, 2024 through March 31, 2024:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended March 31, 2020	\$ 0.29	\$ 0.48	6/26/2019	\$ 0.14	3/16/2020	\$ 0.18	\$ 0.18
April 1, 2020 to January 3, 2021	\$ 0.27	\$ 0.71	11/24/2020	\$ 0.17	7/2/2020	\$ 0.23	\$ 0.23
January 3, 2024 to March 31, 2024	\$ 0.58	\$ 0.73	3/11/2024	\$ 0.50	2/2/2024	\$ 0.63	\$ 0.63
April 1, 2019 to January 3, 2021 and January 3, 2024 to March 31, 2024	\$ 0.31	\$ 0.73	3/11/2024	\$ 0.14	3/16/2020	\$ 0.63	\$ 0.63

### *Cardano*

Effective July 1, 2021, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ADA in accordance with the Target Coverage Ratio Methodology.

The following table illustrates the movements in the Digital Asset Reference Rate from the addition of the token to the Fund's portfolio on July 1, 2021 to March 31, 2024. Prior to July 1, 2022, the Digital Asset Reference Rate for ADA was an Index Price for ADA. Effective July 1, 2022, the Digital Asset Reference Rate for ADA is an Indicative Price for ADA. As a result, the Digital Asset Rates for ADA for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for ADA for periods prior to July 1, 2022. Since the token was added to the Fund's portfolio, the Digital Asset Reference Rate for ADA has ranged from \$0.24 to \$2.99, with the straight average being \$0.76 through March 31, 2024. The Manager has not observed a material difference between the Digital Asset Reference Rate for ADA and average prices from the constituent Digital Asset Trading Platforms included in the relevant index individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
July 1, 2021 to March 31, 2022	\$ 1.61	\$ 2.99	9/3/2021	\$ 0.78	3/11/2022	\$ 1.15	\$ 1.15
Twelve months ended March 31, 2023	\$ 0.47	\$ 1.20	4/5/2022	\$ 0.24	12/29/2022	\$ 0.40	\$ 0.40
Twelve months ended March 31, 2024	\$ 0.41	\$ 0.77	3/11/2024	\$ 0.24	9/11/2023	\$ 0.65	\$ 0.65
July 1, 2021 to March 31, 2024	\$ 0.76	\$ 2.99	9/3/2021	\$ 0.24	9/11/2023	\$ 0.65	\$ 0.65

The following table illustrates the movements in the Digital Asset Market price of ADA, as reported on the Fund's principal market for ADA, from the addition of the token to the Fund's portfolio on July 1, 2021 to March 31, 2024. Since the addition of the token to the Fund's portfolio, the price of ADA has ranged from \$0.24 to \$2.99, with the straight average being \$0.76 through March 31, 2024:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
July 1, 2021 to March 31, 2022	\$ 1.61	\$ 2.99	9/3/2021	\$ 0.78	3/11/2022	\$ 1.15	\$ 1.15
Twelve months ended March 31, 2023	\$ 0.47	\$ 1.20	4/5/2022	\$ 0.24	12/29/2022	\$ 0.40	\$ 0.40
Twelve months ended March 31, 2024	\$ 0.41	\$ 0.77	3/11/2024	\$ 0.24	9/11/2023	\$ 0.65	\$ 0.65
July 1, 2021 to March 31, 2024	\$ 0.76	\$ 2.99	9/3/2021	\$ 0.24	9/11/2023	\$ 0.65	\$ 0.65

### *Avalanche*

Effective April 5, 2022, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase AVAX in accordance with the Target Coverage Ratio Methodology.



The following table illustrates the movements in the Digital Asset Reference Rate during the period from April 5, 2022 (when AVAX was added to the Fund) to January 4, 2023 and during the period from January 3, 2024 (when AVAX was re-added to the Fund) to March 31, 2024. Prior to July 1, 2022, the Digital Asset Reference Rate for AVAX was an Old Indicative Price for AVAX. Effective July 1, 2022, the Digital Asset Reference Rate for AVAX is an Indicative Price for AVAX. As a result, the Digital Asset Rates for AVAX for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for AVAX for periods prior to July 1, 2022. The Digital Asset Reference Rate for AVAX has ranged from \$10.79 to \$95.06, with the straight average being \$29.69 from the periods April 5, 2022 through January 4, 2023 and January 3, 2024 through March 31, 2024. The Manager has not observed a material difference between the Digital Asset Reference Rate for AVAX and average prices from the constituent Digital Asset Exchanges included in the relevant index individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
April 5, 2022 to January 4, 2023	\$ 25.92	\$ 95.06	4/5/2022	\$ 10.79	12/29/2022	\$ 12.04	\$ 12.04
January 3, 2024 to March 31, 2024	\$ 41.35	\$ 62.75	3/18/2024	\$ 29.02	1/23/2024	\$ 53.87	\$ 54.60
April 5, 2022 to January 4, 2023 and January 3, 2024 to March 31, 2024	\$ 29.69	\$ 95.06	4/5/2022	\$ 10.79	12/29/2022	\$ 53.87	\$ 54.60

The following table illustrates the movements in the Digital Asset Market price of AVAX, as reported on the Fund's principal market for AVAX, during the period from April 5, 2022 (when AVAX was added to the Fund) to January 4, 2023 and during the period from January 3, 2024 (when AVAX was re-added to the Fund) to March 31, 2024. The price of AVAX has ranged from \$10.76 to \$93.01, with the straight average being \$29.57 from the periods April 5, 2022 through January 4, 2023 and January 3, 2024 through March 31, 2024:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
April 5, 2022 to January 4, 2023	\$ 25.77	\$ 93.01	4/5/2022	\$ 10.76	12/29/2022	\$ 12.03	\$ 12.03
January 3, 2024 to March 31, 2024	\$ 41.32	\$ 62.35	3/18/2024	\$ 29.04	1/23/2024	\$ 54.13	\$ 54.62
April 5, 2022 to January 4, 2023 and January 3, 2024 to March 31, 2024	\$ 29.57	\$ 93.01	4/5/2022	\$ 10.76	12/29/2022	\$ 54.13	\$ 54.62

### Polygon

Effective October 5, 2022, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase MATIC in accordance with the DLCS Methodology.

The following table illustrates the movements in the Digital Asset Reference Rate from the addition of the token to the Fund's portfolio on October 5, 2022 to March 31, 2024. The Digital Asset Reference Rate for MATIC is an Indicative Price for MATIC. Since the token was added to the Fund's portfolio, the Digital Asset Reference Rate for MATIC has ranged from \$0.50 to \$1.52, with the straight average being \$0.85 through March 31, 2024.

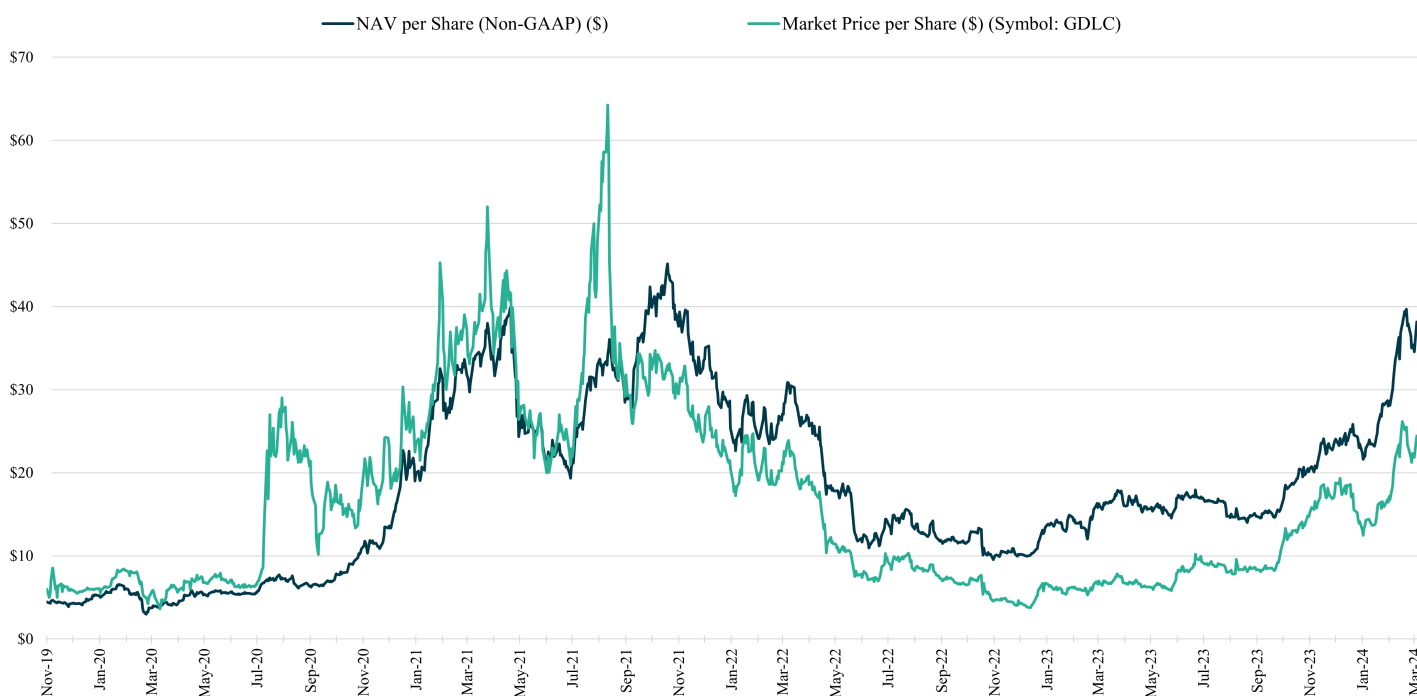
Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
October 5, 2022 to March 31, 2023	\$ 1.00	\$ 1.52	2/17/2023	\$ 0.76	12/30/2022	\$ 1.11	\$ 1.11
April 1, 2023 to January 3, 2024	\$ 0.75	\$ 1.18	4/16/2023	\$ 0.50	9/11/2023	\$ 0.86	\$ 0.86
October 5, 2022 to January 3, 2024	\$ 0.85	\$ 1.52	2/17/2023	\$ 0.50	9/11/2023	\$ 0.86	\$ 0.86

The following table illustrates the movements in the Digital Asset Market price of MATIC, as reported on the Fund's principal market for MATIC, from the addition of the token to the Fund's portfolio on October 5, 2022 to March 31, 2024. Since the addition of the token to the Fund's portfolio, the price of MATIC has ranged from \$0.50 to \$1.52, with the straight average being \$0.85 through March 31, 2024:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
October 5, 2022 to March 31, 2023	\$ 1.00	\$ 1.52	2/17/2023	\$ 0.76	12/30/2022	\$ 1.11	\$ 1.11
April 1, 2023 to January 3, 2024	\$ 0.75	\$ 1.18	4/15/2023	\$ 0.50	9/11/2023	\$ 0.86	\$ 0.86
October 5, 2022 to January 3, 2024	\$ 0.85	\$ 1.52	2/17/2023	\$ 0.50	9/11/2023	\$ 0.86	\$ 0.86

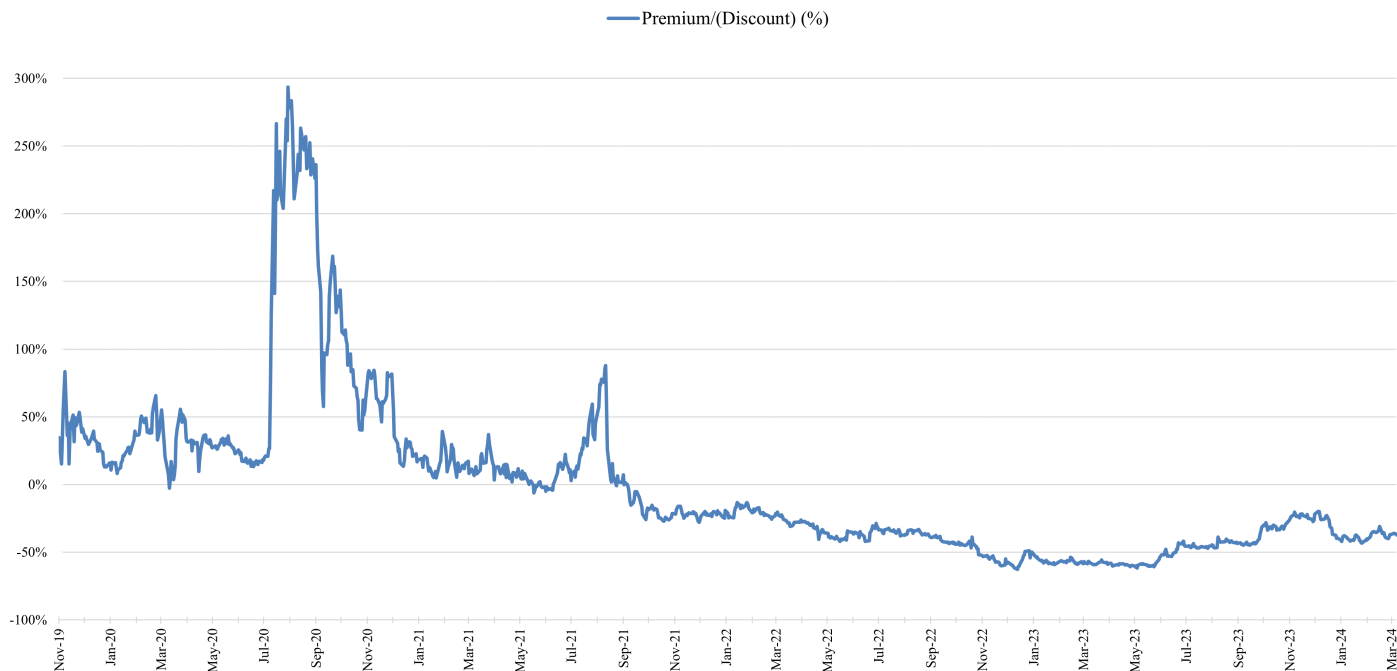
The following chart sets out the historical closing prices for the Shares as reported by OTCQX and the Fund's NAV per Share from November 22, 2019 to March 31, 2024. Prior to July 1, 2022, the NAV per Share was calculated based on the Fund Components held by the Fund pursuant to the Target Coverage Ratio Methodology and using Index Prices or Old Indicative Prices. Effective July 1, 2022, the NAV per Share is calculated based on the Fund Components held by the Fund pursuant to the DLCS Methodology and using Indicative Prices. As a result, the NAV per Share for periods subsequent to July 1, 2022 is not directly comparable to the NAV per Share in periods prior to July 1, 2022.

#### GDLC Premium/(Discount): GDLC Share Price vs. NAV per Share (Non-GAAP) (\$)



The following chart sets out the historical premium and discount for the Shares as reported by OTCQX and the Fund's NAV per Share from November 22, 2019 to March 31, 2024. Prior to July 1, 2022, the NAV per Share was calculated based on the Fund Components held by the Fund pursuant to the Target Coverage Ratio Methodology and using Index Prices or Old Indicative Prices. Effective July 1, 2022, the NAV per Share is calculated based on the Fund Components held by the Fund pursuant to the DLCS Methodology and using Indicative Prices. As a result, the NAV per Share for periods subsequent to July 1, 2022 is not directly comparable to the NAV per Share in periods prior to July 1, 2022.

### GDLC Premium/(Discount): GDLC Share Price vs. NAV per Share (Non-GAAP) (%)



**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

The LLC Agreement does not authorize the Fund to borrow for payment of the Fund's ordinary expenses. The Fund does not engage in transactions in foreign currencies which could expose the Fund or holders of Shares to any foreign currency related market risk. The Fund does not invest in derivative financial instruments and has no foreign operations or long-term debt instruments.

**Item 4. Controls and Procedures**

The Fund maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Principal Executive Officer and Principal Financial and Accounting Officer of the Manager, and to the audit committee of the board of directors of the Manager, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of the Principal Executive Officer and the Principal Financial and Accounting Officer of the Manager, the Manager conducted an evaluation of the Fund's disclosure controls and procedures, as defined under Exchange Act Rule 13a-15(e). Based on this evaluation, the Principal Executive Officer and the Principal Financial and Accounting Officer of the Manager concluded that the Fund's disclosure controls and procedures were effective as of the end of the period covered by this report.

**Changes in Internal Control Over Financial Reporting**

There was no change in the Fund's internal controls over financial reporting that occurred during the Fund's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, these internal controls.

## **PART II – OTHER INFORMATION:**

### **Item 1. Legal Proceedings**

The Manager and an affiliate of the Fund, Grayscale Bitcoin Trust (BTC) (“Grayscale Bitcoin Trust”), are currently parties to certain legal proceedings. 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 violated the Connecticut Unfair Trade Practices Act, 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 Sponsor’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 Manager and Grayscale Bitcoin Trust believe this lawsuit is without merit and intend to vigorously defend against it.

In October 2021, NYSE Arca filed a proposal with the SEC pursuant to Rule 19b-4 under the Exchange Act for a rule change to list the shares of Grayscale Bitcoin Trust on NYSE Arca as an exchange-traded product, and in June 2022, the SEC issued a final order disapproving NYSE Arca’s proposed rule change. In June 2022, the Manager filed a petition for review of the SEC’s final order in the United States Court of Appeals for the District of Columbia Circuit. 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 on NYSE Arca as an exchange-traded product. However, even though NYSE Arca’s request with respect to Grayscale Bitcoin Trust was approved, there is no guarantee that a similar application to list Shares of the Fund on NYSE Arca, or another national securities exchange, if any, would also be approved.

On March 6, 2023, Alameda Research, Ltd. (“Alameda”) filed a suit against the Manager, DCG, Michael Sonnenshein and Barry Silbert, the Chief Executive Officer of DCG, in the Court of Chancery of the State of Delaware alleging various breach of contract and fiduciary duty claims, including that the defendants had breached the terms of the trust agreements of Grayscale Bitcoin Trust and Grayscale Ethereum Trust (ETH) for failing to reduce the sponsor’s fees and operate a redemption program (the “Initial Complaint”). On April 4, 2023, the Manager, DCG, Michael Sonnenshein and Barry Silbert moved to dismiss the Initial Complaint. On May 19, 2023, the Manager filed a brief in support of its motion to dismiss. On September 15, 2023, Alameda filed an amended complaint (the “Amended Complaint”) alleging breach of contract and fiduciary duty claims concerning the Manager’s purported failure to operate a redemption program that are substantially similar to those alleged in the Initial Complaint. The Amended Complaint eliminated certain causes of action asserted in the Initial Complaint concerning the defendants’ purported breaches of the terms of the trust agreements and breaches of fiduciary duty based on the sponsor’s fees for the Grayscale Bitcoin Trust and Grayscale Ethereum Trust (ETH). On December 8, 2023, the Manager filed a motion to dismiss the Amended Complaint and its supporting brief. On January 19, 2024, Alameda voluntarily dismissed the action without prejudice, thereby terminating the action. No consideration of any kind was offered or exchanged in connection with Alameda’s voluntary dismissal.

As of the date of this Quarterly Report, the Manager does not expect the foregoing proceedings, either individually or in the aggregate, to have a material adverse effect on the Fund’s business, financial condition or results of operations.

The Manager and/or the Fund may be subject to additional legal proceedings and disputes in the future.

### **Item 1A. Risk Factors**

There have been no material changes to the Risk Factors last reported under “Part I, Item 1A. Risk Factors” of the registrant’s Annual Report on Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Purchases of equity securities by the issuer and affiliated purchasers —The table below sets forth information regarding open market purchases of Shares of Grayscale Digital Large Cap Fund LLC (OTCQX: GDLC) by DCG, the parent company of the Manager, on a monthly basis during the three months ended March 31, 2024:

<b>Period</b>	<b>(a) Total Number of Shares of GDLC Purchased</b>	<b>(b) Average Price Paid per Share of GDLC</b>	<b>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs<sup>(1)</sup></b>	<b>(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs<sup>(1)</sup> (in millions)</b>
January 1, 2024 - January 31, 2024	-	\$ -	-	\$ 200.0
February 1, 2024 - February 29, 2024	-	-	-	200.0
March 1, 2024 - March 31, 2024	-	-	-	200.0
Total	-	\$ -	-	\$ 200.0

- (1) On March 2, 2022, the Board approved the purchase by DCG, the parent company of the Manager, of up to an aggregate total of \$200 million worth of Shares of the Fund and shares of any of the following five investment products the Manager also acts as the sponsor and manager of, including Grayscale Bitcoin Trust (BTC) (NYSE Arca: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), and Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM). Subsequently, DCG authorized such purchase. The Share purchase authorization does not obligate DCG to acquire any specific number of Shares in any period, and may be expanded, extended, modified, or discontinued at any time. From March 2, 2022 through April 30, 2024, DCG had not purchased any Shares of the Fund under this authorization.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Exhibit Description</b>
4.1	<a href="#"><u>Amendment No. 3 to the Second Amended and Restated Limited Liability Company Agreement (incorporated by reference to Exhibit 4.1 of the Form 8-K filed by the Registrant on March 25, 2024).</u></a>
31.1	<a href="#"><u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, with respect to the Fund's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.</u></a>
31.2	<a href="#"><u>Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, with respect to the Fund's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.</u></a>
32.1	<a href="#"><u>Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the Fund's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024..</u></a>
32.2	<a href="#"><u>Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the Fund's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024..</u></a>
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
104	Cover Page Interactive Data File—The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

\* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

## GLOSSARY OF DEFINED TERMS

**“Actual Exchange Rate”**—With respect to any particular asset, at any time, the price per single unit of such asset (determined net of any associated fees) at which the Fund is able to sell such asset for U.S. dollars (or other applicable fiat currency) at such time to enable the Fund to timely pay any Additional Fund Expenses, through use of the Manager’s commercially reasonable efforts to obtain the highest such price.

**“Additional Fund Expenses”**—Together, any expenses incurred by the Fund in addition to the Manager’s Fee that are not Manager-paid Expenses, including, but not limited to, (i) taxes and governmental charges, (ii) expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets), (iii) any indemnification of the Custodian or other agents, service providers or counterparties of the Fund, (iv) the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and (v) extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

**“Administrator Fee”**—The fee payable to any administrator of the Fund for services it provides to the Fund, which the Manager will pay such administrator as a Manager-paid Expense.

**“Authorized Participant”**—Certain eligible financial institutions that have entered into an agreement with the Fund and the Manager concerning the creation of Shares. Each Authorized Participant (i) is a registered broker-dealer, (ii) has entered into a Participant Agreement with the Manager and (iii) owns a digital wallet address that is known to the Custodian as belonging to the Authorized Participant or a Liquidity Provider.

**“Avalanche” or “AVAX”**—A type of digital asset based on an open-source cryptographic protocol existing on the Avalanche network.

**“Basket”**—A block of 100 Shares.

**“Basket Amount”**—The sum of (x) the Fund Component Basket Amounts for all Fund Components, (y) the Forked Asset Portion and (z) the Cash Portion, in each case, as of such trade date.

**“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 mining pools solve algorithmic equations allowing them to add records of recent transactions (called “blocks”) to the chain of transactions in exchange for an award of digital assets from a Digital Asset Network and the payment of transaction fees, if any, from users whose transactions are recorded in the block being added.

**“Cardano” or “ADA”**—A type of digital asset based on an open-source cryptographic protocol existing on the Cardano network.

**“Cash Account”**—Any bank account of the Fund in which the Fund holds any portion of its U.S. dollars.

**“Cash Portion”**—For any trade date, the amount of U.S. dollars determined by dividing (x) the amount of U.S. dollars or other fiat currency (as converted into U.S. dollars at the applicable exchange rate as of 4:00 p.m., New York time) held by the Fund at 4:00 p.m., New York time, on such trade date by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth), and multiplying such quotient by 100.

**“Chainlink” or “LINK”**—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

**“Code”**—The U.S. Internal Revenue Code of 1986, as amended.

**“Creation Basket”**—Basket of Shares issued by the Fund in exchange for deposits of the Basket Amount required for each such Creation Basket.

**“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.

**“DCG”**—Digital Currency Group, Inc.

**“Digital Asset Account”**—Each segregated custody account controlled and secured by the Custodian to store private keys of the Fund, which allow for the transfer of ownership or control of the Fund’s digital assets on the Fund’s behalf.

**“Digital Asset Market”**—A “Brokered Market,” “Dealer Market,” “Principal-to-Principal Market” or “Exchange Market” (referred to as “Trading Platform Market” in this Quarterly Report), as each such term is defined in the Financial Accounting Standards Board Accounting Standards Codification Master Glossary.

**“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.

**“Digital Asset Network”**—The online, end-user-to-end-user network hosting a public transaction ledger, known as a Blockchain, and the source code comprising the basis for the cryptographic and algorithmic protocols governing such Digital Asset Network. See “Item 1. Business—Overview of the Digital Asset Industry and Market” in our Annual Report on Form 10-K.

**“Digital Asset Reference Rate”**—With respect to any Fund Component (and, if possible, each Forked Asset) as of any business day, the price in U.S. dollars of such Fund Component (and, if possible, each Forked Asset), as determined by reference to the Index Price or an Indicative Price (or prior to July 1, 2022, an Old Indicative Price) reported by CoinDesk Indices, Inc. for such Fund Component (and, if possible, each Forked Asset) as of 4:00 p.m., New York time, on any business day.

**“Distribution and Marketing Agreement”**—The agreement among the Manager and the distributor and marketer, which sets forth the obligations and responsibilities of the distributor and marketer.

**“DLCS”**—The CoinDesk Large Cap Select Index (DLCS).

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

**“DTC”**—The Depository Trust Company. DTC is a limited purpose trust company organized under New York law, a member of the U.S. Federal Reserve System and a clearing agency registered with the SEC. DTC will act as the securities depository for the Shares.

**“Ether”**—Ethereum tokens, which are a type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

**“Ethereum Proof-of-Work” or “ETHPoW”**—A type of digital currency based on an open source cryptographic protocol existing on the Ethereum Proof-of-Work network, which came into existence following the Ethereum hard fork on September 15, 2022.

**“Exchange Act”**—The Securities Exchange Act of 1934, as amended.

**“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.

**“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 our Annual Report on Form 10-K.

**“Fund Component Aggregate Liability Amount”**—For any Fund Component and any trade date, a amount of tokens of such Fund Component equal to the sum of (x) all accrued but unpaid Fund Component Fee Amounts for such Fund Component as of 4:00 p.m., New York time, on such trade date and (y) the Fund Component Expense Amount as of 4:00 p.m., New York time, on such trade date.

**“Fund Component Basket Amount”**—As of any trade date, the amount tokens of such Fund Component required to be delivered in connection with each Creation Basket, as determined by dividing the amount of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on such trade date, after deducting the applicable Fund Component Aggregate Liability Amount, by the number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)) and multiplying the quotient so obtained for the Fund Component by 100.

**“Fund Component Fee Amount”**—For any day, the amount of tokens of each Fund Component payable as the Manager’s Fee.

**“Fund Documents”**—The LLC Agreement and Custodian Agreement, collectively.

**“Fund Rebalancing Period”**—Any period during which the Manager reviews for rebalancing the Fund’s portfolio in accordance with the policies and procedures set forth in our Annual Report on Form 10-K. For purposes of the Limited Liability Company Agreement, the term Fund Rebalancing Period shall mean the Fund Rebalancing Period as defined herein.

**“GAAP”**—United States generally accepted accounting principles.

**“Genesis”**—Genesis Global Trading, Inc., a wholly owned subsidiary of Digital Currency Group, Inc., which served as a Liquidity Provider from October 3, 2022 to September 12, 2023.

**“Grayscale Securities”**—Grayscale Securities, LLC, a wholly owned subsidiary of the Manager, which as of the date of this Quarterly Report, is the only acting Authorized Participant.

**“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 by Amendment No. 1 thereto and as the same may be 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 anomalous or manipulative trading.

**“Index Provider”**—CoinDesk Indices, Inc., a Delaware corporation that designed and manages the DLCS. 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 DLCS in accordance with the policies and procedures set forth in our Annual Report on Form 10-K.

**“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.

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

**“Litecoin” or “LTC”**—Litecoin tokens, which are a type of digital asset based on an open-source cryptographic protocol existing on the Litecoin network.

**“LLC Agreement”**—The Second Amended and Restated Limited Liability Company Agreement establishing and governing the operations of the Fund, as amended by Amendments No. 1, No. 2, and No. 3 thereto, and as the same may be amended from time to time.

**“Manager”**—Grayscale Investments, LLC, or any substitute therefor as provided herein, or any successor thereto by merger or operation of law.

**“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.

**“NAV”**—The aggregate value, expressed in U.S. dollars, of the Fund’s assets, less the U.S. dollar value of its liabilities and expenses, a Non-GAAP metric, calculated in the manner set forth under “Item 1. Business—Valuation of Digital Assets and Determination of Digital Asset Holdings.” See also “Item 1. Business—Investment Objective” for a description of the Fund’s Principal Market NAV, as calculated in accordance with GAAP. Prior to February 7, 2024, NAV was referred to as Digital Asset Holdings. For purposes of the LLC Agreement, the term Digital Asset Holdings shall mean the NAV as defined herein.

**“NAV Fee Basis Amount”**—The amount on which the Manager’s Fee for the Fund is based, as calculated in the manner set forth under “Item 1. Business—Valuation of Digital Assets and Determination of Digital Asset Holdings.” For purposes of the LLC Agreement, the term Digital Asset Holdings Basis Amount shall mean the NAV Fee Basis Amount as defined herein.

**“Old Indicative Price”**—A volume-weighted average price in U.S. dollars for the Fund Component for the immediately preceding 24-hour period derived from data collected from Digital Asset Trading Platforms trading such Fund Component selected by the Reference Rate Provider.

**“OTCQX”**—The OTCQX tier 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.

**“Polkadot” or “DOT”**—A type of digital asset based on an open-source cryptographic protocol existing on the Polkadot network.

**“Polygon” or “MATIC”**—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

**“Principal Market NAV”**—The net asset value of the Fund determined on a GAAP basis. Prior to February 7, 2024, Principal Market NAV was referred to as NAV.

**“Reference Rate Provider”**—CoinDesk Indices, Inc., a Delaware corporation that publishes the Digital Asset Reference Rates. Prior to its sale to an unaffiliated third party on November 20, 2023, DCG was the indirect parent company of CoinDesk Indices, Inc. As a result, CoinDesk Indices, Inc. was an affiliate of the Manager and the Fund and was considered a related party of the Fund.

**“SEC”**—The U.S. Securities and Exchange Commission.

**“Secondary Market”**—Any marketplace or other alternative trading system, as determined by the Manager, on which the Shares may then be listed, quoted or traded, including but not limited to, the OTCQX tier of the 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.

**“Solana”** or **“SOL”**—A type of digital asset based on an open-source cryptographic protocol existing on the Solana network.

**“Target Coverage Ratio Methodology”**—The criteria, established by the Manager, that the Fund used to determine which digital assets would be included in the Fund Components, prior to July 1, 2022.

**“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.

**“Uniswap”** or **“UNI”**—A type of digital asset based on an open-source cryptographic protocol existing on the Uniswap network.

**“U.S.”**—United States.

**“U.S. dollar”** or **“\$”**—United States dollar or dollars.

**“Weighting”**—For any Fund Component, the percentage of the total U.S. dollar value of the aggregate Fund Components at any time that is represented by tokens of such Fund Component.

**“XRP”**—XRP tokens, which are a type of digital asset based on a cryptographic protocol existing on the Ripple network.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned in the capacities\* indicated, thereunto duly authorized.

**Grayscale Investments, LLC**  
**as Manager of Grayscale Digital Large Cap Fund**  
**LLC**

By: /s/ Michael Sonnenshein  
Name: Michael Sonnenshein  
Title: Member of the Board of Directors and Chief  
Executive Officer (Principal Executive  
Officer)\*

By: /s/ Edward McGee  
Name: Edward McGee  
Title: Member of the Board of Directors and  
Chief Financial Officer (Principal Financial  
Officer and Principal Accounting Officer)\*

Date: May 3, 2024

\* The Registrant is a fund and the persons are signing in their capacities as officers or directors of Grayscale Investments, LLC, the Manager of the Registrant.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)  
AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Sonnenshein, certify that:

1. I have reviewed this quarterly report of Grayscale Digital Large Cap Fund LLC (the “Fund”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the board of directors of Grayscale Investments, LLC (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 3, 2024

/s/ Michael Sonnenshein

Michael Sonnenshein \*

Chief Executive Officer (Principal Executive Officer)

\* The Registrant is a fund and Mr. Sonnenshein is signing in his capacity as Principal Executive Officer of Grayscale Investments, LLC, the Manager of the Registrant.

**CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER PURSUANT TO RULE 13a-14(a)  
AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Edward McGee, certify that:

1. I have reviewed this quarterly report of Grayscale Digital Large Cap Fund LLC (the “Fund”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the board of directors of Grayscale Investments, LLC (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 3, 2024

/s/ Edward McGee

Edward McGee \*  
Chief Financial Officer (Principal Financial and  
Accounting Officer)

\* The Registrant is a fund and Mr. McGee is signing in his capacity as Principal Financial and Accounting Officer of Grayscale Investments, LLC, the Manager of the Registrant.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Grayscale Digital Large Cap Fund LLC (the “Fund”) on Form 10-Q for the period ending March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Sonnenshein, Principal Executive Officer of Grayscale Investments, LLC, the Manager of the Fund, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Fund.

/s/ Michael Sonnenshein

Michael Sonnenshein \*

Chief Executive Officer (Principal Executive Officer)

May 3, 2024

\* The Registrant is a fund and Mr. Sonnenshein is signing in his capacity as Principal Executive Officer of Grayscale Investments, LLC, the Manager of the Fund.



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Grayscale Digital Large Cap Fund LLC (the “Fund”) on Form 10-Q for the period ending March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Edward McGee, Principal Financial and Accounting Officer of Grayscale Investments, LLC, the Manager of the Fund, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Fund.

/s/ Edward McGee

Edward McGee \*  
Chief Financial Officer (Principal Financial and  
Accounting Officer)  
May 3, 2024

\* The Registrant is a fund and Mr. McGee is signing in his capacity as Principal Financial and Accounting Officer of Grayscale Investments, LLC, the Manager of the Fund.